

INVESTED FUNDS POLICY and GUIDELINES

Bridgton Public Library

Introduction. This policy governs the management of the Endowment Fund, the Walton S. and Carlena H. Redfield Fund (The Redfield Fund) and the Capital Reserve Fund of the Bridgton Public Library. It does not apply to the Operating Fund.

A. Responsibilities. The Board of Trustees (hereinafter referred to as The Board) delegates the responsibility for implementation of the investment policy overseeing all invested funds to an investment manager, usually a library trustee selected by the Board, who is encouraged to seek advice from community members with expertise in investment issues and are able to suggest actions to assist in achieving the objectives stated below.

Should there be no trustee sufficiently qualified to serve as investment manager, the Board will either engage the services of a professional investment advisor or seek the services of a local volunteer citizen who has the requisite knowledge to fulfill this function.

Invested assets will be placed with a reputable, experienced investment firm that can provide services to buy, sell and transfer stocks, bonds, mutual funds and other securities.

The investment manager will make a monthly report to the Board on the balances and performance of all invested funds and will brief the Annual Meeting regarding fund balances and overall performance.

B. Investment Objectives. Bridgton Public Library maintains invested funds that are categorized as four separate entities: The Endowment, The Capital Reserve, The Redfield Fund and The Operating Fund.

The Endowment is an unrestricted fund from which the Board of Trustees can approve expenditures based on the spending formula outlined in Section F. The primary investment objective of the Endowment is ‘moderate growth’ using a diversified, moderate risk portfolio to achieve a competitive total rate of return (realized and unrealized capital gains plus income, after fees).

The Capital Reserve is those funds restricted to expenditures for capital expenses as defined by the Capitalization Policy and Major Projects Policy. Expenditures from the Capital Reserve are approved by the Board and are not limited. The primary investment objective of the Capital Reserve fund is the same as for the Endowment.

The Redfield Fund is those funds bequeathed to the Library by the Walton S. & Carlena H. Redfield Trust and will. The Redfield Fund is invested in a diversified portfolio of index funds with the general objective of growth and income. This Fund will be held separately and not comingled with other invested funds of the Bridgton Public Library. In keeping with the terms of the trust and will, the Library can expend income (interest and dividends) from the fund for such purposes as the Library shall determine. Any appreciation of the initial principal shall be considered part of the corpus and is restricted. Withdrawals, when taken, shall not exceed the total of all interest and dividends earned during the previous calendar year. This sum will be determined in January of each year. If a previous year’s earnings are not fully expended, the Board, upon recommendation of the Finance Committee, shall direct any remaining balance to

be deposited in one of the following funds: (1) The Redfield Fund, (2) The Capital Reserve or (3) The Endowment.

The Operating Fund is a “holding repository” for cash that is not presently needed in the Library’s operating checking account. This fund is normally invested in a Federal Money Market Fund.

C. Investment Guidelines. Investments are to be made with a long-term perspective. They should be well diversified with respect to asset class (stocks, bonds, cash equivalents) and within each class of asset (industry, sector, size of corporation, etc.). The asset mix guideline shown below is intended to:

- 1) Address the objectives of the Funds and the risk tolerance parameters of the Board, and
- 2) Provide a framework for regular monitoring and evaluation of the Fund's holdings.

<u>Asset Class</u>	<u>Minimum</u>	<u>Maximum</u>
Equity	60%	75%
Fixed Income	10%	40%
Cash and Cash Equivalents	0%	20%

Although it is understood that investors whose funds are wholly invested in mutual funds or ETFs do not generally have choices regarding individual holdings, Bridgton Public Library seeks to balance a strong commitment to socially responsible investment with a fiduciary responsibility to meet its obligations under this Investment Policy.

D. Policy regarding Donated Stock. Specific information regarding how to donate stock or bonds to the Library is available from the Library Director.

From time to time, the Library receives donations of stock, usually in connection with the annual giving campaign. When receipt of such stocks is learned, by notification or discovery, the investment manager will notify the Board at its next meeting or, if that meeting is more than two weeks away, the notification will be accomplished by email.

Unless directed to do otherwise by the Board, the investment manager will sell the donated stock within one week following learning of the donation and place the proceeds into the Operating Fund. The investment manager will notify the Treasurer of the transaction who, in turn, will arrange for proper accounting for the gift. The Library Director and Development Committee chair will also be notified.

If the donor has specified that the stock donation be intended to increase the Endowment, the proceeds of the sale will be transferred to that fund.

E. Prohibited Transactions. While recognizing the limitations of control over the rapidly changing holdings of mutual funds, the following types of assets or transactions are expressly prohibited:

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| Selling short | Option contracts |
| Puts and calls | CMO's |
| Commodities | Derivatives |
| Penny stocks | Futures |
| Letter stock | Hedge Funds |

F. Spending Policy. No more than 5% of the corpus of the Endowment will be utilized for budgetary purposes in a given year. This amount will be based on the average calendar year-end value of the Endowment fund of the previous three years. The Treasurer will request that the investment manager transfer the funds being withdrawn into the Operating Fund as needed. Since a total return of 5% cannot be guaranteed, whenever possible, the trustees should endeavor to budget endowment withdrawals that are less than the 5% allowable. Any additional distributions above the 5% range may be made only with a 2/3 vote of approval by the full Board.

G. Access to Accounts. Normally, the only person authorized to access accounts or to direct actions regarding the invested funds is the investment manager. In an emergency, however, the Treasurer is authorized to access the accounts. The investment manager will provide access instructions and password(s) in a sealed envelope for the Treasurer's use in an emergency.

*Approved by Board of Trustees: Feb. 15, 2019
(via e-mail 10 yea, 2 no response)*