

REVISION #3  
TITLE 11  
PROPERTY GIVEN IN LIEU OF TAXES  
Chapter 1.-General Provisions

Be it ordained by the Board of Trustees of the Village of Woodstock, Vermont that the ordinance entitled, "Property Given in Lieu of Taxes" is hereby amended by deleting all existing language thereof and substituting the following language:

**§11101. DOCUMENT INTENTION**

To allow the Town and Village to manage the Fund as Laurance and Mary Rockefeller originally proposed in 1993.

The original directions from Laurance and Mary Rockefeller were *"that the Town may draw down from the fund in any year an amount not to exceed 8% of the average fair market value of the fund at the end of the three preceding calendar years. Income which may exceed the amount withdrawn in any year should be accumulated, added to principal and invested. Withdrawals from the fund may be added to the general tax revenues of the Town and Village and used for any Town or Village purposes.....The restrictions on withdrawals from the fund .....shall last for a period of 20 years. At the end of the 20-year, the Town would be free to use the entire income and principal of the fund as its sees fit, although it is our hope that the town would wish to retain the fund as a permanent endowment."*

**§11102. Definitions of words and phrases**

This section defines terms used in the document. For purposes of this ordinance, the following words and phrases shall have the meanings set forth herein:

- 1.1. "Property given in lieu of taxes" means any property given to the Town (or to the Village) for the purpose of providing a fund to create a source of revenue to offset the anticipated future loss of property tax revenue respecting real property located in the Town (or Town and Village) which is being or has been taken off the taxable grand list. The phrase shall not include voluntary payments made to offset the anticipated loss of property tax revenue for a single tax year or for a specified number of years less than or equal to five, nor shall it include any payments made by the United States of America or by any of its instrumentalities .
- 1.2. "Fund" means the principal and investment return of property given in lieu of taxes as existing from time to time.
- 1.3. "Investment Return" means the total investment return to the fund and is composed of current income (dividends and interest), realized gains and losses on the sale of assets, and unrealized gains and losses on changes in market value.
- 1.4. "Principal" means the original property given in lieu of taxes.
- 1.5. "Annual Distribution" means the amount of cash distributed from the fund for the purpose of substituting for property tax payments and shall not exceed 8% of the average market value of the fund, which shall be calculated on a rolling quarter average of the previous 12 quarters.

- 1.6. "Extraordinary Distribution" means the amount of cash distributed from the fund over and above the annual distribution.
- 1.7. "Town" means the Town of Woodstock, Vermont.
- 1.8. "Exempt real property" means, in each case, the real property with respect to which a fund has been created.
- 1.9. "Grand list" means the grand list of the Town of Woodstock, Vermont, and/or the Grand List of the Village of Woodstock
- 2.0. "Village" means the Village of Woodstock
- 2.1 "Board" Means the Select Board of the Town of Woodstock
- 2.2 "Trustee(s)" Means the Board of Village Trustees
- 2.3 "Investment Committee" means a committee appointed by the Select Board and the Trustees to advise the elected Boards on matters related to the investments and disbursements of the Fund.

### **§11103.Statement of Policy**

It is the policy of the Board and of the Town; the Trustees and the Village to maintain sufficient fund value to produce an annual payment in lieu of taxes so long as the exempt real property remains nontaxable on the grand list. The purpose of this policy is to enable the Town and Village to benefit from cash distributions to offset the loss of real property taxes.

### **§11104.Rules and regulations**

The following rules and regulations shall apply to a fund:

- 3.1. Except as hereinafter provided, property given in lieu of taxes shall be maintained in a separate fund so long as the exempt real property remains nontaxable on the grand list. The fund may contain more than one account. If any portion of the exempt real property is located in the Village, the fund shall be held in the joint name of the Village and Town and shall be jointly administered by the Village and Town.
- 3.2. If any portion of the exempt real property is located in the Village, the Annual Distribution shall be prorated annually between the Town and Village based upon the percentage of the total taxes which would have been paid to each governmental entity in such tax year but for the exempt status of the exempt real property.
- 3.3. The Annual Distribution for a calendar year shall be paid from the fund to the Town (or, if applicable, to the Town and Village in the proportions hereinbefore provided) on or before February 1st of the following calendar year. The Annual Distribution paid to the Town shall become part of the general revenue funds of the Town.
- 3.4. When the entire exempt real property again becomes taxable on the grand list, the fund shall be dissolved and the fund value shall be distributed to the Town, or, if any portion of the exempt real property is located in the Village, then to the Town and Village based upon the average percentage of the Annual Distribution to which each entity was entitled during the three years prior to such dissolution.
- 3.5. If less than the entire exempt real property again becomes taxable on the grand list, the fund shall remain in existence, however, a proportionate amount of the fund value may be distributed to the Town upon the affirmative vote of the legal voters of the Town to make such distribution, or, if any portion of the exempt real property is located in the Village, then to the Town and

