

PROPOSED AGENDA
LAS VEGAS-CLARK COUNTY LIBRARY DISTRICT FOUNDATION

Finance and Audit Committee

June 12, 2019

DATE: June 12, 2019
TIME: 3:00 p.m.
PLACE: Windmill Library
7060 W. Windmill
Las Vegas, NV 89113

Conference Call

- I. Roll Call
- II. Public Comment

Topics raised under this item must be limited to matters on today's agenda. Persons wishing to speak in public comment must sign in on the sign-in sheet before this item is addressed. The public comment period at Library Foundation board committee meetings shall be limited to a maximum of forty-five (45) minutes for both periods of public comment. Remarks by speakers during the public comment period shall be limited to three (3) minutes, each. A speaker may not transfer time to another speaker; although, the chair has the authority to grant additional time to a speaker. When more than fifteen (15) people wish to comment, the chair shall proportionately reduce the time allotted to the forty-five minute maximum.

- III. Committee action to accept Proposed Agenda
- IV. Committee discussion and action on Foundation Investment Policy
- V. Announcements
- VI. Public Comment

Topics raised under this item cannot be acted upon until the notice provisions of the open meeting law have been met. Persons wishing to speak in public comment must sign in on the sign-in sheet before this item is addressed.

- VII. Adjournment

NOTE: AT ANY TIME, ANY ITEM ON THIS AGENDA MAY BE TAKEN OUT OF ORDER, COMBINED WITH ONE OR MORE OTHER ITEMS ON THE AGENDA OR

REMOVED FROM THE AGENDA, EITHER AT THE DISCRETION OF THE CHAIR OR BY VOTE OF THE BOARD.

NOTE: REASONABLE EFFORTS WILL BE MADE TO ASSIST AND ACCOMMODATE PERSONS WITH PHYSICAL DISABILITIES DESIRING TO ATTEND THE MEETING. PLEASE CALL SHERRY WALKER AT (702) 507-6183 SO THAT ARRANGEMENTS FOR ATTENDANCE MAY BE MADE.

NOTE: PLEASE CONTACT SHERRY WALKER AT (702) 507-6183 OR walkers@lvccld.org TO REQUEST THE SUPPORTING MATERIAL FOR THIS MEETING. SUPPORTING MATERIAL WILL BE MADE AVAILABLE AT THE MEETING LOCATION ON THE DAY OF THE MEETING AFTER 3:00 P.M.

Pursuant to NRS 241.020, written notice of the meeting of the Las Vegas-Clark County Library District Foundation Board of Directors was given on Friday, June 7, 2019, at least three (3) working days before the meeting, including in the notice the time, place, location and agenda of the meeting:

- A. By delivering a copy of the notice to each Foundation Board Member;
- B. By posting a copy of the notice at the principal office of the Foundation, or if there is no principal office, at the building in which the meeting is to be held, and at least three other separate, prominent places within the jurisdiction of the Foundation, to wit:
 1. Clark County Library
1401 E. Flamingo Road
Las Vegas, NV 89119
 2. Enterprise Library
25 E. Shelbourne Ave.
Las Vegas, NV 89123
 3. West Charleston Library
6301 W. Charleston Boulevard
Las Vegas, NV 89146
 4. Windmill Library
7060 W. Windmill Lane
Las Vegas, NV 89113
 5. Las Vegas-Clark County Library District Foundation website
www.lvccldfoundation.org
 6. Nevada Public Notice Website: <https://notice.nv.gov/>
- C. By mailing a copy of the notice to each person, if any, who has requested notice of the meetings of the Las Vegas-Clark County Library District Foundation Board of Directors in the same manner in which notice is requested to be mailed to a member of the Library Board of Directors.

Las Vegas-Clark County Library District Foundation

Investment Policy

PURPOSE

The purpose of this Investment Policy is to establish investment objectives, policies, guidelines and eligible securities related to ~~all investment~~ assets held by Las Vegas-Clark County Library District Foundation ("Foundation"), ~~primarily for investment purposes.~~

OBJECTIVE

The overall investment objective of the Foundation is to ~~minimize risk and expenses while~~ maximize the return on the invested assets ~~while minimizing risk and expenses.~~ This ~~may be accomplished is done~~ through prudent investing and planning, as well as through the maintenance of a diversified portfolio. For the purposes of managing investment risk, ~~and to optimize investment returns within acceptable risk parameters~~ the following funds will be ~~designated:~~ ~~created and held as separate investment pools.~~

- 1) ~~—"Operating Fund"~~
- 2) ~~—"Investment Reserve Fund"~~
- ~~—"Endowment Fund"~~

GENERAL PROVISIONS

- 1) ~~All transactions shall be the sole benefit of the Foundation.~~
- 2) ~~The Board of Directors shall review consider updating the Foundation's Investment Policy, at a minimum, on an annual basis. The Board of Directors may commence a review the Investment Policy at any time.~~
~~The Board of Directors shall conduct an annual review of the Foundation's investment assets to verify the existence and marketability of the underlying assets or satisfy themselves that such a review has been conducted in connection with an independent audit of the Foundation's financial statements.~~
- 3) ~~Any investment that is not expressly permitted under this Policy must be formally reviewed and approved by the Board of Directors.~~
- 4) ~~The Board of Directors will endeavor to operate or the Foundation's investment program in compliance with all applicable state, federal and local laws and regulations concerning management of investment assets.~~
- 5) ~~Investments shall be diversified with a view to minimizing risk.~~

DELEGATION OF RESPONSIBILITIES

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The Board of Directors has a direct oversight role regarding all decisions that impact Las Vegas- Clark County Library District Foundation's investment assets.

