

SECOND CENTURY LIBRARY ENDOWMENT
FUND FOUNDATION OF THE
MARYVILLE PUBLIC LIBRARY

INVESTMENT POLICY

Approved 5/5/2005

Amended 10/30/2007

Amended 10/01/2013

Amended 09/20/2017

Amended 09/28/2021

PURPOSE

The purpose of the endowment fund is to build a permanent base of financial support for the Maryville Public Library. The purpose of this investment policy is to provide guidelines for management of foundation assets.

RESPONSIBILITY

The Foundation Board, **one and the same with the Maryville Public Library Board of Trustees**, is responsible for administering the endowment fund (“the Fund”) in accordance with its charter and any investment policies approved by the Board of Trustees of the Maryville Public Library. The Foundation Board may elect to manage fund assets **itself** by establishing a committee in accordance with its bylaws, to make investment recommendations to the Board. **Such a committee, if formed, shall consist of at least three members of the Maryville Public Library Executive Board of Trustees.** The Board may elect to hire professional consultants, investment managers, attorneys, accountants, auditors and any others it may feel are necessary to assist in meeting its responsibilities.

SPENDING POLICY

The spending policy is designed to provide all or a portion of the annual earnings of the Fund to the Library at the discretion of the Foundation Board. The amount available for spending, in a fiscal year, is 4 ½% of the principal reported on the September 30 investment statement. This percentage may be adjusted as necessary on a yearly basis. The original donor principal amounts may be expended only

under conditions that threaten the survival of the Library and only upon approval of all voting members of the Library Board of Trustees in a duly called Board meeting.

INVESTMENT GOALS AND OBJECTIVES

The investment goals and objectives are:

- Preservation of principal
- Growth of principal to meet or exceed inflation
- Reasonable, consistent, and sustainable income obtained without undue risk to the assets of the Fund.

INVESTMENT GUIDELINES

Investments will be diversified across industries and across companies.

- Individual Equity Type Investments: No stock purchase in a single company shall exceed five percent of the market value of the stock portion of the Fund, and individual stock holdings in an industry segment, when combined, shall be limited to ten percent of the market value of the stock portion of the Fund. Stocks shall be of companies listed on the New York Stock Exchange, American Stock Exchange, regional stock exchanges, and the NASDAQ only. Stocks shall be of moderate or low risk as indicated by stability of returns, debt/equity ratios, amount of capitalization, longevity of the companies, and ratings of financial services companies. Stocks must be readily marketable.
- Individual Fixed Income Type Investments: The purpose of fixed income investments is to provide a predictable and dependable source of income, and to reduce the variability of the total market value of the Fund. Investments in short term fixed income instruments shall also provide liquidity sufficient to meet distributions in accordance with the spending policy and to take advantage of investment opportunities. Investments in corporate bonds and notes shall be in those rated investment grade AA or AAA by Moody's or Standard and Poor's, and such bonds and notes shall be readily marketable. In order to avoid wide swings in market values of individual bonds and notes caused by interest rate changes, the weighted average maturity of the fixed income portion of the Fund shall be no more than ten years. No single purchase shall exceed ten percent of the fixed income portion of the Fund except for obligations of the United States Government, in which investment is unrestricted, and individual fixed income holdings in a single industry shall not constitute more than twenty

five percent of the fixed income portion of the Fund. The amount invested in federally insured certificates of deposit at a single financial institution shall not exceed the insured limits at that institution.

- Mutual Funds and Exchange-Traded Funds: Mutual funds and exchange-traded funds (ETFs) provide a means of diversification and avoidance of risk for investors. The Board may utilize these methods of investment, and may find it especially desirable to do so in the early years of its existence, when the asset pool may be small. Investment in mutual funds and ETFs with the applicable quality characteristics, as best as can be ascertained given the available information, described in the above two paragraphs are permissible. Bond mutual funds/ETFs and other fixed income instruments are permissible where at least 75% of its securities that are determined by the Adviser to be of similar quality. Up to 25% of the fund's net assets may be invested in securities rated below investment grade.
- Prohibited Investments and Transactions: No transaction or investment shall be such that it would result in the denial, suspension, or revocation of the Foundation's tax-exempt status under Missouri statutes or the Internal Revenue Code. The following transactions and investments are expressly prohibited: Purchase of any private placements which may not be publicly sold without registration under the U.S Securities Act of 1933; purchase of municipal or other tax-exempt securities; purchase of individual option contracts; pledging or mortgaging the assets of the Fund; investment in commodities (not including mutual funds or ETFs), commodity contracts, or interest rate futures, short sales; margin transactions; making loans to any individual or entity from the Fund assets other than through the purchase of marketable fixed income securities as described in this section.
- Investment Decisions: Investment decisions shall be in accordance with Article IV, Section 3, of the Foundation Bylaws.

