

**LODI WOMAN'S CLUB PUBLIC LIBRARY  
MARGARET J. "PEG" HILLIKER MEMORIAL ENDOWMENT FUND  
RULES OF GOVERNANCE**

**ARTICLE I. Name.** The name of the endowment fund shall be the Lodi Woman's Club Public Library Margaret J. "Peg" Hilliker Memorial Endowment Fund (hereinafter the "Fund").

**ARTICLE II. Purpose.** The Fund shall be established and maintained by the Lodi Library Board (hereinafter the "Board") for the purpose of allowing the Board to provide for the needs of the Lodi Woman's Club Public Library (hereinafter the "Library") by accepting gifts, bequests, devises, and endowments pursuant to Wis. Stats. § 43.58 (1) and (7), or any successor statute. The purposes shall be exclusively charitable and shall be developed to stimulate and encourage the gifts of funds, books, desirable collections, endowments, and bequests to the Library, and receive, hold, manage, use, and dispose of funds and property of all kinds for the benefit of the Library. It is intended that the financial support provided by the Fund to the Library be apart from, and in addition to, and not as a substitute for, any of the funds which are annually provided by the City Council of the City of Lodi in its budget for the Library.

**ARTICLE III. Duration.** Unless the City of Lodi ceases to exist or unless the Fund is terminated by vote of three-quarters (3/4) of the members of the Board, the existence of the Fund shall be perpetual. In the event that the City of Lodi shall cease to exist, the Fund shall be distributed to any library board of a successor or adjoining municipality fulfilling the purposes of the Lodi Library Board or to another organization exempt from tax to be used for the purposes described in Article VI below.

**ARTICLE IV. Management of Fund, Fund Committee, and Treasurer (Chairperson of the Fund Committee).** For the purpose of assisting the Treasurer in the management of Fund investment, the Library Board shall establish an Endowment Fund Committee (hereinafter the "Committee") consisting of the Lodi Library Board Treasurer (Chairperson), Library Board President, Library Director(s) (Ex Officio), and two (2) outside members at-large from the community. The two outside members of the Committee shall be appointed by the Board. The term of the Committee members shall be three (3) years, except the Treasurer and President shall only serve as a member of the Committee during the time that member is the Lodi Library Board Treasurer and the Lodi Library Board President. The Committee member shall serve no more than two (2) full consecutive terms. A former Committee member may be reappointed after a lapse of one (1) year. If a Committee member is appointed to serve an un-expired term exceeding eighteen (18) months it shall not be considered a full term and the Committee member may be reappointed to two full terms. The members of the Committee shall hold office until their successors shall have been duly appointed.

The Committee shall meet at least annually to review the Fund's investments, to advise the Treasurer regarding investments, and to formulate investment policy recommendations to the Board.

The Treasurer shall make an annual financial report and recommendation to the Board and such report, after audit by the Board, shall be appended to the annual report to the City of Lodi. The Treasurer shall be bonded for a sum, not less than the amount of property held by him or her with such securities as the Board requires. The bond shall be conditioned in substantially the same form as the ordinary bond required from the treasurer of a municipality.

The Board shall determine and implement policy with respect to the investments of the Fund, taking into consideration the recommendations of the Committee, the overall return produced by such investments, and the diversification and safety of the investments. The Board, through the Treasurer, may maintain accounts in the name of the Fund with any public depository under Chapter 34, Wis. Stats., as it may determine, from time to time. The Board may pay or transfer any receipt to the Treasurer for further investment. The Treasurer shall have authority to do all things necessary and proper for the management of the Fund, including but not limited to the following:

- A. To acquire interest in property by purchase, lease, rental, or other method;
- B. To sell, option, exchange, redeem, or convert any property interests;
- C. To rent or lease property of the Fund;
- D. To exercise all rights and privileges accruing to a holder of securities, including all voting, conversion, subscription, and preemptive rights; to deposit any securities with, delegate discretionary powers to, and participate, cooperate, and contract with, as a member or otherwise, any protective committee of security holders; and to effectuate any merger, consolidation, dissolution, reorganization, or financial adjustment of the issuer of any securities in/or any transfer, demise, or encumbrance of any of its properties;
- E. To manage and/or develop any real property owned, leased, or otherwise held by the Fund; to erect, repair, remodel, reconstruct, demolish, or remove buildings or other improvements on it; to partition or subdivide it; to dedicate all or any part of it to public or semi-public use, and to grant easement or other charges with respect to it;
- F. To abandon any property interest deemed worthless or of insignificant value;
- G. To borrow money from any source, to encumber property of the Fund, and to repay any loan due by the Fund;

- H. To foreclose any mortgage, lien, or other encumbrance, and to purchase the encumbered property, whether through foreclosure or private arrangement;
- I. To establish and maintain, out of income, a depreciation, depletion, and/or amortization reserve;
- J. To maintain a portion of all of the property constituting the Fund in liquid or ordinary liquid form, even though little or no income is earned thereon;
- K. To register securities in the name of the Board;
- L. To employ and compensate counsel or other persons necessary for property administration of the Fund and to delegate authority when such delegation is advantageous to the Fund.