The Board of Directors may delegate authority over the Foundation's investments to a properly formed and constituted Finance Committee, being a Board Committee comprised only of directors.

The Board of Directors or Finance Committee may hire outside experts as investment consultants or investment managers.

The Board of Directors may also establish an advisory committee (which may include non- directors) to provide investment advice to the Board of Directors or the Finance Committee. Advisory committees have no authority to act for the Board of Directors, but may monitor compliance with the investment policy, recommend changes, and assist the Board of Directors or Finance Committee in selecting and retaining Investment Managers to execute this Investment Policy.

RESPONSIBILITIES OF THE BOARD

The Board of Directors, or if authority is delegated, the Finance Committee, is charged with the responsibility of ~~oversight of the management~~ing of the investment assets of the Foundation. The specific responsibilities of the Board of Directors or the Finance Committee, as applicable, include:

- 1) ~~Communicating the Foundation's financial needs to the Investment Manager(s) on a timely basis.~~
- 2) Determining the Foundation's risk tolerance and investment horizon and communicating these to the appropriate parties.
- 3) Establishing reasonable and consistent investment objectives ~~and~~ policy guidelines ~~and~~ allocations which will direct the investment of the assets, to be reviewed by the Board on an annual basis.
- 4) Prudently and diligently selecting one or more qualified investment professionals, including investment manager(s), investment consultant(s), and custodian(s).
~~Regularly evaluating the performance of investment manager(s) to assure adherence to policy guidelines and to monitor investment objective progress.~~
- 5) Developing and enacting proper control procedures (i.e. replacing investment manager(s) due to fundamental change in the investment management process, or for failure to comply with established guidelines.

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RESPONSIBILITIES OF MANAGEMENT

Management shall be responsible for the day-to-day administration and implementation of policies established by the Board of Directors and/or the Finance Committee concerning the management of investment assets. Management shall also be the primary liaison between any investment

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consultants and/or other outside professionals that may be retained to assist in the management of such funds. Specifically, management shall:

- 1) Oversee the day-to-day operational investment activities of all investment assets subject to policies established by the Board of Directors and/or the Finance Committee.
- 2) Contract with any necessary outside service providers, such as: investment consultants, investment managers, banks, and/or trust companies and/or any other necessary outside professionals as selected by the Board of Directors and/or the Finance Committee.
- 3) Ensure that the service providers adhere to the terms and conditions of their contracts; have no material conflicts of interests with the interests of Las Vegas-Clark County Library District Foundation; and, performance monitoring systems are sufficient to provide the Finance Committee with timely, accurate and useful information
- 4) Regularly meet with any outside service providers to evaluate and asset compliance with investment guidelines, performance, outlook and investment strategies ~~;- monitor asset allocation and rebalance assets, as directed by the Finance Committee and in accordance with approved asset allocation policies, among asset classes and investment styles;~~ and tend to all other matters deemed to be consistent with due diligence with respect to prudent management of the investment institutional funds.
- 5) Regularly evaluate the performance of investment manager(s) to assure adherence to policy guidelines and to monitor investment objective progress.
- 6) Comply with official accounting and auditing guidelines regarding due diligence and ongoing monitoring of investments ~~;- especially alternative investments.~~
- 7) Prepare and issue periodic status reports to the Board of Directors and the Finance Committee.

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INVESTMENT CONSIDERATIONS

~~All individuals responsible for managing and investing Las Vegas Clark County Library District Foundation's investment assets must do so in good faith and with the care that an ordinarily prudent person in a like position would exercise under similar circumstances. In making any decision relative to the expenditure of investment assets, each of the following factors must be considered, and properly documented, in the minutes or other records of the applicable decision making body:~~

- ~~— General economic conditions;~~
- ~~— Possible effect of inflation or deflation;~~
- ~~— Expected tax consequences, if any, of investment decisions or strategies;~~
- ~~— The role that each investment or course of action plays within the overall investment portfolio of the fund;~~
- ~~— Expected total return from the income and appreciation of investment;~~
- ~~— The needs of the Foundation and the fund to make distributions and preserve capital; and,~~
- ~~— An asset's special relationship or special value, if any, to the Foundation's purposes~~

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GUIDELINES FOR INVESTING

Operating Fund

The purpose of the Operating Fund is to provide sufficient cash to meet the day-to-day financial obligations of Las Vegas-Clark County Library District Foundation in a timely manner.

The maturities on investments for the Operating Fund shall be 12 months or less.

