



TRUSTEES OF TRUST FUNDS

April 17, 2023 4:00 p.m.

Quarterly Meeting

TRUSTEES: Christopher Koutalidis
Warren Mackensen
Christopher Nevins (excused absence)
Joyce Skaperdas
Corey O'Neil

PUBLIC: None

ADVISOR: David T. Mayes, Three Bearings Fiduciary Advisors
Zachary Zwick, Three Bearings Fiduciary Advisors

The meeting was called to order at 4:00 p.m. by Chairman Mackensen.

The Pledge of Allegiance was recited.

Trustee Oaths of Office

The Town Clerk, Shirley Doheny, administered the oath of office for re-elected trustee Christopher Nevins at the Town Hall. She also administered the oath of office to newly elected trustee, Corey S. O'Neil.

Quorum Determination

Chairman Mackensen noted that four trustees were present. There was a quorum.

Election of Officers

The following officers were elected:

Warren Mackensen	Chairman	(3-0-1)
Joyce Skaperdas	Vice-Chairman	(3-0-1)
Corey O'Neil	Bookkeeper	(3-0-1)

Approval of Minutes

Minutes of the January 17, 2023, meeting were approved by email vote in January.

1st Quarter 2022

Mr. Mayes provided the Market Trends as of March 31, 2023.

- Solid gains across the board in Q1, especially Domestic & international equities:
 - S&P 500 7.46%
 - Russell 2000 2.7%
 - MSCI EAFE Index 8.96%
 - Real Estate (Vanguard REIT ETF) 1.66%
 - S&P High-Yield Corporate Bond Index 3.43%
 - S&P Investment Grade Corporate Bond Index 3.49%
- Growth stocks came back to outperform Value stocks
 - iShares S&P Growth (IUSG) 9.24%
 - iShares S&P Value (IUSV) 4.98%
- After a shakeup in the banking sector, money flowed into Treasuries across the board. Rates dropped for short, intermediate, and long term US Treasury securities:
 - 30-year Treasury: Decreased from 3.97% to 3.67%
 - 10-year Treasury: Decreased from 3.88% to 3.48%
 - 5-year Treasury: Decreased from 3.99% to 3.6%
 - 2-year Treasury: Decreased from 4.41% to 4.06%

Mr. Mayes provided the Sector Trends as of March 31, 2023.

Technology XLK 21.62%	Communication Services XLC 21.12%	Consumer Discretionary XLY 16.13%	Materials XLB 4.28%
Industrial XLI 3.44%	Real Estate XLRE 1.93%	Consumer Staples XLP 0.69%	Utilities XLU -3.28%
Energy XLE -4.34%	Health Care XLV -4.34%	Financial Services XLF -5.53%	

Real Estate Trust Fund

Mr. Mayes said this Fund gained 1.9% during the first quarter. He provided the Month-end Market Values bar graph and the line graph with month by month results.

The Fund ended the quarter with a total market value of \$21,335,014.

The Fidelity Account Custody Statement, Quarterly Performance Report, the Morningstar Portfolio X-Ray and TrustTrak Fund Snapshot Report were reviewed.

The allocation in this Fund is 3% Cash, 30% US Stocks, 10% Non-US Stocks, 52% Bonds, and 5% Other.

The Trustees reviewed the risk return profile of the Real Estate Trust Fund and deemed the risk to be consistent with a perpetual time horizon multi-million dollar portfolio with an income objective. An attachment to these minutes shows twelve years of consistent results, including portfolio growth, distributable net income to the Town, and annual portfolio yield (net after fees). A second attachment shows that the asset allocations for all five Hampton portfolios are currently invested within the constraints of the approved investment policies.

Common Trust Fund

Mr. Mayes said the Fund gained 1.7% during the first quarter. He said this fund ended the quarter with a total market value of \$45,667.

The Fidelity Account Custody Statement, Quarterly Performance Report Package, and Morningstar Portfolio X-Ray were reviewed.

The allocation in this Fund is 4% Cash, 23% US Stocks, 6% Non-US Stocks, 61% Bonds, and 6% Other.

