

City of Laconia Trust Funds (COLTF)

Trustee Meeting Minutes

May 3, 2021

The meeting was called to order at 2PM. In attendance were trustees Randy Haas, Peggy Selig, and Michael Fogarty, and Glenn Smith (City Finance Director). The purpose of this special meeting was to discuss and review the Trust Investment Policy Statement and to discuss appropriations for the 7/1/2020 to 6/30/2021 fiscal year of the Putnam Fund.

The Putnam Fund Appropriations

Due to COVID 19, COLTF tabled consideration of appropriations to The Putnam Fund (TPF) in Q4 2020.

Since the last Trustee meeting, Randy Haas had looked into the provisions for the appropriation of funds by the COLTF to TPF. According to the information he received and shared with the other trustees, the minimum required appropriation is \$0 and the maximum is 7%. The trust is encouraged to consider a safer rate of appropriation (4% to 5%) in order to serve the long term interests of The Putnam Fund.

Mr. Haas shared a summary of the historical appropriations made by the COLTF. For the past 6 years, they have generally appropriated the full 7%. Fortunately, investment markets have been rising which has helped to prevent a drawdown of trust principal during that time. Also, helping to preserve the value is the fact that TPF has not spent the full amount of their appropriation in 4 of the past 6 years.

Currently, the TPF has an appropriation carryover of \$77,127.11 to fund programs for the balance of the current fiscal year ending 6/20/21. This carryover is approximately equal to 6.6% of The Putnam Fund value at the beginning of the current fiscal year.

A motion was made by Michael Fogarty to appropriate 3% for the current year. There was no second. A motion was made by Peggy Selig to appropriate 2.5% for the current fiscal year. Michael Fogarty seconded the motion. In discussion of the motion, it was noted that TPF has an extraordinarily high carryover, and that greater care should be given in coming years to be sure the ongoing appropriations are sustainable. A 7% appropriation on top of the funds already appropriated is not sustainable. The trustees have a responsibility to consider the interests of those who wish to offer current programs and those who will want to enjoy the same types of programs in the future. The question was moved and the motion passed unanimously.

At this point in the meeting, Glenn Smith excused himself.

Investment Policy Statement (IPS)

An outline for the review and update of an IPS was shared by Michael Fogarty with the Board. In principle, the Board agreed that this format for an IPS should serve our needs. As we review the current IPS, the board will consider and discuss each section until we have a draft IPS for formal consideration by the Board.

In this meeting, we discussed allocation guidelines and benchmarking. The trustees seek to grant modest flexibility to the investment manager chosen to alter the asset allocation as they seek to meet the risk and return objectives of the Trust. The use of this flexibility, however, by the investment manager should be measured to determine if any variation from the stated objectives is adding value by enhancing returns, reducing portfolio volatility, or both. To do this, the IPS will establish a strategic asset allocation, built within the tolerance bands. Trustees will then have an objective, static performance measure against which to measure the managers performance.

The board agreed to continue our discussion at our next meeting.

Next Meeting

Due to a scheduling conflict, Michael Fogarty made a motion to move the next Trustee meeting from July 19th to July 22nd at 2 PM. The Board agreed. Randy will notify the City.