ASSET ALLOCATION GUIDELINES

Numerous factors enter into the decision regarding the appropriate asset allocation mix at any point in time. The following are the maximum allowable allocations of Fund assets to classes of investments.

<u>Asset Class</u>	<u>Maximum</u>
Equity Securities	55%
Fixed Income Securities	70%
Cash & Cash Equivalents	20%

Investments in mutual funds shall be classified as to type, equity or fixed income.

PERFORMANCE REVIEW AND EVALUATION

The Investment Committee will evaluate Fund results at least annually, using the total return concept. The basis for comparison will be appropriate market indices such as the Consumer Price Index, S & P 500 index and Barclays aggregate bond index. Results will be analyzed for the previous quarter and the previous year.

COMMUNICATIONS

The Investment Committee shall report the results of its evaluations to the Foundation Board at the Board's regular meetings, and upon request of the Board. An annual report shall be prepared for the Foundation Board and the Library Board of Trustees. As a result of its evaluation, the Investment Committee may recommend reallocation of the asset classes in the Fund, and/or the purchase or sale of securities. As soon as possible after Sept 30 each year, the Foundation Board shall report to the Library Board the amount available for support, determined in accordance with the Foundation Board spending policy.

OTHER

- **Restricted Gifts:** Gifts received with donor restrictions attached shall be administered in accordance with those restrictions, and shall be accounted for individually and separately. Amounts related to such gifts shall not be used in the calculation of allocation and spending amounts defined in the preceding sections.
- **Review:** This investment policy document shall be reviewed annually by the Foundation Board, following the close of the fiscal year.
- **Amendments:** Proposed amendments to this document are to be submitted by the Foundation Board to the Library Board for approval.

***The CHARTER
of the
PERMANENT ENDOWMENT PROGRAM
of the
Maryville Public Library -- Maryville, Missouri***

PURPOSE

The Maryville Public Library, (hereinafter referred to as the *Library*), hereby establishes a **Permanent Endowment Program**, which is created for the purpose of building a permanent base of financial support for certain programs, services and activities of the Library, as set forth in this Charter. The **Permanent Endowment Program** shall be administered as described herein, thereby providing new and expanded opportunities for individuals to make charitable gifts in support of the Library.

ADMINISTRATION

The **Permanent Endowment Program** shall be administered by the **Maryville Public Library Executive Board of Trustees**, in accordance with this Charter and any directives or investment policies established by the Board of Trustees of the Maryville Public Library, (hereinafter referred to as the *Trustees*).

At any time, **an appointed Committee may conduct an appropriate audit or review** and shall make a full financial report regarding the **Permanent Endowment Program** to the Board of Trustees of the Maryville Public Library, or its successor governing body.

COMMITTEE MEMBERSHIP

The Committee shall be comprised of the following members:

1. the Vice President of the Board of Trustees of the Maryville Public Library;
2. two (2) at-large representative named by the Board of Trustees of the Maryville Public Library who shall be a member of the Board of Trustees;
3. **an option of up to two (2)** at-large representatives named by the Board of Trustees of the Maryville Public Library who are not members of the Board of Trustees;
4. the Director of the Maryville Public Library, who shall serve ex-officio as a non-voting member;

All Committee members shall serve until the end of their term or until their successor is elected by the Board of Trustees, whichever shall last occur. ~~At-large members shall be elected to three (3) year terms, which shall be set to terminate on a staggering time schedule. Initially, the at-large representatives named by the Board of Trustees who is a member of the Board of Trustees shall be appointed for a two (2) year term. Initially, the three (3) at-large representatives named by the Board of Trustees who are not members of the Board of Trustees shall be named to a one (1) year term, two (2) year term and three (3) year term respectively. Thereafter, at-large members shall be elected to three (3) year terms.~~

INVESTMENT OF ENDOWMENT FUNDS

The investment objectives of the **Perpetual Endowment Program** are:

1. Conservation of principal.
2. Growth of principal to meet or exceed inflation.
3. Reasonable, consistent and sustainable income.
4. Investment of assets in keeping with the goals outlined by the Board of Trustees of the Maryville Public Library.

