

Town of Hampton



TRUSTEES OF THE TRUST FUNDS

August 22, 2011 3:00 p.m.

Selectmen's Meeting Room

TRUSTEES: Norman Silberdick, Chairman
Edward R. Buck, Vice Chair
William A. Hartley, Bookkeeper
Stephen A. Falzone, Secretary/Clerk
John P. Troiano

ADMIN ASSISTANT: Ms. Joan Rice

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

The meeting was called to order at 3:00 p.m. by Chairman Silberdick.

Minutes of the Last Meeting

The minutes from the meeting of July 25, 2011 were reviewed.

MOVED by Mr. Falzone to approve the minutes.

SECONDED by Mr. Hartley.

VOTE: 5-0-0

Motion Passed

Review Current Portfolio

Chairman Silberdick said this meeting had been called to review the portfolio with respect to current volatility in the market. He said as of this morning the portfolio was down \$665,000 or 4.3% since last November.

Mr. Mayes reviewed the Morningstar report as of 7/31/11. He said the stock allocation presently is 30.52% US Stocks + 8.94% Non-US Stocks = 39.46% Equities. Cash and Fixed Income = 60.54%.

Mr. Silberdick asked about the iShares Floating Rate Note Fund, which was going to be monitored. Mr. Mayes said there is still not enough history to make a decision regarding this fund.

Mr. Mackensen presented the National Advisors Trust Company Real Estate Trust Fund Account Custody Statement @ 8/19/2011, and the Real Estate Trust Fund Month-End Market Value graphs @ 8/19/2011. Market value was \$15,202,297.64.

Mr. Mackensen presented a Portfolio Comparative Performance Review (last 3 months and year to date) and a Position Performance Summary (last quarter).

Chairman Silberdick asked if there had been any changes with dividend policy. Mr. Mayes replied that they have not seen anything with dividends on equities.

Discussion was held regarding the current market situation. Mr. Troiano said most companies are cash heavy right now. The problem is the psychological and political impact. 2008 is fresh in everyone's minds. Mr. Troiano said things are actually very different than they were in 2008. The unemployment rate is not improving, but it is not deteriorating. Things have been sensationalized. Mr. Troiano said he saw no reason to change the portfolio at this time.

Mr. Hartley said that in the last 19 days the equities have lost 12% and the total portfolio has lost 6%. Going way back the trust funds were invested in short-term U.S. Treasuries and bank CDs and earned the usual 3% or 4%, which was given to the Town. In the course of that, inflation ate away the purchasing power of that money. Mr. Hartley said he felt that investment philosophy was dangerous. The way the trust fund is invested now will never cause the portfolio to go to zero as the other portfolio would have over time. It is important to keep in mind that this is 100-year money. Action should not be taken on short-term changes in the market. If you have 100-year money there really is no reason to worry. Mr. Hartley said his philosophy is to protect the income for the Town.

Mr. Troiano said there has never been a time when the market went down where it didn't recover. Right now if you look at the conservative companies, the dividends are really good. Mr. Mayes said that is definitely built into the portfolio. Mr. Troiano asked about buying stocks like AT&T outright. Mr. Mayes said this type of

stock is already in the mutual funds. Mr. Mackensen said the Town's money has to be protected and this is what this portfolio is built to do. Mr. Mackensen said he will have a printout at the October meeting that shows the individual securities that are in the various mutual funds.

Mr. Hartley said he did agree on rebalancing once a year and he is very much in favor of diversification. This is better than picking high-yield stocks separately. Mr. Falzone said the primary responsibility of the Trustees is to protect the money for the Town. Mr. Falzone said he would like to see the portfolio re-evaluated quarterly. Mr. Mayes said they look at the portfolio every month to make sure it consists of top-shelf funds.

Chairman Silberdick said the other issue is whether the Congress can come to a realistic solution to spending problems. Chairman Silberdick said he saw no reason to change anything at this time. Mr. Buck said he agreed with staying the course and that he was satisfied with leaving things as they are for now.

Mr. Mackensen gave an update on the smaller trust funds and capital reserve funds invested in the Vanguard GNMA Admiral Shares Fund. Year-to-date performance = 6.1%. Year-to-date performance for the Lane Library (Fidelity Balanced Fund) = 4.3%.

Mr. Mackensen said the following were completed in July: Winnacunnet and Hampton School Districts Audit submittals, Cemetery Burial Trust Fund Deposit (\$17,550), and a meeting was held with SAU 90 Superintendent Kathleen Murphy and Business Manager Nate Lunney. This meeting was attended by Mr. Mackensen, Mr. Buck and Mr. Falzone.

Items to be completed in 2011 are: Town Roads Deposit (\$300,000), DPW Deposit (\$300,000), SAU 90 Deposit (\$75,000 to Special Ed Fund), SAU 21 Deposit (\$50,000 to Special Ed Fund), SAU 21 Deposit (\$50,000 to WHS Building Maintenance), Holmes & Ells Land Deposit (\$9,368.92), and June White Land Deposit (\$1,100 +/-).

Mr. Falzone said he had spoken to residents who believed Trustee meetings should be held more often than quarterly. He said he had agreed to bring this before the Trustees for consideration.

MOVED by Mr. Falzone to schedule the Trustees of the Trust Funds meetings every six weeks.

SECONDED by Chairman Silberdick.

Chairman Silberdick said he would prefer to stay with the quarterly schedule and if something needed to be addressed right away, a meeting could be scheduled. Mr. Mackensen said quarterly meetings are best because they have quarterly reviews, etc. Mr. Troiano agreed.

VOTE: 0-5-0

MOTION FAILED

Chairman Silberdick said he felt the Board was in consensus that they are in a long- term situation and it is not necessary to change anything in the portfolio at this time.

Next Meeting

The next meeting of the Trustees is scheduled for Monday, October 17, 2011, at 3:00 p.m., in the Selectmen's Meeting Room.

Adjournment

MOVED by Mr. Falzone to adjourn.

SECONDED by Mr. Buck.

VOTE: 5-0-0

Motion Passed

The meeting adjourned at approximately 4:15 p.m.

Respectfully submitted,

Joan Rice
Secretary