

City of Concord

Trustees of Trust Fund Meeting

Minutes of July 10, 2025 Meeting

Meeting was convened at approximately 8:32AM at City Hall, 41 Green Street, Concord.

In attendance: Trustee Joseph Kwasnik (via Webex); Prospective Trustee Sabrina Beavens (via Webex), Trustee Susan Dunton; Corey Boucher & Laurie Leduc (via Webex) of Citizens Bank Wealth Management Group; Chelsey Michalski from the City of Concord

Absent: None

Minutes from the January 16, 2025 and April 17, 2025 meeting were distributed for review; January minutes were motioned for approval by Susan, seconded by Joe. There was only one trustee present at the April meeting, therefore there can be no vote for approval.

Presentation by Corey Boucher:

- The second quarter of 2025 revealed how much markets can move over a short period of time. In early April, larger than expected tariff pronouncements from the United States sent already fragile global stock markets into a tailspin. The sharp decline was thankfully brief, as the US administration then proceeded to pause and/or negotiate lower all their previously announced tariffs. 2025 continues to be the year of the tariff. Q2 stock markets roared back as investors are more convinced than ever that tariffs are a negotiation tool and are operating under the hope that the low tariffs enacted so far may not disrupt global economic growth. With the improved tariff outlook, economists lowered the odds of recession. Consumer and small business sentiment bounced off the lows, but remain somewhat downbeat.
- US Equities jumped higher, with large cap stocks leading the way. The S&P 500, returned nearly 11% for Q2, and 6.2% for the year. Smaller capitalization, generally considered riskier, continued to lag with midcap returning 6.7% and small cap up 8.5%. International developed equity, benefiting from the weakening dollar, had a great quarter, up 12%. Inflation levels and stock valuations look more attractive than US stocks, but US stock continue to have higher growth expectations. The Bloomberg Aggregate Bond Index was up 1.21% for the quarter.
- In addition to tariffs, the new administration continues in their attempts to curb illegal immigration and any federal workforce cuts are not upending the labor market yet. Many of the federal employees have severance through September. Investors were (and still are) hopeful for deregulation.
- The Federal Reserve has been on pause since December of 2024. There were no rate cuts or rate hikes in Q2 2025 and most commentary from the Federal Open Markets Committee is that they are taking a wait and see approach. Hard economic data showed no effect from tariffs through much of Q2. However, the July CPI numbers, with inflation going to 2.7% showed that tariffs are marginally adding to inflation.

- Large cap stocks are trading at a forward P/E of roughly 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 remain mostly healthy. Anyone with stock market exposure is feeling better or more confident in the US economy. Retail spending continues and industrial activity grows, but year over year growth is less than 1%. Job openings, initial unemployment claims, and annual wage increases are back to pre-pandemic levels. Q2 corporate earnings are projected to grow around 5% from a year ago.

Chelsey asked if there were any adjustments either Trustee felt was necessary to make to the Investment Policy. Joe stated that Citizens seems to be handling our investments to the best of their ability and no changes are needed.

The next meeting date was set for October 16, 2025 at 8:30am at Concord City Hall.

Meeting adjourned at approximately 9:06am.

Respectfully Submitted,

Chelsey Michalski – Trustee Secretary