

Intro. Res. No. 1275-2011  
Introduced by Presiding Officer Lindsay and Legislator Cooper

Laid on Table 3/22/2011

**RESOLUTION NO. 387 -2011, AUTHORIZING CHANGES IN  
INVESTMENT MANAGEMENT POLICY FOR THE SUFFOLK  
COUNTY VANDERBILT MUSEUM ENDOWMENT TRUST FUND**

**WHEREAS**, Procedural Motion 5-2010 was adopted to retain PFM Asset Management LLC (PFM) to serve as the investment advisor for the Vanderbilt Museum Endowment Trust Fund; and

**WHEREAS**, the Agreement with PFM was duly executed on April 21, 2010; and

**WHEREAS**, PFM's methodology of investment has changed since the execution of the Agreement; and

**WHEREAS**, PFM does not invest directly in individual stocks or bonds, but instead mutual fund shares on behalf of the Vanderbilt Museum Endowment Trust Fund; and

**WHEREAS**, PFM has advised that the transition to pooled investment vehicles represents a switch to evaluating the investment strategy of a fund, as opposed to evaluating a specific security; and

**WHEREAS**, the Suffolk County Legislature has fiduciary responsibility for the Museum's Endowment Trust Fund; and

**WHEREAS**, the Suffolk County Legislature established a formal investment policy for the Suffolk County Vanderbilt Museum Trust Fund through Resolution No. 215-1987, which restricts bond investments to investment grade, Baa or above, per Moody's Investors Service; and

**WHEREAS**, the Fund is currently in total compliance with Res. No. 215-1987 and has no direct securities below investment grade; and

**WHEREAS**, most bond mutual funds have the flexibility to invest in below investment grade bonds; and

**WHEREAS**, this change in the investment manager's methodology of investment can be accommodated with a revision to Resolution No. 215-1987 from restricting bond investments to investment grade, Baa or above, per Moody's Investors Service to the allowance of bonds Ba and above, while maintaining an overall average quality rating for the bond investments of AA or above; and

**WHEREAS**, the suggested language is in compliance with the Fund's investment objectives to preserve the principal corpus of the Fund, maintain a high level of income that is steady and predictable and provide for future growth of income through long-term capital growth; and

**WHEREAS**, the Fund's investment policy was further set forth in Resolution No. 1266-2007, which expired December 31, 2008 and had authorized the Vanderbilt Museum Trust Fund's Investment Advisor to utilize a total return concept, meaning investing for a

comprehensive return, including interest and dividends earned on stocks and bonds, plus realized and unrealized gains and losses; and

**WHEREAS**, authorizing the Vanderbilt Museum Trust Fund's Investment manager to utilize a total return concept would be consistent with the priorities of preserving principal, producing a reasonable level of current income and providing for future growth of income through capital growth; now, therefore be it

**1<sup>st</sup>** **RESOLVED**, that the Fund's investment management policy as adopted in Resolution No. 215-1987 that restricted bond investments to investment grade, Baa or above, per Moody's Investors Service be amended to an investment management policy that restricts bond investments to bonds Ba and above, while maintaining an overall average quality rating for the bond investments of AA or above and directs the Fund's investment manager to make every effort to the extent practical, prudent and appropriate, to select commingled funds and/or mutual funds that have investment objectives and policies that are consistent with the Fund's investment management objectives and policies; and be it further

**2<sup>nd</sup>** **RESOLVED**, that given the nature of commingled funds and mutual funds, it is recognized that there may be deviations between the Fund's investment management policy and the objectives of the Fund's pooled vehicles; and be it further

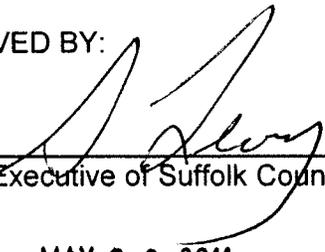
**3<sup>rd</sup>** **RESOLVED**, that a pooled fund or mutual fund will not be included in the Fund's portfolio unless it complies with the Investment Company Act of 1940, as amended through P.L. 111-257, diversification requirement; and be it further

**4<sup>th</sup>** **RESOLVED**, that the Vanderbilt Museum Trust Fund's investment manager is authorized to utilize a total return concept, meaning investing for a comprehensive return, including interest and dividends earned on stocks and bonds, plus realized and unrealized gains and losses; and be it further

**5<sup>th</sup>** **RESOLVED**, that the investment guidelines stipulated in this Resolution shall remain in effect until modified by duly enacted resolution of the Suffolk County Legislature.

DATED: May 10, 2011

APPROVED BY:

  
\_\_\_\_\_  
County Executive of Suffolk County

Date:

**MAY 20 2011**

SUFFOLK COUNTY  
County Legislature  
RIVERHEAD, NY



*This is to Certify That I, TIM LAUBE, Clerk of the County Legislature of the County of Suffolk, have compared the foregoing copy of resolution with the original resolution now on file in this office, and which was duly adopted by the County Legislature of said County on*  
May 10, 2011 *and that the same is a true and correct transcript of said resolution and of the whole thereof.*

*In Witness Whereof, I have hereunto set my hand and the official seal of the County Legislature of the County of Suffolk.*

*Tim Laube*

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Clerk of the Legislature

Intro. Res.

1275

Res. No.

387

May 10, 2011

**Motion:**

Romaine, Schneiderman, Browning, Muratore, Anker  
Eddington, Montano, Cilmi, Lindsay, Vilorio-Fisher, Barraga,  
Kennedy, Nowick, Horsley, Gregory, Stern, D'Amaro, Cooper

**Co-Sponsors:**

Romaine, Schneiderman, Browning, Muratore, Anker  
Eddington, Montano, Cilmi, Lindsay, Vilorio-Fisher, Barraga,  
Kennedy, Nowick, Horsley, Gregory, Stern, D'Amaro, Cooper

**Second:**

Romaine, Schneiderman, Browning, Muratore, Anker  
Eddington, Montano, Cilmi, Lindsay, Vilorio-Fisher, Barraga,  
Kennedy, Nowick, Horsley, Gregory, Stern, D'Amaro, Cooper

LD	Legislator	Yes	No	Abs	NP	R
1	Edward P. ROMAINE					
2	Jay H. SCHNEIDERMAN					
3	Kate M. BROWNING					
4	Thomas MURATORE					
6	Sarah S. ANKER					
7	Jack EDDINGTON					
9	Ricardo MONTANO					
10	Thomas CILMI					
11	Thomas F. BARRAGA					
12	John M. KENNEDY, JR.					
13	Lynne C. NOWICK					
14	Wayne R. HORSLEY					
15	DuWayne GREGORY					
16	Steven H. STERN					
17	Lou D'AMARO					
18	Jon COOPER					
5	Vivian VILORIA-FISHER, D.P.O.					
8	William J. LINDSAY, P.O.					
	Totals	15				

MOTION
<input checked="" type="checkbox"/> Approve
___ Table: _____
___ Send To Committee
___ Table Subject To Call
___ Lay On The Table
___ Discharge
___ Take Out of Order
___ Reconsider
___ Waive Rule ___
___ Override Veto
___ Close
___ Recess
APPROVED <input checked="" type="checkbox"/> FAILED ___
No Motion ___ No Second ___

RESOLUTION DECLARED
<input checked="" type="checkbox"/> ADOPTED
___ NOT ADOPTED

*Tim Laube*

Tim Laube, Clerk of the Legislature

Roll Call \_\_\_ Voice Vote