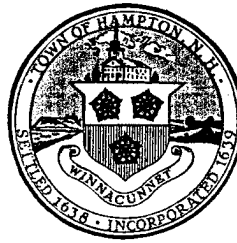


Town of Hampton



TRUSTEES OF THE TRUST FUNDS

Regular Meeting, Tuesday, April 16, 2002, 4 P.M.
Selectmen's Meeting Room, Town Office Building
Posted (4/11): TOB, Beach Fire Sta.

PRESENT: "Vic" Lessard, Chairman; "Jack" Kelley, Clerk; Glyn P. Eastman, Bookkeeper. Also: Art Moody, Administrative Coordinator; from Banknorth Investment Management Group: John O'Dowd, V.P. & Account Administrator, and Robert Magan, Investment Officer & Portfolio Manager.

Acting Chairman Lessard called the meeting to order upon the arrival of Mr. Kelley at 4:05 P.M. Newly elected Trustee Eastman, duly sworn by the Town Clerk for a three-year term of office, was welcomed to the Board that he served on (and as Chairman) for a year in the early 1980s.

Real Estate Trust Fund: Mr. Magan spoke on the data passed out to each in a folio: brighter economic outlook; low fixed-income securities' interest rates for Federal, Agency and banks are expected to rise after the second quarter; his use of shorter-term investments the past year should revert to the Board's standard 3-to-5 years later this year. Comments and discussion by the Trustees. At 4:15 P.M. Mr. O'Dowd stated that BMIG will submit a management renewal contract proposal when notified by the Board. He submitted the 1Q02 fee letter and backup.

Reorganization of the Board for 2001-02: Mr. Eastman moved, seconded by Mr. Kelley, that Mr. Lessard be Chairman. SO VOTED: 3-0-1, with Mr. Lessard abstaining. Mr. Lessard, stepping down from the chair, moved that Mr. Kelley continue as Clerk and that Mr. Eastman be the Bookkeeper Trustee. Seconded by Mr. Kelley. SO VOTED: 3-0-0.

1Q02 RETF Bank Professional Management Fee: Moved by Mr. Eastman, seconded by Mr. Kelley, that the fee of \$5,641.28 be authorized to be withdrawn from the RETF Income Account. SO VOTED: 3-0-0. The Chairman signed the authorization and Mr. O'Dowd signed the Trustees' voucher. The Bank reps departed at 4:30 P.M.

RETF Management Contract from Oct. 9, 2002: Mr. Kelley wanted financial institutions be sent a letter and they can submit a proposal if interested; The Yellow Pages can be used as a resource. Discussion. A.C. Moody mentioned the local banks: Granite, BNH, Citizens and the Trustees agreed. Also, Piscataqua: yes. Mr. Lessard mentioned First & Ocean; yes, but they may not be big enough for the \$14M Principal Account. Mr. Moody will check the 1999 letter for wording and investment-policy content. Proposals to be addressed to "Chairman" with the Town's address.

Minutes of Oct. 15, 2001: Mr. Kelley moved, Mr. Lessard (stepping down) seconded, that they be approved as submitted by the A.C. SO VOTED: 2-0-1, with Mr. Eastman abstaining. Mr. Lessard wanted the A.C. to confer with at least one Trustee when re-investing the largest maturing CDs. Mr. Kelley wants the Chairman to inform the Town Manager that trust income may be down this year due to the rates.

Other Business and A.C.'s Report: Mr. Lessard recounted the continuing saga of town mortgages re Radkay and Williams. He got a male at Atlantic Mortgage (FL) (con't.)

