

City of Laconia Trust Fund  
Trustee Meeting Minutes  
January 25, 2021

In attendance: Randy Haas, Peggy Selig, Michael Fogarty, Glenn Smith (Finance Director), Charlie Nason (Claridge), Laurie Leduc (Citizen's Bank)

Meeting was called to order with Laurie Leduc and Charlie Nason attending via zoom.

#### Investment Review

Charlie Nason began by explaining that he will review portfolio performance for Q4 and for the year ending 12/31/2020. He discussed equity and fixed income market performance, and the key factors that shaped returns. US stocks recovered strongly from the pandemic related downturn early in the year. The S&P 500 finished up over 18.4%. Developed international equities returned 8.3% in 2020 and emerging market stocks were up 18.7%. Bonds also performed well as low interest rates fell even further, driving up the value of the Barclay's Aggregate bond Index 7.5% for the year. The US economy struggled with the onset of COVID 19, but has been rapidly recovering in Q2, Q3, and Q4. The government and Federal Reserve have been very accommodative with heavy fiscal stimulus and expansionary monetary policy.

The Laconia City Trust finished the year up 11.2% after gaining 5.5% in the fourth quarter. The year-end balance is \$5,132,218. The Trust has a target allocation of 50% equities and 50% fixed income. At the end of Q1, equity allocations were down to 43.5% of the portfolio, but the subsequent recovery brought the allocation back up to 53% by 12/31.

Mr. Nason discussed the portfolio's sector weightings. Clarfeld has its largest allocation to Information Technology (29%) and has only a small allocation to energy stocks. Mr. Fogarty asked if the report can include an analysis of the benchmark allocation to these same sectors to provide a basis of comparison. Mr. Nason said that they can't do it currently, but they are working on including this information in future reports.

Randy Haas asked about the callable GlaxoSmithKline bond with a 3.9% coupon and why it has not been called. [After the meeting Mr. Nason replied to the committee that the bond has a "make whole" provision which would essentially offset the benefits of retiring the bonds.

Mr. Fogarty asked if Citizen's has a current Investment Policy Statement that they are using to guide their portfolio management. Mr. Nason said they do have an IPS and that he will forward it to the committee members.

#### Next Meeting

The Board agreed to hold our next meeting on April 26<sup>th</sup>, 2021 at 2 PM.

#### Minutes

Randy Haas confirmed that we had all received a copy of the minutes from our last meeting on October 19<sup>th</sup>. Peggy Selig made a motion to accept the minutes. The motion carried.

## Trust Fund Worksheet

Randy Haas reviewed the Trust Fund worksheet that has been updated through December 31, 2020. Mr. Haas confirmed with Glen Smith that the MS 9 is now going to be prepped by BNH and will then be filed by the Board. It is to be sent together with the report from the Library trustees. Mr. Haas also discussed with Mr. Smith which accounts are classified as capital reserve accounts.

## Putnam Fund

Randy Haas explained that because The Putnam Fund was unable to hold planned events in 2020 due to COVID 19, the appropriation of additional funds may not be necessary. The maximum amount that can be distributed in 2021 is \$84,372.77. There is no minimum required distribution. Michael Fogarty made a motion that the Board table any consideration of an appropriation until a future meeting when the need for program funding has been made clear. The motion carried.

## Investment Policy Review

Michael Fogarty discussed the need for the Board to conduct a review of the current Investment Policy Statement. Notes and guidelines were reviewed in 2018, but it is not clear whether these notes were formally adopted and communicated to Clarfeld and Citizen's Bank. Mr. Fogarty shared with the board two IPS templates; one from the CFA Institute and the other from Fi360. Once we have received the current IPS that Charlie Nason said they are using as the basis of their portfolio management, Mr. Fogarty offered to create an updated draft IPS for review at our next meeting. The Board agreed to discuss and review the IPS at the meeting in April.

## Communications

Randy indicated that his current term as trustee is drawing to a close and that he will be resubmitting his name to serve another term.

## Adjournment

The meeting adjourned at approximately 3:05 PM.