

City of Concord

Trustees of Trust Fund Meeting

Minutes of January 15, 2026 Meeting

Meeting was convened at 8:34 AM at City Hall, 41 Green Street, Concord.

In attendance: Trustee Susan Dunton, Trustee Sabrina Beavens, Corey Boucher & Laurie Leduc (virtually) of Citizens Bank Wealth Management Group; Chelsey Michalski and Brian Lebrun from the City of Concord

Absent: None

Minutes from the October 16, 2025 meeting were distributed for review, no comments or discussion. All in favor, minutes approved.

Presentation by Corey Boucher:

- We have reached the point where 2025 is in the books and we are on to 2026. Q4 saw continued growth with the portfolio up 2%. Investors continue to have a glass half full approach to the economy and markets, in general. The labor market is more or less limping along with new monthly nonfarm payroll figures coming in significantly lower than most US investors are used to. Monthly new jobs have been in the 50-70k range. Job market weakness and inflation that is slowing trending lower gave the Federal Reserve room to cut two times in Q4 (each time for 25 bps) to bring the Fed Funds rate to 3.5%. Future cuts are unclear and commentary from voting members of the Fed board show a variety of opinions.
- Elevated tariffs remain in place, for now. In January of 2026, the US Supreme Court is going to rule on the constitutionality of these tariffs. Lower interest rates, combined with strong company earnings, are likely the main drivers of equity market growth in 2026. In early Q2 of 2025, the OBBBA legislation was passed. This legislation is stimulative, in that it continues recent trends of more federal spending than revenues, which may also be boosting stocks.
- US Equities moved higher over the quarter, with large cap stocks continuing to hit records. The S&P 500 returned just over 2.6% for Q4. Smaller capitalization stocks, generally considered more risky, lagged large cap, with midcap returning 1.6% and small cap up 1.4%. International equity had another solid quarter, up 4.9% to cap off the best year it has had since 2009. Inflation levels and stock valuations look more attractive overseas, but US stocks continue to have higher growth expectations. The Bloomberg Aggregate Bond Index was up 1.1% for the quarter.
- Large cap stocks are trading at a forward P/E of more than 22, which is still above the 25-year average of 16.8. Investment grade bond yields can still be purchased in the 5% range, which could be attractive.
- Consumers balance sheets have diverged as evidenced by consumer sentiment figures. With the weakening job market and anxiety over AI and what it means for the future of jobs, sentiment may be downbeat for much of 2026. Overall retail spending remains solid, particularly among higher earners.
- The Concord Trust Funds have grown within the markets. The year to date return for the combined assets is double digits, at about 12.6%, net of fees, which is a higher return than long term averages.

- Some of the notable recent changes in investments include added investments O'Reilly Auto because people are keeping cars longer and repairing issues, added investments in Uber because the company is expanding into non-driver cars, and reduced investments in Google due to increasing stock prices.

Corey also reviewed the options and benefits to change the Concord benchmark index from the Government/Credit to the Aggregate, which is more commonly used for municipal fund investments. This would need to be changed in our Investment Policy. Corey will draft the proposed changes to review at our next meeting. Both trustees agree this is a wise move. The Aggregate has longer term bonds with higher yields. The current maturity of the Government/Credit Index is 3.7 years whereas the current maturity of the Aggregate Index is 6 years. The longer maturities are favorable.

City resolutions related to trust fund and capital reserve account transfers for FY26 were given to the trustees. Sabrina Beavens noted that there isn't much detail in the budget documents as to what the withdrawn funds will be used for. Chelsey and Brian both agreed that the budget documents don't have all of this detail and for future budgets, more information will be provided. This is necessary information in order for the trustees to properly affirm that withdrawals from the trusts and reserves are in line with the purpose of each account. While we can't go back to change the FY26 documents, Brian and Chelsey will draft a letter to the trustees detailing the use of each transfer. Sabrina agreed that this will be helpful in reviewing the budget transfers. There are no issues with the mid year supplemental resolutions to transfer funds from the trusts and reserves.

Sabrina and Susan both said they did not have a person in mind to fill the trustee vacancy. Sabrina will send a notification to local accounting firms to see if there is anyone interested in filling the seat. Both trustees expressed that having someone with a strong financial background would be beneficial to have as a third trustee.

The next meeting date was set for April 16, 2026 at 8:30am at Concord City Hall.

Meeting adjourned at 9:49am.

Respectfully Submitted,

Chelsey Michalski – Trustee Secretary