

## - Trustees of the Trust Funds -

During 2007, the Trustees of the Trust Funds met eleven times. There was significant activity with all of the trust funds and capital reserve funds.

On March 13, 2007, petitioned Warrant Article 39 passed overwhelmingly by the voters (1843 to 843). This article increased the number of trustees from three to five, as authorized by Revised Statutes Annotated (RSA) 31:22. On April 16, the Board of Selectmen appointed Edward Atwood to a two-year term on the Board of Trustees, and Warren J. Mackensen to a one-year term on the Board of Trustees.

The Trustees made significant changes to all of the trust funds and capital reserve funds during 2007. In May, the five trustees voted to consider a new investment policy for the \$16.4 million Real Estate Trust Fund. In June, several investment approaches were reviewed. On July 30, the Trustees adopted an investment policy with a target asset allocation of 40% equities (stocks) and 60% fixed income (bonds and cash). The purpose of this balanced asset allocation is to provide an opportunity for the principal of the Real Estate Trust Fund to grow to offset the eroding effects of inflation. An objective of providing an income stream to the Town at least equal to the prior year was also established. The investment policy is consistent with the 1983 law establishing the Real Estate Trust Fund in that the principal remains intact.

The current investment manager, TD Banknorth Wealth Management Group, was directed to implement the new Real Estate Trust Fund investment policy, which was completed during August.

The Real Estate Trust Fund generated \$738,264 of net income in 2007, which was provided to the Town to lower property taxes. This represents an income increase to the Town of \$143,142 over 2006, which is a 24% increase over the prior year.

The Trustees also manage six other categories of smaller trust funds, including: the Cemetery Burial Trust Fund, the Cemetery Perpetual Care Trust Funds (71 individual trust funds), the Lane Memorial Library Trust Funds (four trust funds), the Campbell Sports Scholarship Trust Fund, the Poor Trust Funds (three individual trust funds), and the Winnacunnet School District Special Education Trust Fund.

The Winnacunnet School District Special Education Trust Fund was created during 2007 by the voters at the Winnacunnet School District Meeting. This is an expendable trust fund of \$20,000 to educate educationally-disabled children.

In addition, the Trustees manage five capital reserve funds: three Hampton Beach Village District capital reserve funds, the Town Management Information Systems capital reserve fund, and the Town Roads capital reserve fund.

During 2007, a new investment policy for these smaller, non-real-estate trust funds and capital reserve funds was approved. As part of the investment policy implementation, the Trustees moved the funds from individual certificates of deposit to the NH Public Deposit Investment Pool, managed by MBIA Asset Management under contract with the State of New Hampshire per RSA 383:22. The Pool provides conservative investment returns consistent with the liquidity requirements for these funds. The investment policy for the smaller trust funds, but not the capital reserve funds, also allows for investment in diversified mutual fund portfolios outside of the Pool.

The total value of these smaller trust funds and capital reserve funds (non-real-estate funds) at the end of 2007 was \$838,773. The yield on these funds was 5% for the year.

The sum of \$18,300 was added to the Cemetery Burial Trust Fund from 2006 cemetery revenue.

Half of the income from the Campbell Sports Scholarship Trust Fund (\$125) was added to the principal of the Fund, per the provisions of the trust document.

In the fall of 2007, the Trustees launched a web site to inform the citizens of Hampton about the trust funds and the capital reserve funds. The web site address is: [www.hamptontrustfunds.org](http://www.hamptontrustfunds.org). The web site features a page for each trust fund and capital reserve fund. The web site also lists the next meeting date and the agenda for the next meeting. Copies of past meeting minutes may be downloaded from the web site. Applicable state laws (RSAs) are listed on the web site for easy reference.

Respectfully Submitted,

**Trustees of the Trust Funds:** Robert V. ("Vic") Lessard, *Chairman*, John J. Kelley, Sr., *Clerk*, Glyn P. Eastman, Edward Atwood, Warren J. Mackensen, *Bookkeeper*