

Town of Hampton



TRUSTEES OF THE TRUST FUNDS
OCTOBER 29, 2007 3:00 PM

PRESENT: Robert V. (Vic) Lessard, Chairman
John J. Kelley, Sr.
Glyn P. Eastman
Edward (Ted) Atwood
Warren J. Mackensen, Bookkeeper
John W. O'Dowd, Senior Wealth Advisor, TD Banknorth
Steven H. Reynolds, Portfolio Manager, TD Banknorth

Chairman Lessard called the meeting to order at 3:10 PM. The Pledge of Allegiance to the flag was recited.

The Chairman invited the bank representatives to review the new asset allocations and present a report of the quarter's results.

Review Investment Changes and Results to Date:

The bank representatives provided a handout to the Trustees. Mr. O'Dowd reviewed the asset allocation of the current portfolio. The Real Estate Trust Fund portfolio currently includes a mix of 37% in equities, 58% in fixed income vehicles and 4% in cash. Mr. Reynolds reviewed current holdings as of September 30, 2007. The holdings were discussed. The top ten holdings are bonds.

Mr. O'Dowd noted that there has been an unrealized gain to date, indicating growth of the portfolio even in this short time period. There has been a gross yield of 4.59%. There was discussion of the comparison of the stock portfolio to the S&P500 mix of equities.

Mr. Reynolds then reviewed the other descriptive materials provided in the handout. He also reviewed the distinction between appreciation in stock value and generation of income.

Mr. O'Dowd stated that the challenge now is to manage the portfolio to maintain the level of positive results, in both capital appreciation and income, seen in the short time that this portfolio has been in place. Mr. Reynolds commented that he expects the companies in the portfolio to increase dividends in the coming year.

Mr. Atwood asked what the bank's prediction is for the stocks that have lost value in the past quarter. Mr. O'Dowd responded that they are expecting better performance from these companies over the long term.

Mr. O'Dowd reiterated that there has been positive performance of the portfolio in terms of growth.

Mr. Kelley asked what Mr. Reynolds planned to do with the maturing bonds. New bonds will be purchased.

Mr. O'Dowd then reviewed the report of projected cash flow from the present to the end of the calendar year.

Chairman Lessard asked what the income differential has been since the portfolio changed. Mr. O'Dowd will research what the figure would be. As of July 31st, income was \$501,000. He believes that we have maintained the level of income even after the costs of the transactions. He projects that over \$700,000 will be returned to the Town during the coming 12-month period. Mr. O'Dowd indicated that, in his opinion, the Board has made the right decision in re-allocating the portfolio to allow for growth. At the same time, it appears that income will be at least equal to last year's.

Mr. Atwood asked if the Wealth Management Group could report to the Board sooner in the month after the end of the next quarter. Mr. O'Dowd stated the bank could report to the Board anytime after the 10th of the month. They will provide a report at the January 14, 2008 meeting of the Trustees at 3:00 PM.

At this point, Mr. O'Dowd and Mr. Reynolds left the meeting.

Review Month-end Values Bar Graphs and Line Graphs:

Mr. Mackensen distributed and explained these new graphs that he created to show trends of the Real Estate Trust Fund. There were no questions.

Review Investment Policy for Smaller Trust Funds and Capital Reserve Funds in light of the Investments in the NH Public Deposit Investment Pool:

Mr. Mackensen distributed and explained the proposed investment policy he drafted. This draft is intended to be applicable to all trust funds except for the Real Estate Trust Fund and the Library Trust Funds. There was a consensus that Board members will review this draft policy and it will be discussed at the next meeting.

There was discussion of the Library Trust Fund. The Library Trustees set the investment policy and the Trustees of the Trust Funds perform the administration and make the investments. The Board asked Mr. Mackensen to attend a meeting of the Library Trustees and ask for their investment policy.

Hampton Beach Village Precinct Capital Reserve Funds:

There was a discussion of the appropriate protocol for these funds. It was decided that no action would be taken at this time.

Review Approval Requirements for Investment Policies for the Smaller Funds:

Mr. Mackensen distributed an e-mail from Terry Knowles, Registrar of Charitable Trusts, responding to questions regarding authority for setting investment policy. The responses for specific funds are as follows:

- Town Roads Capital Reserve Fund – Trustees of the Trust Funds set investment policy.
- Burial Trust Fund and 80+ Perpetual Care Trust Funds – Trustees of the Trust Funds set investment policy.
- Library Trust Funds – Library Trustees set investment policy for library money.
- Hampton Beach Village District Capital Improvements Capital Reserve Fund – Needs further research.

