

Town of Hampton



TRUSTEES OF THE TRUST FUNDS

October 25, 2016 4:15 p.m.

Selectmen's Conference Room

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

ADMIN ASSISTANT: Ms. Joan Rice

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

The Pledge of Allegiance was said.

Chairman Silberdick said this was a Special Meeting called to discuss the presentations of the three firms (Peoples United Bank, UBS and Bearing Point Wealth Partners) who were being considered for the position of Investment Advisor to the Town of Hampton.

Mr. Troiano said it was important that the Trustees disclose if they have a relationship with any of the firms in order to prevent a conflict of interest. All Trustees said there was no relationship.

Mr. Troiano said all three presentations were very good. He said that his thoughts were that this is a \$20 million account, not a \$2 million account. There is a lot to be said for investing in individual securities. Mutual funds are fine, but they do come at a cost. Presently it is approximately \$60,000 per year. This adds up. The key to doing well over time is how you manage assets when the market is down. Mutual

fund managers may be forced to sell their securities. When you are dealing with individual securities they will not be forced to sell. It is much more hands on. Having a firm that has a bond desk and bond department would be very helpful. Both Peoples and UBS recommended individual securities as a way to help overall performance.

Mr. Sovich said he would be happy to pay 5% commission if there is a 15% return. There is no reason why our present Advisor cannot go towards individual securities. This is not a growth fund. It is income oriented. The two companies' pitch was for growth.

Mr. Troiano said Peoples has a lot to offer. We would be dealing with an entire company, not just a few individual people. They have a very impressive team.

Mr. Sovich presented a matrix comparing the three companies. The matrix showed a better return with Bearing Point.

Mr. Troiano said Peoples has a lot more resources. Bearing Point does not have the ability to handle equities. Mr. Sovich said they actually do. There is no reason moving into equities cannot be done with Bearing Point.

Mr. Falzone said he felt UBS and Peoples present a better deal. Mr. Hartley said he likes Bearing Point. The other companies give their formula for a portfolio. Mr. Hartley said he prefers diversification. Large companies also can make mistakes. Mr. Hartley said he feels much more confident with a local advisor rather than people in New York City. Bearing Point also reviews warrant articles and New Hampshire RSA's. Mr. Hartley said he felt Bearing Point was closer to the issues. They do have the ability to do equities and bonds. Mr. Hartley said he felt any of the three companies was acceptable, but he prefers Bearing Point.

Chairman Silberdick said all three presentations were excellent. Bearing Point takes care of a myriad of items. This is much more than just the MS9 and 10. Chairman Silberdick said he sees the value of that service and their excellent responsiveness. Bearing Point can go to Fidelity or Vanguard for equities. Chairman Silberdick said he felt the personal relationship with Bearing Point is very important. Chairman Silberdick asked if there was a compelling reason to change advisors. Bonds have done well for the Trustees and it is possible to do individual stocks. Chairman Silberdick said he felt the Trustees should stay with what they are presently doing. It is working.

Mr. Troiano asked if it wasn't important to have a company with its own Compliance Officer. Mr. Sovich said he didn't feel it was because many large companies have SEC fines. Chairman Silberdick said he felt Mr. Mayes was being super cautious regarding compliance so that is not an issue. Mr. Hartley said he felt better attention is received from Bearing Point including compliance.

Mr. Falzone said he still would rather go with a larger firm.

Chairman Silberdick said he would be inclined to stay with Bearing Point and make some business changes.

Chairman Silberdick called for a vote.

MOVED by Chairman Silberdick to change Investment Advisors.

SECONDED by Mr. Sovich.

VOTE: 2-3 (Silberdick, Hartley, Sovich)

Motion failed

Adjournment

There being no further business, the meeting was adjourned at 5:30 p.m.

Respectfully submitted,

Joan Rice
Secretary