

Town of Hampton



TRUSTEES OF THE TRUST FUNDS

July 21, 2014 4:15 p.m.

Selectmen's Conference Room

TRUSTEES: Norman Silberdick, Chairman
William A. Hartley, Vice Chairman
Stephen A. Falzone, Secretary/Clerk
John Sovich
John Troiano

ADMIN ASSISTANT: Ms. Joan Rice

ADVISORS: Warren J. Mackensen, Mackensen & Company, Inc.
David T. Mayes, Mackensen & Company, Inc.
Dan Williams, Accounting Student, UNH

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

Minutes of the Last Meeting

The minutes from the meeting of April 21, 2014 were reviewed.

MOVED by Mr. Troiano to approve the minutes.

SECONDED by Mr. Hartley.

VOTE: 5-0-0

Motion Passed

Overall Portfolio Performance Review

The Portfolio Performance and Position Performance were reviewed. Mr. Mayes said the funds are doing well.

Mr. Mayes said he had made a few minor changes in the Real Estate Trust Fund and the Common Trust Fund portfolios to obtain higher yield. No changes were made in the Common Capital Reserve Fund portfolio.

Real Estate Trust Fund Portfolio

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

Mr. Mackensen said the portfolio yield is at 3.33%. If everything holds, income for 2014 will be approximately \$677,000. Mr. Mayes said he is comfortable with the positioning of this fund given the market environment. Chairman Silberdick said the decision to purchase some individual bonds that the trustees will hold to maturity was a good one.

Common Trust Fund Portfolio

The NATC Account Custody Statement and Morningstar Snapshot were reviewed.

All Trustees agreed that the Common Trust Fund Portfolio is doing very well.

Mr. Troiano said he is more cautious than he has been in a while. He has been seeing an increased appetite for aggressive growth among his private clients. The IPO market has been heating up as well. Bull markets don't go on for too long without a correction.

Chairman Silberdick asked if any changes should be made at this time. Mr. Troiano said no and the balance of the portfolio is good. Mr. Hartley noted that whatever happens, the markets always come back.

Common Capital Reserve Fund Portfolio

The NATC Account Custody Statement and Morningstar Snapshot were reviewed.

Chairman Silberdick noted that the yield on this fund is 1.5%. However, it has to be available for liquidation.

Campbell Sports Scholarship Check

The Campbell Sports Scholarship Fund earned \$204.66 of income over the last 12 months (July 1, 2013 through June 30, 2014). Per the trust document, one-half of the income each year has to be transferred to principal. Mr. Mackensen asked for signatures to transfer \$102.33 to the Town for the Parks & Recreation Department account. The other half will be journaled from income to principal on the MS-9 report.

MS-9 Report

The MS-9 Report for the first half of the year was reviewed.

2014 Hampton Ballot Results

Mr. Mackensen said this is all complete except for \$40,000 Winnacunnet School District Special Ed (from Unreserved Fund Balance). This will come in after the school district audit in October, if there are funds available.

RSA Changes effective in July 2014

Mr. Mackensen discussed HB 297. This bill is an act relative to the management of trust funds and capital reserve funds and pertaining to library trustees. This will allow municipalities to keep certain trust records in electronic format. This changes the date by which certain municipal sums shall be transferred. This allows municipalities to contract for brokerage assistance with town capital reserve funds, and allows library trustees to govern investments through application of the prudent investor rule.

Mr. Mackensen presented a draft of a proposed warrant article relative to HB 297. Mr. Sovich presented another draft. Discussion followed. The proposed warrant article would be as follows:

“To see if the town will vote, pursuant to NH RSA 35:9-a-II, to authorize the Trustees of Trust Funds to pay for capital reserve fund investment services, and any other expenses incurred, from capital reserve funds income. Presently all such expenses are paid from the income of the Real Estate Trust Fund, reducing the income potential of the town’s largest investment income producer. If approved, such authority shall remain in effect until rescinded by town vote, but in no case before five (5) years have elapsed from the original adoption of this article.”

Chairman Silberdick said this proposed warrant article will be presented to Mark Gearreald, Town Counsel, for review.

Mr. Mackensen discussed SB 216. This is an act relative to the selectmen appointing up to two alternate trustees to the Trustees of Trust Funds Board. The Trustees of Trust Funds discussed the approved bill and determined that, with a five-person Board in Hampton, the appointment of alternates is not necessary. They felt that the bill was more applicable to three-member boards in other towns where obtaining a quorum was more difficult.

Mr. Mackensen discussed SB 219. This is an act relative to funds received from the sale of cemetery lots. This bill permits a legislative body to determine whether funds received from the sale of a cemetery lot shall be deposited in the Town's general fund or included in a cemetery trust fund.

Chairman Silberdick said Attorney Gearreald should be asked to review SB 219 and decide whether a warrant article is needed relative to RSA 289:2-a. If so, Attorney Gearreald should be requested to draft the warrant article. The Trustees of Trust Funds recommend that the revenue from the sale of cemetery lots be deposited with the Trustees of Trust Funds for future cemetery purposes, rather than be absorbed into the town's general fund.

Separate Account for Winnacunnet School District

Mr. Mackensen would like to open a separate National Advisors Trust Account for the Winnacunnet School District to simplify their annual fiscal year audit. The funding to pay the ongoing investment management fee should be paid prorata by all of the towns from the capital reserve funds income, and not be paid any longer from the Real Estate Trust Fund income.

Chairman Silberdick said he agreed with this approach. He asked if there would be any impact on the MS-9 or anything else. Mr. Mackensen said no.

MOVED by Mr. Falzone to move prorata shares of the Winnacunnet School District securities, currently held in common with the Town of Hampton capital reserve fund securities, to a separate account at National Advisors Trust Company. The Winnacunnet School District will still be under the cognizance of the Hampton Trustees of the Trust Funds and will continue to be listed on the Town of Hampton MS-9 in its separate category. Also, to accept the Mackensen & Company request for a management fee increase of 0.1% to 0.5% for management of the Winnacunnet School District so as to be commensurate with what is being paid by other school districts for whom Mackensen & Company manages money. By agreeing to this, the Trustees are removing the expense borne by the RETF and have applied it to the Towns the District represents.

SECONDED by Mr. Hartley.

VOTE: 5-0-0

Motion passed

Next Meeting

The next meeting of the Trustees is scheduled for Monday, October 20, 2014, at 4:15 p.m. in the Selectmen's Meeting Room.

Adjournment

MOVED by Mr. Falzone to adjourn the meeting at 5:30 p.m.

SECONDED by Mr. Sovich.

VOTE: 5-0-0

Motion Passed

Respectfully submitted,

Joan Rice
Secretary