All gifts contributed to the **Permanent Endowment Program** and accepted by the Committee shall be invested through the establishment of one or more accounts with financial or investment institutions as selected by the Committee. The purpose of each account shall be to segregate and utilize Funds in keeping with all applicable restrictions, designations and purposes.

SELECTION OF INVESTMENT INSTITUTION

The placement of Funds held within the **Permanent Endowment Program** shall be with the financial or investment institution(s) selected by the Committee for that purpose for that Fund. The institution(s) shall be selected upon majority vote of ALL VOTING MEMBERS (not a majority of a quorum) of the Committee, and approved by a majority vote of ALL VOTING MEMBERS of the Board of Trustees of the Maryville Public Library or the then- governing body of the Library.

LIMITATION ON USE OF PRINCIPAL

The objectives of the **Permanent Endowment Program** are to conserve principal to

make use of a prudent and sustainable portion of the earnings from the principal of the **Permanent Endowment Program Funds**. Unless the use of the principal is specifically required or expressly prohibited in the gift instrument, the principal of gifts placed into **Permanent Endowment Program Funds** may be expended only under extraordinary circumstances that threaten the survival of the Maryville Public Library. Any withdrawal of principal from said Funds must be approved by two-thirds (2/3) majority vote of ALL VOTING MEMBERS (not a two-thirds majority of a quorum) of a duly called Board meeting of the Board of Trustees of the Maryville Public Library, upon and after recommendation of said withdrawal of principal by a majority of the Committee.

Gifts accepted into the **Permanent Endowment Program** pursuant to gift instruments that either specifically require use of principal or impose greater restrictions on use of principal shall be accounted for and used in keeping with the terms of the respective gift instruments.

LIMITATIONS ON DISTRIBUTIONS FROM PROGRAM FUNDS

The Committee shall advise the Board of Trustees of the Maryville Public Library regarding the amount of Funds available for distribution from the accounts within the **Permanent Endowment Program** each year, and shall maintain communication with the Trustees regarding any reduction of the amount of Funds available for distribution from the accounts within the **Permanent Endowment Program**. The Trustees, in consultation with the Committee and in conformity with the general purposes set forth herein and such other procedures as may have been or are hereafter established, shall have the sole authority to make distributions from accounts in the **Permanent Endowment Program**. In keeping with the goal of building permanent Funds for the services and facilities of the Maryville Public Library, distributions shall typically be made from a only a portion of account earnings, and a percentage or designated amount of principal appreciation or earnings shall be accumulated to offset the impact of inflation from year to year. Said amount or percentage shall be determined in accordance with the spending policy enacted by the Board of Trustees.

ESTABLISHMENT OF ACCOUNTS AND DESIGNATION OF PURPOSES

The Committee shall establish accounts as are deemed necessary by the Committee to fulfill the purposes described in this **Charter** and to comply with the directives and

designations of donors. Upon the receipt of a gift or donation, the Committee shall prepare a **Purposes Document** for the gift or donation that shall set forth the amount of the donation and the limitations and interpretations of usage of the fund as designated by the donor and determined by the Committee. The Committee shall inform the Trustees regarding the purposes and causes to which distributions from various accounts may be made, in conformity with the general purposes set forth herein.

The General Endowment Fund: The Committee shall establish and maintain an account to be known as the General Endowment Fund. Distributions from the General Endowment Fund shall follow these general purposes in the following order of priority:

1. Providing for needed services for patrons at the Maryville Public Library, **including books and electronic resources.**
2. Other Library programs and activities;
3. Purchasing and replacing office equipment, furniture, equipment and other similar items for the Library;
4. Maintenance, remodeling or improvements to the existing buildings of the Library and to its related facilities;
5. New construction of Library facilities;
6. Any other needs of the Library and/or its patrons.

