

By-laws

(Draft 4/25/2019)

Friends &
Foundation

BY-LAWS OF LAWRENCE PUBLIC LIBRARY FRIENDS & FOUNDATION

In this document, the Lawrence Public Library Friends & Foundation is referred to as “Friends & Foundation;” the Lawrence Public Library Friends and Foundation Board of Directors is referred to as “Board;” the Lawrence Public Library Board of Trustees is referred to as “Trustees;” and the Lawrence Public Library is referred to as “Library.”

ARTICLE I – ORGANIZATION

Section 1. The name of this organization shall be LAWRENCE PUBLIC LIBRARY FRIENDS & FOUNDATION (referred to herein as “Friends & Foundation”).

Section 2. Friends & Foundation may at its pleasure by a vote of the Board amend these by-laws.

ARTICLE II – PURPOSE

Friends & Foundation secures gifts from the community to supplement and strengthen the public’s investment in the library. To that end, Friends & Foundation shall establish, promote, maintain, endow, and render aid and assistance for the immediate and long-term needs of Lawrence Public Library through financial support, volunteer service, and advocacy.

ARTICLE III – MEMBERSHIP

Membership in Friends & Foundation shall be based on financial contributions and/or volunteer hours to Friends & Foundation organization. Membership shall be open to all individuals, groups, or organizations that support the objectives of Friends & Foundation. The Board shall determine categories of membership based on different levels of financial contribution and volunteer service.

Friends & Foundation members shall be notified of proposed changes to the Board, by-laws and policies in writing or by electronic correspondence, at least 30 days prior to the date upon which the Board shall vote on the proposed change(s).

ARTICLE IV – MEETINGS

Section 1. Annual meetings: An annual meeting of the Board shall be held on a date designated by the Board. Directors and members shall be notified at least 30 days prior to the date of the meeting and encouraged to attend.

Section 2. Regular meetings: The Chairperson shall notify Directors and members of all regular meetings at least five (5) days prior to the time fixed for such meeting. All notices shall state the purpose thereof, and the time and place where the meeting is to be held.

Section 3. Special meetings: A special meeting of the Board may be called at any time or place by the Chairperson or, in his/her absence or inability to act, the same may be called by any two members of the Board. By unanimous consent of the Board, special meetings of the Board may be held without the five (5) day prior notice of time or place.

Section 4. A simple majority of the Board shall constitute a quorum for the transaction of organizational business, but the Directors, although less than a quorum, shall have the power to adjourn the meeting to some future date. Every act passed by a majority of the Directors present at a meeting duly held at which a quorum is present shall be regarded as an act of the Board unless a number greater than a majority be required by law or the Articles of Incorporation.

Section 5. All meetings of the Board are open to the general public. The Board shall go into executive session when personnel or other confidential matters are discussed.

Section 6. Members of the Board may participate in a meeting of the Board by means of conference telephone or similar communications equipment.

Section 7. The Board may make such rules and regulations covering its meetings as it may in its discretion determine necessary.

ARTICLE V – BOARD OF DIRECTORS

Section 1. All corporate powers shall be exercised under the authority of the Board as stated in the Articles of Incorporation and these by-laws. The Board shall have all powers granted by Kansas law and statutes, except that the Board shall not have or exercise any power that would prevent Friends & Foundation from qualifying or continuing as an organization described in §501(c)(3) of the Internal Revenue Code of 1986 (or the corresponding provision of any future United States Internal Revenue law).

Section 2. The Board shall consist of not less than nine (9) nor more than thirteen (13) Directors. Two (2) of the Directors shall be selected from the members of the Board of Trustees of the Lawrence Public Library on an annual basis. The Executive Director of Lawrence Public Library shall serve as an ex-officio Director, without voting rights. The

remaining Directors shall be appointed by the Board from the standing committees, community at large and library volunteer force.

Section 3. Directors shall ordinarily serve a term of three (3) years. Directors may be considered for re-election. The number of consecutive terms that a Director may serve is two. The terms of Directors begin and end on the date of the annual meeting, and shall be staggered so that Directors may be elected or re-appointed at each annual meeting of the Board.

Section 4. Any Director may be removed, with or without cause, by the vote of two-thirds (2/3) of the Board.

Section 5. Whenever a vacancy occurs on the Board, the same shall be filled without undue delay by the Board at a regular meeting or a special called meeting of the Board. The newly-appointed Director shall serve the remainder of the term, and may serve two additional three (3) year terms.

Section 6. The Board shall determine, at its sole discretion, policies, procedures, and the allocation of funds and investments for Friends & Foundation.