Village in the same proportions as provided in subsection 3.4 upon the affirmative vote of the legal voters in both municipalities to make such distribution.

#### **§11105. Policy Regarding Investment Management**

The gift of Mary and Laurance Rockefeller that created the Fund contained language instructing the Town and Village of Woodstock to invest the money to generate an intended rate of return of 8% annually. To the maximum extent practicable, the Fund is intended to be managed with a philosophy consistent with the philanthropy of Laurence and Mary Rockefeller.

A maximum of 10 % of the Fund may be invested in a Vermont non-profit corporation that lends money to Vermont businesses and generates a rate of return that a prudent investor would consider reasonable.

Consistent with V.S.A. Title 24 section 2432 subsection 4, investments may be made in:

Equity Index Mutual Funds  
Government Bond Index Funds  
Money Market Index Funds

That have net assets of \$500,000,000.00 or more, and have been in operation for over ten years.

The Investment Committee shall recommend a ratio of holdings in a stock index fund, a government bond index fund and a money market index fund based upon relevant market or economic conditions other relevant factors.

#### **§11106. Fiduciary Responsibility**

The Town Select Board and the Board of Village Trustees are charged by ordinance with the fiduciary responsibility for the investment of the Fund and shall discharge their duties solely in the interest of the Town and Village of Woodstock. Further, as fiduciaries, they are to adhere to the Uniform Prudent management of Institutional Funds Act

V.S.A Title 14 chapter 147, Section 3413 and as amended from time to time, that states, in part: "In addition to complying with the duty of loyalty imposed by law other than this chapter, each person responsible for managing and investing an institutional fund shall manage and invest the fund in good faith and with the care an ordinarily prudent person in a like position would exercise under similar circumstances."

#### **§11107. Distributions**

Annual distributions are to be made from the Fund by February 1st following the previous calendar year. From the Rockefeller Fund, 8% of the average market value of the Fund, calculated on a rolling quarter average of the previous twelve quarters, may be distributed in any year. With the exception that extraordinary distributions may occur from time to time. Consistent with the instruction from the Grantor of the Gift generating the Fund, the Select Board and the Board of Village Trustees may use the entire income and principal, if they see fit, after the initial twenty year period of the Fund has expired. Accordingly, extraordinary distribution are allowed to make a specific capital expenditure, provided the total value of the Fund does not fall below \$1,000,000.

**§11108. Annual reports**

The annual reports presented by the Board to the legal voters of the Town shall include a statement or summary of the activity relating to each fund. The statement or summary for each fund shall include, at a minimum, the amount of the Annual Distribution paid to the Town and the fund value as of the end of the calendar year.

**§11109. Applicability of chapter**

This ordinance shall apply to all funds created after July, 1992.

**§11110. Effective date**

The portions of this ordinance relating to exempt real property located in the Town and Village shall operate and be effective only during such time as the Town and Village have in force a substantially similar ordinances.

Passed and adopted by the Board of Trustees of the Village of Woodstock, County of Windsor, State of Vermont on this 13<sup>th</sup> day of February, 2018 at a duly warned meeting and shall, unless a petition is filed as provided by law, become effective upon sixty (60) days from this date.

History:

Revision #3 of the 2017 compilation of the W.V.O. Edition #4 was added February 13, 2018, effective April 14, 2018.

VILLAGE OF WOODSTOCK, VERMONT  
BOARD OF VILLAGE TRUSTEES:

Jeffrey Kahn, Chair

Ward Goodenough

Cary Agin

Keri Cole

Serena Nelson