

Investment Policy for Glen Ellyn Library Foundation

Adopted: November 14, 2018
Revised: November 2, 2022

Foundation Investment Policy Guidelines: Investment Objectives

All Funds of the GLEN ELLYN LIBRARY FOUNDATION (GELF) are held in trust as a public, non-profit (501c3), and the Board of Directors are the fiduciaries in the administration of these funds.

This Investment Policy is to provide guidelines for the prudent management of the GELF's investments and is intended to assist the GELF Board (the Board) in supervising and monitoring the Portfolio. A principal goal of this Policy is to ensure the creation and implementation of a sound long-term investment strategy. The Policy defines the GELF's investment objectives and the responsibilities of and standards applicable to those involved in the investment and management of the Portfolio.

This Policy is not intended to constitute a legally binding agreement between GELF and the Investment Managers and, if applicable, Investment Advisors for which a separate, written agreement would be created with such parties. This Policy is intended to be used as a guideline rather than a rigid statement of policy as situations with the organization and environment change over time.

The Glen Ellyn Library Foundation's Mission and Portfolio

The Foundation was established in 1998 as a public, non-profit under the laws of the State of Illinois and is governed by the Board. GELF has been recognized by the Internal Revenue Service as exempt from federal income tax under section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the "Code") and is classified as a public charity. GELF's mission is to ensure that future residents of Glen Ellyn enjoy high-quality library service in an attractive, state-of-the-art facility. In furtherance of its mission, GELF accepts donations and fundraises to grow an endowment portfolio that funds innovation and outreach.

Investment Objectives

The Organization's investment objectives are to safeguard the assets of GELF while providing growth to meet its objective of funding services and projects that are in alignment with the Library's mission. The specific investment objectives are set forth below:

Portfolio

The funds will be invested with the objective of growing the portfolio to seek an appropriate level of investment return commensurate with the Board's risk tolerance. More specifically, GELF's investment objectives and constraints for the Foundation include the following:

- **Preservation of Purchasing Power.** GELF aims to at least preserve the real purchasing power of its assets over time by seeking returns on its investments that are in excess of the spending rate (described below) and the rate of inflation.
- **Long-Term Growth.** GELF seeks to achieve growth in its assets in excess of inflation by emphasizing long-term investment fundamentals in structuring its investments.
- **Time Horizon.** GELF intends to invest for the long-term, with the total return on the Portfolio evaluated on a five-year rolling basis. It is recognized that not every five-year period will meet its objectives, but GELF aims to attain its objectives over a series of five-year periods. The Board will monitor shorter-term investment results and trends while focusing on long-term results.
- **Risk Tolerance.** GELF seeks to control risk and reduce the volatility in its Portfolio through diversification. However, short-term volatility is characteristic of the securities markets and will be tolerated if such volatility is consistent with the volatility of similar investment portfolios (such as the volatility of performance benchmarks, described below).
- **Liquidity Requirements.** GELF seeks to maintain adequate liquidity to meet its obligations, including planned expenditures.

Investment Advisor (if applicable)

Should an Investment Advisor be needed, they are responsible for:

- Monitoring the investment environment and regularly communicating with the Investment Committee concerning issues that may impact the Portfolio.
- Guiding the Investment Committee with respect to the strategic asset allocation.
- Setting and implementing any tactical strategy (establishing asset class ranges) that seeks to take advantage of market dislocations (*i.e.*, underweight/overweight specific sectors).
- Implementing rebalancing on a periodic basis or when otherwise appropriate.
- Monitoring, analyzing the performance of, and recommending performance benchmarks for each Investment Manager.

Attending meetings in person or by telephone conference with the Investment Committee and the Board as requested.

Restrictions on Investments

All purchases of securities must be for cash and there will be no short-term leveraged purchasing or margin transactions.

1. No short sales.
2. No investment in hedge funds or private equity funds or non-marketable securities.
3. Issuer concentration shall not exceed 10% within the investment portfolio of each investment manager.
4. Any investment that has the potential for generating unrelated business taxable income (UBTI) shall require prior approval of the Investment Committee (municipal bonds in general). Fixed Income securities will not be restricted to taxable only.
5. Derivative contracts will need approval from the Investment Committee before they are undertaken.

Guidelines on Prudent Investing **Spending Policy**

The Board is responsible for funding programs upon request from time to time on the recommendation of the Library Executive Director and Library Trustee Board.

Asset Allocation

The Investment Committee will establish in writing and chart format the GELF's asset allocation, including minimum and maximum allocations for each asset class in the Portfolio, and will review and, if necessary, modify it at least on annual basis, with recommendations from the Investment Advisor, should one be required. (See Exhibit A).

Rebalancing and Cash Flows

The Investment Committee and/or the Investment Advisor, as the case may be, should consider rebalancing at least once annually or more frequently, if necessary.

Performance

Performance benchmarks are used by the Investment Committee to properly measure and evaluate the success of the fund investments. The performance benchmarks selected by the Investment Committee should be representative of the GELF's long-term return objectives and risk tolerance and be calculated over the same time period as the returns on the Portfolio with which the performance benchmark is being compared. The performance of the Portfolio will be measured relative to appropriate and agreed upon investment benchmarks and overall Portfolio benchmark. These performance benchmarks are intended as targets only and are no guarantee or assurance of the performance of any investment or of GELF's portfolio.

Reporting and Oversight

The board-approved investment allocation guidelines are supervised by the Investment Committee. This committee is comprised of the president (as ex-officio), treasurer, plus one or two other board members. The Investment Committee will meet periodically to review the investments and their current allocation in relation to the approved asset-allocation targets. Revisions will occur when the investments are outside their targets and ranges. The Treasurer will execute the agreed upon transactions. These transactions will be reported at the next board meeting during the Financial Review update.

Revisions to the Policy Document

The Investment Committee will review this Policy periodically and recommend revisions to the Board for approval as needed. In conducting such review, the Investment Committee may consult with the Investment Advisor to ensure discussion of any relevant information that may bear on this Policy. The investment policy criteria has been established by the GELF Board and any changes, deletions, modifications, or additions to this Policy document are at the sole discretion of the GEFL Board.

EXHIBIT A

Asset Allocation*

Asset Class / Sub-Asset Class	Lower Limit	Target Allocation	Upper Limit
Investment Grade Fixed Income	20%	25%	30%
Other Fixed Income (Cash)	0%	5%	10%
US Equity	45%	50%	55%
(Large Cap)		30%	
(Small Cap)		20%	
Non-US Equity	10%	15%	20%
Developed Countries		10%	
Emerging Markets		5%	
Hedge Funds			
Private Equity			
Real Estate	0%	5%	10%

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