

Town of Hampton



TRUSTEES OF THE TRUST FUNDS

October 19, 2015 4:15 p.m.

Selectmen's Conference Room

DRAFT A

TRUSTEES: Norman Silberdick, Chairman
William A. Hartley, Vice Chairman
John Sovich
John Troiano

ADMIN ASSISTANT: Ms. Joan Rice

ADVISORS: David Mayes, Mackensen & Company, Inc.
Steven Stokes, Mackensen & Company, Inc.

AUDIENCE: Warren Mackensen

The meeting was called to order at 4:15 p.m. by Chairman Silberdick.

Chairman Silberdick said he wanted to discuss the issue of Mackensen & Company receiving a fine by the SEC. He said these promotional activities had no bearing on the Trustees' decision to select Mackensen & Company as their investment advisor. Chairman Silberdick said he would suggest a motion to reaffirm Mackensen & Company as the Trustees' Investment Advisor.

MOVED by Chairman Silberdick to reaffirm Mackensen & Company as Investment Advisor to the Trustees of the Trust Fund.

SECONDED by Mr. Sovich.

Mr. Troiano said his concern is that this issue has been going on for some time and he felt the Trustees should have been notified. It is the responsibility of the Advisor to inform the Trustees of such a situation.

Mr. Sovich said the Trustees should include that in the motion. Mr. Mayes agreed that this should be done.

AMENDMENT MADE by Chairman Silberdick that the motion should read "To reaffirm Mackensen & Company as Investment Advisor to the Trustees of the Trust Fund. Mackensen & Company is to inform the Trustees of any investigations by a regulatory agency regarding their firm."

SECONDED by Mr. Sovich.

VOTE: 4-0-0

Amendment Passed

Chairman Silberdick said a lot of emailing has been taking place and he felt it was in the best interest of the Trustees to attach emails as an addendum to the Minutes. Mr. Sovich said the Trustees have not been conducting business or making decisions via email so there should be no problem. Chairman Silberdick said he would defer this to the January meeting. In the meantime he will circulate a list of the emails for review.

Review of Minutes

The minutes from the meeting of July 20, 2015, were reviewed.

MOVED by Mr. Troiano to approve the minutes.

SECONDED by Mr. Sovich.

VOTE: 4-0-0

Motion Passed

The minutes from the meeting of September 15, 2015, were reviewed.

MOVED by Mr. Chairman Silberdick to approve the minutes as amended.

SECONDED by Mr. Sovich.

VOTE: 4-0-0

Motion Passed

Overall Portfolio Performance Review

The Portfolio Comparative Performance and Position Performance were reviewed. Mr. Mayes said the Real Estate Trust Fund is down about 3.34% as of September 30, 2015. The fund is presently at \$18,125,406. This is an increase of around \$500,000 in the last few weeks. Mr. Mayes said the GE Capital Corp bond will be called on November 16th. He will look for something else for those funds.

Mr. Mayes discussed the Common Trust Fund. He said short-term performance has been very good and long-term good relative to the benchmark. This fund is just over 32% equities and is at about \$591,000.

Mr. Mayes discussed the Capital Reserve Fund. He said this has done better than the benchmark in the last three months. There is just over \$1,500,000 in that account.

Mr. Mayes discussed the Winnacunnet Common Capital Reserve Fund. There are no transactions expected this year.

Real Estate Trust Fund Portfolio

The Month-End Market Value graphs, NATC Account Custody Statement, Morningstar Snapshot and the TrustTrak Fund Snapshot Report were reviewed.

Mr. Sovich asked if there would be any benefit in sending money to the Town only on an annual basis, investing it in the meantime. Chairman Silberdick said it helps the Town financially to receive it every month.

Common Trust Fund Portfolio

The NATC Account Custody Statement and Morningstar Snapshot were reviewed.

Common Capital Reserve Fund Portfolio

The NATC Account Custody Statement and Morningstar Snapshot were reviewed.

Winnacunnet School District Common Capital Reserve Fund

The NATC Account Custody Statement and Morningstar Snapshot were reviewed.

MS-9 Report

The MS-9 report through September was reviewed.

Modifications to Real Estate Trust Fund Investment Policy Statement

Mr. Sovich suggested the following modifications:

The first paragraph under **Rebalancing Procedures** shall read:

Market conditions will cause the Fund's investment in various asset classes to vary from the established allocation. To remain consistent with the asset allocation established by this Investment Policy, at a minimum of once a year the Trustees and the Investment Advisor shall review the Fund and each asset class in which the Fund is invested. If the actual weighting differs from the target range by 5% or more from the recommended range, the Fund shall be considered for rebalancing.

The first paragraph under **Frequency of Review** shall read:

The Trustees will conduct an annual review generally at the January meeting of the Investment Policy, the investment accounts and the Investment Advisor's performance. Modifications to the Investment Policy shall be made when warranted.

The first paragraph under **Individual Fixed Income Securities** shall read:

Individual securities must have, at the time of purchase, a minimum rating of Baa3 or BBB- (investment grade) by Moody's or S&P.

The first paragraph under **Individual Equity Securities** shall read:

Investments must comply with N.H. RSA Chapter 31:25, which generally limits equity investments to the top two credit rating grades provided by rating agencies Moody's and Standard & Poor's.

Under **Duties and Responsibilities: Investment Advisor**, addition of Bullet #8 to read:

8. Electronic bookkeeping and records keeping.

Chairman Silberdick said that at the January meeting, the Trustees should go into closed session to conduct a review of the Investment Advisor. He will draft some criteria and circulate to the Trustees.

MOVED by Chairman Silberdick to adopt modifications to the Real Estate Trust Fund Investment Policy Statement as presented by Mr. Sovich.

SECONDED by Mr. Hartley.

VOTE: 4-0-0

Motion Passed

Distribution of Income

The Trustees affirmed distribution of income for 2015 based on November 30, 2015, accumulated income figures for: Poor Trust Funds, Library Trust Funds, Cemetery Perpetual Care Trust funds, and Cemetery Burial Trust Fund. This will eliminate year-end accruals. Annual income distributions will be made in December.

Review of Proposed Meeting Schedule for 2015

The meeting schedule for 2015 was reviewed and accepted.

Town Report Narrative

The draft of the Town Report Narrative was reviewed.

Next Meeting

The next meeting of the Trustees is scheduled for Tuesday, January 19, 2016, at 4:15 p.m. in the Selectmen's Meeting Room.

Adjournment

MOVED by Mr. Sovich to adjourn the meeting at 5:30 p.m.

SECONDED by Chairman Silberdick.

VOTE: 4-0-0

Motion Passed

Respectfully submitted,

Joan Rice
Secretary