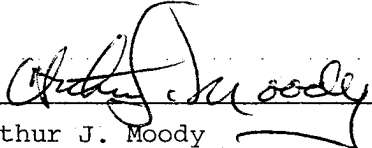
2. Trustees of the Trust Funds, April 16, 2002 (con't.)

to agree to send the payoff balances to the Town. Not received. Atty. John McEachern can't reach anyone in authority at that corporation. Mr. Lessard called state officials in Florida and was told that his contact should be his own state agency. Mr. Lessard wants a copy of the latest monthly report from Atlantic Mortgage re the problem mortgages. He told them again that paying insurance on the buildings here, checking and locking them and paying property taxes on the land and buildings was not authorized, and is done at their own liability. He wants another copy of the original mortgages-serving contract negotiated by the Selectmen-Manager in 1983 with Indian Head National Bank; the only copy ever found is unsigned (the Trustees were not asked to be involved in that process). When Fleet Bank bought IHNB, the servicing was sent to S.C. to one of Fleet's two mortgages-servicing corporations in the late 1980s. Our portfolio was sold to the Florida company after about nine years with Fleet, it having been sent to Fleet's second mortgage firm in the mid-west toward the end. The Board did not give its approval to the sale. There have been major problems with the servicing after IHNB's servicing within the state.

The A.C. reported on annual and routine activity: audit was apparently satisfactory but for the first time in P&S's 24 years as Town Auditor, there was no indication on the bank books, accounting sheets or other records submitted that the figures were correct; because the A.C. was not notified when he could reclaim the documents from the Town Accounting Dept., the usual chart was submitted too late for the 2001 Town Report (although 90 pages of a state financial form got in -- three times -- with a cover-letter date of two days after the A.C.'s call to the T.O.B.); the backup for our chart, the Town Audit in full, also did not get in the report for the first time in nearly 25 years; the "Independent Auditor's" letter of findings and recommendations also did not make the annual Town Report, as required by law (the NH DRA can publish that at the Town's expense if it doesn't make the next report); the amount from the sales of three ex-leased land lots in 2001 was received in Dec. and the March appropriation to the Cem. Burial TF was received in early April; 2001 income from all the smaller trusts was distributed to the Town and the Library on Jan. 2; \$752,470.15 for the RETF was given the Town on Feb. 21 -- after the audit and after the bank received invested funds to cover the accruals to be paid for 2001 (but not received until 2002); the Board wanted the present and past procedure of payment to the A.C. to continue.

Trustees' Investment Policy: Per the RSAs, the Trust Fund Trustees (and other Town officers) are required to adopt an investment policy and to review it annually. Mr. Eastman moved, seconded by Mr. Kelley, that the Board re-adopt the "Investment Policy" as re-adopted 4/16/01 and originally adopted 10/9/97. SO VOTED: 3-0-0.

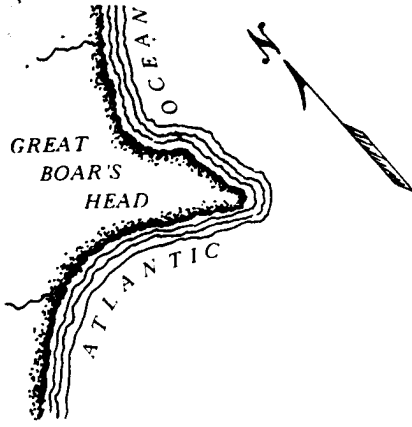
It was agreed that the next scheduled meeting of the Board would be at 4 P.M. on Tuesday, July 16. The Chairman adjourned the meeting at 5:07 P.M.



Arthur J. Moody
Administrative Coordinator

Standard distribution:

- 1 ea. Trustee and the A.C. (file)
- 1 to TOB (BOS/T.M.)



TOWN OFFICE
100 WINNACUNNET ROAD
603-926-6766

PUBLIC MEETING

Trustees of the Trust Funds
Tuesday, April 16, 2002 - 4 P.M.
Selectmen's Meeting Room
Town Office Building

Business: Reorganization of the Board
Meet with Banknorth investment reps
Report of Administrative Coordinator
Acceptance of Minutes, investment
policy; any other matter that a
Trustee may bring up

POSTED (4/11): TOB
Bch.F.Sta.

