

Ellsworth Public Library

Investment Policy

Investment Objectives:

The Board of Trustees of the Ellsworth Public Library will invest in order to:

1. achieve a rate of growth that will ensure future income be maintained at least at current levels as expressed in constant dollars;
2. maintain sufficient balance and liquidity to permit prudent adjustments in investments.

Investment Manager:

The Board of Trustees will appoint and retain one or more investment managers to assist in the performance of its obligations. The Board will delegate to that manager the authority to hold, retain, buy, sell, invest, and re-invest the assets, funds, and monies placed with it, pursuant to the investment objectives of the Library and those of the investment manager.

The Board will meet with the investment manager annually and as needed each year by telephone or in person to assess the manager's performance. To aid in its assessment, the Board will use the Standard and Poors 500 Index and other relevant indices as it deems appropriate.

Allowed Investments:

Investment funds shall be invested in equity securities of business entities (including American depository receipts of foreign entities) which are publicly traded on United States stock exchanges or NASDAQ or mutual funds investing in like securities. They may also be invested in debt obligations of the United States and its agencies, of states and territories and agencies thereof, and of United States business entities and in certificates of deposit or interest bearing deposits of United States banks. All investments shall be in investment grade securities, mutual funds investing in like securities or deposits with a view to the safety of the investment funds and the manager shall utilize best efforts to adhere to Prudent Investor Rule. Real estate will not be accepted or acquired without Trustee approval of the specific parcel and the economic, environmental, and land use issues pertaining to it. Further, substantial gifts of personal property will not be accepted without the approval of the Board and the Library Director.

Investments shall be diversified as to issuers and industry categories to minimize the risk of market value loss. Without Board of Trustee approval, no funds shall be used to acquire or engage in options, straddles, hedges, or similar contracts.

The allocation of investment or invested assets between equities and debt obligations shall be determined by the Board in consultation with the investment manager(s) during periodic reviews. The allocation of investment fund assets shall be reviewed and revised or reaffirmed at least annually. (see attached)

Spending

The Investment Fund of the Ellsworth Public Library, overseen by the Board of Trustees, may be used to support Ellsworth Public Library's operating budget and necessary capital and/or plant improvements, as needed. The Investment Fund may also provide the resources for strategic initiatives or special projects as determined by a 3/5 vote of the full Board of Trustees.

During each fiscal year's budget cycle, the Board of Trustees may determine how much of the corpus of the Investment Fund will be used for revenue for the next fiscal year. The Board will choose a percentage between 2.5%-4%, applied to the average value of the Investment Fund at the calendar year end for the previous five (5) years.

Explicitly restricted funds are to be omitted from the calculation of the five year average of the Investment Fund.

Any additional distributions above 4% may be made only by a 3/5 vote by the full Board of Trustees.

Approved by the Board of Trustees as revised – December 18, 2024