

**MINUTES OF THE ARCHIVES PARTNERSHIP TRUST BOARD
INVESTMENT COMMITTEE MEETING
10:00am, April 17, 2018
Cultural Education Center, Room 9C49, 222 Madison Avenue, Albany, NY**

Investment Committee Members Present

By Telephone: Barbara Brinkley, Board Treasurer and Committee Chair; Joyce Shenker; and Harold Iselin

Staff Present

Janet Braga, Director; and Tom Ruller, State Archivist, Trust Chief Executive Officer

Others Present

Paul Murray, First Vice President, Investments, Janney Montgomery Scott LLC (by telephone)

Excused

Rosemary Vietor, Stephen Pagano, Board Chair

Call to Order

Ms. Brinkley called the meeting of the Investment Committee to order at 10:10 am, noting a quorum at the start of the call. She invited Mr. Murray to begin with his report.

Review of Portfolio Performance for the Last Quarter and Investment Distribution as a Result of Market Performance

Mr. Murray reported that as of March 31, 2018:

- Account value: \$4,489,179 vs. 12/31/17 \$4,627,370 – drop in value mostly due to large withdrawal from portfolio.

6.1%	cash and equivalents (cash/fixed income or securities to mature in six months)
63.9%	in equities (45.8% U.S. and 15.5% international)
30%	fixed income (CDs and the bond mutual funds)
0%	other (a blended fund composed of both stocks and bonds)

- Broad asset allocation ratio:

70%	equities
30%	fixed income

- Performance:

Trust Portfolio vs Benchmarks	1st Qtr	YTD	Since 12/31/2006*
• Trust's portfolio	.08%	.08%	6.16%
• S&P 500 Composite Index	-1.22%	-1.22%	5.68%
• Blended Benchmark Portfolio (55% S&P 500 Total Return, 15% MSCI EAFE GTR, and 30% Merrill Lynch 3-month Treasury)	.40%	.40%	5.75%

* the date Janney began using its current tracking database

- Portfolio Changes:

	1st Qtr	YTD
Net deposits/withdrawals:	\$-147,277	\$-147,277
Total Earnings:	\$9,086	\$ 9,086

Mr. Murray reported:

- Deposits for the quarter were \$33,288.99. Withdrawals for the quarter totaling \$180,566 (resulting in net flows of -\$147,277) includes one in January of \$129,898.50 and in March \$50,667.50.
- Investment earnings were \$9,086, just a slight gain of +0.08% return for the quarter. He noted the gain was not too bad given the volatile environment this year. The benchmark S&P 500 Index for stocks was down -1.22% for the quarter and our blended benchmark was off -0.40%. These figures were summarized in the Trust's April 2018 Portfolio Summary report.
- Allocation per provided "Quick View" report was approximately 31% cash/bond funds/CDs and 69% stock mutual funds/ETFs. "Large Cap Domestic" stocks represent the biggest allocation at 38.65% but noted we are well diversified across all areas of the equity market. Fixed investment allocation (cash/bonds) dropped to 31% because of withdrawals. Liquid cash approximately \$144,000.

Mutual Funds - Growth and Reasonable Safety

Mr. Murray referenced mutual funds continue to be well rated and posting good relative results. "Growth" funds and global funds posted gains as of the time of this report, but income/yield oriented funds (bonds, high dividend paying stocks) were on the downside because of the rise in interest rates. Overall, still a very good mix of funds.

Interest Rates

Interest rates continue to slowly move up - yield on 10-year Treasury is now 2.74% as of March 31 vs 2.41% at end of December and 2.32% in September). This has put some pressure on "income" oriented investments like bonds and high paying dividend stocks (inverse relationship between interest rates and market price of bond).

Review of Bond Performance

- Bonds/CDs Called:** No CDs have been called.
- Bonds/CDs Matured/Maturing:** A \$25,000 CD matures 5/10/18; \$50,000 matures 7/2018; and \$100,000 matures 11/2018.
- Bond Ratings/Investment Changes:** Currently, there are no individual bonds in the portfolio.
- Fulfillment of Bond/CD Safety and Yield Goals:** The FDIC-insured CDs continue to fulfill safety and yield goals. The bond funds and CDs are doing what they are supposed to do.

Cash (Available, Needs, Projections)

Mr. Ruller reported as of the end of January, all temporary deposits made into the Janney Money Market Account are now directly deposited into the Trust's Key Bank account which is used for projects and general operating. Mr. Ruller and Mr. Murray stated the practice of depositing funds generated by the Trust into Janney was established 20 years ago because money markets offered

a higher rate of return. Monies were only held at Janney temporarily until manually transferred to Key Bank. The cost of this activity and accompanying internal bookkeeping now outweigh the benefits of the nominal interest rates in the money market account. Cash generated from memberships, annual fund and events are now deposited directly into the Key Bank projects and activities account. Any donations earmarked for the endowment will continue to be deposited at Janney. Ms. Brinkley asked that the committee be consulted on operation changes that effect reports received and reviewed by the Investment Committee. Mr. Ruller reiterated and agreed when an anticipated change in information reviewed by the committee occurs, the committee will be notified ahead of time.

Endowment Balance and Quality

Mr. Murray reported Janney's outlook for the market continues to be favorable for 2018. The quarter was a bit rocky, mainly due to the core of issue raising interest rates. The Trust is close to 70% mark for stock ratio. A discussion on rebalancing the portfolio led to the recommendation below from Mr. Murray. This recommendation was approved unanimously by all members of the committee through an email vote post meeting:

- Sell Vanguard GNMA Fund due to poor performance and negative outlook for bond mutual funds. \$65,000 was invested in this fund 6 years ago and it is now worth around \$63,500 including reinvested dividends from 2012-2016.
- Invest excess cash currently in the money market fund of \$120,000 plus the pending CD maturity of \$25,000 that is maturing 5/12/18. All projected expenses for the year has been met and we have a surplus of cash only earning 0.41%. We can increase the return on this money by adding to our laddered CD portfolio.

The total of these items is approximately \$208,000. Mr. Murray suggested \$200,000 as follows (we will keep small balance of \$8,000 in money market):

\$70,000 in a 2 Year CD Due 2020 – Goldman Sachs Bank 2.65%

\$50,000 in a 3 Year CD Due 2021 – Synchrony Bank 2.75%

\$80,000 in a 4 Year CD Due 2022 – Discover Bank 2.90% (\$55,000 now, the other \$25,000 upon May 10th maturity)

CD ladder totals for these years total:

2020 \$275,000

2021 \$275,000

2022 \$200,000

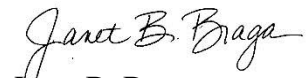
Mr. Murray commented the movement up in short-term rates this year has created an attractive environment for “non-stock market” money. All CD are FDIC insured up to \$250,000 per bank. The new CD amounts in addition to existing holdings do not put the Trust over the \$250,000 limit.

Conclusion

Ms. Brinkley motioned to adjourn the meeting and Mr. Iselin seconded the motion. Ms. Brinkley adjourned the meeting 10:45 am and thanked all for their participation.

The next Investment Committee meeting is next scheduled for July 19, 2018.

Respectfully submitted,

A handwritten signature in cursive script that reads "Janet B. Braga".

Janet B. Braga

Director

April 23, 2018