41. By contrast, under the sale scenario, it is essential that some portion of the income be added back to corpus every year to offset inflation. If all of the earnings are distributed to the School Committee, with no growth in the corpus, as assumed in the Feoffees' pro forma, the Trust fund will be dissipated over time by inflation. (Foster Aff. ¶ 32).

42. If one assumes a total return at this time of 3.5 percent, based on the rates of return for cash and notes assumed by Clasby, and if one assumes inflation of 3 percent per year, the distribution that could be responsibly made to the School Committee if the fund is to be perpetual would be approximately 0.5 percent, or around $110,000 per year, less expenses. This analysis is consistent with what is occurring in the bond markets. United States Treasury Inflation Protected Securities (TIPS) provide for a fixed rate of return, with principal increased at the end of the bond period based on changes in the Consumer Price Index. At present, the yield on five-year TIPS is only 0.2 percent. The yield on 30 year TIPS is in the range of 2.0%. (Foster Aff. ¶ 32). Assuming a conservative investment philosophy, it is not realistic to expect rates of return, after inflation, of 3.5 percent, let alone the 5 to 6 percent that the Feoffees conjure up in their memorandum. School Committee Ex. 77 demonstrates that in just the five years covered by Clasby's pro formas, the Trust fund would lose over 10 percent of its value due to inflation if the Feoffees's approach of distributing all Trust income, without adding funds back to corpus, were followed.

[43. Restatement of the Clasby pro formas based on more appropriate factual assumptions demonstrates that the School Committee will likely fare far better both over the next five years and thereafter from the continued ownership and rental of the property than it would from the proposed sale under consideration. (Foster Aff. ¶¶ 37-38; School Committee Ex. 77).