



POLICIES & PROCEDURES



TABLE OF CONTENTS

Section 1 ▪ BYLAWS

- [01.01.01](#) Officers
- [01.01.02](#) Members
- [01.01.03](#) Board of Directors
- [01.01.04](#) Officers and Agents
- [01.01.05](#) Fiduciary Matters
- [01.01.06](#) Records of the Corporation
- [01.01.07](#) Amendment of Bylaws
- [01.01.08](#) Miscellaneous

Section 2 ▪ GIFTS

- [02.01.01](#) Gift Acceptance
 - [02.01.01.P1](#) Gift Acceptance Procedures
 - [02.01.01.P2](#) Classification of Gifts
 - [02.01.01.P3](#) Distributions
 - [02.01.01.P4](#) Investing in Pueblo Libraries – Enterprise Zone Contributions

Section 3 ▪ INVESTMENTS

- [03.01.01](#) Investments
 - [03.01.01.P1](#) Unrestricted Investment Account

Section 4 ▪ OTHER

- [04.01.01](#) Business Ethics & Conduct
- [04.01.02](#) Records Retention



BYLAWS

TABLE OF CONTENTS

	Page
Article I. OFFICES	1
Section 1.1 Business Offices	1
Section 1.2 Registered Office	1
Article II. MEMBERS	1
Article III. BOARD OF DIRECTORS	1
Section 3.1 General Power	1
Section 3.2 Qualifications, Number, Classification, Election and Tenure	1
Section 3.3 Resignation; Removal; Vacancies	2
Section 3.4 Regular Meetings.....	3
Section 3.5 Special Meetings	3
Section 3.6 Notice of Meetings	3
Section 3.7 Deemed Assent.	4
Section 3.8 Quorum and Voting.....	4
Section 3.9 Voting by Proxy	4
Section 3.10 Compensation.....	4
Section 3.11 Committees	4
Section 3.12 Advisory Boards.....	5
Section 3.13 Meetings by Telephone.....	5
Article IV. OFFICERS AND AGENTS	5
Section 4.1 Designation and Qualifications.....	5
Section 4.2 Election and Term of Office	6
Section 4.3 Compensation	6
Section 4.4 Removal	6
Section 4.5 Vacancies	6
Section 4.6 Authority and Duties of Officers	6
Section 4.7 Surety Bonds	7

Article V. FIDUCIARY MATTERS	8
Section 5.1 Indemnification	8
Section 5.2 General Standards of Conduct for Directors and Officers	8
Section 5.3 Conflicts of Interest	9
Section 5.4 Liability of Directors for Unlawful Distributions	10
Section 5.5 Loans to Directors and Officers Prohibited	10
Article VI. RECORDS OF THE CORPORATION	10
Section 6.1 Minutes, Etc.	10
Section 6.2 Accounting Records.....	10
Section 6.3 Records In Written Form.....	10
Section 6.4 Records Maintained at Principal Office	10
Article VII. AMENDMENT OF BYLAWS	11
Section 7.1 Amendment of Bylaws by Board of Directors	11
Article VIII. MISCELLANEOUS	11
Section 8.1 Fiscal Year.....	11
Section 8.2 Conveyances and Encumbrances	11
Section 8.3 Designated Contributions.....	12
Section 8.4 References to Internal Revenue Code	12
Section 8.5 Principles of Construction	12
Section 8.6 Severability	12



BYLAWS

01.01.01 ARTICLE I. OFFICES

Section 1.1 Business Offices. The initial principal office of the corporation shall be as stated in the articles of incorporation. The corporation may at any time and from time to time change the location of its principal office. The corporation may have such other offices, within Colorado, as the board of directors may designate or as the affairs of the corporation may require from time to time.

Section 1.2 Registered Office. The registered office required by the Colorado Revised Nonprofit Corporation Act (the "Act") to be maintained in Colorado may be changed from time to time by the board of directors or by the officers of the corporation, or as permitted by the Act by the registered agent of the corporation, provided in all cases that the street addresses of the registered office and of the business office or home of the registered agent of the corporation are identical, and as long as proper filings are made with the Secretary of State of Colorado.

