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SERVING GRANITE CITY, MITCHELL, AND PONTOON BEACH

## **HELEN R. KUENSTLER FUND ENDOWMENT OPERATING POLICY**

### **I. NAME**

The name of the endowment fund to which this Operating Policy shall apply shall be the “Helen R. Kuenstler Fund,” hereinafter referred to as the “Fund.” The Fund is established by the Six Mile Regional Library District (the “Library”) for the purpose of receiving, managing, and administering assets designated pursuant to Section 5.2(d) of the Helen R. Kuenstler Interim Trust u/a dated 7/1/96, as amended (“Helen’s Trust”).

### **II. CHARITABLE PURPOSES**

Section 5.2(d) of Helen’s Trust provides for the transfer of funds to the Library “to be held as an endowment with only the income and net appreciation from this gift to be used for the purchase of books or any form of reading materials that are substitutes for books, including, but not limited to, electronic books” (the “Charitable Purposes”). The Fund is subject to Section 760 ILCS 51/1 through 760 ILCS 51/11 of the Uniform Prudent Management of Institutional Funds Act (the “Act”).

### **III. FUND**

The Library shall manage and use the Fund for the Charitable Purposes set forth above in Section II in compliance with the Act.

### **IV. ADMINISTRATION & RESPONSIBILITIES**

The Library shall maintain the Fund as an endowment fund on its books and records. The Fund shall be held in accordance with the specific endowment terms set forth in this Policy. The Fund shall include all contributions to the Fund (“Fund Contributions”) and all income and other earnings earned by the Fund (“Fund Income”) as described herein and shall be reduced by expenses allocated to the Fund (“Fund Expenses”) and appropriations of the Fund for spending by the Library (“Fund Spending”). The Fund shall be managed by the Board in a prudent and reasonable manner. Within a reasonable time after receiving non-cash gifts, the Board shall make and carry out decisions concerning the retention or disposition of the gifts or to rebalance a portfolio in order to bring the Fund into compliance with the purposes, terms, and distribution requirements of the Library as necessary to meet other circumstances of the Library.

The Board is responsible for making the decisions that shape the Fund's investment policy. In managing the Fund, the Board shall comply with the duty of loyalty under applicable laws, and will invest and manage the Fund in good faith and with the care an ordinary prudent person in a like position would exercise under similar circumstances. In managing and investing the Fund, the Board may incur costs that are appropriate and reasonable in relation to the assets, the purpose of the Library, and the skills available to the Library. The Board shall also make a reasonable effort to verify facts relevant to the management and investment of the Fund. If deemed necessary, the Board may delegate investment decisions using a good faith and prudent decision-making process in the course of (1) selecting an agent; (2) establishing the scope and terms of the delegation, consistent with the purposes of the Library and the Fund; and (3) periodically reviewing the agent's actions in order to monitor the agent's performance and compliance with the scope and terms of the delegation.

In managing the Fund, the Board shall consider the following factors when relevant:

- a. General economic conditions;
- b. The possible effect of inflation and deflation;
- c. The expected tax consequences, if any, of investment decisions or strategies;
- d. The role that each investment or course of action plays within the overall investment portfolio of the Fund;
- e. The expected total return from the income and the appreciation of investments;
- f. Other resources of the Library;
- g. The needs of the Library to make the distributions and to preserve capital; and
- h. An asset's special relationship or special value, if any, to the charitable purposes of the Library.

The Board shall make its management and investment decisions regarding the Fund in the context of the portfolio of investments as a whole and as a part of an overall investment strategy, having risk and return objectives reasonably suited to the Fund and to the Library. The Board shall diversify the investments unless it reasonably determines that due to special circumstances the purposes of the Fund are better served without diversification.

The assets held in the Fund from time to time shall be invested in a reasonable and prudent manner consistent with sound investment principles and otherwise in such manner as the Library shall determine in its sole discretion. The assets held in the Fund from time to time may be commingled and jointly invested by the Library in a common pool together with other funds of the Library held for investment, provided that the Library shall maintain an account of the Fund assets and shall credit the Fund with a proportionate part of the net investment earnings attributable to the Fund.

**Endowment Fund Spending Policy.** The Board recognizes both the short-term need of the Fund for annual income from the investment portfolio and the long-term need for maintenance

and growth of the Fund's purchasing power. The Board shall make distributions consistent with its obligations under the Act. Under such guidelines, subject to the intent of set forth in Helen's Trust, the Board may appropriate for expenditure or accumulate so much of the Fund as it determines is prudent for the uses, benefits, purposes and duration for which the Fund is established.

In making a determination to make distributions, the Board shall act in good faith with the care that an ordinary prudent person in a like position would exercise under similar circumstances and shall consider, if relevant, the following factors:

- a. The duration and preservation of the Fund;
- b. The purposes of the institution and the Fund;
- c. General economic conditions;
- d. The possible effect of inflation or deflation;
- e. The expected total return from income and the appreciation of investments;
- f. Other resources of the institution; and
- g. The investment policies of the Library.

**Modification and Termination.** This Operating Policy may be modified by the Board of Directors. In the event the Library Board of Directors, at its sole discretion, elects to discontinue programs consistent with its mission and dissolve the Library, the Endowment Fund shall be transferred by the Board to an organization of like purpose, mission and tax status. Endowment funds restricted by Helen's Trust shall continue to be subject to such restriction.

**Exception to Investment Policy.** The Board of Library Trustees shall endeavor to comply with both the Investment Policy and this Endowment Operating Policy, but declares that the terms and conditions of this Endowment Operating Policy shall take precedence over the Investment Policy, to the extent of any conflict, only in relation to the management, investment and appropriation of the Fund created by this Policy.

Approved by Board Action January 14, 2020  
Revised June 9, 2020