

# Town of Hampton



## TRUSTEES OF THE TRUST FUNDS

January 20, 2015 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.  
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 January 5, 2015, were reviewed.

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

**SECONDED** by Mr. Hartley.

**VOTE: 5-0-0**

**Motion Passed**

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## **Overall Portfolio Performance Review**

The Portfolio Comparative Performance Report and Position Performance Report were reviewed, with 2014 total returns, net after fees, as follows:

- Real Estate Trust Fund                      7.76%
- Common Trust Fund                            6.81%
- Common Capital Reserve Fund    2.64%
- Winnacunnet Common Capital Reserve Fund has not had a complete year because it was separated from the Town's Common Capital Reserve Fund portfolio mid-year.

Mr. Mackensen presented a RETF Year-End Market Value Reconciliation, which explained the difference between the cash basis accounting on the MS-9 Report and the accrual basis accounting on the RETF performance report.

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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.

Mr. Sovich said he was concerned that the National Advisors Trust statement does not show bond ratings for about half of the individual bonds. Mr. Brock will contact Advisors Asset Management and provide a more detailed report to the Trustees via email after the meeting.

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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.

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### **Winnacunnet School District Common Capital Reserve Fund**

The NATC Account Custody Statement and Morningstar Snapshot were reviewed.

Mr. Mackensen said this fund is similar to the Common Capital Reserve Fund.

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### **MS-9 and MS-10 Reports**

The MS-9 and MS-10 Reports were reviewed. Mr. Mackensen said everything looks very good.

**MOVED** by Mr. Sovich to accept the MS-9 and MS-10 Reports as presented.

**SECONDED** by Mr. Troiano.

**VOTE: 5-0-0**

**Motion Passed**

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### **Internal Controls Policy**

The Internal Controls Policy was updated to reflect current practices by the investment advisor. The Trustees reviewed the revised policy.

**MOVED** by Mr. Sovich to accept the revised Internal Controls Policy as presented.

**SECONDED** by Mr. Hartley.

**VOTE: 5-0-0**

**Motion Passed**

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### **Investment Policy for the Hampton Real Estate Trust Fund**

The Investment Policy for the Hampton Real Estate Trust Fund was reviewed.

**MOVED** by Mr. Sovich to reaffirm the Investment Policy for the Hampton Real Estate Trust fund.

**SECONDED** by Mr. Falzone.

**VOTE: 5-0-0**

**Motion Passed**

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### **Investment Policy for the Common Trust Fund and the Common Capital Reserve Funds**

The Investment Policy for the Common Trust Fund and the Common Capital Reserve Funds was reviewed.

**MOVED** by Mr. Falzone to reaffirm the Investment Policy for the Common Trust Fund and the Common Capital Reserve Funds.

**SECONDED** by Mr. Hartley.

**VOTE: 5-0-0**

**Motion Passed**

### **Town Report Narrative and Town Report Spreadsheet**

The Town Report Narrative was reviewed. Chairman Silberdick offered some changes.

**MOVED** by Mr. Falzone to approve the Town Report Narrative and Town Report Spreadsheet with the following changes to the Narrative:

A new section entitled "New Legislation" to be inserted after "Investment Advisor" which reads:

During the year the NH Legislature passed House Bill 297, which allows, among other things, that professional advisory fees can be deducted from the income of capital reserve funds after a town meeting vote. The Trustees drafted a warrant article that was approved by the Board of Selectmen and the Budget Advisory Committee for inclusion on the 2015 town warrant.

As part of this effort, it was discovered that investment advisory fees had been incorrectly charged to the Real Estate Trust Fund for the fees associated with the capital reserve funds of the town, the Hampton Beach Village District, SAU 21 and SAU 90, as well as the common trust funds. Upon review and to simplify the resolution, Mackensen & Company reimbursed the town capital reserve funds in the amount of \$4,062.71 for the years 2011-2014; the fees associated with the common trust funds were allocated to the common trust funds.

During December and early January 2015, the Trustees negotiated a new fee agreement with Mackensen & Company based on a quarterly calculation of the investment portfolio balances at a rate of 0.12% per annum. Mackensen & Company will not bill the capital reserve funds for November and December 2014.

**SECONDED** by Mr. Sovich.

**VOTE: 5-0-0**

**Motion Passed**

Chairman Silberdick said he planned to attend the Budget Committee meeting this evening to see if the operating budget can be increased by \$1,500 to cover these fees. This needs to be done or it will be necessary to modify the warrant article.

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### **Next Meeting**

The next meeting of the Trustees is scheduled for Monday, April 20, 2015, at 4:15 p.m. in the Selectmen's Meeting Room.

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### **Adjournment**

**MOVED** by Mr. Troiano to adjourn the meeting at 4:55 p.m.

**SECONDED** by Mr. Falzone.

**VOTE: 5-0-0**

**Motion Passed**

Respectfully submitted,

Joan Rice  
Secretary