MEMORANDUM TO: Town Report, c/o Jen Berry, Administrative Assistant

FROM: Trustees of Trust Funds

SUBJECT: Trustee’s Annual Report

DATE: November 12, 2018

Accomplishments:

1. Operation of Investment Account. The trusts and reserves in the custody of the Trustees continue to be invested with the Wealth Management Division of People’s United Bank. We are pleased to report that the income from reserve and trust investments for 2017 was $73,148.47, a yield to the end-of-year market value of 2.17%. The end-of-year market value reflects capital gains, additions and withdrawals made during the year so the actual return was a bit higher. Part of this income was spent for the purposes of the various reserves and trusts, and the remainder was accumulated to the balances of the reserves and trusts. The income received/estimated for 2018 will be slightly higher than last year’s. Capital gains distributions and gains from sales increased principal by $58,910.70 during 2017, but there is minimal change in 2018. Market value for investments held decreased by $31,796.82.51 for the 2017 year, the decrease being primarily caused by a drawdown in capital reserves. The market value of the reserves and trusts in the custody of the trustees will decline slightly in 2018 as rising interest rates are depressing bond prices. Since the Trustees have adopted a fairly short term posture the duration of bond holdings, this decline will not affect the actual capital value of the bonds at maturity. As always, it is important to understand that investment results are dependent on the investment markets, and that future results are dependent on being able to adjust to future market conditions. The Trustees have adopted a conservative investment policy with the primary goal of preserving the ability to carry out the purposes of the Town’s reserves and trusts. This policy is posted on the Trustee’s web page on the Town web site.
2. Continuing to Improve Management of Doe Farm, We have been working with the Land Stewardship Sub-Committee to define the issues which are important to the future of Doe Farm as a community asset. The current focus of this effort is widening uses for the farm in the future while maintaining its primary focus as a tree farm. We are working to proceed with an invasive species removal plan which is a necessary precursor to harvesting timber in the next 2-3 years and impacts potential future uses. We expect the program we develop for the longer term use of Doe Farm will incorporate existing stewardship/management plans, the will of Mr. Doe, and Town needs.
3. Continuing Our Transparency Efforts. The Trustees have improved the timeliness of posting agendas and minutes. We have generally been able to respond to communications from residents quickly, although we have in some instances our response been delayed by the complexity of the issues raised, or when the issues required us to do research and consider carefully our response. We have improved our coordination and cooperation with Town departments/committees. We meet on the 4th Friday of each month, although we may cancel a regular meeting if there is no business to conduct. We typically meet at the venerable Young’s Restaurant, on Main Street in Durham, at 7:30 AM, in the morning. We plan to hold 2 meetings each year in Town Hall. Our meetings are open to the public, Both Young’s and Town Hall are easily accessible to all and there is ample room for anyone to attend.
4. Continuing to Improve Record Keeping. We have begun reviewing records which show how, when and why the various funds in our custody were established. The work in this effort is enormous and complicated, and will likely require some years to complete.
5. Working with the Department of Public Works. We have continued our excellent and productive relationship with Mr. Lynch, Director of Durham DPW. His cooperation, perspective and support are a major part of our efforts to carry out the purposes of many of the trusts we administer.
6. Investment Policy.

The Trustees revised the previous Trustee’s Investment Policy, and adopted the revised policy during our 25 May 2018 meeting. As required by law, the Trustees forwarded the revised policy to the NH AG’s office. (See Trustee’s web page). After examining the Town’s annual audit the Trustee’s have determined to expand our policy to include kj,la statement on risk.

1. Internal Controls Policy. The Trustees revised the previous Internal Controls Policy and adopted the revised Internal Controls Policy at our 29 June 2018 meeting. (See Trustee’s web page)
2. Investment Holdings. Monthly bank statements listing all holdings are on file in the Town Business office and available to read from any Trustee.

The Future:

1. We will seek to continue our efforts to be prudent custodians of the funds entrusted to us, while seeking sound returns on the investment of these funds.
2. At present, the Trustee’s paper records are in storage in the Town Hall storage area. These records continue to need to be reviewed, organized and properly stored. While this work effort was listed last year we have been able to make only minimal progress on it and will require a significant effort by careful workers. We will continue to seek means to accomplish this work.
3. We will continue to work on those projects/issues shown above which are “continuing”.