

Investment and Fund Management – Gifts, Bequests, or Permanent Endowments

I. Purpose:

The purpose of this policy is to provide ongoing guidance and direction to the Oshkosh Public Library as to the management of its fund assets from gifts, bequests, or permanent endowments. It describes the assets under the Library Board 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, bequests, or permanent endowment funds 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:

For many years, the library's fund assets were organized under funds named for the original donors. Most assets are now organized under five funds, each named for the purpose which it serves. These funds, established in 2014, are known collectively as the "Funds for Library Excellence." Funds whose assets were given to achieve particular restricted purposes (e.g. "purchase biographies" or "purchase children's books") persist as subsidiary funds, each within the appropriate overarching fund, and remain identified by the name of the original donor. A few funds that fulfill specialized functions for the Library are held outside of the five "Funds for Excellence."

A. Funds for Library Excellence:

- Library Collection Improvement Fund: This fund enables the Library to establish new collections and grow them to an appropriate size; purchase materials the library would not ordinarily buy due to expense; or purchase at a level of depth beyond the capability of the library materials operating budget. This fund also contains the largest number of restricted subsidiary funds, whose assets were donated to support purchase of particular formats or subjects of library materials

for use by the public. One example is the Adelia Fleming Archer Fund for purchase of books on “the changing South.”

- *Library Programming Support Fund*: This fund supports the costs of offering a variety of educational and cultural programming to Oshkosh area residents beyond that which may be accommodated within the Library’s operating budget.
- *Library Facility Improvement Fund*: This fund enables the Library to maintain or improve the quality of visitor experiences through improvements to the building and grounds; and through the acquisition of new furniture or equipment, the cost of which is beyond the capability of the operating budget.
- *Library Technology Fund*: This fund enables the Library to acquire and implement technologies that may support its mission, but which may be unaffordable within the scope of the operating budget.
- *Library Development and Support Fund*: This fund provides support to a variety of activities that strengthen the library’s capacity to provide excellent library services to Oshkosh area residents. For example, this fund may support specific projects called for in the library’s strategic plan; staff development (including conference attendance, training and education); or costs associated with fundraising and donor development.

B. Special use funds

- *Oshkosh Public Library Memorial Fund*: This fund is used as a recipient and pass-through account for assets received from customers for lost library materials as well as for grants, memorials and other small monetary gifts.
- *John Hicks Memorial Trust*: Fund originated by the bequest of the owner and publisher of the *Oshkosh Northwestern* newspaper. Assets support 1) “The purchase and erection of statues, busts and monuments in the parks and streets of the City of Oshkosh, and the repair of such as are now in existence or may hereafter be erected”; and 2) “The purchase of books, pictures, maps, drawings and works of art to be placed in the High School and ward schools for the city of Oshkosh.”

The will of Colonel Hicks requires that the funds bequeathed for the purposes stated must be “under the control of the Board of Directors of the Public Library of the City of Oshkosh, Wisconsin.” However, pursuant to the terms of the Will, the funds are not “for the benefit of the public library.” Due to the fact that the beneficiary of these funds is the City rather than the Library, the funds must remain in City custody to be managed by the Library Board. (Summary of legal status of the fund rendered by Oshkosh City Attorney, with advice from the law firm Godfrey & Kahn, November 2021).

IV. Duties and Responsibilities:

A. Library Board of Trustees

The Oshkosh 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 as Secretary of 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 Oshkosh in a timely manner; and
- 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;
- Periodically reviews and recommends changes to the allocation of assets among endowment funds under Library Board control; and
- Avoids any conflict of interest with investment transactions.

D. Investment Manager

- 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;
- Acts under discretionary investment authority with respect to buying, selling, and managing assets for which the Investment Manager has been given written authority;

- 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
- Conducts an on-site annual review with the Investment Committee within three months following the end of the Library's fiscal year.

E. Custodian

- Provides safekeeping of Library trust fund assets;
- Maintains separate accounts by legal registration;
- Routinely (typically daily, but not less frequently than weekly) values account holdings;
- Collects all income and dividends owed to the Library;
- Settles all transactions; and
- Provides monthly custody detail reports (detailed transactions, securities held, income, and changes in value) to the Investment Manager and the Investment Committee via the Library Director.

Drafted by:	Jeff Gilderson-Duwe
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