

Utica Public Library Finance Committee Meeting Minutes
Thursday, February 8, 2024

Present: Phil Bean, Diana Koury, F.X. Matt III, Gabriel Hage, Anthony Spiridigloizzi, Chris Sagaas, Sara Billman, Stephen Caruso

2023 Investment Portfolio Review:

Stephen Caruso reviewed The Library's Investment Portfolio performance for 2023 as follows:

The Utica Public Library Investment Portfolio advanced by 16.1% in 2023, slightly ahead of the weighted Investment Policy Target Benchmark Index return of 15.6% for the year. As of December 31, 2023, combined portfolio investments totaled \$1,821,291.

Following a disappointing 2022, both stock and bond markets posted positive returns in 2023 despite periods of volatility. A few notes to summarize:

A regional banking crisis rattled the markets in the spring. However, Fed action proved to reassure investors as contagion fears did not materialize.

The Fed continued its efforts to fight inflation, raising interest rates in February, March, May and July. By mid-year the central bank's "higher for longer" stance on interest rates prompted negative investor reaction. However, inflation trended lower, and the economy defied expectations, with strong consumer spending and job market stability. This led to increased optimism of a potential "soft landing".

In November, the Fed announced that it would hold rates steady and went on to suggest that it anticipated a pivot to multiple rate cuts in 2024. With the prospect that the recent headwinds from the Fed and inflation were reduced both stock and bond prices rallied to end the year.

It should be noted that exceptional performance from the "Magnificent 7" mega-cap stocks were key contributors to the strong stock market performance in 2023.

Heading into 2024, economists and analysts have expressed a slightly positive outlook for both the economy and markets.

Stephen also reviewed the account by account performance detail with The Committee, indicating that returns differ by each account. He then reviewed the benchmark and portfolio value of the investment accounts.

The year to date performance showed an increase of slightly over 2% to approximately \$40,000 since January 1st.

Investment Spending Policy

The Committee and Stephen Caruso reviewed the Investment Spending Policy. Stephen indicated that the wording is good.

F.X. questioned whether The Library should consider giving discretion to the investment advisors, as The Library is currently set up as a nondiscretionary account. This would allow Caruso McLean more freedom to make changes within the parameters of the policy, but still keep The Library abreast of any changes being made. This will be discussed further.

The Committee then discussed the policy language regarding selling gifts of stock “immediately”. It was questioned whether that should be more specific in regards to timeframe.

Stephen suggested the Board consider modifying the permitted equity range slightly in order to provide for more flexibility on the upper end of the range. Specifically, he suggests modifying the policy equity range to 40% - 80%. This would remain consistent with the documented investment objectives while better accommodating a potentially slightly higher equity target %. The Committee approved this suggestion.

Sara and Chris will update the spending policy accordingly, including removing the Spring 2018 dates from the document. The Board will be asked to approve the changes to the IPS at a future meeting.

Other Business

Mr. Caruso discussed the market outlook for 2024.

Chris asked Stephen to reiterate the process by which he would request an endowment distribution for The Library. Stephen stated that he would need an official request via written or verbal communication. The Committee then discussed endowment distributions and the 3 year look back amount that is available to The Library should the library decide to request it.

The Committee also discussed what the appropriate length of time between RFPs is for Investment Advisors/Auditors, etc. and decided that it will continue to be brought up each year. No change to The Library’s manager is recommended at this time.

Respectfully submitted by Sara Billman.