

Starr Library Finance Committee

INVESTMENT POLICY

INVESTMENT OBJECTIVES

The investment objectives of the Endowment Fund are to:

1. Provide an operating contribution annually to the Starr Library's operating budget.
2. Manage the Endowment to ensure that we are able to continue to contribute to the operating budget without depleting the fund or taking on any more risk than is necessary.
3. Ensure preservation of capital a total rate of return (appreciation plus current income) which equals or exceeds over each rolling 3-year period the combined inflation rate and operating contribution.

OVERALL GUIDELINES

1. The Finance Committee will recommend, for board approval, a certified investment advisor or company with a proven track record of investment excellence.
2. Investment will be primarily in marketable securities: common and preferred stock, governmental and corporate bonds, and short-term investments. Investments may include mutual and/or index funds as well as bond funds and will not include risky instruments such as junk bonds, options, futures and penny stocks.
3. The Endowment fund will not use any leverage in its investments.
4. Investment results are expected to compare favorably with broad market indices and competitive measurement standards over full market cycles.
5. The Endowment Fund's performance will be reviewed not less than annually by the Finance Committee.
6. Asset allocation will be as follows:

	% of Portfolio	
	Minimum	Maximum
Equity Securities	40%	70%
Fixed Income Securities	20%	45%
Real Estate Related	0%	10%

All computed percentages will be based on market value at performance review dates.

7. The Finance Committee will review these guidelines annually and propose them for approval by the Board of Trustees after consultation with a financial professional.

8. The Finance Committee must approve any temporary exceptions with notification to the Executive Committee of the Board of Trustees.

SPECIFIC INVESTMENT CRITERIA

Equity Securities

- The equity investments will seek to achieve a diversified portfolio and may include portions in growth stocks, index funds, value funds, and small cap funds, etc. both domestic and international.

Fixed Income Securities

- Securities or mutual funds will be U.S. treasury, U.S. Agency and non-governmental investment grade issues rated “BBB” or better. However, only 10% will be below an “A” rating.
- With the exception of U.S. Treasury and U.S. Agency securities, no more than 5% of the Fixed Income holdings may be invested with any single issuer, and such holding may not exceed 5% of an Issuer’s outstanding debt.

Real Estate Related

- The real estate investments of the Fund may include REITS and other pooled Funds.

Other Investments

- Subject to approval of the Finance Committee and the Executive Committee of the Board of Trustees.

RESTRICTIONS AND PERFORMANCE

List of Restrictions

1. Managers of Starr Library endowment funds shall not include employees, Trustees, the Executive Committee or Friends of Starr Library, or their immediate families.
2. No investment is permitted by managers in their own securities or securities of their affiliates.

Performance Measurement

1. Measured and reviewed quarterly using various standard indices. Attention will be placed on measurement over 3 to 5 year periods with recognition of the prevailing investment environment.
2. Absolute rate of return will be compared with the investment objectives as defined above.
3. Relative rate of return:
 - Total portfolio rate of return compared with CPI as a measure of inflation.

FINANCE COMMITTEE RESPONSIBILITIES

1. Quarterly written reports to the Board on performance results.
2. Annual reports sharing investment results for the most recent 1 year, 3 years, and 5 years, and:
 - a. Any changes in investments
 - b. Investment outlook and strategy

THE STARR LIBRARY BOARD OF TRUSTEES RESPONSIBILITIES

1. The Board of Trustees will review and approve annually the Finance Committee's recommendations within the first quarter of the calendar year.
2. Review annually the endowment portfolio structure and results.
3. Annually, the Board of Trustees will review and accept or decline the amount available for distribution to each calendar year's operating budget.

Versions:

Presented to the Board of Trustees on January 17, 2005

Accepted by the Board of Trustees on March 21, 2005

Draft Revision Presented to Board of Trustees April 21, 2014

Passed by Board of Trustees May 19, 2014

Draft Revision Approved by Finance Committee February 2, 2024

Accepted by Board of Trustees February 22, 2024