

Town of Hampton



TRUSTEES OF THE TRUST FUNDS

January 19, 2016 3:17 p.m.

Selectmen's Conference Room

Non-Public Session

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

ADMIN ASSISTANT: Ms. Joan Rice

ADVISOR: David Mayes, Mackensen & Company, Inc.

The non-public meeting was called to order at 3:15 p.m. by Chairman Silberdick. He said this meeting was called because the Trustees were asked to reconsider Mackensen & Company as their investment advisor.

Mr. Sovich said the evaluation of the present Mackensen & Company under the ownership of David Mayes must not be overshadowed by the previous Mackensen & Company under the ownership of Warren Mackensen. While the recent SEC administrative order and fine levied on Mackensen & Company has been substantial, the Trustees should evaluate that order as it affects the Trustees' present advisor and its potential impact on Mackensen & Company's ability to perform its financial duties to the Trust funds' benefit and the Trustees' satisfaction.

Mr. Sovich said the Trustees should be cautioned not to let the size of the SEC fine define the depth of the stated financial offense, namely: potentially deceptive advertising.

Mr. Sovich said the regulatory environment and landscape has changed significantly post the 2008 financial crisis. The SEC's failure to detect the largest Ponzi scheme ever perpetrated on the American public by Bernie Madoff and others has, in his opinion, led to uneven and some cases unreasonable enforcement for the infraction involved. As a consequence, a discovery of potential deceptive advertising which for many years prior to 2008 was resolved by only an administrative letter now results in near heart stopping fines. This should all be kept in mind in this evaluation process.

Mr. Troiano said regardless of the fine, other issues were brought to light. Mr. Troiano said the fact that Mackensen & Company does not have an independent compliance officer is a concern. Mr. Troiano said he was not saying the Trustees should change advisors, but that perhaps other advisors should be looked at for the benefit of the Town. Mr. Mayes does a great job of reporting and the fees are very reasonable.

Mr. Hartley said he agreed about the compliance officer issue. However, the fact that Mr. Mackensen used the Town to promote his business to other towns is just a business issue.

Mr. Falzone said he agreed with Mr. Troiano.

Chairman Silberdick said when proposals were brought in five years ago, Mackensen's bid was well below the others and in fact has resulted in \$250,000 savings which has gone to the Town. Chairman Silberdick said he has high confidence in Mr. Mayes.

Chairman Silberdick said the Trustees should ask Mr. Mayes to supply a compliance certificate on a quarterly basis.

MOVED by Chairman Silberdick to reaffirm the Trustees' relationship with Mackensen & Company pending a sub-committee review of the possibility of a RFQ.

SECONDED by Mr. Sovich.

VOTE: 4-1-0

Motion Passed

MOVED by Mr. Falzone to seek input on other financial advisors and their fees as a method of due diligence.

SECONDED by Mr. Troiano.

VOTE: 5-0-0

Motion Passed

Before the next meeting some research will be done on the possibility of exploring a Request for Quote (RFQ). Mr. Falzone and Mr. Troiano agreed to do this research.

MOVED by Chairman Silberdick to request Mackensen & Company to provide a compliance certificate signed by both Mr. Mayes and a compliance officer on a quarterly basis.

SECONDED by Mr. Troiano.

VOTE: 5-0-0

Motion Passed

Adjournment

MOVED by Chairman Silberdick to move out of non-public session at 4:07 p.m.

SECONDED by Mr. Falzone.

VOTE: 5-0-0

Motion Passed

Respectfully submitted,

Joan Rice
Secretary