Investment of the assets of the Operating Fund shall generally be in accordance with the following guidelines:

<u>Investment Horizon</u>	<u>Considerations</u>	<u>Approved Investments</u>
<u>0-1 Year</u>	<ul style="list-style-type: none"> - <u>Minimize exposure to market risk</u> - <u>Liquidity</u> 	<ul style="list-style-type: none"> - <u>Interest bearing Savings Account</u> - <u>Certificates of Deposit at insured commercial banking organizations</u> - <u>Money Market Funds;</u> - <u>Interest bearing checking accounts;</u> - <u>Direct obligations of the U.S. Government, its agencies and instrumentalities.</u>

The investment objectives of the Operating Fund are:

- Preservation of Capital;
- Liquidity; and
- To optimize the investment return within the constraints above.

The President and Treasurer, if authorized by the Board of Directors, will invest the Operating Fund as follows:

- Interest bearing Savings Account;
- Certificates of Deposit at insured commercial banking organizations;
- Money Market Funds;
- Interest bearing checking accounts;
- Direct obligations of the U.S. Government, its agencies and instrumentalities.

~~The maturities on investments for the Operating Fund shall be 12 months or less.~~

The President or his/her designee shall prepare the following reports for presentation on at least a quarterly basis to the Board of Directors:

- Schedule of investments; and

~~Interest income year to date.~~

Reserve Fund

The purpose of the Reserve Fund is to provide secure funding for the mission of ~~Las Vegas Clark County Library District~~ the Foundation. The assets of the Reserve Fund shall be managed in such a way as to facilitate the Foundation's goals and objectives as outlined by the Board of Directors. Expenditure of the principal is board designated unless otherwise designated by the donor(s) in part or in whole. ~~Also, to the discretion of~~ the Board of Directors ~~may authorize~~, up to 100% of the ~~principal and~~ yearly total return of the Reserve Fund may be utilized for funding the mission of the Foundation program and agency expenses unless otherwise restricted, ~~for specific purposes by the donor(s).~~

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~~The Board of Directors and the Finance Committee are responsible for the establishment of a balanced Reserve Fund spending policy to: (a) ensure that over the medium to long term, sufficient investment return shall be retained to preserve and grow its economic value as a first priority; and, (b) to provide funds for the annual operating budget in an amount which is not subject to large fluctuations from year to year to the extent possible.~~

~~Each year, the Foundation is authorized to withdraw up to 5% of the total market value of the insurance premium reserve investment account (market value to be determined as of the last business day of the preceding year) for the Foundation's operating purposes. The spending percentage is applied to the three year average of the December market value. Using a three year market value average will help to even out any fluctuations that may occur in the value of the account. The dollar amount and timing of any distribution(s) from the investment account will be left up to the discretion of the President and the Treasurer.~~

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~~In order to meet its needs, the investment strategy for the Reserve Fund is to emphasize total return; that is, the aggregate return from capital appreciation and dividend and interest income.~~

~~Specifically,~~ the primary objectives in the investment management of the Reserve Fund shall be:

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~~1) Preservation of capital purchasing power – To achieve returns in excess of rate of inflation plus spending over the investment time horizon in order to preserve purchasing power of the investment agency and Trust assets. Risk control is an important element in the investment of Trust assets; and~~

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~~2) Long-term growth of capital – To emphasize the long-term growth of principal while avoiding excess risk. Short-term volatility consistent with the volatility of a comparable market index is anticipated, though management should strive to contain it.~~

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~~Preservation of purchasing power – To achieve returns in excess of rate of inflation plus spending over the investment time horizon in order to preserve purchasing power of agency and Trust assets. Risk control is an important element in the investment of Trust assets.~~

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~~The investment goal of the Reserve Fund assets is to realize a total return (income and appreciation) in excess of the rate of inflation, as measured by the Consumer Price Index.~~

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Investment ~~management~~ of the assets of the Reserve Fund shall generally be in accordance with the following guidelines:

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Investment Horizon	Considerations	Approved Investments
<u>0-1 Year</u>	<ul style="list-style-type: none"> - <u>Minimize exposure to market risk</u> - <u>Liquidity</u> 	<ul style="list-style-type: none"> - <u>Interest bearing Savings Account</u> - <u>Certificates of Deposit at insured commercial banking organizations</u> - <u>Money Market Funds:</u> - <u>Interest bearing checking accounts;</u> - <u>Direct obligations of the U.S. Government, its agencies and instrumentalities.</u>
<u>2 – 5 Years</u>	<ul style="list-style-type: none"> - <u>Minimize exposure to market risk</u> - <u>Preservation of Capital</u> - <u>Liquidity</u> 	<ul style="list-style-type: none"> - <u>Certificates of Deposit at insured commercial banking organizations</u> - <u>Money Market Funds:</u> - <u>Direct obligations of the U.S. Government, its agencies and instrumentalities.</u>
<u>5 + Years</u>	<ul style="list-style-type: none"> - <u>Long-term Growth of Capital</u> - <u>Preservation of Capital</u> 	<ul style="list-style-type: none"> - <u>Certificates of Deposit at insured commercial banking organizations</u> - <u>Long Term Treasury Funds</u> - <u>Long term Bond Index Funds</u> - <u>Total Bond Market Index Funds</u> - <u>S&P 500 Index</u> - <u>Total Stock Market Index Funds</u> - <u>Total World Stock Index Funds</u>