Section 7. Non-voting Directors shall not be counted for purposes of the restrictions applying to the number of Directors permitted by the by-laws as stated herein. There shall be no minimum or maximum number of non-voting Directors. Non-voting Directors are invited to attend all regularly-scheduled meetings of the Board, may have the right to engage in all matters discussed therein, but shall not be counted for purposes of a quorum pursuant to this Article IV, Section 4, nor shall such non-voting Director be entitled to exercise voting rights pursuant to Article VII herein.

Section 8. The Board may hire staff, as needed. Staff shall serve at the will of the Board. Staff may serve as an ad-hoc member of the Board, without voting rights.

Section 9. The Board may appoint non-voting Directors of the Board for service in the position of Emeritus Director or in any other capacity, as desired by the Board. An Emeritus Director is restricted to retired or past Directors who have provided distinguished service to Friends & Foundation and Lawrence Public Library over a sustained period of time, all determined at the sole discretion of the Board. An Emeritus Director is asked to serve as an advocate for Friends & Foundation and its mission, to provide expertise and advice to the Board and staff; and for assistance and advice in fostering relationships with those providing support to Friends & Foundation. The position of Emeritus Director may be filled upon the nomination of any Director and the majority vote of the Board. There shall be no specific term for an Emeritus Director; the Emeritus Director may resign at any time, or may be removed from the position in the manner provided by this Article V, Section 4.

ARTICLE VI – OFFICERS AND DUTIES

Section 1. The officers of Friends & Foundation shall consist of a Chairperson, Vice-Chairperson, Secretary, and Treasurer, and such other officers as shall from time to time be designated by the Board. The office of Secretary and Treasurer may be held by the same person.

Section 2. The officers shall be chosen from among the Directors. All Friends & Foundation officers shall be voted on by the Board at the annual meeting.

Section 3. The Chairperson shall preside at all meetings of the Board, shall have general supervision of the affairs of Friends & Foundation, and shall see that all orders and resolutions of the Board are implemented. The Chairperson shall set the agenda for the meetings of the Board; request the Secretary to issue notices of meetings; appoint members to committees, with the approval of the other Directors; and present at each annual meeting of the Board an annual report of the work of Friends & Foundation. Checks shall be signed by the Chairperson or Treasurer.

Section 4. In the absence, disability, or under the direction of the Chairperson, the Vice-Chairperson shall be vested with all powers and perform all duties of the Chairperson, and shall have such additional powers and perform such additional duties as shall be ordered by the Board. The Vice Chairperson shall conduct an annual review of Friends & Foundation by-laws, policies, and procedures to ensure that they remain up-to-date.

Section 5. The Secretary shall record the proceedings of each meeting and distribute these minutes for approval by Board members at the next meeting; make Board-approved meeting minutes available to Friends & Foundation members; issue notice of all Friends & Foundation meetings, except as otherwise provided in these by-laws; assist the Chairperson in conducting Friends & Foundation correspondence, thus serving as Corresponding Secretary as well as Recording Secretary; keep records of Friends & Foundation's activities; and maintain Friends & Foundation files.

Section 6. The Treasurer shall have custody of all monies and valuable documents of Friends & Foundation, and shall place the same for safekeeping in such depositories as may be designated by the Board. The Treasurer shall be responsible for the financial accounting of all Friends & Foundation projects which involve the collection and/or disbursement of monies. The Treasurer shall expend the funds of Friends & Foundation as directed by the Board, taking proper vouchers for such expenditures; shall keep, or cause to be kept, a book or books setting forth a true record of the receipts, expenditures, assets, liabilities, losses and gains of Friends & Foundation; and shall, at all meetings of the Board, render a statement of the financial condition of Friends & Foundation; and cause to be filed appropriate tax returns. Copies of the financial condition of Friends & Foundation, along with an annual report, shall be presented to Friends & Foundation members and the Lawrence Public Library Board of Trustees on an annual basis. As a requirement to serve as Treasurer of Friends & Foundation, the Treasurer shall procure an appropriate bond, in an amount to be determined by the

Board, from an insurer authorized to transact business in the State of Kansas. Checks shall be signed by the Treasurer or Chairperson.

Section 7. No Director shall for any reason of the office be entitled to receive any salary or compensation, but nothing herein shall be construed to prevent a Director from receiving any compensation from Friends & Foundation for duties other than as Director.

ARTICLE VII – VOTING

Section 1. Board shall vote on behalf of Friends & Foundation organization. All votes shall be by voice at board meetings, with the exception that for the election of Officers and Directors an anonymous written ballot may be used in lieu of a voice vote.

Section 2. At any regular or special meeting any question shall be decided by majority vote and may be voted upon in the manner and style provided for in the election of officers and Directors, except as noted in Article V, Section 4..

