

**ORANGE COUNTY LIBRARY DISTRICT
INVESTMENT POLICY STATEMENT
Special Funds
February 2016**

1. INTRODUCTION

This Special Funds Investment Policy Statement was created to cover the investment of special funds such as cash gifts, charitable contributions, donor designated gifts, and other such monies received outside the scope of the funds received by the Library District in its' regular conduct of operations.

The purpose of this Investment Policy Statement (IPS) is to establish Plan Administrators, a prudence standard, investment objectives, authorized investments, investment guidelines, and annual reporting for the investment of Special Funds.

It is the intent of this IPS to be both sufficiently specific to be meaningful and also flexible enough to be practical.

The Board of Trustees of the Orange County Library District (District) previously approved separate investment policies for each of the following:

- General Investments (approved April 2008)
- Defined Benefit Pension Plan Investments (July 2007)
- Other Post Employment Benefit Investments (September 2010)

Florida Statute 218.415 governs the investment of public funds with the exception of pensions and other post employment benefits. The Statute, which mandates the adoption of an investment policy, states such policies shall be structured to place the highest priority on the safety of principal and liquidity of funds and the optimization of investment return shall be a secondary consideration. The District's General Investment Policy references safety of principal as the most important objective for general investment activities.

In order to provide flexibility to achieve results consistent with the stipulations of donors, this IPS has the objective of a reasonable rate of return as a priority. The corpus will be invested in equity and fixed income securities. Thus while Florida Statute 218.415 focuses on safety of principal, the investments of these funds in equity and fixed income securities will subject them to market volatility, including declines.

2. PLAN ADMINISTRATORS

The Plan Administrators for this IPS shall be the same persons as those designated for the District's Defined Benefit Pension Plan. Central duties of the Administrators are to direct the investments, monitor investment results and take appropriate action if investment policies articulated in this IPS are not being followed.

3. PRUDENCE STANDARD

The standard of prudence to be applied by all Library staff making investment decisions shall be the "Prudent Person" rule, which is outlined in Florida Statute 218.45 (4) and states: "Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income derived. "The Prudent Person" rule shall be applied in the context of managing the overall investment portfolio.

4. INVESTMENT OBJECTIVES

The investments shall be allocated in a manner to provide a long term investment return at least equal to that stipulated by the donor of the Special Funds. If the donor does not stipulate a target return, staff will determine an appropriate investment return objective. Safety of principal is also an objective.

5. AUTHORIZED INVESTMENTS

Authorized investments include the following asset classes and investment vehicles:

- (a) Cash and cash equivalents, including money market accounts
- (b) Mutual funds
- (c) Exchange traded funds (ETF)
- (d) Commingled funds
- (e) Separate accounts
- (f) Domestic and foreign equity securities
- (g) Federal, state and local government fixed income securities
- (h) Corporate bonds and other fixed income securities
- (i) Real estate investment trusts (REIT)

(j) Stable value funds

6. INVESTMENT GUIDELINES

The following asset allocation guidelines (current market value) have been established for each donation of Special Funds.

<u>Asset Class</u>	<u>Guideline</u>	<u>Range</u>	
		<u>Low</u>	<u>High</u>
Domestic and foreign equity securities	60%	40%	80%
Fixed income & cash securities	40%	20%	60%

7. REPORTING

The Administrators shall provide an annual investment report to the Library Board of Trustees showing the amounts and types of investments held during the year.

Signature: _____ Date: _____
Administrator

Signature: _____ Date: _____
Administrator

Signature: _____ Date: _____
Administrator