

# Trustees of Trust Funds Annual Briefing

---

Hampton, NH  
Calendar Year 2010

## Trustees:

David W. Hamilton, Chairman  
Edward R. ("Sandy") Buck, Vice Chair  
Warren J. Mackensen, Bookkeeper  
Norman Silberdick  
William A. Hartley

## Trustees

---

- Five elected volunteer citizens
- Three-year term
- Trustees serve in a fiduciary capacity

A fiduciary is person who is entrusted with duties on behalf of another. The law requires the highest level of good faith, loyalty and diligence of a fiduciary, higher than the common duty of care that we all owe one another.

- Fiduciary responsibility is significant

## Trustee Responsibilities

- Safeguard the money in the trust funds
- Comply with the provisions of the documents establishing the trusts and capital reserve funds
- Approve an investment policy for the trust funds and capital reserve funds annually
- Invest the funds according to the investment policy
- Pay out the income and the principal according to the trust documents
- Prepare and submit annual reports to the Town and to the State of NH

3

## Trust Funds & Capital Reserves Overview

- “Smaller” trust funds
    - Non-expendable: \$466,713
    - Expendable: \$256,053
  - Real Estate Trust Fund: \$15,976,907
  - Capital reserve funds: \$455,214
- Total: \$17,154,887

Note: All figures are Principal and Income on hand as of December 31, 2010

4

## Poor Trust Funds

---

- 1871 John P. Towle "Water" Trust
- 1891 J. P. Towle Trust
- 1924 H. A. Cutler Trust
- 2010 Year-End market value: \$544
- Income distributed by the Welfare Officer
- Citizens may establish trusts for the poor or other charitable purposes
- Capital gains were earned and added to Poor Trusts in 2010

5

## Library Trust Funds

---

- Four Lane Family Trusts (1933 – 1966)
- Invested in Fidelity Balanced Fund
- Segregated account; no custodial risk
- 2010 income: \$187 (similar to 2009)
- Total return during 2010: 13.76%
- 2010 Year-end market value: \$9,813

6

## Cemetery Trust Funds

- Perpetual Care Trust Funds (\$21,096)
  - 71 individual trusts by grave lot (1971-1986)
  - Income to the Town for cemetery maintenance
  - Perpetual care trusts no longer used
- Cemetery Burial Trust Fund (\$431,908)
  - Revenue from sale of graves added to principal:  
2009 = \$27,850
  - Income to the Town for cemetery maintenance
- 2010 Total return: 7.08%

7

## Campbell Sports Scholarship Trust

- Established in 1991 by Irving “Soup” Campbell
- Half of the income is distributed annually to the Hampton Recreation & Parks Dept. (\$48)
- Other half of the income is added to principal to overcome inflation (\$48)
- 2010 Total return of 7.08%
- 2010 Year-end balance: \$5,506
- Citizens may establish trusts for specific public projects or public charitable purposes

8

## Winnacunnet School District Special Education Expendable Trust Fund

- Established by voters in 2007
- Funded from year-end unreserved funds
- 2007 Funding: \$20,000
- 2008 Funding: \$50,000
- 2009 Funding: \$0
- 2010 Funding: \$50,000
- 2010 year-end balance: \$126,733
- 2010 Total return: 7.08%

9

## Winnacunnet High School Building Maintenance Expendable Trust Fund

- Established by voters in 2009
- Provide an expendable trust fund for the maintenance of Winnacunnet High School
- 2009 Funding: \$25,000
- 2010 Funding: \$50,000
- 2010 Year-end Balance: \$77,935
- Disbursement authority: School Board
- 2010 Total return: 7.08%

10

## Hampton School District Special Education Expendable Trust Fund

- Established by voters in 2010
- Funded from year-end unreserved funds
- 2010 Funding: \$50,000
- 2010 year-end balance: \$51,385

11

## AED Expendable Trust Fund

- New trust fund created in 2009
- Purpose:
  - Purchase Automatic External Defibrillators (AEDs)
  - Place AEDs in town buildings and police cruiser
- Funds raised from private donations
- 2009 contributions: \$6,845
- 2010 full disbursement to the Town: \$7,392.53
- 2010 Total return: 7.08%
- \$545 gain while invested with Trustees
- Many thanks to Maury Friedman and Vic Lessard

12

## Smaller Trust Funds Activity

---

- Invested in the Vanguard GNMA Admiral Shares Fund
- 100% government-guaranteed mortgages
- AAA (highest) rating
- Segregated account; no custodial risk