Common Capital Reserve Fund

Mr. Mayes said the Fund gained 2.8% during the first quarter. Mr. Mayes said this fund ended the quarter with a total market value of \$3,749,230.

The Fidelity Account Custody Statement, Quarterly Performance Report Package, and the Morningstar Portfolio X-Ray were reviewed.

The allocation in this Fund is 1% Cash, 16% US Stocks, 0.2% Non-US Stocks, 82.8% Bonds, and 0% Other.

Winnacunnet School District Common Capital Reserve Fund

Mr. Mayes said the Fund gained 2.7% during the first quarter. Mr. Mayes said this fund ended the quarter with a total market value of \$911,480. He said this fund is similar to the Common Capital Reserve Fund.

The Fidelity Account Custody Statement, Quarterly Performance Report Package, and the Morningstar Portfolio X-Ray were reviewed.

The allocation in this Fund is 1.2% Cash, 15.5% US Stocks, 0.2% Non-US Stocks, 83.1% Bonds, and 0% Other.

Cemetery Maintenance Expendable Trust Fund

Mr. Mayes said the Fund gained 5.1% during the first quarter. Mr. Mayes said this fund ended the quarter with a total market value of \$688,512. The portfolio account was too new to have an annual return.

The Fidelity Account Custody Statement, Quarterly Performance Report, and the Morningstar Portfolio X-Ray Report were reviewed.

The allocation in this Fund is 1.4% Cash, 59.9% US Stocks, 0.7% Non-US Stocks, 38% Bonds, and 0% Other. This Expendable Trust Fund has a long-term time horizon for future cemetery land purchases. Annual income is distributed for ongoing cemetery maintenance.

MS-9 Report

The TrustTrak MS-9 Report for the first quarter was reviewed. Unrealized losses shown in previous reports have been improved with good market results. All funds are now showing unrealized gains.

MS-9 and MS-10

Mr. Mackensen reported that the MS-9 and MS-10 reports were submitted online to the Charitable Trusts Unit.

The MS-9 review by the Charitable Trusts Unit (CTU) is marked as "Review complete."

The MS-10 review by the CTU is marked as "Review Pending."

Combined Transactions Listing

The TrustTrak Combined Transactions Listing was reviewed.

Trustees Documents Archiving

The Investment Advisor has complied with NH RSA 33-A:3-a by transcribing all 2022 Trustee records onto a CD and delivering the CD to the Town Clerk for safekeeping in the Town Vault.

Trustees Audit

The Trustees' records are audited as part of the Town audit by Plodzik & Sanderson.

Mr. Mayes has provided the records to the auditors, as required.

Mr. Mackensen answered the audit questions in March and replied to the auditors.

High Street Road Improvements

The work was approved by the voters under the 2022 Warrant, Article 9. The project cost is \$7,020,000. A bond for \$6,520,000 has been secured.

The remaining \$500,000 will come from the Road Improvement CRF. A motion previously approved to disburse the \$500,000 upon receipt of vouchers from the Town. The Town Finance Director plans to request the funds in 2024.

Leased Land Real Estate Analysis

The overarching question is whether the Town would be better off inducing the lessees to purchase their land so that the Real Estate Trust Fund could provide increased income to the Town in lieu of the current land rent (2% of assessed land valuation). The Real Estate Trust Fund has a current yield of about 4%.

There are five commissioners listed in the 2022 Town Report: Christine Baker, Kenneth Lambert, Todd Loiseau, Cynthia Perrault, and Jeannine St. Germain.

The relevant law is RSA 314:1 (1975). The thirty-one parcels generated \$193,778 of Town revenue (2022). The average lease income to the Town is about \$6,250.90 per parcel.

The 31 remaining lease expiration dates are:

2024	2026	2027	2029	2031	2032	2033
1	1	3	1	1	1	1

2035	2036	2037	2038	2039	2040
2	1	8	3	4	4

The Trustees will continue to monitor the leases for the benefit of the Town with consideration given to the individual parcel owners. Ms. Skaperdas will contact the Land Lease Commissioners and invite them to a future Trustees Meeting to consider future options.

