

City of Concord Trustees of Trust Meeting

Minutes of May 16, 2013 Meeting

Meeting was convened at 8:30 AM at Citizens Bank

In attendance: Trustees Michael Aitken, Jeff Schindler & Karen Levchuk; Charles Mathews, Judy Noel of Citizens Trust and Investment Group; Michael Jache, Nancy Bunce City of Concord.

Minutes from the February 21st, 2013 meeting were distributed for review. A motion was made to approve the minutes by Jeff Schindler and seconded by Michael Aitken, minutes were unanimously approved.

Mike Jache reminded the trustees of the annual training that is being held on May 30. This training is for trustees and is presented by the State of New Hampshire, Department of Justice, Charitable Trust Division. All said they would be attending.

Mike Jache advised the trustees of a recent bequest to the Library Trust from the Estate of the Pantzer Family Trust in the amount of \$20,000. The only stipulation on the donation is that it be used to purchase books in the areas of Ethnic Cooking, Civilization and Language (Roman, Greek, Indian, Middle Eastern, Slavic, East Asian) and Modern or Contemporary Chamber Music recordings.

Mike Jache then turned the meeting over to Charles. Overall the economy is producing modest growth after 4 years of a bull market environment we should be seeing a little more aggressive growth. Stocks continue to outpace bonds due to the low interest rates. Investors looking for portfolio growth are not seeing the return in bonds so they are investing more in dividend paying stocks. In keeping with the "Investment Policy" of the trust we are looking at continued prudent investment in stable dividend paying stocks across all sectors. He sees some pull back in stock demand but not to the point of triggering a bear market situation. Mike Jache noted that the current bond market may not be good for investors but is excellent for borrowers like cities & towns. Many towns have refunded (refinanced) their bond obligation to take advantage of the low interest rates on bonds. Charles feels it will be a long time before we see rates this low again. The Federal Reserve will slowly begin to raise rates over the next several years. It will be a slow process but it will start to happen early next year.

Charles stated that (with respect to your portfolio holdings) Trust Fund all fund (C, B & A) returns were up almost 6% for the first quarter. Our stock holdings are less risky and environmentally sensitive. Our bond holdings are well positioned, however these bonds were purchased long term when rates were favorable. As these mature we now have to replace them with bonds that have lower rates. Karen asked why we may have to go with lower paying bonds. Mike Aitken explained that due to the "Investment Policy" a percentage of our holding need to be in bonds. Even if they are not paying as well as we

would like, it is prudent to avoid risk and not put City funds all in one market sector. Charles hopes that when these bonds do mature in the next few years that rates will be more favorable. He does feel that stocks will continue to outperform bonds especially in the short term.

Charles asked Mike Jache how the funds' performance was affecting City departments and their budget needs. Mike stated that the departments that have funds held in trust closely monitor the fund balances and have adjusted their budget requests accordingly. The lower returns have provided an opportunity for them to look closely at their needs vs. desires.

Mike Jache then reminded the Trustees of the City's new website and that the Trustees have a web page. He asked that they take a look at the site and see if there is anything that they would like to see added to the web page.

Judy asked Mike Jache to review the "Certification of Authorized Signatures", and asked if it was a current reflection of signatories. Mike confirmed that there were no changes.

The next meeting date was set for August 15, 2013 at 8:30 AM at Citizens Bank

Mike Jache made a motion to adjourn and Karen seconded the motion. The meeting was adjourned.