

- TRUSTEES OF THE TRUST FUND -

During 2006, the trust funds and capital reserve funds produced increased income for the Town. The largest, the Real Estate Trust Fund, netted \$595,000 to reduce the property tax rate, a 7% increase over 2005. The RETF portfolio is managed by TD Banknorth Wealth Management Group under contract with the Board. The contract sets the primary "Investment Policy" tenet of protecting the principal and accumulating income via insurance or U.S. / Agency securities, as recommended at the State level. This assures the principal will remain to earn income to benefit the tax rate in subsequent years. The secondary goal of the "Investment Policy" is the maximizing of income (within the safety aspect). Since the beginning of the RETF in 1984, various trustee boards have stayed out of the volatile equity markets, which would amount to "second guessing the stock market", with its periodic sell-downs and losses of billions of dollars in value. The contract cost continues to be about 2% of income generated (\$12,940 for 2006) while the State allows up to 8% (\$48,500) from income generated for such professional assistance to trustees.

The RETF was established by State Law to allow Hampton to create an on-going trust in which the proceeds would be deposited from the sale (at 30% fair market value) of about 700 Town-leased lots at the beach to the lessees thereof. The first payment to the Trustees on May 25, 1984, began the fund. By the end of that year the fund was \$1.752M and \$59,177 was turned over to the Town as net income the first year. The Town operating budget for 1984 was \$6.168M, less Federal Revenue Sharing of \$275,000. At the end of 2006, the RETF principal fund is \$16.428M with a net income to the Town for 2006 of \$595,000. The Town operating budget (default) for 2006 was \$23,609M, plus several Special Revenue Funds, established in the past few years, expending revenues directly outside the operating budget appropriations. Since the start of the RETF, the Trustees have turned over \$17,609,535 to reduce tax rates. The remaining, much smaller trusts of the Town are invested in certificates of deposit via the Government Banking Division of TD Banknorth; all are earning over 5% per year. The Trustees' association with that entity began in October 2005 and in the first full year (2006) the income total was more than double: from \$8,500 to \$18,000. That Division also handles the Town's two Capital Reserve Funds and the Hampton Beach Village District / "Precinct's three CRFs, all of which benefited by the increased "jumbo" rates and earned a total of \$17,171 for 2006.

The total of all non-RETF trusts and the CRFs in custody of the Board was \$774,309 at year's end. No new trusts or CRFs were received in 2006; however, additions to the Cemetery Burial TF and the Campbell Kids' Sports Camp TF were made. Four of the five Library trusts are held by this board as well 71 Cemetery Perpetual Care TFs and three "Poor" TFs; those principal amounts remained the same.

Trustees of the Trust Funds:

Glyn P. Eastman - *Chairman*

John J. Kelley, Sr. - *Clerk*

R. Victor Lessard - *Bookkeeper*

Arthur J. Moody - *Administrative Coordinator*