INVESTMENT POLICY STATEMENT

RUTLAND FREE LIBRARY

Section I
Purpose and principles

The Board of Trustees (the "Board") of the nonprofit Rutland Free Library Association, Inc. (RFL) has a fiduciary responsibility to protect, grow, and prudently use RFL funds. The purpose of this Investment Policy Statement (IPS) is to establish authorized duties, investment objectives, offer investment guidelines, and establish a basis for measuring results.

This IPS pertains to funds that are under control of the Board in contrast to funds that RFL has a beneficiary interest in such as the Nella Grimm Fox Trust, which is managed by a third party selected by trustees of that fund.

RFL funds should be invested safely and productively at all times. Funds shall be invested with care and skill by making prudent decisions related to risk and return factors. These factors include investment type, portfolio diversification, liquidity, insurability, and fees.

Section II
Duties and responsibilities

The board fulfills its responsibility stated above by delegating to the Finance Committee chaired by the Board Treasurer. With regard to RFL investments the Finance Committee shall:

1. establish and evaluate investment goals.
2. report investment portfolio performance to the Board as directed.
3. make recommendations for Board approval regarding significant changes to the portfolio, withdrawals and distributions, or employment of outside investment advisors.
4. interact with appropriate RFL staff members to share information and to carry out Board directives.

Section III
Objectives and strategic framework

The main objective of RFL investment management is to achieve the highest rate of return (ROR) relative to the appropriate risk level necessary to protect RFL funds. The Finance Committee sets the goal and creates a plan to achieve it. In this effort it may rely on outside professional guidance including modeling the performance goals and strategies to achieve those goals used by the managers of the Nella Grimm Fox Trust. These ROR goals are typically linked to consistent benchmarks such as percentage points above an inflation index or a prime lending rate.

Section IV
Guidelines

Some investment guidelines are as follows:

- A specific investment plan with goals should be created and modified as needed by the Finance Committee based upon the objectives and strategic framework discussed in Section III and changing economic conditions.
- Insured investments such as FDIC bank deposits or securities covered by SPIC are preferred.
- RFL management should create procedures in consultation with the Finance Committee to maximize invested cash. Possible strategies include an ongoing analysis of cash required by normal operations or having a banking relationship in which cash is fully invested until it is withdrawn to cover disbursements.
- RFL professional investment managers should be requested to provide periodic reports and updates (quarterly is preferred) regarding RFL investment portfolios. This includes the investment managers of the Nella Grimm Fox Trust, which is currently Boston-based Bank of America. The RFL Treasurer, RFL Director, and Fiscal Officer should participate in these presentations. These periodic reports can provide excellent analysis and insights related to economic conditions and the related impact on investment factors such as risk, return, diversification, and portfolio allocations between debt and equity options.

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