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investment asset classes:

— **Equities:** Allowable Range— Minimum 20%; Maximum 60% of total assets

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- ~~Fixed Income: Allowable Range— Minimum 30%; Maximum 70% of total assets~~
- ~~Cash Equivalents: Allowable Range— Minimum 0%; Maximum 20% of total assets~~

~~The Finance Committee will meet annually to monitor and reevaluate investment allocation in reference to the Reserve Fund Asset classes.~~

~~The Reserve Fund requires that all investment assets be invested in marketable securities, defined as securities that can be traded quickly and efficiently for the Reserve Fund, with minimal impact on market price.~~

- ~~Cash Equivalents~~
 - ~~Treasury Bills~~
 - ~~Money Market Funds~~
 - ~~Certificates of Deposit~~
- ~~Fixed Income Securities~~
 - ~~U.S. Government and Agency Securities~~
 - ~~Corporate Notes and Bonds (investment grade, at least BBB)~~
 - ~~Mortgage backed Bonds~~
 - ~~Preferred Stock~~
- ~~Equity Securities~~
 - ~~Common Stocks~~
 - ~~Convertible Notes and Bonds~~
 - ~~Convertible Preferred Stocks~~

Prohibited equity investments include: initial public offerings, restricted securities, private placements, derivatives, options, futures and margined transactions.

~~The *Exceptions to the prohibited investment policy may be made only when assets are invested in a Mutual Fund(s) that periodically utilizes prohibited strategies to mitigate risk and enhance return.*~~

Reserve Fund will be evaluated at least ~~annually~~quarterly on a total return basis. The evaluation will be based on the stated investment goals. ~~Comparison will show results for the year to date.~~The report will be prepared by the Treasurer and will be presented to the Finance Committee at least ~~annually~~quarterly. ~~The Finance Committee will present a report to the Board of Directors at least annually.~~

Endowment Fund

~~The purpose of the Endowment Fund is to provide permanent funding for the mission of Las Vegas Clark County Library District Foundation. The assets of the Endowment shall be managed in such a way as to facilitate the Foundation's goals and objectives as outlined by the Board of Directors. The principal is permanent and irrevocable; thus it can never be spent. At the discretion of the Board of Directors, up to 100% of the yearly total return may be utilized for program and agency expenses unless restricted for specific purposes by the donor(s).~~

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In order to meet its needs, the investment strategy of the Endowment Fund is to emphasize total return; that is, the aggregate return from capital appreciation and dividend and interest income.

Specifically, the primary objective in the investment management of the Endowment Fund shall be:

~~Long term growth of capital—To emphasize the long term growth of principal while avoiding excess risk. Short term volatility consistent with the volatility of a comparable market index is anticipated, though management should strive to contain it.~~

~~Preservation of purchasing power—To achieve returns in excess of rate of inflation plus spending over the investment time horizon in order to preserve purchasing power of agency and Trust assets. Risk control is an important element in the investment of Trust assets.~~

~~Over the investment time horizon established it is the goal of the Endowment Fund assets to realize a total return in excess of the rate of inflation, as measured by the Consumer Price Index.~~

~~The goal of the investment manager shall be to meet or exceed the market index selected and agreed upon the Finance Committee that most closely corresponds to the general principles stated above.~~

~~Investment management of the assets of the Endowment Fund shall be in accordance with the following investment asset classes:~~

- ~~—Equities: Allowable Range—Minimum 20%; Maximum 60% of total assets~~
- ~~—Fixed Income: Allowable Range—Minimum 30%; Maximum 70% of total assets~~
- ~~—Cash Equivalents: Allowable Range—Minimum 0%; Maximum 20% of total assets~~

~~The Finance Committee will meet annually to monitor and reevaluate investment allocation in reference to the Endowment Fund Asset classes.~~

~~The Reserve Fund requires that all investment assets be invested in marketable securities, defined as securities that can be traded quickly and efficiently for the Reserve Fund, with minimal impact on market price.~~

- ~~—Cash Equivalents
 - ~~○ Treasury Bills~~
 - ~~○ Money Market Funds~~
 - ~~○ Certificates of Deposit~~~~
- ~~—Fixed Income Securities
 - ~~○ U.S. Government and Agency Securities~~
 - ~~○ Corporate Notes and Bonds (investment grade, at least BBB)~~
 - ~~○ Mortgage backed Bonds~~
 - ~~○ Preferred Stock~~~~
- ~~—Equity Securities
 - ~~○ Common Stocks~~
 - ~~○ Convertible Notes and Bonds~~
 - ~~○ Convertible Preferred Stocks~~~~

~~Prohibited equity investments include: initial public offerings, restricted securities, private placements, derivatives, options, futures and margined transactions.~~

~~Exceptions to the prohibited investment policy may be made only when assets are invested in a Mutual Fund(s) that periodically utilizes prohibited strategies to mitigate risk and enhance return.~~

~~To ensure marketability and liquidity, equity investments shall be executed through nationally recognized exchanges such as the New York Stock Exchange, American Stock Exchange and NASDAQ.~~

~~The Endowment Fund will be evaluated at least quarterly on a total return basis. The evaluation will be based on stated investment goals. Comparisons will show results for the year to date. The report will be prepared by the Treasurer and will be presented to the Finance Committee at least quarterly.~~

It will be the responsibility of the Finance Committee of the Board of Directors to regularly review the performance of the investment accounts and the investment policy guidelines, and report to the Board of Directors at least yearly with updates and recommendations as needed.

