

LANE MEMORIAL LIBRARY TRUSTEES HAMPTON, NEW HAMPSHIRE

INVESTMENT POLICY for Library Trust Funds Held by the Trustees of the Trust Funds

Governing Laws

RSA 202-A:22. Custody and Control of Trust Funds. Trust funds given to towns for the use of a public library shall be held in the custody and under the management of the trustees of trust funds.

RSA 202-A:23. Exceptions. Library trustees may accept, receive and administer trust funds and donations when so specified by the donor. This RSA incorporates the provisions of RSA 31:25 (custody and investment of trust funds).

Under RSA 31:25, the Library Trustees shall formally adopt and maintain an investment policy for library trust funds.

Applicability

This Investment Policy applies only to the Lane Memorial Library Trust Funds under the custody and management of the Trustees of the Trust Funds.

New Hampshire Public Deposit Investment Pool

The Trustees of the Trust Funds may use the New Hampshire Public Deposit Investment Pool (the "Pool") for investment and safekeeping of library trust funds.

The Pool provides daily liquidity, competitive money market rates, easy access to fund balances, and may be transferred to the Trustees' checking account within two business days. The Trustees have no investment liability for funds invested in the Pool.

Investment Options

The library trust funds may be invested in the New Hampshire Public Deposit Investment Pool (the "Pool").

The Library Trustees may direct the Trustees of the Trust Funds to invest the library trust funds outside of the Pool.

Mutual Fund Investment Options

The following constraints apply when the Library Trustees direct the Trustees of the Trust Funds to invest outside of the Pool:

Primary Investment Goal: Long-term growth of principal.

Secondary Investment Goal: Safekeeping of the principal and accrued income.

Allowable Investments:

- Certificates of Deposit at banking institutions that are federally insured and that are fully collateralized in excess of the insured amounts with cash or legal securities as determined by the State Banking Commissioner pursuant to RSA 386:57.
- Mutual fund portfolios with a fund style (asset allocation) of "growth & income," "balanced" or "large blend."

Risk Tolerance: Trust fund investments shall be invested with no more than a moderate risk. The standard deviation of mutual funds shall not exceed 12.

Expense Ratios: Mutual funds used for the investment of trust funds shall have a recent annual expense ratio of less than 0.75%.

Liquidity: Income from trusts shall be expended for the purpose of the trusts at least annually, subject to extenuating circumstances. However, the long-term time horizon of the investments may minimize income while pursuing long-term growth of capital.

Time Horizon: Perpetual.

Duration: The maturity of bonds within a mutual fund portfolio may be as long as thirty years.

Credit Quality: The credit quality of bonds within a mutual fund portfolio shall predominantly be rated 'A' or better by Moody's Investor Service.

Portfolio Turnover Rate: The three-year average annual portfolio turnover rate within a mutual fund portfolio shall not be greater than 125%.

Diversification: Mutual funds shall be broadly diversified. Sector funds are not allowed.

Capitalization: Mutual funds may be selected across broad ranges of capitalization, including large-, medium- and small-capitalization companies.

Changes to Investment Policy

The Chairperson of the Library Trustees shall inform the Chairman of the Trustees of the Trust Funds whenever a change to this Investment Policy is desired.

Performance Measurement

The Library Trustees shall monitor the investment performance of the library trust funds governed by this Investment Policy. The annual beginning and ending balance figures shall be cross-checked to ensure that the total return is consistent with the investments during the year.

Commingling of Accounts

Common trust funds may be used to facilitate investing, to provide diversification and to obtain reasonable income. See RSA 31:27. Participation in units of the Pool is one such common fund.

Sub-accounting shall be maintained when library trust funds are invested in common trust funds in order to maintain the character of the original donors' principal and charitable intent. The sub-accounting is the responsibility of the Trustees of the Trust Funds.

Investment Advisor Fees

The fees for the NH Public Deposit Investment Pool are pre-deducted daily from the interest posted. No vouchers for fees are required.

The use of no-load and low-load mutual funds shall be used whenever possible to minimize expenses. Mutual funds charge a management fee that is disclosed in each prospectus.

Recordkeeping

The Trustees of the Trust Funds Bookkeeper is responsible for posting the income to each library trust fund, the execution of which may be delegated to an administrative assistant or coordinator.

The Trustees of the Trust Funds Bookkeeper shall perform or otherwise oversee the annual reconciliations of the library trust funds.

The Trustees of the Trust Funds books and records, including approval of this Investment Policy, shall be archived for permanent retention. See RSA 33-A:3-a.

The Trustees of the Trust Funds paper records shall be electronically archived for long-term preservation. The electronic records shall be backed up and stored in a separate location from the main electronic archives. The backup shall include the trust documents, books, records and reports to the extent that they are available.

Policy Enforcement

The Chairperson of the Library Trustees is responsible for enforcing this Investment Policy.

Annual Review of Investment Policy

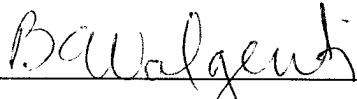
The Library Trustees shall document their annual review and confirmation of this Investment Policy in their regular minutes.

Reports

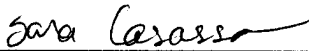
A copy of this Investment Policy shall be filed annually with the NH Attorney General, per RSA 31:25. The Trustees of the Trust Funds will perform the filing with the MS-9 and MS-10 reports to the state.

Adoption

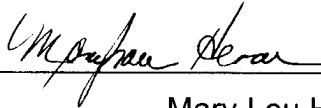
This Investment Policy for the library trust funds held by the Trustees of the Trust Funds is hereby adopted by the Library Trustees:



Bridgit Valgenti



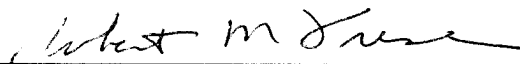
Sara Casassa



Mary Lou Heran



Linda Sadlock



Robert Frese

Date: 2/20/08