

WAUKESHA PUBLIC LIBRARY

POLICY: ENDOWMENT FUND POLICY

Approved by Library Board: 04/11/24

Number: F-8

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I. Purpose:

The purpose of this policy is to provide ongoing guidance and direction to the Waukesha Public Library as to the management of its endowment fund assets. It describes the assets under the Library Board's control, and spells out the duties and responsibilities of the various parties involved with prudently investing these assets to support the library's efforts to promote literacy and lifelong learning in the community.

II. Legal Background:

Chapter 43.58 (7) of the Wisconsin statutes sets out what a public library board may do with gifts or donations that it receives. In summary, the library board may:

- 1) pay or transfer the donation to the financial treasurer of its municipality;
- 2) entrust it to a public depository institution, such as a bank;
- 3) pay or transfer it to the board's financial secretary to invest it on behalf of the board; or
- 4) pay or transfer it to a charitable organization dedicated to providing support to the public library (i.e., a library foundation or a library friends' group) or a community foundation.

III. Assets:

The library's endowment fund assets are organized by the fund name, "Waukesha Public Library Fund" held at the Waukesha County Community Foundation (WCCF). Two other funds are held at the WCCF, the "Waukesha Public Library Historic Bequest Fund" and the Waukesha Reads Fund of the Waukesha Public Library." The Historic Bequest Fund consists of long-held legacy donations to the library specified for specific purchases. The Library is not seeking additional funding in the Historic Bequest Fund. The Waukesha Reads fund supports as needed the library's annual city-wide reading program.

The specific objectives of the Waukesha Public Library Fund, as the library endowment fund, are:

- A permanent source of financial support for the Library;
- A financial reserve against a serious financial shortfall due to unforeseen events; and
- Seed money for major capital projects approved by the Board of Trustees.

The Board of Trustees, with recommendations from the Investment Committee, will determine whether funds received by the library through donor contributions are

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intended for the Endowment Fund, the annual operating budget or special projects. The Board of Trustees will honor the individual donor's specific request for the use of funds if the Board determines that such uses support the Library's Vision and Mission.

IV. Duties and Responsibilities:

A. Library Board of Trustees

The Waukesha Public Library Board of Trustees reviews and approves this policy. The President, with the approval of the full board, appoints the members of the board's Finance Committee. The board ensures that all assets covered by this policy are invested prudently and authorizes expenditures that are consistent with the purposes of each fund.

B. Library Director

- Serves as liaison among all individuals, groups and entities involved with the investment or management of the library's trust fund assets;
- Serves on the Investment Committee; organizes meetings of the committee and communicates proceedings and recommendations to the full Library Board;
- Ensures that required reports are communicated to the Investment Committee, the Library Board and the City of Waukesha in a timely manner;
- Formulates trust fund expenditure proposals. Trust fund expenditure proposals will be reviewed by the Library Board Finance Committee and its recommendations forwarded to the full Library Board.

C. Investment Committee

- Comprised of the Library Director and the members of the Library Board Finance Committee.
- Annually reviews this policy and recommends changes to the Library Board;
- Adheres to criteria of prudence and due diligence in formulating its recommendations to the Library Board for the investment or disposition of any gift, donation or bequest received by the Library;
- Provides guidance to the Library Board on the selection of the Investment Manager and the Custodian;
- Reviews investment and custodial reports;
- Monitors the performance of the Investment Manager;
- Communicates key information from investment and custodial reports to the full Library Board on a regular basis; and
- Avoids any conflict of interest with investment transactions.

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D. Investment Manager (currently the Waukesha County Community Foundation)

- Manages assets according to parameters outlined in this policy, Investment Advisory Contracts, and Addenda;
- Uses reasonable skill, prudence and due diligence in making investment decisions;
- Communicates to the Investment Committee any substantial changes in the account valuation, all significant changes pertaining to the investment styles being utilized, or any significant firm changes, i.e. changes in firm ownership, organizational structure, and professional staff;
- Provides to the Investment Committee via the Library Director written statements showing account balances and investment performance on a quarterly and annual summary basis; and
- Provides safekeeping of Library trust fund assets;
- Routinely (typically daily, but not less frequently than weekly) values account holdings;
- Collects all income and dividends owed to the Library.

V. Investment and Spending Policy Guidelines

The annual amount of endowment funds available for distribution in any one fiscal year shall be determined by an amount equal to no more than five percent of the principal amount of the endowment fund measured at the beginning of the period, reduced by the previous fiscal year expenditures to manage and maintain the fund.

The annual amount of available funds based on the formula may be overridden in extraordinary circumstances as deemed fit by the Library Board of Trustees.

VI. Windfalls, Bequests, and Major Gifts

- A windfall is an unrestricted, unbudgeted bequest of any amount or an unrestricted major gift valued at \$10,000 or more.
- A bequest is any gift, intended to take effect at or after death, by a donor through a Will, a Trust, an IRA, pension plan or similar benefit plan, an annuity or insurance policy of any type, any type of survivorship account, or similar wealth transfer document or plan.
- A major gift is an unrestricted gift of \$10,000 or more made in the form of cash, pledges, securities, partnership interests, commercial property (contracts, promissory notes, mortgages, deeds of trust), insurance and benefits (life

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insurance, annuities, IRAs and pension benefits), real property and tangible personal property.

Specific allocations shall be made at the recommendation of the Investment Committee with the approval of the Board of Trustees.

For gifts specified by the donor for the endowment, 100% of the gift will be allocated to the Waukesha Public Library Fund.

For all remaining gifts, unspecified by the donor: no less than 80% of all windfall, bequest, or major gift funding will be allocated to the Waukesha Public Library Fund and no more than 20% during any budget year allocated to capital or operational needs of the Library.

The Library regularly receives smaller donations for specific purposes, such as a memorial, or to add to the book collection. Gifts under \$1,000 will continue to be processed internally at the library and held in a gift fund account to be used for these purposes or for special projects as determined by the Library Director. Unspecified gifts over \$1,000 will be allocated to the endowment fund.