01.01.02 ARTICLE II. MEMBERS

Section 2.1 Members. The corporation shall not have members and all of the management of the corporation shall be vested in the Board of Directors except as otherwise provided in the Colorado Nonprofit Corporation Act, the Articles of Incorporation or these bylaws.

01.01.03 ARTICLE III. BOARD OF DIRECTORS

Section 3.1 General Powers. Except as otherwise provided in the Act, the articles of incorporation or these bylaws, all corporate powers shall be exercised by or under the authority of, and the business and affairs of the corporation shall be managed by, its board of directors.

Section 3.2 Qualifications, Number, Classification, Appointment and Tenure.

(a) Qualifications. Each director must be a natural person who is eighteen years of age or older. A director need not be a resident of Colorado.

(b) Number. The number of directors of the corporation shall be at least seven but no more than fifteen.

(c) Classification. At least one, but not more than two members of the Board of Trustees of Pueblo City-County Library District (the “Board of Trustees”) shall be members of the board of directors. The representatives of the Board of Trustees shall be appointed by the Board of Trustees.

At least one, but not more than two members of the Friends of the Library Board (the “Friends Board”) shall be members of the board of directors. The representatives of the Friends Board shall be nominated by the Friends Board and recommended to the Board of Trustees of Pueblo City-County Library District for appointment to the board of directors.

The remaining members of the board of directors shall be at large and the board of directors may make recommendations to the Board of Trustees of Pueblo City-County Library District for appointment to the board of directors.

A representative of the Board of Trustees or the Friends Board must be a member of the respective board when appointed. Thereafter, they may continue in office for the balance of their term even if they are no longer a member of the respective board. If they desire reappointment, they must be appointed to an at large position.

At least a majority of the members of the board of directors shall not be disqualified persons (as defined in Section 4946 of the Internal Revenue Code of 1986, as amended (the “Code”)) other than foundation managers.

It is the intention of the corporation that it be regarded as “operated, supervised or controlled by” the Pueblo City-County Library District within the meaning of Section 509(a)(3)(B)(i) of the Code.

(d) Appointment and Tenure. Directors shall be appointed by the Board of Trustees of the Pueblo City-County Library District for a specified term. Except for the initial directors, the term shall be for three years. The initial board shall be appointed for one, two, and three year terms so that the tenure is staggered. Each director so appointed shall hold office until such director’s term expires and thereafter until such director’s successor shall have been appointed and qualified, or until such director’s earlier death, resignation or removal. A member may serve successive terms if reappointed by the Board of Trustees.

(e) Ex Officio Directors. Each of the persons serving in the following offices or capacities shall automatically be a nonvoting director of the corporation, so long as such person continues to serve in such office or capacity:

Executive Director of Pueblo City-County Library District;

Chief Financial Officer of Pueblo City-County Library District; and

Attorney for Pueblo City-County Library District.

Section 3.3 Resignation; Removal; Vacancies. Any director may resign at any time by giving written notice to the president or to the secretary of the corporation. A director’s resignation shall take effect at the time specified in such notice, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective. A director shall be deemed to have resigned in the

event of such director's incapacity as determined by a court of competent jurisdiction. Any director may be removed at any time, with or without cause, by the Board of Trustees of Pueblo City-County Library District.

Any vacancy of an elected director may be filled by the Board of Trustees of Pueblo City-County Library District. A vacant office that was held by an ex officio director shall remain vacant unless and until a successor satisfies the criteria for designation to such office. A director appointed to fill a vacancy shall hold the office for the unexpired term of such director's predecessor in office. A vacancy that will occur at a specific later date may be filled before the vacancy occurs, but the new director may not take office until the vacancy occurs.

