

# INVESTMENT POLICY STATEMENT OF SAMUELS PUBLIC LIBRARY

## **Purpose and Source of Assets**

This Investment Policy Statement (“IPS”) sets forth the process that the Samuels Public Library (“Library”) Board of Trustees (“Trustees”) has adopted to make investment-related decisions. Parties involved shall discharge their responsibilities solely in the interest of the Library. This Investment Policy Statement will:

- Establish reasonable expectations, objectives and guidelines in the investment of those of the Library’s assets set forth in the **Samuels Library Fund** (“Fund”) document attached hereto as Exhibit A, and the **Samuels Library Endowment Fund** (“Endowment”) attached hereto as Exhibit B.
- Set forth an investment structure detailing permitted asset classes and expected allocation among asset classes
- Create the framework for a well-diversified asset mix that can be expected to generate acceptable returns at a level of risk suitable to the Library

This IPS is not a contract. This IPS is intended to provide guidance for the Trustees and Investment Committee. No guarantees can be given about future performance and this IPS shall not be construed as offering such a guarantee.

## **Investment Objectives**

The primary investment objective for the Library is balanced growth and income, recognition being given to the type of spending policy adopted here and in the Fund document. As objectives for the Library change, the IPS will be revised to help ensure that the investment needs will be met.

## **Time Horizon**

For the purposes of planning, the Library shall consider the investment portfolio to have a perpetual life except for distributions directed or permitted under the Fund document.

## **Risk Tolerance**

Financial research has demonstrated that risk is best minimized through the diversification of assets. The Library’s risk tolerance is considered moderate.

## **Investment Selection**

The following criteria shall be used in the investment selection process:

- a. Past performance rankings over various time frames
- b. Historical volatility and downside risk
- c. Investment style

- d. Historical asset correlation
- e. Current economic environment
- f. Convenience
- g. Availability

**Asset Allocation**

After reviewing the performance and risk characteristics of various asset classes and balancing the risks and rewards of market behavior, the following asset classes are selected to achieve the objectives of the portfolio:

Asset Classes	Acceptable Target Allocation Range
Cash	0 - 25%
Fixed Income <ul style="list-style-type: none"> <li>• U.S. Government Bonds</li> <li>• U.S. Corporate Bonds</li> <li>• Mortgage-Backed Securities</li> </ul>	10 - 40%
Stocks <ul style="list-style-type: none"> <li>U.S. and International               <ul style="list-style-type: none"> <li>• Preferred Stock</li> <li>• Real Estate Investment Trusts</li> </ul> </li> </ul>	40 - 80%

No other asset categories shall be permitted unless approved by the committee.

The approved asset class allocation indicates a range for each broad investment category. From time to time, based on changing economic circumstances and the various relative investment opportunities, it may be desirable to make changes in the target allocation. When such changes are made, updates will be attached to this IPS as an Appendix.

**Rebalancing Procedure** From time to time, market conditions may cause the Portfolio’s investment in various asset classes to vary from the established allocation. To remain consistent with the asset allocation guidelines established by this IPS, each asset class will be reviewed no less frequently than annually.

**Selection and Retention Criteria**

The committee will review the performance of each asset class on an annual basis. In the event the performance of any asset class lags any selected index or benchmark for the previous one-year period, the committee will make a determination as to whether the asset class continues to be a prudent and appropriate investment.

### **Spending Policy**

Spending and distributions shall be governed by the provisions of the Fund document, as amended from time to time.

### **Investment Committee**

The Investment Committee shall be established as set forth in the provisions of the Fund document, as amended from time to time.

### **Selection and Monitoring of an Independent Investment Advisor(s)**

The committee may from time to time select one or more independent investment advisors to advise the committee and have custody of the Fund assets. The investment advisors shall have such discretionary powers, within the guidelines hereby established, over investment of the assets as the committee shall delegate. The performance of investment advisors shall be reviewed at least annually, with focus on (i) the manager's adherence to the IPS guidelines, (ii) material changes in the manager's organization, investment philosophy, and/or personnel, (iii) comparisons of the manager's results to any index or benchmark agreed upon at the time of investment, and (iv) such other matters as the committee deems relevant . It is understood that there are likely to be short-term periods during which performance deviates from the long-term turn objectives.

