

## Trustees of the Trust Funds

During 2008, the Trustees of the Trust Funds met fourteen times. John J. Kelley, Sr., resigned for health reasons after 25 years of service to the Board of Trustees. Frances A. Quinn was appointed by the Board of Selectmen in July to fill Mr. Kelley's remaining term.

The most significant trust fund in Hampton is the Real Estate Trust Fund, whose main purpose is to provide income to reduce the tax rate in Hampton. The investment policy of the Fund has 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. One investment objective of the Fund is to provide an income stream to the Town at least equal to the income received in the prior year.

In April 2008, the Trustees voted to provide quarterly disbursements of income to the Town from the Real Estate Trust Fund to reduce Town requirements for tax anticipation notes. Formerly, there was only a single annual distribution.

During 2008, the Real Estate Trust Fund generated \$675,818 of net income, which represented a yield of 4% based on the beginning balance of the Fund on January 1, 2008. The income was \$62,446 less than the income in 2007.

In August, one leased-land property at Hampton Beach was purchased by the resident, providing additional capital to the Real Estate Trust Fund of \$200,000.

The 2008 global economic crisis caused a reduction in market value of the Real Estate Trust Fund from \$16,713,159 to \$14,161,615. At year end, the Real Estate Trust Fund allocation to equities was 31%, which is within the allowable range of 20% to 50% specified by the Investment Policy. The market value is expected to increase as the global markets recover.

The investment advisor contract with TD Banknorth Wealth Management Group was due to expire in October. In July, the Trustees issued a request for proposals to fifteen financial institutions. Nine bids were received. The Trustees narrowed the bidders down to five, all of whom were interviewed at a public meeting on September 15th. The Trustees subsequently voted to retain TD Wealth Management (newly-renamed) as the investment advisor to the Real Estate Trust Fund.

The Trustees also manage six 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 Meeting voted on March 11, 2008, to add \$50,000 to the Special Education Trust Fund created during 2007. This is an expendable trust fund to educate educationally-disabled children. No disbursements from the Fund were made in 2008.

Interest income of \$18,239 from the Cemetery Burial Trust Fund was distributed to the Town for cemetery maintenance.

The Town added \$19,750 to the Cemetery Burial Trust Fund from 2007 cemetery revenue. There were two disbursements from the Cemetery Burial Trust Fund. The 2008 Town Warrant, Article 26, authorized the purchase of a cemetery truck and plow (\$36,833.85), and Article 27 authorized repairs to the cemetery building roof (\$3,700).

Half of the income from the Campbell Sports Scholarship Trust Fund (\$96) was added to the principal of the Fund, per the provisions of the trust document. The other half was distributed to the Recreation and Parks Department.

In addition to the Real Estate Trust Fund and the smaller trust funds, the Trustees also manage six capital reserve funds: three Hampton Beach Village District capital reserve funds, the Town Management Information Systems capital reserve fund, the Town Roads capital reserve fund, and a new Department of Public Works (DPW) Equipment Capital Reserve Fund.

The DPW Equipment Capital Reserve Fund was established by Warrant Article 23 of the 2008 Town Meeting. The sum of \$340,000 was voted, appropriated and deposited with the Trustees for this new DPW Equipment Capital Reserve Fund. There was one disbursement from the DPW Equipment Capital Reserve Fund in the amount of \$21,944.

The Hampton Beach Village District added \$4,400 to the Capital Projects Capital Reserve Fund.

The total value (after expending 2008 income) of these smaller trust funds and capital reserve funds (non-real-estate funds) at the end of 2008 was \$1,181,548. The average annualized yield on these

funds while they were on deposit at the NH Public Deposit Investment Pool during 2008 was 1.8%.

In November, the investment policy for these smaller, non-real-estate trust funds and capital reserve funds was broadened to allow investment in money market funds at major national custodians. In December, the Trustees voted to move the funds from the NH Public Deposit Investment Pool to the Vanguard Prime Money Market Fund on January 2, 2009. The purpose of this change was to increase the income of the non-real-estate trust funds and capital reserve funds while at the same time keeping the funds conservatively invested.

The Trustees maintained the Trustees of the Trust Funds web site to keep the citizens of Hampton informed about the trust funds and the capital reserve funds, and to provide complete transparency under RSA 91-A (Right-to-Know Law). The web site 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,

Robert V. ("Vic") Lessard, Chairman  
David W. Hamilton, Clerk  
Frances A. Quinn  
Edward Atwood  
Warren J. Mackensen, Bookkeeper