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DONOR RESTRICTIONS

In all instances, donor intent shall be respected when decisions are rendered concerning the investment or expenditure of donor restricted funds. If a donor, in the gift instrument, has directed that appreciation not be spent, ~~Las Vegas Clark County Library District the~~ Foundation shall comply with that directive and consider it when making decisions regarding the management and investment of the fund. Any attempt to lift restrictions on any fund shall be conducted in full compliance with the law.

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Las Vegas-Clark County Library District Foundation

Investment Policy

PURPOSE

The excess funds (“Operating Funds”), restricted funds (“Reserve Funds” and funds from endowments (“Endowment Funds”) (collectively “Funds”) will be managed and governed in accordance with the Las Vegas-Clark County Library District Foundation (“Foundation”) procedures designed to safeguard the assets of the Foundation and ensure compliance with any Governmental Authority as well as align with the Foundation’s mission as 501c3 entity serving Clark County. The purpose of this Investment Policy statement is to provide both the structure and flexibility necessary to invest the Foundation’s Funds in a safe, timely and appropriate manner through is to the establishment of investment objectives, policies, guidelines and eligible securities investments related to all assets held by Las Vegas Clark County Library District Foundation (“Foundation”), primarily for investment purposes.

OBJECTIVE

The overall investment objectives of the Foundation in order of importance shall be:

Safety of Principal

Investment shall be undertaken in a manner that ensures the preservation of capital in the overall portfolio. Safety is defined as the certainty of receiving full value plus accrued interest at maturity.

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Maintenance of Liquidity

The ability of the Foundation to quickly convert assets into cash based on the requirements of each respective pool of Funds without significant risk of loss of principal or penalty.

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To Obtain the Best Available Return

A key objective is to generate favorable yields and total returns that may further support in the Foundation’s current and future ability to serve Clark County and the Clark County Library District.

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is to maximize the return on the invested assets while minimizing risk and expenses. This is done through prudent investing and planning, as well as through the maintenance of a diversified portfolio.

For the purposes of managing investment risk, liquidity and to optimize investment returns within acceptable risk parameters the following funds will be created and held as separate investment pools:

- “Operating Fund”
- “Reserve Fund”
- “Endowment Fund”

GENERAL PROVISIONS

All transactions shall be the sole benefit of the Foundation.

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The Board of Directors shall consider updating the Foundation’s Investment Policy on an annual basis.

The Board of Directors shall conduct an annual review of the Foundation’s investment assets to verify the existence and marketability of the underlying assets or satisfy themselves that such a review has been conducted in connection with an independent audit of the Foundation’s financial statements.

~~Any investment that is not expressly permitted under this Policy must be formally reviewed and approved by the Board of Directors.~~

The Board of Directors will endeavor to ~~operator~~ operate the Foundation’s investment program in compliance with all applicable state, federal and local laws and regulations concerning management of investment assets.

~~Investments shall be diversified with a view to minimizing risk.~~

DELEGATION OF RESPONSIBILITIES

The Board of Directors has a direct oversight role regarding all decisions that impact Las Vegas-Clark County Library District Foundation’s investment assets.

The Board of Directors may delegate authority over the Foundation’s investments to a properly formed and constituted Finance Committee, being a Board Committee comprised only of directors.

The Board of Directors or Finance Committee may hire outside experts as investment consultants or investment managers.

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The Board of Directors may also establish an advisory committee (which may include non- directors) to provide investment advice to the Board of Directors or the Finance Committee. Advisory committees have no authority to act for the Board of Directors, but may monitor compliance with the investment policy, recommend changes, and assist the Board of Directors or Finance Committee in selecting and retaining Investment Managers to execute this Investment Policy.

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RESPONSIBILITIES OF THE BOARD

The Board of Directors, or if authority is delegated, the Finance Committee, is charged with the responsibility of managing the investment assets of the Foundation. The specific responsibilities of the Board of Directors or the Finance Committee, as applicable, include:

— Communicating the Foundation’s financial needs to the Investment Manager(s) on a timely basis.

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Determining the Foundation’s risk tolerance and investment horizon and communicating these to the appropriate parties.

Establishing reasonable and consistent investment objectives, policy guidelines and allocations which will direct the investment of the assets, to be reviewed by the Board on an annual basis.

Prudently and diligently the Board may select one or more qualified investment professional, including investment manager(s), investment consultant(s), and custodian(s) if deemed necessary by the Board.

Regularly evaluating the performance of investment manager(s) to assure adherence to policy guidelines and to monitor investment objective progress.