**Amendment** This IPS may be amended or modified at any time by the Trustees.

Adopted by the Board of Trustees March 11, 2013, and amended July 12, 2021.

Stephen Jerome  
Stephen Jerome, Secretary  
March 11, 2013

Katie Carr  
Katie Carr, Secretary  
July 12, 2021

*Exhibit A*

**SAMUELS LIBRARY FUND**

A. **FUND COMPOSITION** - the Fund shall be comprised of the following:

1. Proceeds of the lease/sale of the Library's former Villa Avenue property
  2. The proceeds of any terminating split interest gift, such as a charitable remainder trust
  3. Unrestricted bequests
  4. Restricted bequests if the principal will not reasonably be expected to be expended within 2 fiscal years of the date of receipt of the bequest
  5. Unrestricted cash gifts of \$1000. or more
  6. Restricted cash gifts of \$1000. or more if the principal will not reasonably be expected to be expended within 2 fiscal years of the date of receipt of the gift
  7. Unrestricted non-cash gifts with a fair market value of \$1000. or more if the gift is acceptable under the Library's Gift Acceptance Policy
  8. Unrestricted cash gifts of any amount if the gift is directed to the Fund by the donor
  9. Such other amounts as are placed in the Fund by resolution of the Board
  10. Any unrestricted amounts received from the Samuels Library Foundation
  11. Income from investment of the Fund
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*Exhibit B*

**Samuels Library Endowment Fund**

The **Samuels Library Endowment Fund** will follow all rules and guidelines outlined in the Investment Policy Statement of Samuels Public Library. The Samuels Library Endowment Fund will also maintain full compliance with The Virginia Uniform Prudent Management of Institutional Funds Act as outlined in Virginia Code Section 64.2-1100 through Section 64.2-1108.

The **Samuels Library Endowment Fund** may incorporate sub-funds in order to accept Memorial gifts, Family gifts, etc.

**B. MANAGEMENT OF THE FUNDS**

1. Both the Samuels Library Fund and the Samuels Library Endowment Fund will be managed by a Board committee consisting of the Board Treasurer and two Board Trustees appointed annually by the full Board
2. The Library Director and Chief Financial Officer shall sit on the committee
3. The committee shall retain such investment and professional advisors as it reasonably deems necessary and the costs therefore shall be paid from the Fund
4. The committee shall make a full report to the Board at least semi-annually

**C. INVESTMENT OF THE FUND**

1. The Board shall ~~adopt an~~ review the Investment Policy Statement of Samuels Library ~~for the Fund, shall review the Policy~~ at least annually, and may amend the same from time to time.
2. Restricted amounts held within the Samuels Library Fund may be comingled for investment purposes but shall be accounted for separately. The Samuels Library Endowment Fund will be maintained separately, and funds will not be comingled with the Samuels Library Fund.

**D. USE OF THE SAMUELS LIBRARY FUND**

1. As of the annual valuation date, 3%, or such lesser percentage as the Board shall specify, of unrestricted principal, and the income from restricted principal for which no provision as to the use of income was made in the restriction, ~~shall~~ may be paid to the Library for use in special projects, or as otherwise determined by the Board. The annual valuation date shall be the first business day of each fiscal year.
2. Such other donor unrestricted amounts as the Board shall direct, including, but not limited to, Library fundraising expenses, will be distributed from the Samuels Library Fund for specific Library needs
3. Restricted amounts held within the Samuels Library Fund shall be distributed in accord with the terms of the restriction.

**E. USE OF THE SAMUELS LIBRARY ENDOWMENT FUND**

1. Any disbursements from the Samuels Library Endowment Fund will be deferred until the overall fund balance achieves a value of \$250,000. When this occurs, the Board will determine whether or not earned income disbursements should be made.