MINUTES OF THE ARCHIVES PARTNERSHIP TRUST BOARD
INVESTMENT COMMITTEE MEETING
10:00am, July 20, 2017
Cultural Education Center, Room 9C49, 222 Madison Avenue, Albany, NY

Investment Committee Members Present
By Telephone: Barbara Brinkley, Board Treasurer and Committee Chair; Harold N. Iselin; Stephen Pagano, Board Chair; and Joyce Shenker

Staff Present
Janet Braga, Director; and Jill Rydberg, Board Assistant Treasurer and Administrative Officer

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

Excused
Rosemary Vietor

Call to Order
Ms. Brinkley called the meeting of the Investment Committee to order at 10:07am, noting the presence of a quorum. 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 June 30, 2017:

- Account value: $4,240,866
- Asset allocation:

2.9%	cash and equivalents (cash/fixed income or securities to mature in six months)
66.1%	in equities (50.0% U.S. and 16.1% international)
29.0%	fixed income (CDs and the bond mutual funds)
2.0%	other (a blended fund composed of both stocks and bonds)

- Broad asset allocation ratio:

71%	equities
29%	fixed income

- Performance:

Trust Portfolio vs Benchmarks	**2nd Qtr**	**YTD**	**Since 12/31/2006***
• Trust's portfolio	2.67%	7.18%	5.88%
• S&P 500 Composite Index	2.57%	8.24%	5.24%
• Blended Benchmark Portfolio (55% S&P 500 Total Return, 15% MSCI EAFE GTR, and 30% Merrill Lynch 3-month Treasury)	2.72%	7.30%	5.45%

* the date Janney began using its current tracking database

- Portfolio Changes:

	2nd Qtr	YTD
Net deposits/withdrawals:	$36,522 deposits $84,692 withdrawals -$48,170 net	$117,197 deposits $347,135 withdrawals -$229,938 net
Total Earnings:	$111,271	$ 291,412

Mr. Murray noted:
-The market continues to chug along and the stock market seems to be held up with low interest rates and decent economic conditions and have had a nice move forward. As of today, the account is about $4,325,000, This is an increase in value even after the quarter's $84,692 withdrawal. The deposits of $36,522 included a transfer of $8,273 from the credit card account and a gift of mutual fund shares (liquidated per policy) of about $4,000.
-The portfolio's 2nd Quarter 2.67% return beat the S&P 500's 2.57%. The S&P 500 is being driven by a handful of big companies, so if you strip out Amazon, Apple, Facebook and Google out of the equation, it's return isn't as good. The Trust's portfolio is putting up good numbers while being both more diversified and more conservative.
-Noting the Quick View Report, he said the allocation is roughly 71% equities and 29% fixed income. While the portfolio has been rewarded with the high equity allocation, he plans to propose rebalancing to be prudent. The portfolio is and will likely remain over-weighted in large cap U.S. domestic holdings (e.g., Fundamental Investors, American Mutual, Growth Fund of America), while also participating in other areas of the market.
-Interest rates continue to remain low. This year, general market rates have been trending lower. The 10-year Treasuries yield began the year at 2.44%, was 2.4% at the end of March, and today is 2.25%. Federal Reserve sets short term rates, investor supply and demand dictate long term rates.

Mutual Funds - Growth and Reasonable Safety
Mr. Murray referenced the Morningstar report (listing the holdings total returns in highest to lowest YTD returns). The global funds have been leading the market after several years of lagging the U.S. so the portfolio has seen nice returns from New Perspective, New World, and Small Cap World funds. Investors are looking for opportunities, seeing a stabilizing Europe and betting on things improving. The U.S. led the way out of the 2008-2009 global recession and now the European and foreign markets are beginning to catch up. The portfolio has about an 11% exposure to foreign markets. The mid-cap and small-cap funds, last year's winners, have cooled off a bit as markets rotate a bit. All the funds are highly rated and provide good results.

