

⌘ TRUSTEES OF THE TRUST FUNDS ⌘

The Board of Trustees is responsible for the management of over \$17 million in Town trust funds and capital reserve funds (CRF). The long-standing investment policy (required by State Law) of the Trustees places the trust-fund portfolio in safe investments, i.e.: insured, fully collateralized, or U.S. Government or Agency securities. Thus, the aperiodic sell-down of the equity stock market does not result in a loss of principal value and the amount remains to earn income in each subsequent year. About a half million dollars benefited the Town tax rate in 2004. The Trustees are experiencing the lowest fixed-income security interest rates in nearly fifty years and, despite small increases in the bellwether Federal Funds Rate during 2004, they have increased only slightly. Therefore, the Board has asked Banknorth Wealth Management Group, Concord, which manages the largest trust fund (the \$16M Real Estate Trust Fund) to look into some safe equity investments. The second tenet in the Investment Policy, after safety of principal, is maximizing income. The Board has never bought municipal notes and bonds, although long-standing State Law permits it, as their rates of return are lower since the lender does not have to pay Federal income tax on the interest received (and the Town's Trustees don't have to pay income taxes on its revenue).

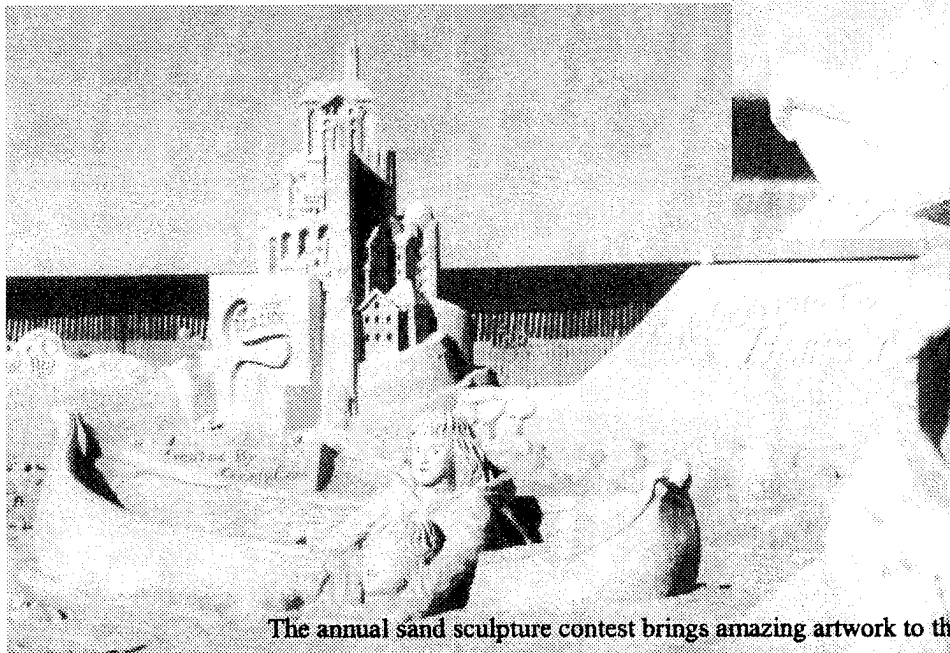
In 2004, the last of the leased-land sales Town mortgages were paid off. Once numbering over one hundred, those assets of the trust funds financed the sale of Town-owned lots at the beach from the North Hampton line south to the Hampton River at 12% interest per year. The principal of the RETF received about \$1.5 M over that twenty-year program.

The Trustees manage the smaller trusts funds (dating back to the 19th Century) and the Capital Reserve Funds. These are: Cemetery Burial TF; Perpetual Care/Cemetery (71 individual trusts); "Poor" TFs; Lane Memorial Library trusts (except the \$30,000 Wheaton Lane Trust Fund held by Library Trustees); Campbell Children's Sports Scholarship TF; and CRF's for Town Roads Major Reconstruction and Town Computer/MIS/Technology; three CRFs for the Hampton Beach Village District/"Precinct" (a voluntary self-taxing district encompassing most of the commercial south beach area).

No new trust funds were received in 2004, but additions to existing trusts were received by the Trustees.

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Robert V. Lessard, Chairman
John J. Kelley, Sr., Clerk
Glyn P. Eastman, Bookkeeper
Arthur J. Moody, Administrative Coordinator



The annual sand sculpture contest brings amazing artwork to the sands of Hampton Beach.