Section 3.4 Regular Meetings. A regular annual meeting of the board of directors shall be held in January at the time and place, within Colorado, determined by the board, for the purpose of electing officers and for the transaction of such other business as may come before the meeting. The board of directors shall meet at least quarterly and may provide by resolution the time and place, within Colorado, for the holding of additional regular meetings.

Section 3.5 Special Meetings. Special meetings of the board of directors may be called by or at the request of the president or any three directors. The person or persons authorized to call special meetings of the board of directors may fix the time and place, within Colorado, for holding any special meeting of the board called by them.

Section 3.6 Notice of Meetings.

(a) Requirements. Notice of each meeting of the board of directors stating the date, time and place of the meeting shall be given to each director at such director's business or residential address at least five days prior thereto by the mailing of written notice by first class, certified or registered mail, or at least two days prior thereto by personal delivery or private carrier of written notice or by telephone, facsimile, electronic transmission or any other form of wire or wireless communication (and the method of notice need not be the same as to each director). Written notice, if in a comprehensible form, is effective at the earliest of: (i) the date received; (ii) five days after its deposit in the United States mail, as evidenced by the postmark, if mailed correctly addressed and with first class postage affixed; and (iii) the date shown on the return receipt, if mailed by registered or certified mail, return receipt requested, and the receipt is signed by or on behalf of the addressee. Oral notice is effective when communicated in a comprehensible manner. If transmitted by facsimile, electronic transmission or other form of wire or wireless communication, notice shall be deemed to be given when the transmission is complete.

(b) Waiver of Notice. A director may waive notice of any meeting before or after the time and date of the meeting stated in the notice. Except as otherwise provided in this Section 3.6(b), the waiver shall be in writing and signed by the director entitled to the notice. Such waiver shall be delivered to the corporation for filing with the corporate records, but such delivery and filing shall not be conditions of the effectiveness of the waiver. A director's attendance at or participation in a meeting waives any required notice to that director of the meeting unless: (i) at the beginning of the meeting or promptly upon the director's later arrival, the director objects to holding the meeting or transacting business at the meeting because of lack of notice or defective notice and does not thereafter vote for or assent to action taken at the meeting; or (ii) if special notice was required of a particular purpose pursuant to the Act or these bylaws,

the director objects to transacting business with respect to the purpose for which such special notice was required and does not thereafter vote for or assent to action taken at the meeting with respect to such purpose.

Section 3.7 Deemed Assent. A director of the corporation who is present at a meeting of the board of directors when corporate action is taken is deemed to have assented to all action taken at the meeting unless (i) the director objects at the beginning of the meeting, or promptly upon the director's arrival, to holding the meeting or transacting business at the meeting and does not thereafter vote for or assent to any action taken at the meeting; or (ii) the director contemporaneously requests the director's dissent or abstention as to any specific action taken be entered in the minutes of the meeting; or (iii) the director causes written notice of the director's dissent or abstention as to any specific action to be received by the presiding officer of the meeting before the adjournment thereof or by the corporation promptly after the adjournment of the meeting. Such right of dissension or abstention is not available to a director who votes in favor of the action taken.

Section 3.8 Quorum and Voting. A majority of the directors in office immediately before a meeting begins shall constitute a quorum for the transaction of business at any meeting of the board of directors, and the vote of a majority of the directors present in person at a meeting at which a quorum is present shall be the act of the board of directors, unless otherwise required by the Act, the articles of incorporation or these bylaws. If less than a quorum is present at a meeting, a majority of the directors present may adjourn the meeting from time to time without further notice other than an announcement at the meeting, until a quorum shall be present.

Section 3.9 Voting by Proxy. No director may vote or act by proxy at any meeting of directors.

Section 3.10 Compensation. Directors shall not receive compensation for their services as such; however, the reasonable expenses of directors of attendance at board meetings may be paid or reimbursed by the corporation.

Section 3.11 Committees. The following committees are hereby established. Rules governing procedures for meetings of any committee shall be the same as those set forth in these bylaws or the Act for the board of directors unless the board or the committee itself determines otherwise.