Developing and enacting proper control procedures (i.e. replacing investment manager(s) due to fundamental change in the investment management process, or for failure to comply with established guidelines.

RESPONSIBILITIES OF MANAGEMENT

Management shall be responsible for the day-to-day administration and implementation of policies established by the Board of Directors and/or the Finance Committee concerning the management of investment assets. Management shall also be the primary liaison between any investment consultants and/or other outside professionals that may be retained to asset-assist in the management of such funds. Specifically, management shall:

Commented [j3]: Not defined

Oversee the day-to-day operational investment activities of all investment assets subject to policies established by the Board of Directors and/or the Finance Committee.

Contract with any necessary outside service providers, such as: investment consultants, investment managers, banks, and/or trust companies and/or any other necessary outside professionals.

Ensure that the service providers adhere to the terms and conditions of their contracts; have no material conflicts of interests with the interests of Las Vegas-Clark County Library District Foundation; and, performance monitoring systems are sufficient to provide the Finance Committee with timely, accurate and useful information.

Regularly meet with any outside service providers to evaluate ~~and~~ asset compliance with investment guidelines, performance, outlook and investment strategies; monitor asset allocation and rebalance assets, as directed by the Finance Committee and in accordance with approved asset allocation policies, among asset classes and investment styles; and tend to all other matters deemed to be consistent with due diligence with respect to prudent management of institutional funds.

Comply with official accounting and auditing guidelines regarding due diligence and ongoing monitoring of investments, especially alternative investments. Prepare and issue periodic status reports to the Board of Directors and the Finance Committee.

INVESTMENT CONSIDERATIONS

All individuals responsible for managing and investing Las Vegas-Clark County Library District Foundation's investment assets must do so in good faith and with the care that an ordinarily prudent person in a like position would exercise under similar circumstances. In making any decision relative

to the expenditure of investment assets, each of the following factors must be considered, and properly documented, in the minutes or other records of the applicable decision-making body:

- General economic conditions;
- Possible effect of inflation or deflation;
- Expected tax consequences, if any, of investment decisions or strategies;
- The role that each investment or course of action plays within the overall investment portfolio of the fund;
- Expected total return ~~from the income and appreciation~~ of investment;
- The needs of the Foundation and the fund to make distributions and preserve capital; and,
- An asset's special relationship or special value, if any, to the Foundation's purposes

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GUIDELINES FOR INVESTING

Operating Fund

The ~~purpose of the Operating Fund is to provide sufficient~~ cash ~~required~~ to meet the day-to-day financial obligations of ~~Las Vegas Clark County Library District~~ the Foundation ~~in a timely manner~~.

The investment objectives of the Operating Fund are:

- Preservation of ~~Capital~~capital;
- Liquidity; and
- To optimize the investment return ~~while avoiding meaningful risk within the constraints above~~.

The President and Treasurer, if authorized by the Board of Directors, will invest the Operating Fund as follows:

- Interest bearing ~~Savings-savings Account~~account;
- ~~Interest bearing checking accounts;~~
- ~~Certificates of Deposit, bankers acceptances, notes of time deposits issued by any domestic commercial bank with a rating of at least A- by Standard & Poor's, Fitch or equivalent rating by Moody's at insured commercial banking organizations;~~
- ~~Direct obligations of the U.S. Government, (U.S. Treasury Bills, Notes and Bonds), or obligations which are fully guaranteed by the same;~~
- ~~Direct obligations of United States Government Agencies, or obligations which are fully guaranteed by same;~~
- ~~Direct obligations of, and obligations fully guaranteed by any of the fifty states of the United States that are rated at least A- by Standard & Poor's, Fitch or equivalent by Moody's~~
- ~~Indebtedness of any county or other local governmental body within the United States provided that the same are rated at least A- by Standard & Poor's, Fitch or equivalently by Moody's~~
- ~~Money Market Funds where substantially all assets of the a fund must be invested in the Eligible Investment listed above, have net assets of not less than \$1 billion, [comply with criteria set forth in rule 2a-7 under the Investment Company Act of 1940 and] has a rating of at least an AAA by Standard & Poor's, Fitch or equivalent ratings by Moody's;~~
- ~~Interest bearing checking accounts;~~

~~Direct obligations of the U.S. Government, its agencies and instrumentalities.~~

The maturities on investments for the Operating Fund shall ~~be 12 months or less~~ maintain daily liquidity.

The President or his/her designee shall prepare the following reports for presentation on at least a quarterly basis to the Board of Directors:

Schedule of investments; and
Interest income year to date.

Reserve Fund

The purpose of the Reserve Fund is to provide secure funding for the mission of Las Vegas-Clark County Library District Foundation. The assets of the Reserve Fund shall be managed in such a way as to facilitate the Foundation's goals and objectives as outlined by the Board of Directors. Expenditure of the principal is ~~board~~ Board designated unless otherwise designated by the donor(s) in part or in whole. Also, to the discretion of the Board of Directors, up to 100% of the yearly total return may be utilized for program and agency expenses unless restricted for specific purposes by the donor(s).

