

Town of Hampton



TRUSTEES OF THE TRUST FUNDS

June 20, 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

ADMIN ASSISTANT: Ms. Joan Rice

PUBLIC: Warren J. Mackensen, Mackensen & Company, Inc.
David T. Mayes, Mackensen & Company, Inc.

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

Chairman Silberdick read a letter from David W. Hamilton tendering his resignation as a Trustee. Chairman Silberdick commended Mr. Hamilton on his contributions and said he will be missed. The rest of the Board concurred.

Chairman Silberdick said he is in the process of communicating with Town Counsel regarding replacing Mr. Hamilton. Mr. Mackensen said RSA 31:22 states the replacement shall be appointed by the Board of Selectmen. Chairman Silberdick will contact Selectman Nichols to take care of this.

Minutes of the Last Meeting

The minutes from the meeting of May 2, 2011, were reviewed.

MOVED by Mr. Hartley to approve the minutes.

SECONDED by Mr. Falzone.

VOTE: 4-0-0

Motion Passed

Review Results of Investment Changes

Mr. Mackensen discussed the Real Estate Trust Fund Portfolio. He reviewed the Morningstar report as of 5/31/11. Mr. Mackensen said the Morningstar report should be used to assess the current asset allocation. This report is reviewed monthly. Duration was discussed. Mr. Mayes said the duration of the bond portfolio is less than 5 years. Mr. Hartley and Mr. Falzone agreed that the duration was fine.

Mr. Mackensen said the stock allocation presently is 31.75% US Stocks + 8.81% Non-US Stocks = 40.06 Equities.

Funds in the asset allocation designated "Other" were discussed. These are preferred stocks (treated as fixed income), convertible bonds, convertible preferred stocks, and other hard-to-classify securities.

Mr. Mackensen addressed Trustee questions about the floating rate securities position in the portfolio, comprising less than 2% of the portfolio. Chairman Silberdick said he was concerned as to whether this investment is within the philosophy of the Board of Trustees. Chairman Silberdick felt this investment may not be in accordance with the Trustees' investment policy for the Real Estate Trust Fund.

Mr. Mayes responded that the Fidelity Floating Rate High Income Fund is mostly bank loans and therefore has some credit risk. This fund was chosen to offset the prospective interest rate rise problem. Chairman Silberdick said that fund is far below the Trustees' investment policy and he did not feel the fund should be there. Mr. Buck agreed. Mr. Falzone said he did not have a problem with the investment.

Mr. Mayes said there is another option that has just been launched called the iShares Floating Rate Note Fund. However, there is only a two-week history on it. Mr. Mayes suggested watching the iShares fund and if it does well, changing the investment into that fund. The Board agreed to wait until the end of the third quarter before making any changes.

Mr. Mackensen presented the National Advisors Trust Company Real Estate Trust Fund Account Statement at 5/31/11, and the Real Estate Trust Fund Month-End Market Value graphs. He said the twelve-month forward looking income is approximately \$590,000.

Mr. Mackensen presented a PortfolioCenter Statement at 5/31/11 for the Real Estate Trust Fund, the associated Monthly Transactions Worksheet, Vanguard pages for the Smaller Trust Funds and Capital Reserve Funds, and the Lane Library Fidelity Balanced Fund Portfolio Statement at 5/31/11.

Mr. Mackensen said he had received a request from Nancy Tuttle at the SAU21 office for the Fiscal Year End Report as of 6/30/11 for the Hampton School District and the Winnacunnet School District trust funds.

New Business

Mr. Falzone talked about the trustees of trust funds training sessions he had attended in Concord. He learned that the Board could go into non-public session on matters concerning hiring, promotions, dismissals or compensation.

Mr. Mackensen said he is meeting soon with Senator Nancy Stiles to suggest making changes to several RSAs relative to trust funds and capital reserve funds that are problematic among all municipalities in New Hampshire.

Next Meeting

The next meeting of the Trustees is scheduled for Monday, July 25, 2011, at 3:00 p.m., in the Selectmen's Meeting Room. After the July meeting, the Trustees will meet on a quarterly basis.

Adjournment

MOVED by Mr. Falzone to adjourn.

SECONDED by Mr. Buck.

VOTE: 4-0-0

Motion Passed

The meeting adjourned at approximately 4:15 p.m.

Respectfully submitted,

Joan Rice
Secretary