(a) Executive Committee. The Executive Committee of the board of directors shall consist of the elected officers described in Section 4.1 who are also directors of the corporation, and each of the chairs of the Nominating Committee, Financial & Investment Committee and Development Committee. Only directors of the corporation may be members of the Executive Committee.

(b) Nominating Committee. The Nominating Committee shall consist of three members designated by the board president two of whom need not be members of the board of directors. The chair of the committee shall be a member of the board of directors and shall be appointed by the president. Each year the Nominating Committee shall nominate candidates to fill the vacancies on the board of directors which arise as a result of the expiration of terms or otherwise. The list of nominated candidates shall be presented to the board of directors not less than sixty days prior to the date of expiring terms. The board of directors shall review the recommendations of the nominating committee and shall recommend to the Board of Trustees of Pueblo City-County Library District those persons that the board of directors

desire to be considered for appointment by the Board of Trustees. Such recommendation shall be made to the Board of Trustees at least 30 days prior to the expiring term.

(c) Financial & Investment Committee. The Financial & Investment Committee of the corporation shall be designated by the board president and, except as otherwise provided in this Section 3.11(c), its members need not be members of the board of directors. The Finance Committee shall be responsible for the oversight of all of the corporation's financial affairs and of investments made by the corporation and shall verify that investments are made in accordance with the investment policies and guidelines of the corporation. The Finance Committee, or a subcommittee thereof, shall also serve as the audit committee. The chair of the committee must be a member of the board of directors and will be appointed by the president.

(d) Development Committee. The Development Committee of the corporation shall be designated by the board president and, except as otherwise provided in this Section 3.11(d), its members need not be members of the board of directors. The Development Committee shall be responsible for guiding and reviewing the fund-raising, marketing and promotion of the corporation and the development of a sound financial base for the corporation's programs and activities. The chair of the committee must be a member of the board of directors and will be appointed by the president.

Section 3.12 Advisory Boards. The board of directors may from time to time form one or more advisory boards, committees, auxiliaries or other bodies composed of such members, having such rules of procedure, and having such chair, as the board of directors shall designate. The name, objectives and responsibilities of each such advisory board, and the rules and procedures for the conduct of its activities, shall be determined by the board of directors. An advisory board may provide such advice, service, and assistance to the corporation, and carry out such duties and responsibilities for the corporation as may be specified by the board of directors; except that, if any such committee or advisory board has one or more members thereof who are entitled to vote on committee matters and who are not then also directors, such committee or advisory board may not exercise any power or authority reserved to the board of directors by the Act, the articles of incorporation or these bylaws. Further, no advisory board shall have authority to incur any corporate expense or make any representation or commitment on behalf of the corporation without the express approval of the board of directors.

Section 3.13 Meetings by Telephone. Members of the board of directors or any committee thereof may participate in a regular or special meeting by, or conduct the meeting through the use of, any means of communication by which all directors participating may hear each other during the meeting. A director participating in a meeting by this means is deemed to be present in person at the meeting.

01.01.04 ARTICLE IV. OFFICERS AND AGENTS

Section 4.1 Designation and Qualifications. The elected officers of the corporation shall be a president, a vice-president, a secretary and a treasurer. The board of directors may also appoint, designate or authorize such other officers, assistant officers and agents, including an executive director, a chief financial officer, a controller, assistant secretaries and assistant treasurers, as it may consider necessary

or useful. One person may hold more than one office at a time. Elected officers must be voting directors of the corporation. All officers must be natural persons who are eighteen years of age or older.

Section 4.2 Election and Term of Office. The board of directors, or an officer or committee of the board to which such authority has been delegated by the board of directors, shall elect or appoint the officers at or in conjunction with each annual meeting of the board of directors. If the election and appointment of officers shall not be held at or in conjunction with such meeting, such election or appointment shall be held as soon as convenient thereafter. Each officer shall hold office from the end of the meeting at or in conjunction with which such officer was elected or appointed until such officer's successor shall have been duly elected or appointed and shall have qualified, or until such officer's earlier death, resignation or removal. No officer shall retain the same office for more than five years consecutively.

