

Town of Hampton



TRUSTEES OF THE TRUST FUNDS

May 2, 2011 3:00 p.m.

Selectmen's Meeting Room

TRUSTEES: Norman Silberdick, Chairman
Edward R. Buck, Vice Chair
William A. Hartley, Bookkeeper
Stephen A. Falzone, Secretary/Clerk
David W. Hamilton

ADMIN ASSISTANT: Ms. Joan Rice

PUBLIC: Warren Mackensen, Mackensen & Company, Inc.
David Mayes, Mackensen & Company, Inc.
Richard Nichols, Chairman, Board of Selectmen

The meeting was called to order at 3:00 p.m. by Chairman Silberdick.

Minutes of the Last Meeting

The minutes from the meeting of April 18, 2011, were reviewed.

MOVED by Mr. Buck to approve the minutes as amended.

SECONDED by Mr. Falzone..

VOTE: 5-0-0

Motion Passed

Amendment made: On page 3, under TD Wealth Management Group, "Megan" should read as "Magan".

Review Administrative Procedures with Mackensen & Company, Inc.

Chairman Silberdick said the reporting from Mackensen & Company has been excellent and he would not recommend any changes.

Chairman Silberdick discussed the fact that the Town will not be going to a new fiscal year. Mr. Nichols said a decision was made not to go to the new fiscal year because the benefits received would not offset the potential impact to cash flow in the future. The warrant article that passed simply authorized the Selectmen to petition the legislature to enact the change. This did not happen due to the Selectmen's decision.

Chairman Silberdick told Mr. Mackensen that the Trustees are happy to have him as the Investment Advisor. Chairman Silberdick said the main priority of the Trustees is to preserve principal, not focusing so much on income.

Mr. Hartley said he was in favor of having a diversified portfolio including long-term bonds. The theory of timing the market with short-term tactics has proven to be inefficient. Mr. Hartley said vigilance is very important considering the state of the economy and the possibility of impending inflation. Mr. Hartley said he agreed with emphasis on the principal for the time being. If the portfolio can be made a little safer by shortening duration, that would be a wise move. Mr. Hartley said he would not want to see changes every two or three months. If something occurs, the market will correct itself.

Mr. Mayes said they will adhere to protecting the principal first with income coming second.

Mr. Falzone said he felt duration should be shortened. He said he was more than willing to give up income to protect principal.

Mr. Mackensen said the portfolio has a duration of five years and he feels this is correct at this time.

Mr. Nichols said from the Town's perspective it really does not matter if the trust fund income comes in a little lower.

Mr. Mayes said a floating rate high income fund has been added to the portfolio. If rates rise, this fund should do well. There is a little more risk in the portfolio, but the position is only 3% of the entire portfolio.

Chairman Silberdick asked what would happen if Mackensen & Company sees something that they feel should be changed. Mr. Mackensen said they would contact the Board.

Mr. Nichols said under RSA 91-A the Chairman has the ability to determine that a meeting is necessary without giving 24 hours notice.

Mr. Hamilton said the Trustees have retained Mackensen & Company as Investment Advisor and they should be trusted to make moves if they feel it is necessary. Mr. Buck agreed. Mr. Falzone said he had no problem giving discretionary authorization to Mackensen & Company. Mr. Mackensen said they seldom have any emergencies. As a practical matter things are usually slow moving and there will not be a lot of trading.

Mr. Mackensen suggested that the Trustees hold quarterly rather than monthly meetings. All information is readily available from the website.

Chairman Silberdick said it would be a good idea to make a presentation to the Board of Selectmen after the June meeting.

Mr. Mackensen presented the following handouts:

1. Proposed Portfolio Changes 4/21/2011
2. NATC Real Estate Trust Fund Account Web Screenshot 04/30/11
3. Real Estate Trust Fund Month-End Market Value Graphs
4. Portfolio Statement @ 4/30/2011 (PortfolioCenter)
5. Monthly Transactions Worksheet
6. Vanguard page for Smaller Trust Funds and CRFs
7. Fidelity Portfolio Statement @ 4/30/2011
8. 2011 Hampton Town Meeting Ballot Results Pertaining to Trustees
9. 2011 Investment Management Fees Calculations

Mackensen & Company's fee was discussed. A spreadsheet showed the computation of fixed fees for the remainder of the year.

MOVED by Mr. Buck to allow Mackensen & Company to debit their fee from the National Advisors Trust Company Real Estate Trust Fund account in the amounts of \$3,440.40 in May, 2011, \$4,288.72 in August, 2011 and \$4,288.72 in November, 2011.

SECONDED by Mr. Hartley.

VOTE: 5-0-0

Motion Passed

Chairman Silberdick asked for a motion to give discretionary authority to Mackensen & Company to place trades as necessary.

MOVED by Mr. Falzone to give Mackensen & Company discretionary authority to make trades as needed.

SECONDED by Mr. Hamilton.

VOTE: 5-0-0

Motion Passed

Next Meeting

The next meeting of the Trustees is scheduled for Monday, June 20, 2011, at 3:00 p.m., in the Selectmen's Meeting Room.

Adjournment

MOVED by Mr. Buck to adjourn.

SECONDED by Mr. Hamilton.

VOTE: 5-0-0

Motion Passed

The meeting adjourned at approximately 4:25 p.m.

Respectfully submitted,

Joan Rice
Secretary