Review of Bond Performance

- **Bonds/CDs Called:** No CDs have been called.
- **Bonds/CDs Matured/Maturing:** A $100,000 Compass Bank CD matures July 2017.
- **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)

Ms. Rydberg reported, as noted in the agenda, that the $51,484 in cash at June 30, 2017, is the total of the actual cash balance, an in-transit deposit, and funds due to be rolled over from the credit card account. Taking into account what is needed to meet commitments and additional cash projected during the remainder of the fiscal year, the resulting net is -$11,792. Mr. Murray suggested keeping the CD maturing at the end of the month liquid to meet the commitments and that he was not concerned about covering the small deficit.

Endowment Balance and Quality

Mr. Murray said he is pleased with the portfolio's performance, and has these recommendations:

1. Keep the proceeds of the maturing $100,000 CD liquid by investing in a 6-month CD paying an annualized return of 1.25% to garner a bit better return than the money market's 0.10%.
2. Rebalance the portfolio to bring the equity exposure down to 66% by:
    a. Reducing the equity exposure by a total of $220,000 by selling $60,000 from Fundamental Investors, $50,000 from American Mutual, $60,000 from Growth Fund of America, $25,000 from New Perspective and $25,000 from SPDR Mid Cap.
    b. Reinvesting the proceeds of the equities sold as follows: $100,000 in a 4-year CD (at about 2.05%) and $120,000 in a 5-year CD (at about 2.25%) to increase and extend the current laddering of CDs. This will provide stable and predictable funds for future withdrawal needs.

A motion to direct Mr. Murray to invest the proceeds of the $100,000 Compass Bank CD maturing July 31, 2017 into a 6-month CD (at about 1.25%) was made by Ms. Shenker, seconded by Mr. Pagano, and unanimously passed.

Resolved, That the Investment Committee directs Mr. Murray to invest the proceeds of the $100,000 Compass Bank CD maturing July 31, 2017 into a 6-month CD (at about 1.25%).

A motion to direct Mr. Murray to reduce the equity exposure by a total of $220,000 by selling $60,000 from Fundamental Investors, $50,000 from American Mutual, $60,000 from Growth Fund of America, $25,000 from New Perspective and $25,000 from SPDR Mid Cap was made by Mr. Pagano, seconded by Ms. Shenker, and unanimously passed.

Resolved, That the Investment Committee directs Mr. Murray to reduce the equity exposure by a total of $220,000 by selling $60,000 from Fundamental Investors, $50,000 from American Mutual, $60,000 from Growth Fund of America, $25,000 from New Perspective and $25,000 from SPDR Mid Cap.

Regarding the reinvestment of the sale of equities, there was discussion concerning whether to instead invest the proceeds of the equities sold in even shorter-term CDs. Mr. Murray noted that 2- and 3-year CDs are paying 1.7% and 1.9% respectively and that rates for CDs beyond 5 years do not move up much more than the 5-year CD rate. He added that the 4- and 5-year CDs rates are almost equivalent to a 10-year Treasury at about half the time. The Committee ultimately concurred with Mr. Murray's suggestion to invest in 4- and 5-year CDs to improve the current ladder of CDs. Mr. Iselin participated in the discussion but left the meeting prior to the actual vote.

A motion to direct Mr. Murray to reinvest the $220,000 proceeds from the sale of equities as follows: $100,000 in a 4-year CD (at about 2.05%) and $120,000 in a 5-year CD (at about 2.25%) was made by Mr. Pagano, seconded by Ms. Shenker, and unanimously passed.

Resolved, That the Investment Committee directs Mr. Murray reinvest the $220,000 proceeds from the sale of equities as follows: $100,000 in a 4-year CD (at about 2.05%) and $120,000 in a 5-year CD (at about 2.25%)

Conclusion
Ms. Brinkley, on behalf of the Committee, thanked Mr. Murray for the good job he is doing managing the portfolio. She noted the Investment Committee is next scheduled to meet on October 18, 2017. She adjourned the meeting 10:37am and thanked all for their participation.

Respectfully submitted,

Jill A. Rydberg

Jill A. Rydberg
Assistant Treasurer
July 20, 2017