13

## Real Estate Trust Fund

---

- Established in 1983
- Principal derived from sale of Beach leased lots
- Custodian: National Advisors Trust Company
- Segregated account; no custodial risk
- Income offsets the tax rate in Hampton

14

## Real Estate Trust Investment Policy

---

- Written Investment Policy (reaffirmed annually)
  - 25 – 45% Equities (stocks) – offsets inflation
  - 35 – 70% Fixed Income (bonds) – income to Town
  - 0 – 5% Cash (within mutual funds)
- Investment Advisor: Mackensen & Company
- No fee to the Town of Hampton
- Trustees ensure the Investment Advisor follows the written Investment Policy
- Investment Advisor may be terminated at any time by Trustees without any fee or penalty

15

## Real Estate Trust Fund 2010 Results

---

- Income to Town: \$647,412 (cash basis)
- Market value at year-end: \$15,790,536
- 2010 market value increase: \$697,559
- No leased land sales in 2010

16

## Real Trust Asset Allocation

■ Cash	2%
■ US stocks	21%
■ Foreign stocks	6%
■ Bonds	66%
■ Other	5%

17

## Real Estate Trust Equity Diversification

■ Large-cap value:	12%
■ Large-cap core:	18%
■ Large-cap growth:	21%
■ Mid-cap value:	9%
■ Mid-cap core:	10%
■ Mid-cap growth:	7%
■ Small-cap value:	10%
■ Small-cap core:	8%
■ Small-cap growth:	4%

18

## R.E. Trust Industry Diversification (Equities)

■ Software	3%
■ Hardware	6%
■ Media	2%
■ Telecom	4%
■ Healthcare	9%
■ Consumers Services	9%
■ Business Services	5%
■ Financial Services	20%
■ Consumer Goods	14%
■ Industrial Materials	15%
■ Energy	8%
■ Utilities	5%

19

## R. E. Trust Fixed Income Diversification

■ Short-term high quality:	4%
■ Mid-term high quality:	4%
■ Long-term high quality:	8%
■ Short-term medium quality:	2%
■ Mid-term medium quality:	25%
■ Long-term medium quality:	44%
■ Short-term low quality:	0%
■ Mid-term low quality:	0%
■ Long-term low quality:	9%

20

## 2010 Real Estate Trust Fund Activity

---

- Increased commitment to bonds to increase income
- Terminated relationship with TD Wealth Management (eliminates \$73,520 in annual fees)
- Transferred Real Estate Trust Fund to National Advisors Trust Company (\$10,000 annual fee)
- Net \$63,000 in annual savings to the Town

21

## Capital Reserve Funds

---

- Hampton Beach Village District
  - Capital Projects - \$19,434
  - Playground - \$4,446
  - Beach Improvements - \$6,220
  - No additions or distributions in 2010
- Management Information Systems: \$26,323
- 2010 Total return on CRFs: 7.08%

22

## Town Roads Capital Reserve Fund

---

- Approved by the voters in earlier years
- 2010 beginning balance: \$51,246
- Expended \$40,000 per Town Meeting vote
- 2010 ending balance: \$11,527
- 2010 Total Return: 0.09% (Money Market Fund)

23

## DPW Equipment Capital Reserve

---

- Approved by the voters in 2008
- 2010 beginning balance: \$36,793
- Voters added \$340,000 in 2010
- 2010 ending balance: \$387,262

24

## Trustees' Overall Assessment

- Real Estate Trust Fund
  - Total return for 2010 was about 8.9% (after fees)
  - Income for 2010 was \$647,412 (4.2% yield)
  - Income for 2011 is projected at a similar level
- Smaller trust funds and capital reserve funds
  - Performed very well considering the low interest rate environment
  - Overall total return of 7.08%

25

## Questions

- Trustees:

David W. Hamilton, Chairman	926-7492
Edward R. ("Sandy") Buck, Vice Chair	929-0646
Norman Silberdick	926-7459
William A. Hartley	926-1725
Warren J. Mackensen, Bookkeeper	926-2823
- Meetings:
  - See [www.HamptonTrustFunds.org](http://www.HamptonTrustFunds.org)
  - Click on Meetings (usually the 3<sup>rd</sup> Monday of the month at 3:00 p.m., Selectmen's Meeting Room)
  - Some months are skipped if low activity

26