Section 3. Each Director shall have one vote and such voting may be done by written proxy. The Chairperson, Vice-Chairperson, Secretary, and Treasurer shall vote as Directors but shall not have additional voting power by virtue of their position as officers.

ARTICLE VIII – COMMITTEES

The Board shall establish the following standing committees: Executive, Nominating, Finance, On-Site Sales, Internet Sales, and Membership & Fundraising. The Board also may establish temporary committees as necessary to carry out the mission of the organization. Committee members shall nominate a committee chair or co-chairs, subject to confirmation by the Board, and shall establish operating procedures for their area of responsibility, subject to oversight by the Board, which has the right to amend committee operating procedures.

ARTICLE IX– AMENDMENT

These by-laws may be amended by a vote of the majority of a quorum of Directors at any meeting of the Board when proper notice of such proposed amendment has been given.

ARTICLE X – AUDIT

The Board shall submit their accounts, reports, and records to an independent auditor on or before June 1, each year.

ARTICLE XI – FISCAL YEAR

The fiscal year of FRIENDS & FOUNDATION shall be January 1 through December 31.

CERTIFICATE OF SECRETARY

I, the undersigned, do hereby certify: (1) that I am the duly elected and acting Secretary of the LAWRENCE PUBLIC LIBRARY FRIENDS & FOUNDATION, a Kansas corporation; and (2) that the foregoing by-laws constitute the original by-laws of said corporation, as duly adopted at the meeting of the Board thereof duly held on the (date)

XXXXXXXX, Secretary

(SEAL)

Policies

(Draft 4/26/2019)

Friends &
Foundation

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In this document, the Lawrence Public Library Friends & Foundation is referred to as "Friends & Foundation;" the Lawrence Public Library Friends & Foundation Board of Directors is referred to as the "Board;" the Lawrence Public Library Board of Trustees is referred to as the "Trustees;" and the Lawrence Public Library is referred to as the "Library."

Standing Committee Responsibilities

The following are Friends & Foundation standing committees. Each committee shall appoint a representative to serve on the Board. Standing committee Chairs may create subcommittees as needed and make recommendations for staffing needs.

Executive Committee

Friends & Foundation's Executive Committee is comprised of the Board's four officers: Chair, Vice Chair, Treasurer, and Secretary. The Vice Chair of the Board may become the Chair of the Board the year following his/her term as Vice Chair. The Executive Committee reports to and is accountable to the full Board. Occasionally, the Executive Committee works in place of the full Board. Specific responsibilities include:

- Implement Board policies;
- Serve as liaison with the Executive Director of the Board, if one has been hired;
- Serve as liaison with the Executive Director of the Library;
- Initiate the Board's efforts to set goals and a strategic framework;
- Conduct Friends & Foundation Executive Director searches; and
- Resolve emergencies in an organizational crisis.

Nominating Committee

The Nominating Committee is comprised of the Board Chair, Vice Chair and outgoing Board members. Specific responsibilities include:

- Work with the Board to identify prospective new Board members;
- Meet with and interview prospective Board members and recommend candidates to the Board;
- Recommend an annual slate of officers to the Board;
- Oversee new Board member orientation; and
- Organize training sessions for the entire Board.

Finance Committee

The Finance Committee is chaired by the Board Treasurer and is composed of three individuals, including the Treasurer. At least one of the other two members shall be a member of the Board. The Finance Committee is responsible for providing guidance, analytical support and oversight for Friends & Foundation's financial matters. Specific responsibilities include:

- Formulate finance and gift policies and procedures;
- Oversee the performance of the endowment fund assets and recommend endowment distributions;
- Provide support to the Board and staff on financial matters;
- Draw up an annual budget and present it to the Board for possible modification and subsequent approval;
- Annually review the budget and financial statements; and
- Review the annual audit and tax form (990).

On-Site Sales Committee

The On-Site Sales Committee is charged with planning, organizing, funding, and supervising on-site sales of books and other donated physical materials. Specific responsibilities include:

- Formulate on-site book sale policies and procedures;

- Work with the Program Coordinator in the training and oversight of the work of volunteers;
- Create an annual budget relating to staffing and operating on-site book sales;
- Process donations of community-donated physical goods;
- Schedule volunteers to help with sale set up, operation, and clean up;
- Promote book sales in the community;
- Facilitate donations of books and other items to charitable organizations; and
- Work with the Internet Sales Committee to recommend a plan for disbursing book sale proceeds to the Library;

Internet Sales Committee

The Internet Sales Committee oversees online sales of books and other donated physical materials. Specific responsibilities include:

- Formulate internet book sales policies and procedures.
- Train and oversee the work of volunteers;
- Create an annual budget relating to staffing and internet sales operations;
- Maintain online inventory and facilitate distribution and sales; and
- Work with the On-Site Sales Committee to recommend a plan for disbursing book sale proceeds to the Library.

