



## TRUSTEES OF TRUST FUNDS

July 18, 2023 3:00 p.m.

Quarterly Meeting

TRUSTEES: Christopher Koutalidis  
Warren Mackensen, Chair  
Christopher Nevins  
Corey O'Neil  
Joyce Skaperdas

GUESTS: Charitable Trusts Unit, NH Department of Justice

- Diane M. Quinlan, Esq., Director of Charitable Trusts  
diane.m.quinlan@doj.nh.gov
- Michael Haley, Assistant Director of Charitable Trusts  
michael.r.haley@doj.nh.gov
- Amy J. Nichols, CPA, Auditor, Charitable Trusts  
amy.j.nichols@doj.nh.gov

PUBLIC: Leone G. Atsalis, Exeter Trustee of Trust Funds  
Katherine Harake, Hampton Budget Committee

ADVISORS: David T. Mayes, MA, EA, CFP, Three Bearings Fiduciary Advisors, Inc.  
Zachary R. Zwick, CFP Three Bearings Fiduciary Advisors, Inc.

The meeting was called to order at 3:01 p.m. by Chairman Mackensen.

The Pledge of Allegiance was recited.

### **Quorum Determination**

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

---

### **Introduction of Guests**

The Chairman introduced Diane M. Quinlan, Esq., Director of Charitable Trusts, Charitable Trusts Unit, NH Department of Justice ([diane.m.quinlan@doj.nh.gov](mailto:diane.m.quinlan@doj.nh.gov)), Michael Haley, Assistant Director of Charitable Trusts, and Amy J. Nichols, CPA, Auditor, Charitable Trusts ([amy.j.nichols@doj.nh.gov](mailto:amy.j.nichols@doj.nh.gov))

Ms. Quinlan provided a 10-slide PowerPoint presentation on the role of the Charitable Trusts Unit, which explained the fiduciary duty of the trustees of trust funds in NH.

Ms. Nichols explained the difference between the Prudent Man Rule and the Prudent Investor Rule, followed by trustee best practices. She stated that the Town of Hampton Trustees of Trust Funds are doing a good job documenting the investment policies for each fund.

---

### **Approval of Minutes**

Minutes of April 17, 2023, were unanimously approved by email shortly after the meeting.

### **Quarterly Investment Review, 2<sup>nd</sup> Quarter 2023**

Three Bearings provided the Market Trends as of June 30, 2023.

- Moderate gains across the board in Q2, especially Domestic & Small Cap equities:
  - S&P 500 8.74%
  - Russell 2000 5.26%
  - MSCI EAFE Index 3.25%
  - Real Estate (Vanguard REIT ETF) 1.75%
  - S&P High-Yield Corporate Bond Index 1.70%
  - S&P Investment Grade Corporate Bond Index -0.30%
- Growth stocks came back to outperform Value stocks
  - iShares S&P Growth (IUSG) 10.25%
  - iShares S&P Value (IUSV) 6.46%
- Money flowed out of Treasuries across the board. Rates rose for short, intermediate, and long-term US Treasury securities:
  - 30-year Treasury: Decreased from 3.67% to 3.85%
  - 10-year Treasury: Decreased from 3.48% to 3.81%
  - 5-year Treasury: Decreased from 3.60% to 4.13%
  - 2-year Treasury: Decreased from 4.06% to 4.87%

Three Bearings provided the sector results as of June 30, 2023.

Technology XLK 15.37%	Consumer Discretionary XLY 13.78%	Communication Services XLC 12.45%	Industrial XLI 6.50%
Financial Services XLF 5.33%	Materials XLB 3.25%	Health Care XLV 2.95%	Real Estate XLRE 1.81%
Consumer Staples XLP -0.01%	Energy XLE -1.12%	Utilities XLU -2.54%	

Past performance is no guarantee of future results. You are encouraged to compare this performance report and your invoice against the figures shown on your account statements that you receive directly from your custodian.

### Real Estate Trust Fund

Chairman Mackensen provided several Real Estate Trust Fund graphs and data to provide historical context for the Fund. The Real Estate Trust Fund is a value-oriented portfolio. The value orientation affected the portfolio performance during the first half of 2023.

The Fund lagged its benchmark for the quarter at 0.7% versus 2.5% for the Conservative benchmark. The Month-end Market Values bar graph was reviewed. The line graph showed that the market value was in line with similar results this year. The Fund ended the quarter with a total market value of \$21,244,682.

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

The allocation in this Fund is .2% Cash, 28% US Stocks, 9.5% Non-US Stocks, 56% Bonds, and 6.3% Other.

---

### **Common Trust Fund**

The Fund lagged its benchmark for the quarter at 0.4% versus 1.1% for the Income benchmark. The Fund ended the quarter with a total market value of \$45,856.

