

# Town of Hampton



## TRUSTEES OF THE TRUST FUNDS

July 25, 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  
John P. Troiano

ADMIN ASSISTANT: Ms. Joan Rice

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

PUBLIC: Michael Pierce, Selectman

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

Chairman Silberdick welcomed John Troiano to the Board as a new Trustee.

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### **Minutes of the Last Meeting**

The minutes from the meeting of June 20, 2011 were reviewed.

**MOVED** by Mr. Falzone to approve the minutes.

**SECONDED** by Mr. Hartley.

**VOTE: 4-0-1 (Troiano)**

**Motion Passed**

## **Review Results of Investment Changes**

Mr. Mayes discussed the Real Estate Trust Fund Portfolio. He reviewed the Morningstar report as of 6/30/11. Mr. Mackensen said the stock allocation presently is 31.43% US Stocks + 8.83% Non-US Stocks = 40.26 Equities. Cash and Fixed Income = 59.74%. Mr. Mayes said the portfolio yield is 3.68% and the duration is 4.82 years.

Mr. Silberdick asked about the iShares Floating Rate Note Fund, which was going to be monitored. Mr. Mayes said there is still not enough history to make a decision regarding this fund. The fund will continue to be reviewed over the next three months.

Mr. Troiano asked about accessing individual bonds. Mr. Mayes said they do have access to individual bonds but choose not to use them. Mr. Mayes said they look at the portfolio as a whole. Mutual funds provide greater diversification and automatic reinvestment to take advantage of rising rates.

Mr. Mackensen presented the National Advisors Trust Company Real Estate Trust Fund Account Statement at 6/30/11, and the Real Estate Trust Fund Month-End Market Value graphs.

Mr. Mackensen presented a PortfolioCenter Statement at 6/30/11 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 6/30/11. Chairman Silberdick noted that everything is on target.

Mr. Troiano raised a concern about the use of a GNMA mutual fund for the smaller trust funds and capital reserve funds when GNMA securities could be purchased directly. Mr. Mackensen responded that the Vanguard GNMA Admiral Shares Fund was very stable over the last ten years and had an average annual total return of 7.13% over the last five years, and an average total return of 4.92% during the last year, both as of 6/30/11. The current yield of the fund is 3.5%. The fund is invested solely in GNMA securities, the principal and income of which is backed by the full faith and credit of the U.S. Government. The expense ratio of the fund is 0.11%, which is very low.

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## **Proposed RSA Changes**

Mr. Mackensen went over proposed NH RSA changes relative to trust funds and capital reserve funds that were submitted by him to Senator Nancy Stiles on 6/23/11. Mr. Mackensen's proposed changes would bring the RSAs up-to-date to:

- Allow electronic recordkeeping;
- Fix omissions in certain RSAs regarding the use of investment advisors;
- Authorize cities and towns to pay investment advisors out of capital reserve fund income;
- Replace the so-called 10% rule (AG Opinion 1966-2) with an RSA that says a diversified mutual fund is not considered a single investment; and
- Stipulate clearly that short- and long-term capital gains be added to principal.

There is no action required by the Trustees. The proposed changes are a citizen petition to update the RSAs to the contemporary investment environment. Mr. Mackensen stated that he had provided a courtesy copy of the proposed changes to the Attorney General's Office, Charitable Trusts Unit, for review and study.

Mr. Buck said he is interested in supporting the proposed changes when they go through hearings in Concord next year.

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## **2012 Trustees Budget**

At Chairman Silberdick's request, Mr. Mackensen presented a budget for the Trustees of the Trust Funds for 2012. The \$1,000 budget is lower than the previous year (\$2,500) due to the fact that mailings, etc., are already included in the investment advisor's fee.

**MOVED** by Mr. Buck to approve the Trustees of the Trust Funds budget for 2012 as presented.

**SECONDED** by Mr. Falzone.

**VOTE: 5-0-0.**

**Motion Passed**

Mr. Silberdick will deliver the budget to Town Finance Manager, Mike Schwotzer.

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## **2012 Meeting Schedule**

Mr. Mackensen presented the proposed Meeting Schedule for 2012. The Trustees asked that the schedule be posted on the Trustees' website. Mr. Mackensen will do so.

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## **Town Report**

Chairman Silberdick said he will be working on the introductory paragraphs of the Trustees' portion of the Town Report required to be submitted to the Town in January 2012.

Mr. Mackensen presented a draft of the MS-9 Annual Report as of 6/30/11. This report was prepared using new software developed by Mackensen & Company.

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## **Campbell Sports Scholarship Trust**

Mr. Mackensen said income from the Campbell Sports Scholarship Trust needed to be distributed. One half (\$91.99) is to go to the Recreation Department and one half (\$91.99) is to be added to principal, per the Trust provisions.

**MOVED** by Mr. Buck to approve the distribution of the income from the Campbell Sports Scholarship Trust in the amount of \$91.99 to the Recreation Department and \$91.99 be added to principal.

**SECONDED** by Mr. Falzone.

**VOTE: 5-0-0.**

**Motion Passed**

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## **SAU 90 Special Education Expendable Trust Fund**

Mr. Mackensen said he would like the Trustees' concurrence to meet with the Superintendent and Business Administrator of the newly-formed SAU 90 regarding the Special Education Expendable Trust Fund. The Board agreed, but requested that at least one Trustee be included in the meeting. Mr. Mackensen offered to arrange the meeting at a mutually convenient time for everyone.

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### **School District Audits**

Mr. Mackensen said he is currently working on the SAU 21 Winnacunnet School District and the SAU 90 Hampton School District audit submittals. Mr. Silberdick requested that the audit submittals be circulated to the Trustees.

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### **Next Meeting**

The next meeting of the Trustees is scheduled for Monday, October 17, 2011, at 3:00 p.m., in the Selectmen's Meeting Room.

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### **Adjournment**

**MOVED** by Mr. Falzone to adjourn.

**SECONDED** by Mr. Buck.

**VOTE: 5-0-0**

**Motion Passed**

The meeting adjourned at approximately 4:02 p.m.

Respectfully submitted,

Joan Rice  
Secretary