

Minutes
City of Laconia Trust
April 26, 2021

The meeting was called to order at 2:00 PM. Present were Randy Haas, Peggy Selig, and Michael Fogarty, Trustees; Glenn Smith, Finance Director for the City of Laconia; and attending via Zoom were Laurie Leduc and Charlie Nason from Citizen's Bank.

Investment Review

Mr. Nason began by reviewing the market and the US economy over the start of 2021. US markets have been stronger than expected and the Clarfeld investment committee sees signs of continuing strength in the economy. Unemployment has fallen from a high of 14.8% in 2020 to just over 6% in recent weeks. Investor sentiment remains remarkably high, though this is not concerning given the advancing markets and expanding economy. He made note of the following risks:

1. Interest rates – he remarked that despite a recent rise in short-term rates, borrowing is still decidedly inexpensive.
2. Inflation – The Fed has indicated that it is not concerned with inflation over 2% over the short-term. Their policy is still driven by a desire to lower unemployment to near pre-pandemic levels.
3. Taxes – recent proposals by the Biden administration may present headwinds later in the year, but the final form of any tax reform remains unclear.

Mr. Nason then walked through the quarterly performance of the City Trust portfolio. The portfolio model is built around a 50% allocation to equities and a 50% allocation to fixed income and cash investments. Market strength has pushed equities to a slight overweight in the portfolio, though still well within the 40% to 60% tolerance range. The investment committee at Clarfeld is considering rebalancing the portfolio to return the allocation to its target. Within the fixed income allocation, Clarfeld has a 100% allocation to core bonds which are composed of corporates, treasuries, mortgages, and agency bonds.

Investment performance, including the cash funds and trust funds, were positive at 1.8% in Q1 2021 and 1.9% excluding the cash accounts. Equity yields are currently 1.2% and fixed income portfolio yields are at 2.3%. The ending portfolio value as of 3/31/21, including the cash accounts was \$5,451,418.

Mr. Nason explained in response to questions that Clarfeld employs dynamic rebalancing withing the stated tolerance bands of 40% to 60% equities. He also confirmed that Clarfeld accepts the responsibility for voting all proxies.

Next Meeting

It was agreed between the board members to schedule our next board meeting on July 19, at 2:00 PM.

Acceptance of Minutes

The minutes of the 1/25/2021 meeting were approved.

Agenda Date

Peggy Selig noted that the agenda date for this meeting incorrectly indicated the year 2020. The trustees agreed to enter this correction into the minutes.

The Putnam Fund

Randy Haas reported that he had received an email from Linda Peary at The Putnam Fund. She was requesting a copy of the trust reports as well as “the current balance of the carryover funds”. Because The Putnam Fund did not have many programming expenses in 2020 due to the pandemic, they seem to be considering the undisbursed funds as available for current programming budgets. The trustees indicated that they were uncertain as to their authority to “carryover” approved, but unused funds beyond the year for which they were approved. It is the Board’s understanding that 7% is the maximum distribution that can be made. We agreed to seek further clarification regarding this authority prior to communicating the amount of a carryover balance to Linda Peary. Randy will go through his documents. Glenn will reach out to the Attorney General’s office, and if further clarification is needed, then we will seek a legal opinion.

Scholarship Distributions

The Board discussed the scholarship distributions for the upcoming year. The Beatrice Priest scholarship awards up to four scholarships per year. Of the four \$2,500 scholarships awarded in 2020, only three were paid. The recipients have until May 1 to apply for another \$2,500 scholarship for the coming year (4 years maximum). Only one recipient has submitted her application to receive a second scholarship. The board will wait until after May 1 to report the number of new Priest scholarship awards to be made in 2021.

The Perkins Scholarship will make two \$1,000 awards. The Demark scholarship will make one \$1,000 award to a student of Mathematics.

The Bienarz Non-Expendable Account

Mr. Haas noted that the cash in the Bienarz fund has accumulated to \$1,418. The balance in the fund is small, and the trustees do not recall distributions being made recently. Distributions from the fund are to go 50% to Police Relief and 50% to the D.A.R.E. Program. Glenn Smith said he would look into the history of the donations to help determine if the funds need to be distributed.

MS 9 and MS 12 Filings

Glenn Smith confirmed that the MS9 and MS12 filings have been made. The MS9 was kicked back to the City for additional information which Glenn was able to provide. Once these filings have been approved, the City will be up to date.

BNH Account Balances

Randy Haas provided the board with a summary of the balances in the BNH Capital Reserve accounts. These are not Trust accounts. He wants to make sure that the board has an awareness of the purpose of these accounts and the approximate balances. The total balance of these 5 accounts was approximately \$2,570,349.

Close Out Account

Given the recent vote by the City Council to close out the Laconia School District Education Stabilization Reserve – City Funds reserve account, it will be necessary for the Board of Trustees of the City Trust to vote to close the accounts, because only the Board has the authority to complete this action.

Michael Fogarty made a motion to close the account #104120007 Laconia School District Stabilization Reserve – City Funds reserve account in the NH Public Deposit Investment Pool, so that they may distribute the funds as follows:

014793060001 Downtown Tree Replacement	\$56,000
014994790033 Equipment	\$20,000
824010010095 Non-Capital Reserve	Balance of the funds (~\$229,042.39)

Peggy Selig seconded the motion. The motion passed unanimously.

Investment Policy Statement Review

The Board began a discussion centered around re-drafting the Investment Policy Statement for the City Trust. The initial comments centered around creating a balance between a usable guide in clear language and the need to better define the purpose of the IPS, the legal responsibilities of the trustees, responsibilities of other investment professionals engaged by the trust, the process to be employed, the objectives for the portfolio, and other important IPS elements. Given the late hour, the discussion was tabled.