Membership & Fundraising Committee

The Membership & Fundraising Committee is responsible for promoting and retaining membership and overseeing fundraising. Specific responsibilities include:

- Formulate membership and fundraising policies and procedures;
- Provide recommendations to the Board on membership categories and pricing;
- Advise Friends & Foundation staff on membership campaigns;
- Develop and schedule social activities that engage current members;
- Organize special receptions;
- Develop and schedule annual fundraising events other than book sales;
- Work with Friends & Foundation staff to establish and implement a fundraising plan;
- Involve all Board members in fundraising;
- Monitor fundraising efforts to ensure that ethical practices are in place, that donors are acknowledged appropriately, and that fundraising efforts are cost-effective.

Book Sales Policy

Purpose

Book Sales consist of community donations of books and other physical goods received with the intent to be resold. The On-Site Sales Committee and the Internet Sales Committee are responsible for processing donations of physical goods, the sale of these donations, offering donations of physical goods to charitable organizations, and the responsible recycling or disposal of donations that cannot be sold or repurposed.

On-Site Sales Committee Structure

The On-Site Sales Committee shall be composed of a minimum of five (5) volunteers. The chair, or appointed substitute, shall serve on the Board, and convene meetings as necessary to fulfill the committee's purpose.

On-Site Sales Committee Responsibilities

The On-Site Sales Committee shall schedule, plan and execute on-site book sales. Committee meetings shall be held as needed to maintain the continuity and structure of on-site sales. Pricing, distribution, and donations shall be at the sole discretion of the On-Site Sales Committee. The On-Site Sales Committee shall create an annual budget relating to the staffing and smooth operation of on-site book sales.

Internet Sales Committee Structure

The Internet Sales Committee shall be composed of a minimum of four (4) volunteers. The chair, or appointed substitute, of this committee shall serve on the Board, and convene meetings as necessary to fulfill the committee's purpose.

Internet Sales Committee Responsibilities

The Internet Sales Committee is responsible for maintaining an online inventory of received donations and fulfilling internet book sales. Committee meetings shall be held as needed to maintain the continuity and structure of internet sales. Pricing, distribution, and donations shall be at the sole discretion of the Internet Sales Committee. The Internet Sales Committee shall create an annual budget relating to the staffing and smooth operation of internet book sales.

Book Sales Treasurer

The On-Site Sales Committee and the Internet Sales Committee, together, shall appoint a treasurer responsible for maintaining the Book Sales Fund and reporting fund balances and expenditures to the Board monthly.

Annual Grant of Book-Sale Proceeds to the Library

The On-Site Sales Committee, the Internet Sales Committee, and the Book Sales Treasurer shall, together, annually draw up and recommend to the Board a plan for dispersing book-sale proceeds in a block grant to the Library, subject to Board modification and subsequent approval.

Conflict of Interest Policy

The purpose of this Policy is to protect the integrity of the Friends & Foundation's decision-making process. The Policy is adopted by Friends & Foundation with knowledge that individuals associated with the organization, either as employees, Board Members or committee members, have financial, charitable, or civic interests outside of their association with Friends & Foundation. Those interests may, from time to time, present a conflict for these individuals when contemplating action necessary to achieve the stated goals of Friends & Foundation. This Policy is intended to determine the nature of the conflict presented, the obligation of the person who has a potential conflict, and the procedure by which Friends & Foundation addresses and resolves the conflict.

For purposes of this Agreement, the term "Interest" shall mean:

A financial, civic or charitable relationship to a person or entity with which Friends & Foundation has or expects to engage in a transaction or arrangement. This includes, but is not limited to, ownership, investment, income or other compensation derived from the person or entity; a position of authority over the person or within the entity; a familial relationship; or other manner of relationship that may reasonably affect the decision-making process of the person acting on behalf of Friends & Foundation.

Each Friends & Foundation employee, Board member and committee member must execute an Acknowledgement of the duty to disclose any actual or perceived conflict of interest when accepting that role. A copy of the form "Disclosure of Confidentiality Statement," which includes the "Acknowledgment" to be signed, is included in this Policy manual. It shall be the obligation of the Board to obtain executed copies of the Acknowledgment from each person affected by this Policy.