Trustee Training

Trustees were advised of Trustee of Trust Funds training sponsored by the NH Municipal Association on June 8, 2023. The training will be both in-person and virtual. The Town will reimburse the \$90 in-person workshop fee or the \$70 virtual workshop fee as an incidental charge to the Town (RSA 31:24). Trustees should use their personal credit card to sign up.

Review of 2023 Town Warrant Ballot Results

The trustees reviewed the three articles affecting capital reserve funds that passed:

- Hampton Article 13 – Add \$500,000 to Road Improvement CRF
- Hampton Article 28 – Add \$50,000 to the Pedestrian and Traffic Safety CRF
- Hampton Article 30 – Add \$27,500 to Firefighters Turn Out Gear/Personal Protective Equipment CRF

It is expected that some of these funds will be transferred to the Trustees in May.

Review of Winnacunnet Warrant Results

- Winnacunnet Article 6 approved the termination of the Technology Expendable Trust Fund.

MOVED by Ms. Skaperdas to approve a final disbursement of about \$70 - \$80 in the Winnacunnet High School Technology Expendable Trust Fund to terminate the Fund.

SECONDED by Mr. Koutalidis.

VOTE: 3-0-0

Motion Passed

Town Roads Distribution Request

The Selectmen approved a distribution request for \$134,216.97 from the Town Roads CRF for engineering work on High Street, in accordance with 2020 Town Meeting, Article 18.

MOVED by Ms. Skaperdas to approve a disbursement of \$134,216.97 from the Town Roads CRF.

SECONDED by Mr. Koutalidis.

VOTE: 3-0-0

Motion Passed

Public Comment

No public were present.

Next Meeting

The next meeting will be Tuesday, July 18, 2023, at 3:00 p.m. in the Selectmen's Meeting Room.

A new Annual Trustees Meeting schedule will be prepared and distributed to all Trustees and the Town Administrator for posting on the Town website.

Attachments

Hampton Real Estate Trust Fund Growth Review as of 3/31/2023

Hampton Investment accounts, Investment Policy Asset Allocation Percentages vs. Morningstar Portfolio X-Ray Asset Allocations as of 3/31/2023

