

# INVESTMENT POLICY STATEMENT

The Grand County Library Foundation

Approved on April 24, 2017 by  
the Investment Committee

Approved on May 1, 2017 by  
the  
Grand County Library Foundation  
Board of Trustees

**It is intended that this investment policy be reviewed and updated at least annually.**

**Any change to this policy should be communicated in writing on a  
timely basis to all interested parties.**

The goal of the Foundation is to enhance, not replace, traditional tax-based support for the Grand County Library District by:

- A. Building an endowment to ensure the viability and sustainability of the Library.
- B. Seeking additional funds to support enhanced Library operations.
- C. Managing investments for the present and future benefit of the Library.

This Investment Policy covers the management of general, endowment, short term and special purpose funds under the control of the Foundation.

## **ENDOWMENT FUND**

The Endowment Fund was established to provide financial support to the Library on an ongoing or as needed basis. The objective is to maintain and enhance Library services and programs.

The Endowment Fund will be managed by the Investment Committee. The Investment Committee will be appointed by the Foundation Board. Members of the Investment Committee need not be members of the Foundation Board. The Chair of the Foundation Board shall appoint the chair of the Investment Committee.

Members of the Investment Committee shall serve without compensation. They shall be indemnified against any liability resulting from their good faith actions.

The investment guidelines are based on a two, five and long term investment horizon, therefore interim fluctuation in returns should be viewed with appropriate perspective.

It is recognized that long-term investment performance in large part is a function of asset class mix. History shows that while interest-generating investments, such as bond portfolios or funds, have the advantage of relative stability of principle value, they generally provide little opportunity for real long term capital growth. On the other hand, equity investments, such as common stocks, have a significantly higher expected return but have the disadvantage of much greater year-by-year variability of return. From an investment decision perspective this variability is worth accepting under the above investment horizons.

## **PORTFOLIO**

The portfolio investments may be distributed among domestic and international equities, fixed income and convertible securities, index tracking instruments, federal instrumentalities, mutual funds and other funds registered with the United States Security and Exchange Commission. Not more than 30% of the portfolio may be invested in international securities. The Investment Committee will determine the tactical weighting of asset classes within the following target ranges:

	High	Low
Equity/Equity Funds	55%	30%
Fixed Income/Fixed income Funds	70%	35%
Cash/Cash Equivalent	35%	10%

The percentage allocations may vary within reasonable ranges depending on market conditions, cash flow and the size of the fund (when the Fund is small (less than \$100,000 adjusted for CPI) the exposure to equities may be increased to 100%). The strategic allocation will be reviewed at least quarterly.

### **Permitted Securities**

- Individual Stocks
- Mutual Funds-stocks, bonds, money market funds
- Individual bonds, as long as they are BBB rated and are traded on a major US stock exchange
- Closed end funds
- Unit investment trusts
- Exchange traded funds

- Certificates of Deposit

#### **Prohibited securities and prohibited transactions**

- Venture capital
- Commodities transactions
- Short sales
- Purchases of letter stock, private placements or direct payments
- Leverage
- Puts, calls, straddles, or other similar strategies used for speculation □ Securities Lending

#### **INVESTMENT ADVISOR**

The investment committee may retain on behalf of the Foundation an Investment Advisor to *assist* the Investment Committee and the Foundation in managing the overall investment process and to meet their fiduciary responsibilities. The investment advisor may be a member of the Foundation board and may be compensated for services rendered.