**ARTICLE V. Acceptance of Gifts.** Contributors to the Fund may make gifts upon special terms, conditions, limitations, or directions as to the investment or use of the gift (“Restricted Gifts”) provided that the restrictions are accepted by the Board. Contributors to the Fund may make gifts not subject to any special terms, conditions, limitations, or directions as to the investment or use of the gift (“Unrestricted Gifts”). Contributors may also make Restricted Gifts and Unrestricted Gifts of property other than cash (“Gifts in Kind”) provided that the form of such gifts is accepted by the Board. Title to Gifts in Kind shall be held by the Board. The acceptance of a gift by the Board shall be deemed to be in agreement by the Board with the contributor and the gift will be subject to the terms and conditions in this document.

With respect to Restricted Gifts, the Board shall do its utmost to meet the special terms, conditions, limitations, and directions regarding the investment or use of all Restricted Gifts, however, all Restricted Gifts are irrevocable and the contributor of a Restricted Gift upon acceptance by the Board agrees to trust the discretion of the Board and waives all rights to enforce the restrictions after acceptance by the Board.

The Board shall have the power to modify the terms, conditions, limitations, or directions regarding the investment or expenditure of a Restricted Gift if any of the following occurs:

- A. In the event the Fund is terminated under Article III; or
- B. In the event that the special terms, conditions, limitations, or directions of a Restricted Gift cannot be met because of changes in the circumstances under which the gift was made and accepted which were not anticipated when the gift was made.

In the event that the Board does modify the conditions of a Restricted Gift, the Board’s modification shall closely approximate the contributor’s intent, as determined by

the Board. Any modification of a condition involving the expenditure of a Restricted Gift may be made only after discussion at a regular meeting of the Board.

The Board is authorized to make, publish, and disseminate additional guidelines from procedures and specific decisions for disbursements from the Fund and provide information about the Fund to contributors.

**ARTICLE VI. Use of the Fund.** The income and principal of the Fund shall be used to fund long-term projects of the Library. The Fund shall be expended according to the following rules and procedures, which rules shall be applied in a manner which gives priority to any rule listed prior to any subsequent rule.

- A. No income or principal from the Fund shall be expended for the private benefit of any Board member.
- B. No income or principal from the Fund shall be expended for an item on the normal operating budget of the Lodi Library unless such expenditure is required as part of a Restricted Gift.
- C. If a Restricted Gift requires a procedure for expenditure of the gift which is different from the procedures indicated in this document, the Board shall follow the procedure described in the Restricted Gift rather than this document in making the expenditure.
- D. In the event that the balance of the principal from all unrestricted gifts is below \$150,000, no expenditure of principal from such Unrestricted Gifts shall be permitted.
- E. In the event that the balance of the principal from all Unrestricted Gifts is above \$150,000, expenditures of principal from such Unrestricted Gifts shall be made according to the following procedure: Each expenditure of principal from the Unrestricted Gifts shall be made only after discussion at a regular meeting of the Board, and approval of a three-quarters (3/4) majority of the Board members present and voting at the next regular or special meeting. A total annual expenditure shall not exceed 3% of the principal.
- F. If a Restricted Gift does not require a procedure for expenditure of the gift which is different from the procedure indicated in the document, expenditures of income or principal from such Restricted Gifts shall be made as follows: Each expenditure shall be made only after discussion at a regular meeting of the Board and approval of the Board by simple majority vote of the members present at such regular meeting.
- G. The expenditure of income from all Unrestricted Gifts shall be made according to the following procedure: Each expenditure of such income

shall be made only after discussion at a regular meeting of the Board and approval of the Board by simple majority vote of the members present at such regular meeting.

**ARTICLE VII. Amendments.** These Rules of Governance may be altered, amended or repealed, and new Rules of Governance may be adopted by a three-quarters (3/4) majority of the Board members present and voting at the next regular meeting.

*Amended: June 9, 2014*