Creation of Additional Funds: Should additional accounts or Funds be created in the future, the names and purposes of those accounts shall be listed and attached to this document as Schedule "A." Schedule "A" is made a part of this document and may be amended from time to time as deemed necessary by the Committee. Distributions from all designated **Permanent Endowment Program** accounts shall be made in accordance with the applicable instructions of the donor(s) as expressed in the gift instrument(s) (e.g., wills, trusts, letters, instructions from the Board of Trustees of the Maryville Public Library, or then- governing body of the Library), copies of which shall be maintained by the Committee.

GIFT ACCEPTANCE, REJECTION AND CLASSIFICATION

The Committee shall have the authority and responsibility to accept or reject any and all gifts to the **Permanent Endowment Program**, and may reject any gift if the Committee deems such action to be appropriate and in the best interest of the Library.

Gifts shall be classified as follows:

- **Designated Gifts** - Gifts to the **Permanent Endowment Program** shall be classified as "designated" if the donor has specified a particular use or restriction on the gift. Any designated gift that requires administration as a separate account (e.g., the donor wishes the gift to be a named memorial Fund) shall be at least \$1,000 in value. This minimum amount may be increased or decreased within the sole discretion of the Committee.
- **Undesignated Gifts** - Gifts to the **Permanent Endowment Program** shall be classified as "undesignated" if the donor has not specified a particular use or restriction on the gift. *All undesignated gifts shall be placed in the General Endowment Fund.* The Committee may adopt additional gift acceptance policies as necessary from time to time. The Committee shall encourage undesignated giving.

All provisions of this **Charter** as to investment of Funds, administration of Funds, limitation on use of principal and distributions shall be applicable to both designated and undesignated gifts, and all gifts made to the **Permanent Endowment Program** shall be accepted subject to the terms and limitations set forth in this document.

DONOR RECOGNITION

The Committee shall acknowledge all gifts to the **Permanent Endowment Program** in an appropriate and timely manner, while honoring any requests for anonymity by the donor. It is the goal of the Committee to celebrate the gift, the giver and the Library service being supported through personal expressions of thanks and public recognition. Where appropriate, the Committee shall find ways to provide ongoing memorial recognition. By such actions the Committee intends to enhance the satisfaction of the giver, encourage others to donate to the Permanent Endowment Fund, thereby resulting in greater public awareness.

Donor requests for anonymity shall be respected. All donors shall receive necessary gift receipts for tax reporting purposes.

LIABILITY OF MEMBERS OF THE COMMITTEE

In the absence of gross negligence or fraud, no member of the Committee shall be personally liable for any action made or omission with respect to the **Permanent Endowment Program**.

MERGER, CONSOLIDATION, OR DISSOLUTION OF MARYVILLE PUBLIC LIBRARY

If at any time the Maryville Public Library is lawfully merged or consolidated with any other library, or becomes a county-wide library or library serving a broader geographic area, all the provisions hereof in respect to the **Permanent Endowment Program** shall be deemed to have been made in behalf of the merged, expanded or consolidated library which shall be authorized to administer the same in all respects and in accordance with the terms thereto. If the Maryville Public Library should ever be dissolved without any lawful successor thereto, all Funds within the **Permanent Endowment Program** and related accounts, including both principal and interest to date, shall be transferred to the Maryville R-11 School District or its successor or a corporation or entity named by the District for this purpose, where the Funds shall be maintained as endowments supporting general library purposes.

AMENDMENTS

Corrections and amendments to this Charter may be made by a two-thirds (2/3) majority vote of ALL MEMBERS of the Board of Trustees of the Maryville Public Library, or then-governing body of the Library.

CHARTER PUBLICATION

Copies of this Charter shall be made available to the public upon request and shall be provided to all members of the Board of Trustees and of the Committee.

SEVERABILITY

If any provisions or any application of any provisions of this Charter shall be held or deemed to be or shall be illegal, inoperative, or unenforceable, the same shall not affect any other provisions or any application of any provisions herein contained or render the same invalid, inoperative, or unenforceable.

Passed and adopted this 28th day of September, 2021, by the Board of Trustees of the Maryville Public Library.

Jenny Rytting, President

ATTEST:

Secretary

SCHEDULE "A"

The Committee shall hereby have full responsibility for the ongoing administration of the following existing designated accounts in conformity with the purposes stated in the applicable gift instruments and the general purposes stated herein. A brief description of the names and purposes of these existing accounts are as set forth herein:

Account Names and Purposes: