



**LEBANON TRUSTEES OF THE TRUST FUNDS
APRIL 23, 2025 - 10:00 AM
COUNCIL CHAMBERS, CITY HALL OR
REMOTE VIA VIRTUAL PLATFORM
LEBANONNH.GOV/LIVE**

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- 1. Call to Order**
 - 2. Approval of Minutes**
 - A. July 29, 2024
 - 3. New Business**
 - A. Account Review by Clarfeld/ Citizens Wealth Management
 - B. Review and Adopt Investment Policy for 2025
 - 4. Other Business**
 - 5. Adjournment**

Meetings are open for in-person and remote attendance. Members of the public that wish to attend remotely may do so by going to LebanonNH.gov/Live where you will find instructions on how to enter the meeting. Members of the public will be able to participate and ask questions through the City's virtual platform or by phone. Please note: Should technical difficulties occur during the meeting that disrupts virtual or phone connection(s), the meeting will continue without remote access capabilities.

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**CITY OF LEBANON, NH
TRUSTEES OF THE TRUST FUNDS
LebanonNH.gov/Live
Monday, July 29, 2024
1:00PM**

MEMBERS PRESENT: Jay Hutchins (Trustee of Trust Funds Chair), Lawrence (Larry) Kelly (Trustee of Trust Funds Member), Jay Simms (Trustee of Trust Funds Member), remote, 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)
Alesia Williams (Deputy Finance Director)

1. CALL TO ORDER: Chair Hutchins called the meeting to order at 1:00PM

2. APPROVAL OF MINUTES:

Larry Kelly **MOVED** to approve the August 29, 2023, minutes as presented in the July 29, 2024, agenda packet. Seconded by Jay Simms.
The Vote on the MOTION was approved (3-0).

3. ADOPTION OF INVESTMENT POLICY:

Larry Kelly **MOVED** to approve the current Investment Policy as presented. Seconded by Jay Simms.
The Vote on the MOTION was approved (3-0).

4. NEW BUSINESS:

A. Review of All Accounts:

Corey Boucher stated the following:

- After a stutter to start Q2 2024, the economy kept moving along, albeit with a slight downshift in economic activity. Equities were mixed for the quarter. As of June 30th, The S&P 500 was up a spectacular 17.59% for the year, but only 4.59% was growth from Q2 (still a great quarter on a standalone basis). For Q2, Midcap (-3.4%) and small cap (-3.3%) both saw negative performance. International developed (-.2%) and emerging markets (5.1%) were also mixed with EM having a strong quarter. The Bloomberg Aggregate Bond Index was flat as interest rate expectations bounced around throughout the quarter. The index finished up 0.07%.

- The first few weeks of April changed the inflation narrative briefly. Stocks generally sold off. Stubborn inflation briefly caused longer dated bonds to increase in yield. Then, May and June put the inflation trend back on track and the US economy moved in the right direction. Market participants now expect the Fed to cut 25 basis points in September. European inflation rates continue to trend down, and the European Central Bank went ahead with a 25-basis point interest rate cut.
- Stocks still appear relatively expensive. It is a familiar story. Large cap stocks are trading at a forward P/E of roughly 20.
- Consumers' balance sheets remain somewhat sturdy. Pockets of weakness have emerged in lower income households. Retail spending has slowed. Labor markets continue to bolster the economy but have also downshifted. Layoffs are not widespread. Job openings, initial unemployment claims, and annual wage increases have slowed to pre-pandemic levels. Manufacturing and industrial activity has been sluggish. Delinquencies on some consumer loans (credit cards, auto loans) have increased, and gone back to historical averages.
- The unemployment rate is 4.1, up from 3.4 a year and a half ago. There has been a decrease in the number of unfilled job openings as the job market weakens. The number of unfilled jobs is now 7.5 million compared to 12 million a year and a half ago. One reason many job openings go unfilled is that millions of Americans left the workforce during the pandemic and haven't returned.
- Our positioning in the Lebanon Trust Funds leans toward a slight equity overweight. Stock price growth year to date looks to be ahead of underlying macroeconomic data and is pricing in a soft landing. Company quarterly earnings figures are expected to grow, and the prospect of lower interest rates would be supportive of further stock price growth. Yet the high valuations and slowing economy warrant some caution.

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 1:40PM.

Vicki Lee

Vicki Lee, Clerk



INVESTMENT POLICY

City of Lebanon, New Hampshire

Trustees of Trust Funds

Adopted: July 29, 2024

DUTIES AND RESPONSIBILITIES

The City of Lebanon Trustees of Trust Funds are responsible for managing the investment process of the City's trust funds and capital reserve funds in a prudent manner to preserve principal while providing reasonable returns. In carrying out these duties, the Trustees of Trust Funds may retain an investment advisor to assist in managing the assets of the fund. The investment advisor's role is to provide guidance to the board on matters pertaining to the investment of fund assets including investment policy, investment selection, monitoring fund performance and compliance with the Investment Policy. The Trustees of Trust Funds shall make all decisions pertaining to the Investment Policy and guidelines for the policy's implementation.

The Trustees of Trust Funds' standard for investing its trust funds is the Prudent Investor Rule in accordance with RSA 31:25-d, Application of Prudent Investor Rule.

Individual duties and responsibilities are detailed below:

Trustees of Trust Funds

- 1) Retain (or provide on its board) a qualified investment advisor to assist in the development and implementation of the Investment Policy (e.g. goals, objectives and guidelines).
- 2) Establish the Investment Policy of the fund. This includes, but is not limited to, allocation between equity and fixed income assets, selection of acceptable asset classes and investment performance expectations.
- 3) Meet at least twice a year to review investment performance including the performance of the investment advisor to assure this Policy is being followed and progress is being made toward achieving investment objectives.

Investment Advisor

- 1) Assist the Trustees of Trust Funds in establishing the Investment Policy and guidelines contained in this Investment Policy statement.
- 2) Determine an investment strategy and coordinate the asset allocation process through individual securities and/or mutual funds. This strategy shall be within Investment Policy guidelines as set forth in this statement and as otherwise provided by the Trustees of Trust Funds.
- 3) Monitor asset allocation among all asset classes and verify on a quarterly basis that allocations are within targets defined by the Investment Policy statement and approved by the Trustees of Trust Funds.
- 4) Monitor the investment performance of the fund and provide by mail quarterly advisory reports to the Trustees of Trust Funds.
- 5) Report in a timely manner substantive developments that may affect the management of fund assets.
- 6) Meet with the Trustees of Trust Funds annually subsequent to the calendar year end and provide in writing the following:
 - a. A certification of compliance with the Investment Policy and the management agreement.
 - b. An analysis of investment performance comparing its performance to appropriate benchmark indices.
 - c. A breakdown of the entire investment portfolio by single investment, listing costs, market value and current yield.
 - d. A listing of the advisory fees including the rate structure and dollar amounts charged during the year just completed.
- 7) Annually prepare the State of New Hampshire MS/9 and MS/10 reports as required by state law.

Capital Reserve Funds

Capital Reserve Funds are set aside for specific purposes such as to finance the purchase of a fire truck, the closing of a landfill or for a building project. Usually the funds will be spent within one to five years.

The investment goal is to provide first safety of principal and secondarily a market rate of return.

The Capital Reserve Funds will be invested in a laddered maturity portfolio consisting of the highest grade fixed investments (U.S. treasuries and agencies) and with maturities of not more than five years and/or in a suitable money market fund or mutual fund including exchange traded funds. The minimum cash balance will be 5% of the total Capital Reserve Funds account balance. All investments will be domestic. The investments selected will be determined after consultation with the Finance Department of the City of Lebanon, which will provide projections as to the city's spending requirements for the Capital Reserve Funds over the upcoming months and years.

Trust Funds

Trust Funds are established to provide income in perpetuity to cover the annual expenses maintaining cemetery plots and library operations. Funds are also established to provide scholarships or for specified purposes where income and/or principal is to be disbursed according to instructions given by the donors at the time the funds were established.

The investment horizon is long term. The goal is to provide for safety of principal, inflation protection and an adequate level of income. To meet these goals, the investment strategy will require a diversified portfolio consisting of both equities and fixed income investments.

Not more than 50% nor less than 30% of the portfolio should be invested in equities of which not more than 90% nor less than 70% in a S & P 500 Index fund, 10% to 30% international equities and 0% to 15% in small- and mid-cap index funds. Not more than 70% nor less than 50% of the portfolio should be invested in diversified fixed income pools or funds representative of the broad U.S. government and corporate bond market. Concentration in any issuer shall not exceed 10% of the total Trust Fund Balance excepting obligations of the United States and mutual funds. The balance should be allocated to a suitable money market fund. The cash balance should range between 0% and 10% of the total Trust Fund balance.

At least quarterly the portfolio's asset mix should be measured against the parameters and adjustments should be made to the portfolio to stay within Policy guidelines.