

**Brooks Memorial Library
Finance Committee**

Mon, Nov 30, 2020 5:00 PM

Virtual meeting via link provided by Town of Brattleboro and publicly accessible

Attending: Jenny Rowe, chair; Leo Schiff, Sirkka Kauffman, John Woodward, Starr Latronica, and guest Paul Copeland.

MINUTES

Jenny called the meeting to order at 5:05 PM.

The minutes of the previous meeting were approved after a motion by Leo and a second by Sirkka.

- Periodic review of investment advisor: Board policy is that the finance committee will review the performance of the library's investment advisor on a yearly basis. It has been over a year since the committee met with Prentiss Smith. Jenny will contact his office to set up a meeting.

Paul Copeland, investment manager from the Trust Company of Vermont, answered questions from the committee on investing and portfolio management, and what the committee might want to pay attention to in reviewing the investment advisor. Notes from his remarks:

Investment will be guided by our Investment Policy Statement. [The acceptable range for equity investment, according to the policy statement, is 25% - 75%. For the last fiscal year at least we have been right around 50% in equities.] A higher percentage would bring us closer to the benchmark we use for comparison, which assumes a 60-30-10 allocation. It is not surprising that we underperformed this benchmark last calendar year since we had less than 60% in stock. Especially because we want to continue to take 4% annually from the endowment, we could consider moving to less fixed income, more equities, even up to 75% equities. Interest rates are drastically low, so fixed income is contributing very little. Also consider using a benchmark covering a longer period of time, such as 5 years. [We have now had the endowment at its current value for about 5 years, so we could begin this.] Not surprising that we underperformed the S&P500 since large companies have had the strongest growth recently and we own, in part, mid-size and international holdings that have under-performed the large companies. Nevertheless, the diversity is healthy and meets our investment policy statement. Need explanation of why cash holdings in some quarters over the past year is high.

[From the December 2019 treasurer's report -- the last benchmarks:

Endowment Full Performance:	13.58%
60/30/10 Balanced Benchmark:	20.19%
Endowment Stock Only Performance:	24.51%
S&P500 Performance:	31.49%]

Open question from John whether the committee should consider a more formal, quantitative evaluation of the investment advisor than has been done in the past, and what that might look like.

Comment from Leo that the committee has not met with the investment advisor every year in the past and that would be the place to start for better evaluation.

- Progress on fall annual appeal: checks are arriving. Hard to tell yet how this year will compare to last year.
- Improvements to presentation of financial reports: Jenny, John and Starr will confer on this.
- Grant applications: the ALA is offering a community engagement grant that may help with our strategic planning process. Deadline in early February. Leo will add to the agenda for next week's board meeting. When the strategic planning committee is in place and has decided how to proceed, the finance committee could help by applying for this grant.

A grant for public art might be useful, and there are some Covid-related funds that might be useful. Defer to the full board meeting.

- Starr is ready to present the library's budget for FY 2021-22 to the selectboard tomorrow.

Meeting adjourned at 5:59.