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~~The Board of Directors and the Finance Committee are responsible for the establishment of a balanced Reserve Fund spending policy to: (a) ensure that over the medium to long term, sufficient investment return shall be retained to preserve and grow its economic value as a first priority; and, (b) to provide funds for the annual operating budget in an amount which is not subject to large fluctuations from year to year to the extent possible.~~

~~Each year, the Foundation is authorized to withdraw up to 5% of the total market value of the insurance premium reserve investment account (market value to be determined as of the last business day of the preceding year) for the Foundation's operating purposes. The spending percentage is applied to the three year average of the December market value. Using a three year market value average will help to even out any fluctuations that may occur in the value of the account. The dollar amount and timing of any distribution(s) from the investment account will be left up to the discretion of the President and the Treasurer.~~

Commented [j4]: The first paragraph seems to cover the structure and objectives of these funds

~~In order to meet its needs, the investment strategy for the Reserve Fund is to emphasize total return; that is, the aggregate return from capital appreciation and dividend and interest income.~~

~~Specifically, the primary objective in the investment management of the Reserve Fund shall be:~~

~~Long term growth of capital—To emphasize the long term growth of principal while avoiding excess risk. Short term volatility consistent with the volatility of a comparable market index is anticipated, though management should strive to contain it.~~

~~Preservation of purchasing power—To achieve returns in excess of rate of inflation plus spending over the investment time horizon in order to preserve purchasing power of agency and Trust assets. Risk control is an important element in the investment of Trust assets.~~

~~The investment goal of the Reserve Fund assets is to realize a total return (income and appreciation) in excess of the rate of inflation, as measured by the Consumer Price Index.~~

Investment management of the assets of the Reserve Fund shall be in accordance with the following investment asset classes:

- **Equities:** Allowable Range— Minimum 20%; Maximum 60% of total assets
- **Fixed Income:** Allowable Range— Minimum 30%; Maximum 70% of total assets
- **Cash Equivalents:** Allowable Range— Minimum 0%; Maximum 20% of total assets

The Finance Committee will meet annually to monitor and reevaluate investment allocation in reference to the Reserve Fund Asset classes.

The Reserve Fund requires that all investment assets be invested in marketable securities, defined as securities that can be traded quickly and efficiently for the Reserve Fund, with minimal impact on market price.

- Cash Equivalents
 - Treasury Bills
 - Money Market Funds
 - Certificates of Deposit
- Fixed Income Securities
 - U.S. Government and Agency Securities
 - Corporate Notes and Bonds (investment grade, at least BBB)
 - Mortgage-backed Bonds
 - Preferred Stock
- Equity Securities
 - Common Stocks
 - Convertible Notes and Bonds
 - Convertible Preferred Stocks

Prohibited equity investments include: initial public offerings, restricted securities, private placements, derivatives, options, futures and margined transactions.

Exceptions to the prohibited investment policy may be made only when assets are invested in a Mutual Fund(s) that periodically utilizes prohibited strategies to mitigate risk and enhance return.

Reserve Fund will be evaluated at least quarterly on a total return basis. The evaluation will be based on the stated investment goals. Comparison will show results for the year to date. The report will be prepared by the Treasurer and will be presented to the Finance Committee at least quarterly. The Finance Committee will present a report to the Board of Directors at least annually.

The President and Treasurer, if authorized by the Board of Directors, will invest the Operating Fund as follows:

- Interest bearing savings account;
- Interest bearing checking accounts;

Commented [j5]: This language allows for a material amount of risk that could result in a significant loss of Reserve Funds; it does not appear to align with the first sentence of this section

- Certificates of Deposit, bankers acceptances, notes of time deposits issued by any domestic commercial bank with a rating of at least A- by Standard & Poor's, Fitch or equivalent rating by Moody's;
- Direct obligations of the U.S. Government, (U.S. Treasury Bills, Notes and Bonds), or obligations which are fully guaranteed by the same;
- Direct obligations of United States Government Agencies, or obligations which are fully guaranteed by same;
- Direct obligations of, and obligations fully guaranteed by any of the fifty states of the United States that are rated at least A- by Standard & Poor's, Fitch or equivalent by Moody's
- Indebtedness of any county or other local governmental body within the United States provided that the same are rated at least A- by Standard & Poor's, Fitch or equivalently by Moody's
- Money Market Funds where substantially all assets of the a fund must be invested in the Eligible Investment listed above, have net assets of not less than \$1 billion, [comply with criteria set forth in rule 2a-7 under the Investment Company Act of 1940 and] has a rating of at least an AAA by Standard & Poor's, Fitch or equivalent ratings by Moody's

The maturities on investments for the Reserve Fund shall have a maximum 12 month maturity unless otherwise specific by the donor(s).

The President or his/her designee shall prepare the following reports for presentation on at least a quarterly basis to the Board of Directors:

- Schedule of investments; and
- Interest income year to date.

Endowment Fund

The purpose of the Endowment Fund is to provide permanent funding for the mission of Las Vegas-Clark County Library District Foundation. The assets of the Endowment shall be managed in such a way as to facilitate the Foundation's goals and objectives as outlined by the Board of Directors. The principal is permanent and irrevocable; thus it can never be spent or subject to investment risk. At the discretion of the Board of Directors, up to 100% of the yearly total return may be utilized for program and agency expenses unless restricted for specific purposes by the donor(s).