Adjournment

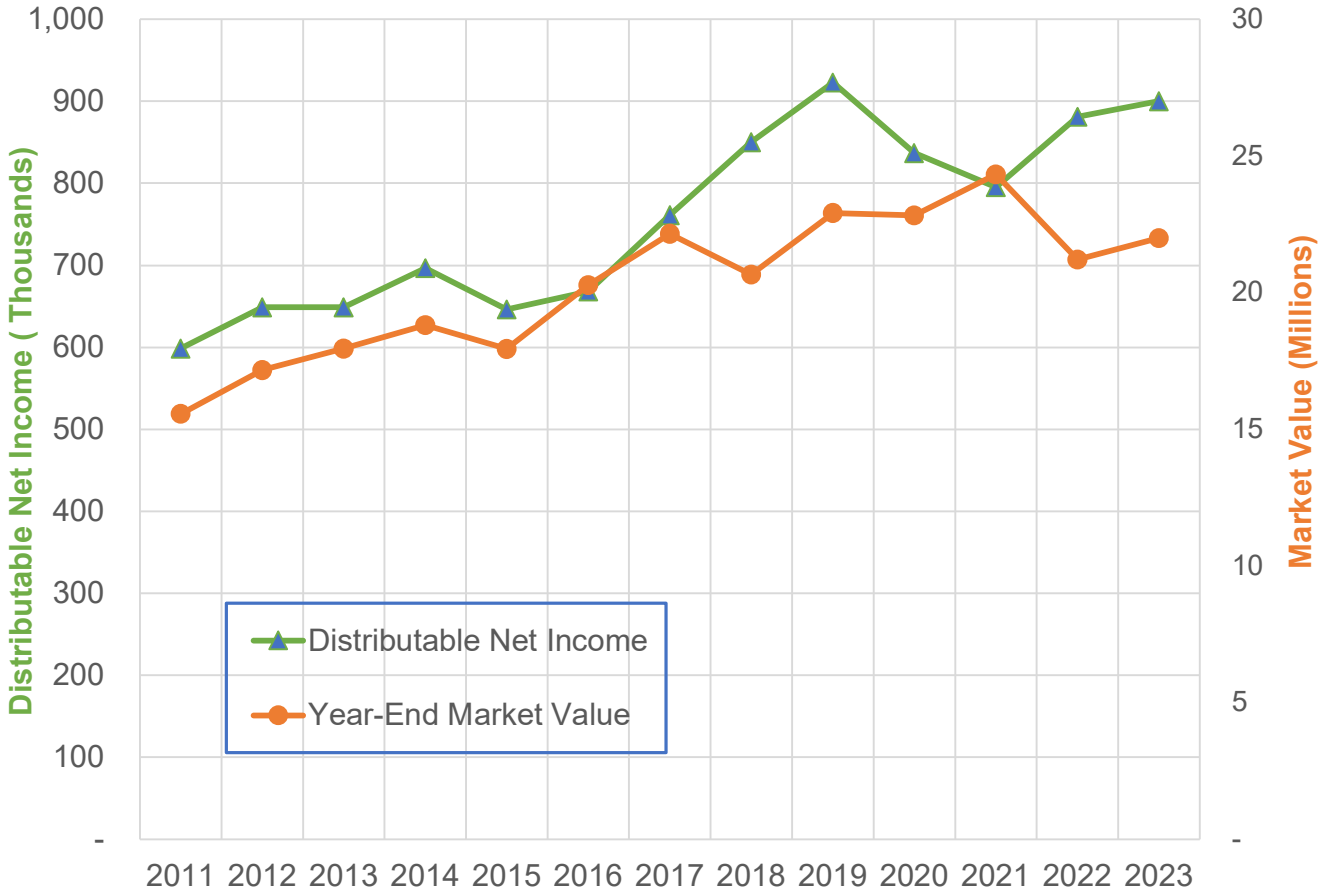
The meeting adjourned without objection at 5:18 p.m.

Respectfully submitted,

Warren Mackensen, Chairman

Hampton Real Estate Trust Fund Growth Review

Year	Year-End Market Value	Distributable Net Income	Net Yield
2011	15,561,852	598,486	3.8%
2012	17,167,015	648,915	3.8%
2013	17,950,574	648,753	3.6%
2014	18,813,109	696,345	3.7%
2015	17,942,310	646,241	3.6%
2016	20,280,714	668,170	3.3%
2017	22,158,085	761,104	3.4%
2018	20,669,205	850,025	4.1%
2019	22,918,485	923,021	4.0%
2020	22,823,202	837,056	3.7%
2021	24,321,264	795,128	3.3%
2022	21,206,744	881,349	4.2%
2023	22,000,000	900,000	4.1%



Hampton, NH, Trustees of Trust Funds

Investment Policy Asset Allocations

vs.

Morningstar Portfolio X-Ray Asset Allocations

As of March 31, 2023

Asset Allocation (Investment Policy Percentages)					Porfolio X-Ray (Morningstar Percentages)					
Account Number	Account Name	Cash	Fixed Income	Equities	Cash	Bonds	US Stocks	Non-US Stocks	Other	Total
5621	Real Estate	5 (0 - 10%)	55 (35 - 70%)	40 (25 - 45%)	3	52	29	10	6	100
5622	Common TF		75 (65 - 85%)	25 (15 - 35%)	4	61	23	6	6	100
5620	Common CRF		85 (80 - 90%)	15 (10 - 20%)	1	83	16	0	0	100
5616	Winnacunnet School District		85 (80 - 90%)	15 (10 - 20%)	1	83	16	0	0	100
5581	Cemetery Maintenance		40 (30 - 50%)	60 (50 - 70%)	1	38	60	1	0	100