In so executing the Acknowledgment, any person having a potential or actual conflict of interest as set forth in this Conflict of Interest Policy shall disclose the existence and nature of his or her conflict of interest to the Board, the Friends & Foundation Executive. Any actual or potential conflict of interest arising at a later date must also be so reported. The Board shall thereafter accept such disclosure, investigate the nature of the conflict, and determine by majority vote of the Board – excepting the disclosing individual, whose presence or absence shall not be considered in the determination of whether a quorum is present – whether a conflict of interest does or does not exist. If the vote is in the affirmative, the Board shall carry on the business of Friends & Foundation without participation of the individual possessing the conflict of interest. If it is determined no conflict exists, the disclosing individual may thereafter participate in the discussion and determination of the business of Friends & Foundation without encumbrance.

If an employee, Board member, or committee member has reasonable cause to believe that an individual has failed to disclose an actual or potential conflict of interest, he/she shall inform the individual of the basis for such belief and afford the individual an opportunity to explain the alleged failure to disclose.

If, after hearing the response of the individual and making such further investigation as may be warranted in the circumstances, the Board or committee determines that the individual has in

fact failed to disclose an actual or potential conflict of interest, the Board may seek to cancel the action, if any, taken by the Board in connection with the failure to disclose a conflict of interest, place the proposed action for a revote, and/or take any further action deemed necessary upon a majority vote of the Board. This shall include possible censure, suspension or dismissal of the individual who has failed to disclose the actual or potential conflict of interest.

All disclosures, discussions, votes and remedial action, if any, shall be recorded in the same manner as regular minutes of meetings of the Board or any committee or sub-committee.

Adopted by The Library Friends & Foundation Board on this XX day of XXXX

Disclosure and Confidentiality Statement

Friends & Foundation has adopted a Conflict of Interest Policy that sets forth the duty of Friends & Foundation employees, Board members and committee members to disclose any actual or potential conflict of interest related to the regular business of Friends & Foundation. This Conflict of Interest Policy requires these individuals to acknowledge that they may be asked to participate in discussions and/or votes that present them with an actual or potential conflict of interest. The nature of such interests is defined within the Conflict of Interest Policy.

Friends & Foundation also recognizes that during the course of an employee's, Board member's or committee member's involvement with Friends & Foundation, these individuals may obtain confidential information related to the identity of donors, potential donors, and the nature of the gift the donor provides to Friends & Foundation. Other confidential information may concern the transactions, arrangements or agreements Friends & Foundation undertakes with other parties, including the identity of those parties and the terms of the transactions, arrangements or agreements. Protection of this confidential information is of great importance to the integrity and reputation of Friends & Foundation and is essential to the continued success of the mission of Friends & Foundation.

Acknowledgment

The undersigned therefore acknowledges as follows:

1. He/She is an employee, Board member or committee member of Friends & Foundation.
2. He/She has received a copy of the Conflict of Interest Policy and has read and understands the provisions set forth in the Policy.
3. He/She accepts the duty to disclose any actual or potential conflict of interest as set forth in the Policy.
4. He/She agrees to be bound by the procedures set forth in the Policy and the terms of this Disclosure & Confidentiality Statement.

Signature

Date

Whistleblower Policy

Should any person know of, or have reasonable suspicion of illegal or unethical conduct in connection with the finances or other aspect of Friends & Foundation's operations, that person shall inform the Friends & Foundation Executive Director. If the alleged wrongdoing concerns this Executive Director, or if there is currently no Friends & Foundation Executive Director, then the person shall notify the Chair or other Board member(s) of the concern.

Should the Executive Director, Chair, or other Board member receive such an allegation, that person shall inform the Executive Committee. The Executive Committee shall investigate all credible allegations, at all times respecting the privacy and reputation of individuals involved. The Executive Committee shall inform the Board if any material allegation is confirmed, or if the Executive Committee otherwise believes that Board members should be made aware of the situation.

The provision of information in good faith as provided above shall not be grounds for discipline or dismissal of the reporting person.

Adopted by the Lawrence Public Library Friends & Foundation Board on this xx day of xxx

Anti-Discrimination Policy

Friends & Foundation provides equal employment and volunteer opportunity to all employees, applicants for employment, volunteers and applicants for volunteer positions without regard to race, sex, religion, color, national origin, age, ancestry, familial status, sexual orientation, disability, gender identity, veteran status, or any other reason prohibited by law. This policy applies to all aspects of employment and volunteer participation including hiring, promotion, demotion, termination, layoff, recall, transfer, leaves of absence, compensation, social and recreational programs and training. Friends & Foundation expressly prohibits any form of unlawful employee or volunteer harassment or discrimination based on any of these characteristics.

Gift Policy

Policy Statement

The Library strongly encourages the Friends & Foundation to solicit and accept gifts to enable the Library to fulfill its mission:

LIBRARY MISSION STATEMENT

Imagine more: a place to learn, connect, create, and grow.