Review Activity in the Smaller Trust Funds since Last Meeting:

Mr. Mackensen reported that all 10 of the smaller trust funds are now in the New Hampshire Public Deposit Investment Pool. There are no more passbook accounts in effect.

The following funds have been transferred to the Public Deposit Investment Pool:

- Cemetery Burial Trust Fund - \$18,300 (2006 revenue)
- Hampton Beach Village District Capital Projects and Purchases Capital Reserve Fund - \$13,264.30
- Hampton Beach Village District Apparatus Replacement Capital Reserve Fund - \$16,638.86
- Hampton Beach Village District Improvements Capital Reserve Fund - \$5,632.18

He then reported expenses incurred, submitted to the Town and paid. This was a total of \$224.56 for the cost of obtaining the web site domain name, the business name registration and three years of web site hosting.

Minutes of September 17, 2007:

MOVED by Mr. Eastman to accept the minutes as revised by Mr. Mackensen.

SECOND by Mr. Atwood

VOTE: 5-0-0

MOTION PASSED

Review Proposed Job Description for “Administrative Coordinator”:

Mr. Mackensen distributed a job description he drafted for an “Administrative Coordinator position because, he stated, Mr. Atwood was concerned about the amount of work Mr. Mackensen is doing for the Trustees. This job description lists his activities as well as the functions of the Secretary to the Trustees. He then indicated that a woman in his office is interested in being hired to do the work described in the job description as a backup for Mr. Mackensen.

Mr. Atwood said he is concerned about combining the secretarial and bookkeeping functions. He prefers that one person not perform both of these functions. He asked why the minutes would be included with the bookkeeping functions. Mr. Eastman agrees with Mr. Atwood. Mr. Kelley agrees. Chairman Lessard also agrees. The Chairman stated he is not opposed to paying a different individual for the bookkeeping function.

There was a discussion of the funds available for paying to have these bookkeeping functions performed.

Mr. Mackensen stated he is spending too much time flailing around working out the bugs in the minutes and making corrections. He would like the Trustees’ secretary to go to his office to work on the minutes with him there.

The Chairman polled the Board on this request. Mr. Eastman does not feel that the Secretary should meet with Mr. Mackensen. Mr. Kelley said the Trustees should approve minutes at the Trustees meeting. Mr. Atwood stated he does not believe the same person should do bookkeeping and minutes. Chairman Lessard agrees on both issues.

Mr. Atwood commented that when Mr. Mackensen was first appointed, he agreed to do the bookkeeping at no cost. Now he is asking that someone be paid to do it. Chairman Lessard commented that when Mr. Moody performed these functions, all materials were accepted by the State, and there were no problems.

There was additional discussion of the time lines of posting minutes.

There was discussion of the current public perception of the activities of the Trustees of the Trust Funds.

It was decided that minutes would continue to be done as they are currently.

Approve March 30TH Meeting Minutes:

Mr. Mackensen described the changes he made to the March 30th minutes as prepared by Mr. Eastman and Mr. Kelley.

MOVED by Mr. Eastman to approve the March 30th minutes as amended.

SECOND by Mr. Kelley

VOTE: 3-0-2 (Atwood, Mackensen)

MOTION PASSED

Review First Draft of 2007 Trustees Page for the Town Annual Report:

Mr. Mackensen presented the draft report. This draft was discussed. There was a discussion of semantics. Changes were made to break out yield and growth, indicating that the sum of these is total return. Chairman Lessard asked that the amount being returned to the Town be clearly stated.

Chairman Lessard will check with the Town to determine the deadline for printing of the Annual Report. Mr. Mackensen will revise the draft to reflect the changes discussed. He will bring a revised copy to the next meeting.

Date of Next Meeting:

MOVED by Mr. Mackensen to hold the next meeting on November 19th at 3:00 PM.

SECOND by Mr. Atwood

VOTE: 4-1-0

MOTION PASSED

MOVED by Mr. Kelley to adjourn

SECOND by Mr. Eastman

VOTE: 5-0-0

MOTION PASSED

Meeting adjourned at 4:55 PM

Respectfully Submitted,

Barbara Renaud