

Town of Hampton



TRUSTEES OF THE TRUST FUNDS

FEBRUARY 9, 2009 4:00 p.m.

TRUSTEES: Robert (Vic) Lessard, Chairman
Ted Atwood
Warren J. Mackensen, Bookkeeper
David Hamilton, Clerk
Frances A. Quinn

PUBLIC: Michael Pierce, Citizen of Hampton

The meeting was called to order at 4:07 p.m. by Chairman Lessard.

Real Estate Trust Fund:

The Trustees reviewed the January statement from TD Wealth Management.

Mr. Hamilton made the comment that he noticed on the TD Wealth Management web site for the Real Estate Trust Fund account that the preferred stock position in the Royal Bank of Scotland was sold in early February at a substantial loss. The position was purchased at \$248,024 and sold at \$44,286, for a realized loss of \$203,738.

Mr. Hamilton further commented that TD Wealth Management seems to be too reactive, rather than proactive, meaning that the sale of a position generally seems to be too late to preclude a substantial loss. Mr. Atwood agreed with Mr. Hamilton.

Mr. Mackensen reiterated his position from last summer when bidders were being evaluated that he is in favor of investing the Real Estate Trust Fund in index funds and exchange-traded funds. This more-passive approach would increase the diversification of the overall portfolio so that security selection is less of an issue.

Ms. Quinn stated that is it not our position to be concerned with the daily activity of the funds, but, rather, the overall return as it relates to the benchmarks.

Real Estate Trust Fund Investment Policy:

The Trustees signed the signature page of the Real Estate Trust Fund Investment Policy approved at the meeting on January 20, 2009.

Real Estate Trust Fund Quarterly Disbursement:

The Bookkeeper reported that the Trustees distributed the 2008 4th Quarter income to the Town in the amount of \$120,817.90.

Trustees Meeting with Selectmen:

Several of the Trustees will appear at the Selectmen's Meeting on February 9, 2009.

Mr. Atwood proposed providing a cash basis analysis spreadsheet of the Real Estate Trust Fund that he prepared. The Trustees reviewed the analysis and agreed to provide the analysis to the Selectmen that evening.

Mr. Mackensen commented that it will be important to point out that the Real Estate Trust Fund is an endowment fund with a 100-year (perpetual) time horizon. The current market malaise that we are experiencing is only temporary. Mr. Atwood's spreadsheet shows that the Trust Fund yield for 2008 was 4.07%, which was disbursed to the Town to reduce the tax rate. The disbursement of 4.07% is a very reasonable disbursement rate for an endowment fund.

Smaller Trust Funds and Capital Reserve Funds:

The Trustees reviewed the January 2009 Vanguard Prime Money Market web-based statement. A spreadsheet was provided by the Bookkeeper showing how the January dividend was allocated among the 12 smaller trust funds and capital reserve funds.

Minutes of the last meeting:

The minutes from the meeting of January 20, 2009, were reviewed.

MOVED by Mr. Hamilton to approve the minutes.

SECOND by Ms. Quinn.

VOTE: 5-0-0

Motion Passed

MS-9 and MS-10 Reports

The Bookkeeper reported that he will file the MS-9 and MS-10 reports with the Charitable Trusts Unit in Concord, along with approved copies of the three Investment Policies (Real Estate Trust Fund, Non-RETF trusts and capital reserve funds, and the Library trusts). The reports are due on February 28, 2009.

Cemetery Burial Trust Fund:

The Trustees are considering investing the Cemetery Burial Trust Fund, which has over \$350,000 in it, in one or more longer-term fully-collateralized CDs. The Bookkeeper provided the Trustees with a CD Rate Comparison spreadsheet.

Several Trustees asked questions and the Bookkeeper will obtain answers for the next meeting. Mr. Hamilton will query one more financial institution for a quote.

Public Session:

Mr. Michael Pierce was acknowledged and minor discussion ensued. The Trustees responded to Mr. Pierce's observations.

Next Meeting:

The next meeting of the Trustees is scheduled for Monday, March 16, 2009, at 3:00 p.m.

MOVED by Mr. Atwood to adjourn.

SECOND by Chairman Lessard.

VOTE: 5-0-0

The meeting adjourned at 5:03 p.m.

Motion Passed

Respectfully submitted,

Warren J. Mackensen

Warren J. Mackensen, Bookkeeper