Friends & Foundation accepts gifts at the discretion of a majority of the Board, with grateful and timely acknowledgement unless the donor expressly requests anonymity. Gifts may be sought and/or received from any entity (including but not limited to individuals, corporations, Friends & Foundation, and federal, state and local governments), and are deemed accepted upon deposit unless action to the contrary is taken on behalf of the Board.

Friends & Foundation welcomes many types of gifts, as outlined in the Gift section of the Procedures Manual. All gifts shall be liquidated into cash and cash equivalents for investment and use according to the Friends & Foundation's Reserves and Endowment Investment Accounts Policy, unless a 2/3 majority of the Board waives liquidation of a gift, in whole or in part, and sets conditions for future liquidation.

The acceptance of each gift shall automatically serve to remove any term, condition or aspect of the gift that in any way conflicts with the mission of the Library or Friends & Foundation. Nevertheless, Friends & Foundation shall not knowingly accept any gift that conflicts with the mission of the Library or Friends & Foundation, or their acceptance of gifts from other donors, be they similar or different, foreign or domestic.

Gifts that may expose the Library or Friends & Foundation to adverse publicity, require expenditures beyond the Library's or Friends & Foundation's resources, or involve the Library or Friends & Foundation in unexpected responsibilities because of their source, conditions, or purposes, or are otherwise not paid in full, shall be referred to both the Board of Directors of Friends & Foundation and the Library Board of Trustees. Majority votes of both Boards may withhold approval of acceptance or terminate an agreement.

As a general rule, neither the donor nor any person the donor designates shall have advisory privileges with respect to the distribution or investment of amounts held in the fund by reason of the donor's status as a donor.

The reason for this prohibition is so that the restricted fund is not a "donor advised fund" (as defined in Section 4966 of the Internal Revenue Code of 1986, as amended (the "Code")). If, notwithstanding this general rule, a donor advised fund is established, the fund administration agreement, letter of gift, or similar agreement between the Friends & Foundation and the donor shall include necessary prohibitions, and the fund shall be administered, such that the Friends & Foundation is not subject to "taxes on taxable distributions" (as defined in Section 4966 of the Code), "taxes on prohibited benefits" (as defined in Section 4967 of the Code), or similar excise taxes.

This gift policy does not provide legal, tax or accounting advice to donors or their representatives. It is the sole responsibility of donors or their representatives to make those determinations.

See corresponding Gift section of the Procedures Manual.

Endowment Distribution Policy

Each year, when the Finance Committee meets to review the third quarter performance of the Friends & Foundation endowed funds, it shall recommend distributions of up to 5% for the following year. Projections for annual distributions shall be based on year-to-date third quarter performance and then adjusted when the year-end statement is received for each fund. The Finance Committee shall make these projections based on a 12-fiscal-year-quarter rolling average for each fund as that data becomes available.

Unrestricted Endowment Distributions

Annual distributions from the Friends & Foundation Unrestricted Endowment shall consist of up to half of the accumulated annual gain. This policy shall be reevaluated once the Unrestricted Fund reaches \$2 million in assets. In years for which there is no annual gain, the Board has the discretion to make a distribution based on the needs of the Library.

Approved by Library Friends & Foundation Board this XX day of XXX

Reserves and Endowment Investment Accounts Policy

I. General Considerations - This policy document contains the guidelines for managing and administering the Friends & Foundation's Reserves and Endowment investment funds. The guidelines set out below are meant to provide sufficient detail for the tasks undertaken, but are also designed to keep things simple and flexible.

II. Definitions: Reserve Funds and Endowment Funds

- A. Operating reserves - Funds set aside to cover operating expenses when cash flow is uneven or interrupted by unexpected circumstances.
- B. Capital reserves - Funds set aside for long-term purposes, not all of which need be specifically identified, involving major capital expenditures.
- C. Endowment - Funds invested permanently to generate long-term income and increase financial resources.

III. Permissible Investments

- A. General guiding principle - Since financial markets menus change over time, the main feature of a permissible investment is that it have a well-established market.
- B. Specific examples of permissible investments - See Sections IVB, VB and VIB below.
- C. Prohibited investments and activities – Friends & Foundation adopts the investment restrictions set forth in the Douglas County Community Foundation's, hereafter DCCF, "Statement of Investment Policy: Balanced Investment Portfolio." A copy of this document is attached. The foregoing prohibitions shall not preclude Friends & Foundation from accepting gifts of property within these prohibited classes if the Board determines they will be beneficial to Friends & Foundation, but such property shall be liquidated when permissible and invested in accordance with this policy.