Section 4.3 Compensation. No compensation shall be paid to any officer.

Section 4.4 Removal. Any officer or agent may be removed by the board of directors at any time, with or without cause, but removal shall not affect the contract rights, if any, of the person so removed. Election, appointment or designation of an officer or agent shall not itself create contract rights.

Section 4.5 Vacancies. Any officer may resign at any time, subject to any rights or obligations under any existing contracts between the officer and the corporation, by giving written notice to the president or to the board of directors. An officer's resignation shall take effect upon receipt by the corporation unless the notice specifies a later effective date, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective. An officer shall be deemed to have resigned in the event of such officer's incapacity as determined by a court of competent jurisdiction. A vacancy in any office, however occurring, may be filled by the board of directors, or by any officer or committee to which such authority has been delegated by the board of directors, for the unexpired portion of the term. If a resignation is made effective at a later date, the board of directors may permit the officer to remain in office until the effective date and may fill the pending vacancy before the effective date with the provision that the successor does not take office until the effective date, or the board of directors may remove the officer at any time before the effective date and may fill the resulting vacancy.

Section 4.6 Authority and Duties of Officers. The officers of the corporation shall have the authority and shall exercise the powers and perform the duties specified below and as may be additionally specified by the president, the board of directors or these bylaws, except that in any event each officer shall exercise such powers and perform such duties as may be required by law.

(a) President of the Board. The president of the board shall (i) preside at all meetings of the board of directors; (ii) see that all resolutions of the board of directors are carried into effect; and (iii) perform all other duties incident to the office of president of the board and as from time to time may be assigned to the president by the board of directors.

(b) Vice-President. The vice-president shall assist the president of the board and shall perform such duties as may be assigned to them by the president or by the board of directors. The vice-president shall, at the request of the president, or in the president's absence or inability or refusal to act, perform the duties of the president and when so acting shall have all the powers of and be subject to all the restrictions on the president.

(c) Executive Director. The executive director, if any, shall, subject to the direction and supervision of the president and the board of directors, (i) be the chief operating officer of the corporation with general responsibility for all day-to-day operations of the corporation; (ii) propose, prepare and present to the president and the board of directors specific programs and activities that will further the corporation's purposes; (iii) direct and supervise the implementation of the programs and activities approved by the president or the board of directors; and (iv) perform all other duties and responsibilities as from time to time may be assigned to the executive director by the president or the board of directors.

(d) Secretary. The secretary shall, in cooperation with Pueblo City-County Library staff (i) keep the minutes of the proceedings of the board of directors and any committees of the board; (ii) see that all notices are duly given in accordance with the provisions of these bylaws or as required by law; (iii) be custodian of the corporate records and of the seal of the corporation; (iv) in general, perform all duties incident to the office of secretary and such other duties as from time to time may be assigned to such office by the president or by the board of directors. Assistant secretaries, if any, shall have the same duties and powers, subject to supervision by the secretary.

(e) Treasurer. The treasurer shall (i) be the principal financial officer of the board of directors with general responsibility for the oversight of the financial affairs of the corporation; (ii) present financial reports to the board of directors as the board may request from time to time; (iii) serve as the chief financial officer, in the event there is no separate chief financial officer; and (iv) perform all other duties incident to the office of treasurer and such other duties as from time to time may be assigned to the treasurer by the president of the board or the board of directors. Assistant treasurers, if any, shall have the same powers and duties, subject to supervision by the treasurer.