In order to meet its needs, the investment strategy of the Endowment Fund is to emphasize total return; that is, the aggregate return from capital appreciation and dividend and interest income.

Specifically, the primary objective in the investment management of the Endowment Fund shall be:

Long term growth of capital—To emphasize the long term growth of principal while avoiding excess risk. Short term volatility consistent with the volatility of a comparable market index is anticipated, though management should strive to contain it.

Preservation of purchasing power—To achieve returns in excess of rate of inflation plus spending over the investment time horizon in order to preserve purchasing power of agency and Trust assets. Risk control is an important element in the investment of Trust assets.

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Over the investment time horizon established it is the goal of the Endowment Fund assets to realize a total return in excess of the rate of inflation, as measured by the Consumer Price Index.

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The goal of the investment manager shall be to meet or exceed the market index selected and agreed upon the Finance Committee that most closely corresponds to the general principles stated above.

Investment management of the assets of the Endowment Fund shall be in accordance with the following investment asset classes:

- **Equities:** Allowable Range— Minimum 20%; Maximum 60% of total assets
- **Fixed Income:** Allowable Range— Minimum 30%; Maximum 70% of total assets
- **Cash Equivalents:** Allowable Range— Minimum 0%; Maximum 20% of total assets

The Finance Committee will meet annually to monitor and reevaluate investment allocation in reference to the Endowment Fund Asset classes.

The Reserve Fund requires that all investment assets be invested in marketable securities, defined as securities that can be traded quickly and efficiently for the Reserve Fund, with minimal impact on market price.

- **Cash Equivalents**
 - Treasury Bills
 - Money Market Funds
 - Certificates of Deposit
- **Fixed Income Securities**
 - U.S. Government and Agency Securities
 - Corporate Notes and Bonds (investment grade, at least BBB)
 - Mortgage-backed Bonds
 - Preferred Stock
- **Equity Securities**
 - Common Stocks
 - Convertible Notes and Bonds
 - Convertible Preferred Stocks

Prohibited equity investments include: initial public offerings, restricted securities, private placements, derivatives, options, futures and margined transactions.

Exceptions to the prohibited investment policy may be made only when assets are invested in a Mutual Fund(s) that periodically utilizes prohibited strategies to mitigate risk and enhance return.

To ensure marketability and liquidity, equity investments shall be executed through nationally recognized exchanges such as the New York Stock Exchange, American Stock Exchange and NASDAQ.

The Endowment Fund will be evaluated at least quarterly on a total return basis. The evaluation will be based on stated investment goals. Comparisons will show results for the year to date. The report will be prepared by the Treasurer and will be presented to the Finance Committee at least quarterly.

It will be the responsibility of the Finance Committee of the Board of Directors to regularly review the performance of the investment accounts and the investment policy guidelines, and report to the Board of Directors at least yearly with updates and recommendations as needed.
The President and Treasurer, if authorized by the Board of Directors, will invest the Operating Fund as follows:

Commented [j6]: This language allows for a material amount of risk that could result in a significant loss of Endowment Funds; it does not appear to align with the paragraph of this section

- Interest bearing savings account;
- Interest bearing checking accounts;
- Certificates of Deposit, bankers acceptances, notes of time deposits issued by any domestic commercial bank with a rating of at least A- by Standard & Poor's, Fitch or equivalent rating by Moody's;
- Direct obligations of the U.S. Government, (U.S. Treasury Bills, Notes and Bonds), or obligations which are fully guaranteed by the same;
- Direct obligations of United States Government Agencies, or obligations which are fully guaranteed by same;
- Direct obligations of, and obligations fully guaranteed by any of the fifty states of the United States that are rated at least A- by Standard & Poor's, Fitch or equivalent by Moody's
- Indebtedness of any county or other local governmental body within the United States provided that the same are rated at least A- by Standard & Poor's, Fitch or equivalently by Moody's
- Money Market Funds where substantially all assets of the a fund must be invested in the Eligible Investment listed above, have net assets of not less than \$1 billion, [comply with criteria set forth in rule 2a-7 under the Investment Company Act of 1940 and] has a rating of at least an AAA by Standard & Poor's, Fitch or equivalent ratings by Moody's

The maturities on investments for the Endowment Fund shall have a maximum 12 month maturity unless otherwise specific by the donor(s).

The President or his/her designee shall prepare the following reports for presentation on at least a quarterly basis to the Board of Directors:

· Schedule of investments; and
· Interest income year to date.

DONOR RESTRICTIONS

For the avoidance of doubt, ~~in~~ in all instances, donor directions, instructions and intent shall be respected when decisions are rendered concerning the investment or expenditure of donor restricted funds. If a donor, in the gift instrument, has directed that appreciation not be spent or invested, Las Vegas-Clark County Library District Foundation shall comply with that directive and consider it when making decisions regarding the management and investment of the fund. Any attempt to lift restrictions on any fund shall be conducted in full compliance with the law.