

Investment Policy for Grand County Library Foundation

Purpose: This investment policy describes investment objectives of the Library Foundation, establishes investment principals for the Foundation's assets and create guidelines for evaluating investment decisions.

- Objectives:**
- 1) To cause the total value of the assets to appreciate, over time, exclusive of growth derived from donations and
 - 2) To provide a continuing and dependable cash payout that is stable and growing in real terms after giving effect to inflation.

Prudent Person: The Standard of Prudence as defined by the Colorado Revised Statutes (C.R.S.) under Colorado Dept. of Labor Affairs. "Prudent Investor" shall exercise the judgment and care, under circumstances then prevailing, which men of prudence, discretion and intelligence exercise in the management of the property of another, not in regard to speculation but in regard to permanent disposition of funds, considering the probable income as well as the probable safety of the capital.

Investments: Since capital preservation and liquidity are the two main objectives for the investments, the portfolio will be one with a short-term focus. Following are the investment guidelines for the investments.

- 1) Maturity should be no longer than 5 years.
- 2) Investments with maturity longer than 5 years is permissible upon approval of the Executive Board.
- 3) Permissible investments are as follows:
 - a) Money Market Funds – these funds should be issued by financial institutions that are insured and must not exceed the insured limit at the institution.
 - b) Certificates of Deposit – FDIC insured up to maximum limits
 - c) Commercial Paper – investments in these instruments are authorized provided they hold a rating of A1/PI.
 - d) Repurchase Agreements- these investments with banks are eligible investments, only if the bank is rated AA or better, and the repo collateral consists of government securities.
 - e) Banker's Acceptance – these are eligible investments provided that the draft is drawn on an authorized obligatory bank, does exceed \$150,000, if for 90 days or less, and another security (i.e., commercial paper, negotiable CD or repo) is not presently outstanding with the issuing bank. The bank shall have a commercial paper rating of A1-P1

f) U.S. Government Obligations

g) Federal Agency Securities

Duties and Responsibilities:

- 1) Prepare and maintain an investment policy
- 2) Periodic reviews of investment policy at least once per year prior to the annual meeting.
- 3) Review of investment policy to include annual update on fund objectives
- 4) Control and accountable for all investment, record keeping and administration of all expenses with the accounts
- 5) Monitor and supervise all service vendors and investment options.