

City of Concord

Trustees of Trust Fund Meeting

Minutes of October 16, 2025 Meeting

Meeting was convened at approximately 8:35AM at City Hall, 41 Green Street, Concord.

In attendance: Trustee Joseph Kwasnik; Trustee Susan Dunton, Trustee Sabrina Beavens (virtually), Corey Boucher & Laurie Leduc (virtually) of Citizens Bank Wealth Management Group; Chelsey Michalski and Sarah Gerlack from the City of Concord, City Councilor Stacey Brown

Absent: None

Minutes from the July 10, 2025 meeting were distributed for review; one correction was noted by Joseph Kwasnik. Under the third bullet point for the presentation section, the first sentence should read “the new administration continues...” The word administration was previously missing. Correction was seconded by Susan Dunton.

Presentation by Corey Boucher:

- The third quarter of 2025 saw continued growth after taking the reins from Q2. Despite some pockets of economic weakness, investors largely took a glad half full approach to the mixed data that came in during the quarter. During the summer, cracks emerged in the labor market. Monthly new job counts, which had been trending downward, suddenly dropped to well below 100k new monthly jobs. Unemployment also ticked up slightly as reports came in that it was taking workers longer to find new jobs. In late summer, the narrative at the Federal Reserve shifted. Job market weakness and a possible economic slowdown resulted in a September rate cut of 25 bps to bring the Fed Funds rate to 4%. It also looks like Q4 will get another one or two 25 bps cuts.
- The weakening labor market was offset by better than expected inflation. Elevated tariffs remain in place, and inflation did perk up to nearly 3%, but so far, an upward inflation spiral has not materialized. The expectation of lower interest rates, combined with strong company earnings are likely the main drivers of equity market growth throughout the quarter. In early Q2, 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 jumped higher, with large cap stocks continuing to hit records. The S&P 500 returned just over 8% for Q2. Smaller capitalization, generally considered more risky, bifurcated with midcap returning 5.5% and small cap up over 11%. International developed equity had another solid quarter, up 4.8%. 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 2.35% for the quarter. While bond markets had a great performance for the single quarter, yields moved lower, lowering future return prospects.
- Large cap stocks are trading at a forward P/E of more than 22, which is still above the 25 year average of 16.5. Investment grade bond yields can still be purchased in the 5% range, which could be attractive.

- Consumers balance sheets have diverged and is evidenced by consumer sentiment figures. Anyone with stock market exposure is feeling better or more confident in the US economy. However, evidence shows some spending cutbacks among lower income consumers (less dining out, less travel, increases in subprime delinquency loans). Overall retail spending remains solid, likely because other segments of the consumer market continue to do well.
- The Concord Trust Funds have grown within the markets. The year to date return for the combined assets is double digits, at about 10.4%, net of fees, which is a higher return than long term averages.

Corey also took time to discuss the options 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, which can be done at any time. The Aggregate has longer term bonds with higher yields. It is also more diverse. The S&P ratings of Government/Credit and Aggregate are similar. We will discuss more at our next meeting.

The MS-9 and MS-10 were distributed for review and approval. City Councilor Stacey Brown asked about the City's Capital Reserve Funds. Citizens confirmed that those are managed by a different segment of Citizens because they are not investments, they are money market funds. Councilor Brown also questioned if the trustees were approving transfers to and from those reserve accounts. The trustees did not think they were doing that. Chelsey advised Councilor Brown that this is something the City is already looking into. Discussion ensued relating to the trustee's responsibilities. The trustees asked for some additional time to review the MS reports before approving.

The next meeting date was set for January 15, 2026 at 8:30am at Concord City Hall.

Meeting adjourned at approximately 9:50am.

Respectfully Submitted,

Chelsey Michalski – Trustee Secretary