

# Town of Hampton



## TRUSTEES OF THE TRUST FUNDS

October 21, 2013      4:15 p.m.

Selectmen's Conference Room

TRUSTEES: Norman Silberdick, Chairman  
William A. Hartley, Vice Chairman  
John Sovich  
John Troiano

ABSENT:      Stephen A. Falzone

ADMIN ASSISTANT: Ms. Joan Rice

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

The meeting was called to order at 4:15 p.m. by Chairman Silberdick.

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

The minutes from the meeting of July 22, 2013, were reviewed.

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

**SECONDED** by Mr. Sovich.

**VOTE: 3-0-1 (Troiano)**

**Motion Passed**

### **Overall Portfolio Performance Review**

The Portfolio Performance and Position Performance were reviewed. Mr. Mayes said the Real Estate Trust Fund income yield is good. This is at or above the benchmark. The 12-month performance of the Common Trust Fund is also very good. Mr. Mayes said he doesn't see any changes that need to be made.

Chairman Silberdick said it appears that through September there was \$460,000 distributed to the Town. Mr. Mackensen said he is predicting approximately \$200,000 for the last quarter of the year if the funds pay similar income as the prior-year fourth quarter.

Mr. Mayes said the Capital Reserve Funds portfolio is down a little bit. However, last quarter was very positive. Since inception the portfolio is down 0.8%.

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### **Real Estate Trust Fund Portfolio**

The Month-End Market Value graphs, NATC Account Custody Statement, Morningstar Snapshot and TrustTrak Snapshot were reviewed.

Chairman Silberdick asked if the Board's concern about duration was important. Mr. Mayes said there is less concern with regard to the trust fund portfolios than with the capital reserve funds.

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### **Common Trust Fund Portfolio**

The NATC Account Custody Statement and Morningstar Snapshot were reviewed.

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### **Common Capital Reserve Fund Portfolio**

The NATC Account Custody Statement and Morningstar Snapshot were reviewed. Mr. Mackensen said interest rates are hurting this portfolio. Duration is down to 2.4 years. \$75,000 is expected to be disbursed to the Town for road work by the end of the year.

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### **Acknowledgement of Receipts**

The Trustees acknowledged the following receipts:

- a. Town Roads for \$300,000

- b. Winnacunnet School District Building Maintenance for \$50,000
  - c. Winnacunnet School District Special Education for \$50,000
  - d. Winnacunnet School District Technology Exp. Trust for \$90,000
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### **Bond Discussion**

Mr. Mayes said they could look at individual bonds for Capital Reserves. They would try to target a short duration. Mr. Troiano asked if they had looked into step-ups. Mr. Mayes said yes. Mr. Troiano said he felt longer-term bonds should be considered because they have a higher yield.

Mr. Sovich said he would vote for doing this for the Real Estate Trust Fund. Chairman Silberdick agreed. Mr. Troiano noted that with bonds you are guaranteed to get back your principal (assuming no defaults). Mr. Troiano also said a portfolio of bonds cannot perform better than the bonds that make up the portfolio. Mr. Mackensen noted that there is not the same diversification with individual bonds as with a bond mutual fund. Further, there are opportunity costs to consider when purchasing individual bonds in a rising interest rate market.

Chairman Silberdick said he would be interested in furthering this discussion to get some recommendations for the Real Estate Trust Fund. In looking at possible bonds, duration should not be a consideration. Chairman Silberdick asked Mackensen & Company to come back with some recommendations.

Mr. Hartley said he is concerned with the value of the dollar and believes foreign currency should be investigated.

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### **MS-9 Report**

The year-to-date MS-9 Report was reviewed.

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### **Investment Advisor Fee for 2013**

**MOVED** by Mr. Troiano to approve the Investment Advisor Fee for 2014 as presented, which is ten basis points (0.10%) of the year-end 2013 total market value of all funds under management.

**SECONDED** by Mr. Hartley.

**VOTE: 4-0-0**

**Motion passed**

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### **Meeting Schedule**

The 2014 meeting schedule was reviewed. The meeting scheduled for Tuesday, January 21, 2014 at 4:15 p.m. was changed to Monday, January 13, 2013 at 4:00 p.m. The annual schedule will be placed on the Trustees' website.

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### **Town Report Narrative**

The Town Report Narrative was reviewed.

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### **Other**

Mr. Mackensen reported on the progress of House Bill 297. This bill would allow investment advisors who manage capital reserve funds to be paid from the income of these capital reserve funds. It would also allow for electronic record keeping. MS-9 reports would be sent to the selectmen. Representative Fred Rice introduced the bill to a sub-committee of the Municipal and County Government Committee. It is felt that the bill has an excellent chance of passing.

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### **Next Meeting**

The next meeting of the Trustees is scheduled for Monday, January 13, 2014, at 4:00 p.m. in the Selectmen's Meeting Room.

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### **Adjournment**

**MOVED** by Mr. Sovich to adjourn the meeting at 5:25 p.m.

**SECONDED** by Mr. Troiano.

**VOTE: 4-0-0**

**Motion Passed**

Respectfully submitted,

Joan Rice  
Secretary