

City of Laconia Trust Fund
Trustees Meeting
Minutes
July 18, 2022

In attendance: Randy Haas, Peggy Selig, Michael Fogarty, trustees, and Glenn Smith, City Finance Director, Corey Boucher, Clarfeld Securities, Laurie Leduc, Citizen's Bank.

Call to Order

Randy Haas called the meeting to order at 2 PM.

Investment Review

Mr. Haas asked Ms. Leduc about the treatment of portfolio income. From his review of the statements, it appears that the income, or at least some part of it, is being reinvested. It is his understanding that the income needs to be segregated and made available for distributions. Laurie will investigate this question after the meeting and report back to the board.

Mr. Fogarty asked Ms. Leduc if she could provide more information about the investment committee at Clarfeld. She agreed to send team bios and tenure information after the meeting.

Corey Boucher provided a signed copy of the new Investment Policy Statement. Mr. Fogarty will scan the document and send it to the board members. He will also provide a copy to Glenn Smith who will submit it to the Secretary of State's office, as required.

Economic commentary:

Mr. Boucher reviewed the most recent quarterly Performance report. YTD the S&P 500 index is down 20% and the bond market index is down 8.4%. The trust portfolio, invested 50% in equities and 50% in bonds and cash, is down 15.5% net of fees through June 30th. The blended benchmark is down 14.9% over the same period.

Fed interest rates have been rising throughout 2022, and the markets seem to be pricing in another .75% to 1.00% increase in rates at the next meeting. Core inflation remains a concern, but even more concerning is the increase in the Producers' Price Index (up 11.3% YTD).

Clarfeld will continue to monitor markets and will be watching for signs of deterioration and/or deceleration. Notable observations include a deceleration in homes manufactured, slowing growth in retail spending, a decrease in driving, slightly higher jobless claims, and persistently high job openings.

Mr. Haas asked about the impact of the upcoming mid-term elections. Mr. Boucher responded that deadlocks between the legislative and executive branches of government are not usually a bad thing for the economy.

Mr. Fogarty asked about their changes in outlook on energy. Clarfeld recently boosted exposure to energy stocks from 0% on 12/31 to 1.2% on 3/31, and 4.1% 6/30. Mr. Boucher noted that the move to energy was slightly behind the curve. 2.9% of the position is in Exxon Mobil which they feel offers more diversified energy exposure over some of the more specialized firms in the industry, thus lower risk.

Peggy Selig asked if Clarfeld employs any ESG mandates in this portfolio. Mr. Boucher said they do not, but they would consider it if the Board wanted to add this preference to the investment policy.

The overall allocation is still overweight equities. Mr. Boucher explained his intention to sell the Vanguard Value Fund with a balance of \$253,000. This is a legacy ETF position, and because it is not part of their current standard allocation, he would prefer to sell this position and allocate the funds to the model. The Board offered no objection.

Mr. Haas asked if there is any restriction to owning more than 10% of the portfolio in a single mutual fund. The restriction is not included in the IPS. Mr. Haas will look into the possibility of a state restriction.

Mr. Haas asked how much the performance report can be customized. He would prefer a more streamlined report. Mr. Boucher is uncertain how much it can be customized, but he will discuss the matter with his technology team. Mr. Fogarty mentioned that he likes the level of detail in the statements.

Approval of Minutes

Peggy Selig made a motion to approve the minutes of the April 11, 2022 board meeting. Michael Fogarty seconded the motion. The motion passed unanimously.

Account Review

Mr. Haas reviewed the current accounts. We continue to receive 1.3% on the NH PDIP accounts, but only a fraction of that on the BNH accounts. Randy approached BNH, but they refused to budge. One BNH account only pays 0.05% per month. The board will pursue proposals from FSB, TD, MVSB, Northway, Citizens, and NH PDIP. Glenn Smith said he will prepare an RFP for distribution. The RFP will mention the need for MS-9 and MS-10 reporting.

The Board reviewed the funds requested for reimbursement by the City of Laconia. In some cases, the requested amounts exceed the funds available. Glenn asked that we wait before authorizing partial reimbursement. He will speak to Andrew at Citizens and follow up with the Board at the October meeting.

The Board addressed a request by the city for reimbursement from the non-capital reserve account. A breakdown by project was provided. Mr. Fogarty made a motion to transfer \$105,164.86 from the NH PDIP account ending "****0002 to the general fund. Ms. Selig seconded the motion. The motion passed unanimously.

We reviewed the letter describing the budgetary needs and wishes of The Putnam Fund. Given the current carryforward, it was determined that a \$40,000 authorization would satisfy the request in full. Ms. Selig made a motion to approve a \$40,000 distribution for the fund. Mr. Fogarty seconded the motion. The motion passed unanimously.

Scholarship Review

Mr. Haas told the board that we received thank you notes from two scholarship recipients: Katie Wescott and Madison Brooks.

Investment Policy

Mr. Fogarty shared two pieces with the board.

1. A standardized investment manager questionnaire from the Investment Management Consultants Association.
2. A primer for investment trustees by the CFA Institute Research Foundation.

Trustee Training

The Board noted the participation of Randy Haas and Peggy Selig in the NH Municipal Trustees Training that took place on June 9.

Cemeteries Tour

The Board may participate in another tour of the City's cemeteries scheduled for 8/31 at 11 AM.

Ms. Selig asked what the purpose is of the Laconia Cemeteries fund. Can that fund be used to help repair tombstones?

Next Meeting

The Next meeting of the board was scheduled 10/17 at 2 PM.

Adjournment

Michael Fogarty made a motion to adjourn the meeting. The motion was seconded by Peggy Selig. The meeting was adjourned at 3:55 PM.