

# Town of Hampton



## TRUSTEES OF THE TRUST FUNDS

MARCH 31, 2008 3:00 p.m.

PRESENT: Robert (Vic) Lessard, Chairman  
Ted Atwood  
Warren J. Mackensen, Bookkeeper  
David Hamilton

ABSENT: John J. Kelley, Sr.

The meeting was called to order at 3:05 p.m. by Chairman Lessard, followed by the Pledge of Allegiance.

---

### Election of Officers:

Chairman Lessard and Mr. Atwood welcomed newly-elected trustees David Hamilton and Warren Mackensen to the Board.

**MOVED** by Mr. Atwood to have Mr. Lessard serve as Chairperson for the coming year.

**SECOND** by Mr. Mackensen.

**VOTE: 3-0-1**

**Motion Passed**

**MOVED** by Mr. Lessard to have Mr. Hamilton serve as Clerk for the coming year.

**SECOND** by Mr. Mackensen.

**VOTE: 3-0-1**

**Motion Passed**

**MOVED** by Mr. Atwood to have Mr. Mackensen serve as Bookkeeper for the coming year.

**SECOND** by Mr. Hamilton.

**VOTE: 3-0-1**

**Motion Passed**

---

**Minutes of the last meeting:**

The minutes from the meeting of February 11, 2008, were reviewed. Some minor amendments were made by Mr. Atwood.

**MOVED** by Mr. Atwood to approve the minutes, as amended.

**SECOND** by Mr. Mackensen.

**VOTE: 3-0-1**

**Motion Passed**

---

**Results of the voting on the Town Warrant:**

The Trustees discussed the outcome of the March 11, 2008, Town Meeting.

Article 23: Department of Public Works Equipment Capital Reserve Fund, \$340,000. Article PASSED: 1,861 Yes; 1,273 No. Mr. Lessard asked Mr. Mackensen to find out when this new capital reserve fund will be funded.

Article 24: Transfer \$19,750 from sales of cemetery lots to Cemetery Burial Trust Fund. Article PASSED: Yes 2,766; No 397

Article 26: Cemetery Trustees, withdraw \$45,000 from Cemetery Burial Trust fund for pickup truck and snow plow. Article PASSED: Yes 1,899; 1,279 No

Article 27: Cemetery Trustees, withdraw \$4,500 from Cemetery Burial Trust fund for roof on High Street Cemetery Building. Article PASSED: 2,810 Yes; 346 No

The Trustees reviewed the outcome of the voting on the Hampton School District Warrant, specifically Article 5, which created an expendable trust fund for Special Education in the Hampton School District in the amount of \$50,000. The Article FAILED: 1,465 Yes; 1,596 No.

The Trustees reviewed the outcome of the voting on the Winnacunnet Cooperative School District Warrant, specifically Article 8, which proposed adding an additional \$50,000 to the expendable trust fund for the Winnacunnet Cooperative School District Special Education Fund Trust Fund. The Article FAILED: 1,403 Yes; 1,630 No.

---

### **Real Estate Trust Fund:**

The Trustees reviewed the month-end market values bar graph and line graph for the Real Estate Trust Fund. The Fund principal diminished during February due to unfavorable market conditions.

The Board was asked to consider performing an analysis to determine if the Town would be better off receiving quarterly distributions of income from the Real Estate Trust Fund (RETF) as opposed to the annual distribution. Factors to consider include: the time value of money, the borrowing costs associated with Tax Anticipation Notes (TANs), the timing of the TANs during the year, the timing of the RETF income during the year, the return on money market funds in the RETF, and the money manager fees associated with the income in the RETF.

The Trustees had several questions about the benefit of making quarterly income payments to the Town. Town Finance Manager, Michael Schwotzer, was called to the meeting. Mr. Schwotzer explained how the Town budget is set, and how the Town revenues are accounted for. Mr. Schwotzer explained that quarterly distributions of income to the Town from the RETF would neither alter the Town budget nor permit increased expenditures. The full amount of income garnered from the RETF would continue to be used to reduce the tax rate, whether the income distributions were annual or quarterly.

The Trustees requested that Mr. Schwotzer provide actual TAN history for 2007 to Mr. Hamilton so that the borrowing costs could be factored into the analysis that the Trustees will develop. A detailed analysis of quarterly income distributions will be provided to the Trustees at the May meeting.

---

### **Real Estate Trust Fund Advisory Contract**

The Trustees discussed the upcoming Request For Proposals (RFP) that will be issued this summer for the Real Estate Trust Fund Advisory Contract. The Trustees agreed that the schedule will be:

May meeting: Review a draft of the Request for Proposals. Review a list of banking institutions, trust companies and investment consultants that will be invited to bid on the RFP.

June meeting: Review and approve the RFP and the invited bidders list. Send out the RFP by June 30<sup>th</sup>. Bids will be due by July 31<sup>st</sup>.

August meeting: Review and discuss the bids received. Interview bidders that are of interest to the Trustees. Award a contract by September 1<sup>st</sup>.

September meeting: Discuss management of the RETF assets with the successful bidder.

October 1: Commence the new three-year contract period.

At the request of the Bookkeeper, the Trustees agreed to consider a mutual-fund-only investment portfolio that would be selected by an outside investment consultant who would advise the Trustees on the RETF investments. The hiring of an investment consultant is authorized by the Investment Policy approved by the Board last summer. By following the Investment Policy using mutual funds, the Real Estate Trust Fund might be able to reduce the significant management fees that are being incurred, such that the RETF could deliver more income to the Town. The Board will consider investment consultant proposals alongside the traditional bank and trust company proposals.

---

**Smaller Trust Funds and Capital Reserve Funds:**

The Trustees reviewed the drop in interest rates at the NH Public Deposit Investment Pool, which went from 4.98% on December 31, 2007, to 2.82% on March 21, 2008. These rate reductions correspond with the precipitous drop in the Fed interest rate during the last three months.

The Trustees reviewed a letter from State of New Hampshire Banking Department regarding the safety of the NH Public Deposit Investment Pool (PDIP) funds managed by MBIA Asset Management. The letter assures the Trustees that the funds in the PDIP are safe, and that they are protected through a credit facility backed by MBIA, Inc.

---

**Library Trust Funds:**

The Bookkeeper reported that he met with the Library Trustees on February 20, 2008. The Library Trustees approved the proposed Investment Policy reviewed by the Trustees of the Trust Funds on February 11, 2008.

The Library Trustees deferred approval to invest outside of the NH Public Deposit Investment Pool until the following month, thereby giving them time to review the original library trusts as to the intent of the trusts.

The Library Trustees acknowledged that they need to write a letter to the Trustees of the Trust Fund directing investment outside of the Pool, and specifying which mutual fund to use. The Fidelity Balanced Fund was proposed to the Library Trustees since it meets the requirements of the Library Investment Policy, and they are inclined to use this fund once they have reviewed the trusts.

The Bookkeeper reported that the new Library Investment Policy was posted to the Trustees' web site.

The next meeting of the trustees is scheduled for Monday, April 21, 2008, at 3:00 p.m. TD Banknorth Wealth Management Group will attend this meeting.

**MOVED** by Mr. Mackensen to adjourn.

**SECOND** by Mr. Hamilton.

**VOTE: 4-0-0**

**Motion Passed**

The meeting adjourned at 4:35 p.m.

Respectfully submitted,

*Warren J. Mackensen*

Warren J. Mackensen, Bookkeeper