

INVESTMENT POLICY FOR THE RONALD J. YORK ENDOWMENT

I. Introduction

This document sets forth the general policies and investment guidelines to be followed by the Aldrich Public Library Board of Trustees and investment managers retained by the board in Administering the Aldrich PUBLIC LIBRARY RONALD J. YORK ENDOWMENT account (the “Fund”).

II. FUND PURPOSE

1. The fund should provide a reasonable and
2. generally consistent income stream that will fund
3. specific library needs as determined by the Board of Trustees
4. All withdrawals from the Ronald J. York Endowment will be determined and authorized by the Aldrich Public Library Board of Trustees.

III. SOURCE OF FUNDS

This endowment account was made possible by the wonderful generosity of the late Ron York. Ron was a longtime business owner in the area and a devoted supporter of the community.

Guidelines for Cash Equivalents

IV. BOARD OF TRUSTEES RESPONSIBILITY AUTHORITY

1. Investment oversight for the Fund will be retained by the Aldrich Public Library’s Board of Trustees.
2. The Board of Trustees believes it can best discharge its responsibilities by:
 - a. Defining investment objectives and goals.
 - b. Hiring competent outside investment management (the Investment Manager”).
 - c. Setting investment guidelines and monitoring the investment manager’s compliance with these guidelines
 - d. Periodically reviewing the investment manager’s performance
3. The Board of Trustees will not make specific investment decisions, this being the responsibility of the investment manager
4. The Board of Trustees shall set the broad investment allocation guidelines and endowment distribution policy

V. INVESTMENT MANAGER

1. The Investment Manager will be appointed by the Board of Trustees
2. The library’s primary point of contact for all investment account matters shall have a place of business in Vermont.
3. The appointed investment manager may operate in a discretionary or non-discretionary manner depending on the agreement between the Board of Trustees and the appointed manager.
4. Whether operating in a discretionary or non-discretionary manner, all transactions must meet the objectives and guidelines of this investment policy.

VI. INVESTMENT OBJECTIVES AND GOALS

INVESTMENT POLICY FOR THE RONALD J. YORK ENDOWMENT

1. The Fund seeks current income and long term growth of principle to provide dependable and reasonable long term source of funds for the Aldrich Public Library consistent with moderate investment risk.
2. Ambitious goals of profit maximization and market timing through short-term and / or speculative investments will not be considered.
3. Investment managers retained will be given the flexibility within the guidelines of the Investment Policy to use their expertise toward the achievement of investment goals.
4. Given the tax free status of the Aldrich Public Library, tax consideration do not play a role in the Fund's investment strategy.

VII. Asset Allocation Guideline

1. To attain the stated investment goals, a Balanced Portfolio will be used for the Fund with the following ranges

Equities 40% -60%
Fixed Income 40% - 60 %
Cash/Cash Equivalents 0% -10%

2. The investment manager may deviate from these ranges with the prior approval of the Board of Trustees.

VIII. Guidelines for Cash Equivalents

1. Short-term investments shall consist of U.S. Government obligations, U.S. Agency and Corporate issues rated A or better with a maturity of one year or less.
2. A money market of comparable investment may also be used.

IX. Guidelines for Fixed Income Investments

1. Account assets may be invested only in investment grade bonds rated A (or equivalent or better by a major credit rating agency).
2. Fixed income maturities restrictions are as follows:

Maximum maturity for any single security is 25 years.

3. Maximum ownership in any one issue, exclusive of U.S. Government obligations shall be 10% of the fixed income portfolio at par value.
4. Exchange Traded Funds (ETF's and mutual funds may also be used the Funds fixed income portfolio.

X. Equity Guidelines

1. Diversification:

- a. Investment in any one company will not exceed 5% of the market value of the total equity portfolio.
- b. Investments in individual sectors will not exceed 15% of the market value of the market value of the total equity portfolio.

INVESTMENT POLICY FOR THE RONALD J. YORK ENDOWMENT

- c. While it is expected that most equities will be income producing, use of non-income producing equities will be permitted as long as the overall income level of the Fund meets the requirements established in the Investment Goals.

XI Mutual Funds and Exchange Traded Funds

1. Mutual funds and exchange traded funds will be permitted, especially to provide diversification in such areas as small to mid-size companies or international equities. Mutual funds and exchange traded funds may be either equity, equity related, or fixed income investments

Prohibited Investments

- a. Investments in the following are prohibited without the prior written approval of the Committee:
 - b. Fixed income securities that are not denominated in the U.S. dollars.
Commodities, Precious Metals or Gems, and international equities not traded on domestic exchanges or in over-counter markets.
 - c. Private Placements.
2. The Board of Trustees may also prohibit other investments that do not coincide with the Aldrich Public Library's principles and values. Investments prohibited by the Board of Trustees shall be communicated in writing to the Investment Manager.

XIII. Prohibited Transactions.

1. Short Selling
2. Margin Transactions

Performance Measurement

1. The Investment Manager will report to the Board of Trustees annually on the Fund's performance. Such reports will compare the Fund's performance to the performance of the most appropriate indices on a year-to-date, one, three, five-year, and since inception basis.
2. The investment manager will provide monthly account statements to designated personnel as directed by the Board of Trustees.
3. Should the Investment Manager determine that the investment objectives cannot be met, or the guidelines constrict reasonable performance, the manager will promptly notify the Board of Trustees in writing setting forth the areas believed to limit the
4. Attainment of objectives

XV. Review Process

1. The Investment Manager will meet with the Board of Trustees or designated board members a minimum of once a year to review investment performance and compliance with this investment policy.
2. More frequent meetings may be scheduled at the discretion of either the Board of Trustees or the Investment Manager.

**INVESTMENT POLICY FOR THE
RONALD J. YORK ENDOWMENT**

XVI. Contributions

1. Contributions to the Fund of investment assets shall not be subject to or considered a part of the above investment policies until such time as such the investment assets are free of restrictions or other encumbrances restricting the sale or transfer, for example, restricted stock.

XVII. Investment Policy Adoption and Review

1. The investment policy shall be adopted by the Board of Trustees. The policy shall be reviewed every three years or as determined necessary by the Board of Trustees. Any changes to the investment policy must be approved by the Board of Trustees.