IV. Investing Operating-Reserve Funds

- A. Investment objectives - Safety of principal is the primary objective. Liquidity is the secondary objective. The achievement of a maximum rate of return within those priorities is the tertiary objective.
- B. Permissible investments - Short-term (maturities of less than one year), cash-equivalent securities, such as U.S. Treasury securities, certificates of deposit (CDs) and time deposits of federally insured U.S. banks and savings institutions.
- C. Management of investments
 - 1. Operational control - The only permissible activity is movement between the operating reserve account and the operating cash account. Funds may be moved by authorized signers. The Finance Committee shall determine the balance needed in the operating cash account to cover operating cash flow shortfalls.
 - 2. Oversight and reporting - The Treasurer is responsible for monthly and quarterly reporting to the Board and the Finance Committee.

V. Investing Capital-Reserve Funds

A. Investment objectives - The achievement of a maximum rate of return while maintaining conservative risk levels is the primary objective. Liquidity is the secondary objective.

B. Permissible investments - Long-term (maturities of more than one year) debt securities, such as U.S. Treasury bonds and notes, long-term CDs of U.S. banks and savings and loan institutions, investment-grade corporate bonds and bond mutual funds. The Board may also invest capital reserve funds in equities in exceptional cases in which the Board feels it is appropriate.

C. Management of investments

1. Operational control - The amount of funds to be held in the capital reserve account shall be determined by the Finance Committee, subject to approval by the Board. Expenditures must be approved by both the Finance Committee and the Board.

2. Oversight and reporting - The Treasurer is responsible for quarterly reporting to the Board and the Finance Committee.

VI. Investing Endowment Funds

A. Investment philosophy - Friends & Foundation adopts the “Basic Goal and Approach” and “Investment Objective” sections of the DCCF’s “Statement of Policy: Balanced Investment Portfolio.”

B. Management of investments

Friends & Foundation adopts the “Guidelines” section and its subsections of DCCF’s “Statement of Policy: Balanced Investment Portfolio.”

C. Oversight and reporting - The Finance Committee shall provide performance results to the Board on a quarterly and annual basis.

D. Receipts of asset gifts designated for endowment investment - Gifts to Friends & Foundation shall be accepted in accordance with policies detailed in the Gift Policy.

E. Disbursement plans - Endowment distributions shall be made in accordance with policies detailed in the Endowment Distribution Policy section of this Policy manual.

Adopted by the Lawrence Public Library Friends & Foundation Board on this xx day of xxx

Douglas County Community Foundation (DCCF) Statement of Investment Policy

Balanced Investment Portfolio

BASIC GOAL AND APPROACH

The basic goal of the investment approach of the Douglas County Community Foundation (the “Foundation”) is for its funds portfolio to generate income and appreciate in value so as to provide long-term growth to meet the objectives of the Foundation.

The Foundation believes that a diversified approach to portfolio management is required to reduce volatility and prudently maximize total return for the long term (at least a 6-8 year horizon). Total return is defined to be the result of capital gains, realized and unrealized, plus income derived from dividends and interest. It is recognized that economic and securities market conditions are not constant, but ever changing and, as a result, continuous portfolio adjustments will be required in order to maintain asset productivity.

It is expected that the Investment Manager engaged by the Foundation to manage the Foundation’s funds portfolio will manage such portfolio to seek to achieve the Foundation’s investment objective at all times. In its investment approach, the Foundation does not desire high risk or high volatility, which may produce large gains as well as large losses. Rather, the Foundation seeks a more consistent approach limited to equity investments, income investments, alternative investments, and cash instruments.

INVESTMENT OBJECTIVE

The Foundation’s overall investment orientations are income and growth with the primary objective being to seek safety of principal. The Foundation seeks limited portfolio volatility. The Foundation’s selection of a preservation of capital investment objective implies a willingness to assume both a level of risk and total return less than that associated with common stocks in general. In this regard, the Foundation anticipates that investment strategies other than equities will generally represent a significant percentage of portfolio commitments.

GUIDELINES

The Investment Manager is given full discretion to act in accordance with the contract that governs the relationship between the Foundation and the Investment Manager and this Investment Policy Statement. It is understood the Investment Manager is to comply with these guidelines and the investment portfolio will be comprised of equity investments, income investments, alternative investments and cash equivalents, and will comply with the allocation ranges set forth on the attached Exhibit A. These guidelines are subject to review from time to time and the Investment Manager should feel free to recommend appropriate changes to the Foundation for its further consideration. In the event that the Investment Manager recommends any specific investment that would constitute a departure from these guidelines, it shall not be undertaken without approval of a majority of the full Board of Directors of the Foundation.

