

Town of Woodstock Investment Policy Advisory Group  
Minutes of meeting on November 7, 2017

Advisory group members in attendance: Jill Davies, Ann Quasman, Ron Miller, Jonathan Wilson

Meeting called to order at 6:00 p.m. Minutes by Ron Miller

The advisory group reviewed three documents:

1. The 1993 letter from Mary and Laurence Rockefeller establishing their endowment fund.
2. The Town/Village Ordinance relating to "Property Given in Lieu of Taxes" adopted in 1994.
3. The Statement of Investment Objectives and Policy for the Town and Village, adopted in 2009.

We made several observations and generated several questions:

- o We observed that the Ordinance places more narrow restrictions on investment policy than the Rockefeller letter calls for.
- o We wonder how it was decided in 1999 to distribute the amount of \$41,200 from the fund, and to maintain that amount annually for the past 17 years, despite growth in the fund, inflation, and increased tax rates.
- o We noted that the fund has been invested for growth rather than income, and that it now contains \$1 million more than the Rockefellers originally contributed. We wonder what is the purpose for sustaining such growth.
- o We noted that the ordinance limits distributions to a portion of the income generated by the fund and defines income as dividends and interest. We noted that this is an unusual restriction in the universe of endowment management which typically relies on a calculation of some percentage of a trailing average of the fund's market value to determine distributions.

The advisory group will recommend several revisions in the two policy documents:

Ordinance. We believe Section 3.2 should be amended to reflect the Rockefellers' original intention and to provide annual distributions that can increase with the cost of living or town needs.

Statement of policy. The section on "distributions" should not contain the 96/4% formula, which is relevant primarily to an all-income portfolio. This section should also allow principal to be distributed when necessary.

In the section on "objectives," sentence #2 should be removed. A new sentence should be added: "Give preference to investments with high standards on environmental, social and governance criteria."

In the section on "policy," the term "Investment Manager" should be replaced wherever it appears by "designated investment advisory committee." The allocation ranges in Part 1 should be revised according to the recommendations recently adopted by the Town and Village.

Part 9 of this section should state that the committee shall meet quarterly to review investments, and make a formal report to the Town and Village annually.

A new part should be added to this section, stating that the committee must seek out the most reasonable management fees available, and it should list "index funds" among other appropriate investments.

Jill Davies will bring several questions to Phil Swanson, and then the committee will prepare amended documents for the Town and Village boards to consider.

Meeting adjourned at 7:00 p.m.