

- TRUSTEES OF THE TRUST FUND -

During 2005, interest rates continued to rebound from half-century lows. The \$17 million in trust funds and capital reserve funds (CRFs) in custody of the Trustees benefited via increased earnings. The Trustees' Investment Policy, required by State Law, continued to place the portfolio in safe investments with the principal amounts being unaffected by down-swings and sell-offs in the equity stock markets. Thus, the principal remains intact and assured of future revenue for the Town to reduce the assessed property tax rate.

Over \$16 million of assets can be found in just one of the dozens of trust funds held by the Trustees. The Real Estate Trust Fund, created from the proceeds of selling Town leased land and other interests in land, is managed by the TD Banknorth Wealth Management Group, Concord. A new three-year management and reporting contract was awarded to the bank after the Board issued several requests for proposals. TD Banknorth's terms remained the same (about two percent of income earned) whereas another large bank asked for six percent, and the other respondent, a personal investment service, wanted a guaranteed minimum annual fee, which would not be based solely on income generated, and a second contract with its brokerage firm.

The Trustees manage the smaller trust funds, some originating in the late 19th and early 20th Centuries, and several CRFs. All are in CDs at nearly 4.2 percent annual yield. These are: Cemetery Burial TF; Perpetual Care/Cemetery (71 individual TFs); "Poor" TFs; four Lane Memorial Library TFs; (not including the \$30,000 Wheaton Lane Endowment Fund held by the Library Trustees); Campbell Children's Sports Scholarship TF; and CRFs for Town Roads Major Reconstruction and Town Computer/MIS/ Technology; and three CRFs for the Hampton Beach Village District/Precinct.

No new trust funds or CRFs were received in 2005, but additions to the RETF and CBTF were received.

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