(f) Chief Financial Officer. The chief financial officer shall (i) have the care and custody of all of the corporation's funds, securities, evidences of indebtedness and other personal property; (ii) receive and give receipts and acquittances for moneys paid in on account of the corporation, and pay out of the funds on hand all bills, payrolls and other just debts of the corporation of whatever nature upon maturity; (iii) create, implement and monitor a set of fiscal and budgetary policies that are designed to protect the financial health of the corporation while fulfilling corporate strategy; (iv) in the absence of a separate controller, serve as the chief accounting officer of the corporation, and as such prescribe and maintain the methods and systems of accounting to be followed, keep complete books and records of account, prepare and file all local, state and federal tax returns and related documents, prescribe and maintain an adequate system of internal audit, and prepare and furnish to the president and the treasurer statements of account showing the financial position of the corporation and the results of its operations; (v) monitor compliance with all requirements imposed on the corporation as a tax exempt organization described in section 501(c)(3) of the Code; (vi) serve as an assistant treasurer for the corporation; and (vii) perform all other duties incident to the office of chief financial officer and such other duties as from time to time may be assigned to the chief financial officer by the president or the treasurer.

Section 4.7 Surety Bonds. The board of directors may require any officer or agent of the corporation to execute to the corporation a bond in such sums and with such sureties as shall be satisfactory to the board, conditioned upon the faithful performance of such person's duties and for the restoration to the corporation of all books, papers, vouchers, money and other property of whatever kind in such person's possession or under such person's control belonging to the corporation.

01.01.05 ARTICLE V. FIDUCIARY MATTERS

Section 5.1 Indemnification.

(a) Scope of Indemnification. The corporation shall indemnify each director, officer, employee and volunteer of the corporation to the fullest extent permissible under the laws of the State of Colorado, and may in its discretion purchase insurance insuring its obligations hereunder or otherwise protecting the persons intended to be protected by this Section 5.1. The corporation shall have the right, but shall not be obligated, to indemnify any agent of the corporation not otherwise covered by this Section 5.1 to the fullest extent permissible under the laws of the State of Colorado.

(b) Savings Clause; Limitation. If any provision of the Act or these bylaws dealing with indemnification shall be invalidated by any court on any ground, then the corporation shall nevertheless indemnify each party otherwise entitled to indemnification hereunder to the fullest extent permitted by law or any applicable provision of the Act or these bylaws that shall not have been invalidated. Notwithstanding any other provision of these bylaws, the corporation shall neither indemnify any person nor purchase or maintain any insurance in any manner or to any extent that would jeopardize or be inconsistent with the qualification of the corporation as an organization described in section 501(c)(3) of the Code, or that would be an act of self-dealing within the meaning of Section 4941 of the Code, be a taxable expenditure within the meaning of Section 4945 of the Code or result in the imposition of any liability under section 4958 of the Code.

Section 5.2 General Standards of Conduct for Directors and Officers.

(a) Discharge of Duties. Each director shall discharge the director's duties as a director, including the director's duties as a member of a committee of the board, and each officer with discretionary authority shall discharge the officer's duties under that authority (i) in good faith; (ii) with the care an ordinarily prudent person in a like position would exercise under similar circumstances; and (iii) in a manner the director or officer reasonably believes to be in the best interests of the corporation.

(b) Reliance on Information, Reports, Etc.. In discharging duties, a director or officer is entitled to rely on information, opinions, reports or statements, including financial statements and other financial data, if prepared or presented by: (i) one or more officers or employees of the corporation whom the director or officer reasonably believes to be reliable and competent in the matters presented; (ii) legal counsel, a public accountant or another person as to matters the director or officer reasonably believes are within such person's professional or expert competence; (iii) in the case of a director, a committee of the board of directors of which the director is not a member if the director reasonably believes the committee merits confidence. A director or officer is not acting in good faith if the director or officer has knowledge concerning the matter in question that makes reliance otherwise permitted by this Section 5.2(b) unwarranted.

(c) Liability to Corporation or Its Members. A director or officer shall not be liable as such to the corporation for any action taken or omitted to be taken as a director or officer, as the case may be, if, in connection with such action or omission, the director or officer performed the duties of the position in compliance with this Section 5.2.

(d) Director Not Deemed to Be a “Trustee.” A director, regardless of title, shall not be deemed to be a “trustee” within the meaning given that term by trust law with respect to the corporation or with respect to any property held or administered by the corporation including, without limitation, property that may be subject to restrictions imposed by the donor or transferor of such property.