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

The allocation in this Fund is 4.8% Cash, 23.5% US Stocks, 5.4% Non-US Stocks, 60.1% Bonds, and 6.2% Other.

---

### **Common Capital Reserve Fund**

The Fund slightly lagged its benchmark for the quarter at 0.7% versus 0.8% for the CRF Diversified benchmark. This Fund ended the quarter with a total market value of \$3,640,471.

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

The allocation in this fund is 0.9% Cash, 15.8% US Stocks, 0.2% Non-US Stocks, and 83.1% Bonds.

---

### **Winnacunnet School District Common Capital Reserve Fund**

The Fund matched its benchmark for the quarter at 0.8% versus 0.8% for the CRF Diversified benchmark. The Fund ended the quarter with a total market value of \$918,395. 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, 16.7% US Stocks, 0.2% Non-US Stocks, and 81.9% Bonds.

---

### **Cemetery Maintenance Trust Fund (Expendable)**

The Fund outperformed its benchmark for the quarter at 5% versus 4.6% for the CRF Diversified - Balanced benchmark. The Fund ended the quarter with a total market value of \$736,359.

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

The allocation in this fund is 0.9% Cash, 60.2% US Stocks, 0.7% Non-US Stocks, and 38.2% Bonds.

---

### **MS-9 Report**

The TrustTrak MS-9 Report for the second quarter was reviewed.

---

### **Combined Transactions Listing**

The TrustTrak Combined Transactions Listing was reviewed.

---

### **Questions posed to Charitable Trusts Unit**

Trustee Training 6/8/23 slide showed 2023 MS-10 with "Principal Only line" – What's the point? See Hampton MIS CRF: Principal \$16,991; Income \$17,618 They will look into it.

They will remove the "BOY Fair Value" and "EOY Fair Value" misnomers on the M-10 screens.

Has the MS-10 statement that Hampton "has no Common Investments" been resolved? Ms. Nichols will resolve this with Axiomatic.

### **Trustee Training**

Mr. Mackensen, Mr. Nevins, and Mr. O'Neil participated in the Trustee of Trust Funds training sponsored by the NH Municipal Association. The virtual workshop was held on June 8, 2023.

Moved by Ms. Skaperdas to reimburse the \$70 workshop fees for the three trustees as an incidental charge to the Town (RSA 31:24).

**SECONDED** by Mr. Koutalidis.

**VOTE: 2-0-3**

**Motion Passed**

Mr. Skaperdas signed the Requests for Reimbursement, which will be forwarded to the Town Finance Director.

---

### **Trustee Documents Archiving**

Mr. Mayes previously reported to the Chairman that the 2022 trustee records were transcribed onto a CD and delivered to the Town Clerk for safekeeping in the Town Vault. This fulfills the requirements of NH RSA 33-A:3-a.

---

### **Review of 2023 Town Warrant Ballot Results**

The trustees were apprised that the Town Finance Director funded the three 2023 Town Meeting CRF articles on June 30, 2023:

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

---

**Campbell Sports Scholarship Trust Fund**

Income for the period 7/1/20221 through 6/30/2023 was \$287.03.

**MOVED** by Mr. O'Neil to:

- Distribute \$143.51 from the Campbell Sports Scholarship Trust income to the Town for recreational purposes.
- Journal \$143.52 from income to Principal, per the Trust indenture.

**SECONDED** by Ms. Skaperdas

**VOTE: 5-0-0**

**Motion Passed**

---

**Distributions from CRFs**

**MOVED** by Chairman Mackensen to make four disbursements requested by the Town Finance Director, as follows:

- Town Roads CRF: \$12,327.24
- Cemetery Maintenance CRF: \$12,693.44
- Pedestrian & Traffic Safety CRF: \$4,000.00
- Firefighter Turn Out Gear CRF: \$682.96

Invoices were reviewed and verified by the Chairman as paid.

**SECONDED** by Mr. Nevins

**VOTE: 5-0-0**

**Motion Passed**

---

**Reimburse Three Bearings for Trustees Website Domain Renewal**

**MOVED** by Mr. Mackensen to reimburse Three Bearings Fiduciary Advisors \$211.70 for the **HamptonTrustFunds.org** domain for ten years.

**SECONDED** by Mr. O'Neil

**VOTE: 5-0-0**

**Motion Passed**



---

**Public Comment**

Ms. Atsalis thanked the Hampton Trustees and indicated that the meeting was insightful to her as a newly-elected Exeter Trustee.

Ms. Harake commented about Trustee concerns that the High Street Cemetery appearance is sub-standard, saying Hampton residents have little desire to improve it.

---

**Next Meeting**

The next meeting will be Tuesday, October 17, 2023, at 3:00 p.m. in the Selectmen's Meeting Room.

---

**Adjournment**

The meeting adjourned without objection at 4:28 p.m.

Respectfully submitted,

Warren J. Mackensen, Chair