Rochester Public Library Investment Advisory Committee
Minutes Unapproved/draft
April 23, 2019 4:00

In attendance: Wanda Dunham, Walt Wells, Sandy Pierce, Forrest Newton

When reviewing the 2002 Endowment Fund policy, it was noted that there are contradictory statements in the policy and that portions of the policy are not being followed.

In part, the 2002 policy requires:

* The funds exist in perpetuity.
* That the funds preserve real (inflation adjusted) purchasing power.
* We grow the value of the fund.

It is also discussed that the formula in the policy for the annual draw of 6% of the previous 3 year’s average had been exceeded for the past few years and that even the rate of 6% is unsustainable. 3% would be a sustainable draw, and perhaps even less until the funds have recovered.

The inflation adjusted minimum balance in each fund should be at least $147,000. Each are approximately $30,000 below this minimum.

Forest stated that our investment manager is following the “Grimes policy” as signed by the trustees in 2014. However, much of our funds are invested in “junk bonds”.

It was suggested that our money would be performing better if just invested in mutual funds than our current portfolio. (Over the past year, our net portfolio rose 1.16% compared to S& P500’s 9.49.)

In reviewing the 1099’s the number of trades /percentage of funds traded was very high. An increasing number of trades are now incurring per transaction fees ($6.95) since they are “out of network.” Forest observed that the management fees paid are “high.”

It was decided that the committee needed to meet with the Rochester Public Library Trustees at their May 14th meeting to clarify the trustee’s goals for the endowment fund before making any formal recommendations.

The next meeting of the Advisory Committee will be Tuesday, May 21 at 4:00.