

FINAL

CITY OF LEBANON, NH
TRUSTEES OF THE TRUST FUNDS
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TUESDAY, August 29, 2023
10:00 AM

MEMBERS PRESENT: Jay Hutchins (Trustee of Trust Funds Chair), Lawrence (Larry) Kelly (Trustee of Trust Funds Member), Jay Simms (Trustee of Trust Funds Member), Laurie Leduc (Citizens Private Wealth Relationship Manager, VP), remote, Corey Boucher (Citizens Private Wealth Investment Manager, VP)

MEMBERS ABSENT: None

STAFF PRESENT: Vicki Lee (Finance Director)

1. CALL TO ORDER: Chair Hutchins called the meeting to order at 10:08 AM

2. APPROVAL OF MINUTES:

Jay Simms MOVED to approve the June 27, 2022, minutes as presented in the August 29, 2023, agenda packet. Seconded by Larry Kelly.

The Vote on the MOTION was approved (3-0).

3. ADOPTION OF INVESTMENT POLICY:

Jay Simms MOVED to approve the current Investment Policy as presented.

Seconded by Larry Kelly.

The Vote on the MOTION was approved (3-0).

4. NEW BUSINESS:

A. Review of All Accounts:

Corey Boucher reviewed the highlights of the accounts. “Overall investment positioning for the Lebanon Trust Funds is neutral, with a bias toward investment asset classes that tend to be less vulnerable to market downturns. The Lebanon Trust funds are close to their 50/50 stock/bond neutral position. Equities have grown through the first half of 2023 and will be slightly trimmed with the proceeds added to fixed income. Large cap US equities are favored over mid, small cap, and international stocks. For the Capital Reserve funds, the past couple years have seen larger market value changes than is typical due to the changes in interest rates set by the Federal Reserve. For some of the smaller capital reserve funds, the mutual fund ticker AGZ will be added to fulfill the investment policy statement’s government agency bond allocation and to take advantage of their better yields. AGZ will make up a small portion of these capital reserve funds (less than 15%). Lebanon Trust Funds earned 8.3% net of fees versus the benchmark of 8.7%. The capital reserve funds, net of fees, outperformed their benchmark by 10 basis points, 1.53% versus 1.43%.

Year to date, the US stock market (S&P 500) is up 15.99%. The Bloomberg Aggregate Bond Index is up .41%. International stocks of developed countries, per the MSCI EAFE Index are up 8.33%. While there may be some stock segments with better valuations to their historical average, stocks appear relatively expensive. Large cap stocks are trading at a forward P/E of roughly 18.5. Areas that appear slightly cheaper are developed international stocks and small cap stocks, but have headwinds associated with their lower valuations. The biggest story remains inflation and central bank rate policy. Inflation has come down from last summer's highs and is clearly in a downtrend no matter which inflation numbers one looks at (PPI, CPI, PCE). Retail sales (3.2% YoY) and Industrial activity (-.2% YoY) growth rates have trended down over the past 12 months. The jobs market is slowly weakening but remains robust overall with unemployment at 3.5%. Lagged effects of past interest rate hikes coupled with consumers exhausting remaining pandemic savings could slow the economy further. Recession odds have come down somewhat, but elevated interest rates are still pressuring consumers and businesses".

5. OLD BUSINESS: None

6. ADJOURNMENT:

A MOTION was made by Larry Kelly to adjourn the meeting.

The MOTION was seconded by Jay Simms.

The Vote on the MOTION was approved (3-0).

The meeting ended at 11:12AM.