Section 5.3 Conflicts of Interest

(a) Definition. A conflict of interest arises when any “responsible person” or any “party related to a responsible person” has an “interest adverse to the corporation.” A “responsible person” is any individual in a position to exercise substantial influence over the affairs of the corporation, and specifically includes, without limitation, directors and officers of the corporation. A “party related to a responsible person” includes his or her extended family (including spouse, ancestors, descendants and siblings, and their respective spouses and descendants), an estate or trust in which the responsible person or any member of his or her extended family has a beneficial interest or a fiduciary responsibility, or an entity in which the responsible person or any member of his or her extended family is a director, trustee or officer or has a financial interest. “An interest adverse to the corporation” includes any interest in any contract, transaction or other financial relationship with the corporation, and any interest in an entity whose best interests may be impaired by the best interests of the corporation including, without limitation, an entity providing any goods or services to or receiving any goods or services from the corporation, an entity in which the corporation has any business or financial interest, and an entity providing goods or services or performing activities similar to the goods or services or activities of the corporation.

(b) Disclosure. If a responsible person is aware that the corporation is about to enter into any transaction or make any decision involving a conflict of interest, (a “conflicting interest transaction”), such person shall: (i) immediately inform those charged with approving the conflicting interest transaction on behalf of the corporation of the interest or position of such person or any party related to such person; (ii) aid the persons charged with making the decision by disclosing any material facts within the responsible person’s knowledge that bear on the advisability of the corporation entering into the conflicting interest transaction; and (iii) not be entitled to vote on the decision to enter into such transaction.

(c) Approval of Conflicting Interest Transactions. The corporation may enter into a conflicting interest transaction provided either: (i) The material facts as to the responsible person’s relationship or interest and as to the conflicting interest transaction are disclosed or are known to the board of directors or to a committee of the board of directors that authorizes, approves or ratifies the conflicting interest transaction, and the board or committee in good faith authorizes, approves or ratifies the conflicting interest transaction by the affirmative vote of a majority of the disinterested directors on the board, even though the disinterested directors are less than a quorum; or (ii) The material facts as to the responsible person’s relationship or interest and as to the conflicting interest transaction are disclosed or are known to the members, and the conflicting interest transaction is specifically authorized, approved, or ratified in good faith by a vote of the members entitled to vote thereon; or (iii) The conflicting interest transaction is fair as to the corporation.

Section 5.4 Liability of Directors for Unlawful Distributions.

(a) **Liability to Corporation.** A director who votes for or assents to a distribution made in violation of the Act or the articles of incorporation of the corporation shall be personally liable to the corporation for the amount of the distribution that exceeds what could have been distributed without violating the Act or the articles of incorporation if it is established that the director did not perform the director's duties in compliance with the general standards of conduct for directors set forth in Section 5.2.

(b) **Contribution.** A director who is liable under Section 5.4(a) for an unlawful distribution is entitled to contribution: (i) from every other director who could be liable under Section 5.4(a) for the unlawful distribution; and (ii) from each person who accepted the distribution knowing the distribution was made in violation of the Act or the articles of incorporation, to the extent the distribution to that person exceeds what could have been distributed to that person without violating the Act or the articles of incorporation.

Section 5.5 Loans to Directors and Officers Prohibited. No loans shall be made by the corporation to any of its directors or officers. Any director or officer who assents to or participates in the making of any such loan shall be liable to the corporation for the amount of such loan until the repayment thereof.

01.01.06 ARTICLE VI. RECORDS OF THE CORPORATION

Section 6.1 Minutes, Etc. The corporation shall keep as permanent records minutes of all meetings of the board of directors, a record of all actions taken by a committee of the board of directors in place of the board of directors on behalf of the corporation, and a record of all waivers of notices of meetings of the board of directors or any committee of the board of directors.

Section 6.2 Accounting Records. The corporation shall maintain appropriate accounting records.