Cash Equivalent Securities

The Foundation views investment in cash equivalent securities as a viable alternative to other investments, as a strategy for reducing portfolio volatility, and as an alternative to a more permanent commitment to such other strategies, depending upon the Investment Manager's view of the markets.

Income Guidelines

1. The targeted commitment to income investments for the overall assets of the portfolio is set at 35%, with the understanding that an actual commitment that lies within a range between 25% and 55% is acceptable. These limits are subject to periodic review and adjustments, on the recommendation of the Investment Manager, with Foundation approval.
2. Income investments shall be managed on a total return basis (combining interest income plus/minus appreciation/depreciation) with capital preservation and current income to help meet spending requirements as a primary objective. A secondary objective is to provide a source of diversification for the investment portfolio, thus seeking to dampen portfolio volatility.
3. The income allocation may include traditional income securities (i.e. domestic bonds), other approved income classes (i.e. foreign bonds, interest rate swaps, master limited partnerships, derivatives, etc.), or short-term securities. The Investment Manager is encouraged to communicate such other approved income class recommendations to the Foundation.
4. The maximum weighted average maturity (WAM) of bond holdings is not to exceed eight years. Bond holdings should maintain an investment grade rating.

Equity Guidelines

1. The targeted commitment to equity securities for the overall assets of the portfolio is set at 55%, with the understanding that an actual commitment that lies within a range between 45% and 75% is acceptable. Acceptable targets and allocation ranges for domestic (including market capitalizations) and international equities are set forth on Exhibit A.
2. Equity investments shall be managed with capital appreciation as a primary objective. A secondary objective is to provide a source of diversification for the investment portfolio, thus seeking to dampen portfolio volatility.
3. The equity allocation may include traditional equity securities (i.e. domestic and international equity) or other approved equity classes. Equity securities shall consist of common stocks and equivalents (ADRs, issues convertible into common stock, etc.). Issues traded on the New York, American, Over the Counter, Regional Exchanges and foreign exchanges are appropriate. There are no specific constraints as to earnings record and dividend policy.

4. Investments in the equity securities of any one issuer shall be limited to holding not more than 5% of total Foundation assets under management.

Alternative Investments

1. The targeted commitment to alternative strategies for the overall assets of the portfolio is set at 10% with the understanding that an actual commitment that lies within a range between 0% and 15% is acceptable.

2. Alternative investments should be selected to provide the investment portfolio with diversification through less correlated asset classes. The Foundation foresees the possibility of using mutual funds/collective trust funds/limited partnerships that may serve as alternatives to other investments, and understands that the Foundation would not have any control over the management of such funds with regard to specific guidelines and restrictions. Such vehicles may include hedge fund strategies or any other alternative strategies the Foundation deems appropriate. The Foundation shall review the permitted investment strategies of such vehicles prior to investing in such vehicles.

RESTRICTIONS

In addition to the above guidelines, the Foundation has set forth the following restraints:

- no direct investment in gold or other commodities
- no direct investment in real estate REITs or real estate partnerships
- no direct short sales or trading on margin
- no direct options, including puts or calls

Notwithstanding the foregoing, the Foundation foresees the possibility of using mutual funds/collective trust funds/limited partnerships and understands that Foundation would not have any specific control over the management of such funds with regard to guidelines and restrictions. However, when possible, the Foundation intends to utilize funds that generally comply with the investment guidelines stated in this Investment Policy Statement.

COMMUNICATION AND REPORTING

There is to be an open line of communication between the Foundation and the Investment Manager.

The Investment Manager is expected to provide quarterly reports detailing all asset information and performance results. Investment results will be evaluated and compared against appropriate indices. All benchmarks are intended as targets only and not as an assurance or guarantee of performance of any investment or of the portfolio. In addition to the required written and statistical information, the Investment Manager will be available to meet with the Foundation in person at least quarterly and more often, as appropriate.

EXHIBIT A

INVESTMENT PORTFOLIO ALLOCATION

	Target Allocation	Allocation Range
EQUITY	55.0%	45.0% - 75.0%
All Cap	10.0%	5.0% - 15.0%
Domestic Equities		
Large Cap	27.5%	20.0% - 40.0%
Mid/Small Cap	7.5%	3.0% - 15.0%
International Equities	10.0%	5.0% - 15.0%
INCOME / CASH	35.0%	25.0% - 55.0%
Bond and Cash Instruments	30.0%	20.0% - 55.0%
Energy Infrastructure Funds	5.0%	0.0% - 10.0%
ALTERNATIVES	10.0%	0.0% - 15.0%
Hedge Fund of Funds	10.0%	0.0% - 15.0%