



## CONNECTICUT RIVER WATERSHED COUNCIL

*The River Connects Us*

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# GENERAL INVESTMENT POLICY STATEMENT

## PURPOSE

The purposes of this investment policy statement are to:

- Establish the investment objectives, policies, guidelines and eligible securities relating to any investments or other funds owned or controlled by the Council or its related organization, the Connecticut River Watershed Council of Connecticut.
- Identify the criteria against which the investment performance of the organization's investments will be measured.
- Communicate the objectives to the Board, staff, investment managers, brokers, donors and other funding sources.
- Serve as a guide to the ongoing oversight of the management of the organization's investments.

## INTRODUCTION

The Council maintains both endowment and operating funds that are comprised of donations from individuals and institutions as well as grant funds received from both private and public foundations and entities.

The operating funds are generally held as liquid assets at a bank or credit union. They may be held in money market funds depending on market conditions.

The endowment funds are:

- Spaulding Pond Trust – restricted
- Mary Shaub Fund – restricted
- Unrestricted endowment
- Planned giving funds - restricted

## PROCEDURES FOR INVESTING

The Council seeks to responsibly manage its investments and funds in order to achieve a total return appropriate for the fund type. The Treasurer, in coordination with the Finance Committee, is responsible for articulating investment policies to the financial managers.

Endowment and planned giving funds are managed on a day-to-day basis by a qualified financial manager. The Finance Committee is responsible for the solicitation and

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selection of firms. The decision to retain particular firms is to be made by the Board when changes are made.

#### Operating funds

Operating funds are to be managed for liquidity and retention of capital by the Executive Director in coordination with the Treasurer.

#### Endowment funds

Endowment funds are to be managed by the Finance Committee using asset allocation policies that are monitored constantly and formally reviewed annually.

#### Planned giving funds

Funds donated to the Council for the purposes of charitable gift annuities are to be managed by the Finance Committee and shall be invested to yield the donor's annuity amount while at least preserving principal. Annuity yields are however generally determined based on the donor's age and can be greater than expected returns in any given year, so there may instances where principal may decrease when earnings are less than an annuity.

The Council does not make investments in initial public offerings, restricted securities, private placements, derivatives, options, futures, collateralized debt obligations, credit defaults swaps, or margined transactions.

### PERFORMANCE MEASUREMENT STANDARDS

The Finance Committee is responsible for regular review of fund performance measured against the individual funds particular annual investment policy statements. The Finance Committee shall provide written investment policy statements to fund managers on at least an annual basis.

### SPENDING POLICY AND ALLOCATION OF EARNINGS

#### ***Spaulding Pond Trust***

The Spaulding Pond Trust is comprised of two separate funds which have specific limitations on their use:

- Spaulding Pond Fund – *restricted* – established by will of Happy Egler. This Fund supports direct expenditures only for the current maintenance of the property and such research as CRWC may deem desirable, plus indirect costs associated with the purposes of the Fund.
- Land Acquisition Fund – *restricted* – established by will of Frank Egler. May only be used for land acquisition, plus indirect costs associated with the purposes of the Fund.
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The monies associated with each Fund in the Trust are commingled for purposes of investment, but are tracked separately according to their relative percentages

in order to appropriately manage and account for all expenditures and transfers. The percentages attributed to each Fund in the Trust should be periodically reviewed in order to ensure they are accurate, as direct expenses withdrawn from any of the Funds over time may cause the relative percentages to change.

CRWC may allocate between 2.5 and 5% of the value (as of June 30) of the Spaulding Pond and Land Acquisition Funds in order to cover its indirect costs associated with owning and managing the property as well as the costs associated with managing the funds.

Prior to 2012, the Trust also included one additional fund, the House Proceeds Fund which was unrestricted and comprised of proceeds from the sale of two houses, one underlying land parcel, and an insurance settlement from a third house that burned. The House Proceeds Fund is currently part of the Unrestricted Endowment.

Prior to the transfer of the House Proceeds Fund out of the Spaulding Pond Trust, the percentage allocations of the 3 funds (Spaulding Pond – 31.54%, Land Acquisition – 12.44%, and House Proceeds – 56.02%) were initially determined in 1997. The spending policy and current management policies of the Trust are based on a legal opinion issued to the Council in 1997, as well as the individual bequests from Happy and Frank Egler.

### ***Mary Shaub Fund***

The use of the Mary Shaub Fund is restricted to only its earnings which are figured quarterly and distributed monthly to the Council. The authorized allocation is up to 5% of the market value of the fund. Allocations are generally taken monthly where market value at the end of each quarter is multiplied by 0.004167 to yield the monthly payment.

The Board has also authorized a loan to itself from the Mary Shaub Fund an amount not to exceed 90% of the assessed value of the building at 15 Bank Row in Greenfield.

### ***Unrestricted Endowment***

The unrestricted endowment is comprised of various funds given, bequeathed, or received as a result of the sale of Council assets. The Board has discretion on the amount it may allocate from the unrestricted endowment to support the operations of the Council.

## **RECEIPT OF BEQUESTS, CONTRIBUTIONS, OR FUNDS OTHER THAN THOSE USED FOR OPERATING EXPENSES**

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Upon receipt or notification of bequests, contributions, or revenue realized from the sale of assets, the Finance Committee shall determine how and where to invest these funds. This shall include whether to deposit the funds into an existing fund or create a new fund to meet any particular purposes or restrictions attached to the funds.

### REVIEW OF POLICY

The investment objectives of all endowment and planned giving funds shall be reviewed annually by the Finance Committee, which shall report the current objectives to the Board. The Treasurer is authorized to sign individual investment policy statements for particular funds on behalf of the Board of Trustees.

This policy shall be annually reviewed by the Finance Committee and is subject to approval by the Board of Trustees.

Approved May 4, 2012