

## ⌘ TRUSTEES OF THE TRUST FUNDS ⌘

The Board of Trustees is responsible for over \$15.3 million in trust funds and capital reserve funds (CRF). The long-standing investment policy of the Trustees centers the portfolio in bank CD's, U.S. Government notes and bonds, and Federal "Agency" securities. Thus, no funds were lost due to the 2000-2001 equity stock market turbulence. However, the Federal Reserve's continuous lowering of the Federal Funds Rate in 2001 - - - first, in response to a contracting economy, and more aggressively in the aftermath of September 11, 2001 - - - has begun to affect the annual income from investments that mainly reduces the property tax rate. As the Trustees "went out" up to five years on some investments, the significant downward spiral in the interest rates will not be fully realized until those securities mature and reinvestment of the principal amounts occurs. The Trustees are dealing with the lowest interest rates in nearly fifty years as well as the U.S. Treasury Department's announced elimination of certain notes/securities (although those decisions came before September 11<sup>th</sup> under a budget - surplus situation). For detailed results for all trust funds and CRF's in 2001, see the accompanying financial chart, generated in late January, 2002 after the independent town audit.

The Real Estate Trust Fund's principal amount has grown to \$14 million (cost basis); there are 54 (of the original 650) Town lots to be sold to their lessees and 12 (of over 100) Town mortgages yet to be paid off. Sales, including mortgage payments go into the Real Estate Trust Fund, per Special State Legislation in 1983. Banknorth Investment Management Group, formerly the Stratvest Group continues to handle the management of the RETF (under Trustees' Investment Guidelines of the three-year contract) from their offices at Bank of New Hampshire in Concord.

The Trustees manage the smaller and older trust funds and capital reserve funds. These are: Cemetery Perpetual Care (71 individual trusts); the Cemetery Burial Trust Fund; Lane Memorial Library trusts (except one held and managed by Library Trustees); "Poor" trusts; the "Soup" Campbell Children's Sports Scholarship Fund; Town Computer/MIS/Technology CRF; Town Roads Reconstruction CRF; Hampton Beach Village District/ "Precinct" Capital Expenditures CRF; HBVD Fire Apparatus Replacement CRF.

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Jane P. Kelley, Chairman  
Robert V. Lessard, Bookkeeper  
John J. Kelley, Sr., Clerk

Arthur J. Moody, Administrative Coordinator