Section 6.3 Records In Written Form. The corporation shall maintain its records in written form or in another form capable of conversion into written form within a reasonable time.

Section 6.4 Records Maintained at Principal Office. The corporation shall keep a copy of each of the following records at its principal office:

- (a) The articles of incorporation;
- (b) These bylaws;
- (c) Resolutions adopted by the board of directors;
- (d) The minutes of all meetings, and records of all action taken without a meeting, for the past three years;
- (e) All written communications within the past three years ;
- (f) A list of the names and business or home addresses of the current directors and officers;

- (g) A copy of the most recent corporate report delivered to the Colorado secretary of state;
- (h) All financial statements prepared for periods ending during the last three years;
- (i) The corporation's application for recognition of exemption and the tax-exemption determination letter issued by the Internal Revenue Service; and
- (j) All other documents or records required to be maintained by the corporation at its principal office under applicable law or regulation.

01.01.07 ARTICLE VII. AMENDMENT OF BYLAWS

Section 7.1 Amendment of Bylaws.

(a) Proposal. The board of directors may propose an amendment to the bylaws for submission to the Board of Trustees of Pueblo City-County Library District.

(b) Procedure for Adoption.

(i) Recommendation by Board of Directors. The board of directors may recommend the amendment to the Board of Trustees of Pueblo City-County Library District.

(ii) Approval by Board of Trustees of Pueblo City-County Library District. Proposals recommended by the board of directors pursuant to Section 7.2(b)(i) shall be submitted to the Board of Trustees of Pueblo City-County Library District for action. The Board of Trustees may approve, reject or take no action on the proposed amendment. The Board of Trustees may adopt any changes to the bylaws it deems necessary or desirable whether or not they have been recommended by the board of directors.

01.01.08 ARTICLE VIII. MISCELLANEOUS

Section 8.1 Fiscal Year. The fiscal year of the corporation shall be the calendar year and begin on January 1.

Section 8.2 Conveyances and Encumbrances. Property of the corporation may be assigned, conveyed or encumbered by such officers of the corporation as may be authorized to do so by the board of directors, and such authorized persons shall have power to execute and deliver any and all instruments of assignment, conveyance and encumbrance; however, the sale, exchange, lease or other disposition of all or substantially all of the property and assets of the corporation shall be authorized only in the manner prescribed by applicable statute.

Section 8.3 Designated Contributions. The corporation may accept any contribution, gift, grant, bequest or devise that is designated, restricted or conditioned by the donor, provided that the designation, restriction or condition is consistent with the corporation's general tax-exempt purposes. Donor-designated

contributions will be accepted for special funds, purposes or uses, and such designations generally will be honored. However, the corporation shall reserve all right, title and interest in and to and control over such contributions, and shall have authority to determine the ultimate expenditure or distribution thereof in connection with any such special fund, purpose or use. Further, the corporation shall acquire and retain sufficient control over all donated funds (including designated contributions) to assure that such funds will be used exclusively to carry out the corporation's tax-exempt purposes.

Section 8.4 References to Internal Revenue Code. All references in these bylaws to provisions of the Internal Revenue Code or "Code" are to the provisions of the Internal Revenue Code of 1986, as amended, and to the corresponding provisions of any subsequent federal tax laws.

Section 8.5 Principles of Construction. Words in any gender shall be deemed to include the other gender; the singular shall be deemed to include the plural and vice versa; the words "pay" and "distribute" shall also mean assign, convey and deliver; and the table of contents, headings and underlined paragraph titles are for guidance only and shall have no significance in the interpretation of these bylaws.

Section 8.6 Severability. The invalidity of any provision of these bylaws shall not affect the other provisions hereof, and in such event these bylaws shall be construed in all respects as if such invalid provision were omitted.



GIFTS

02.01.01 Gift Acceptance

The Pueblo Library Foundation (PLF) was established to support the mission of the Pueblo City-County Library District (PCCLD) by developing and administering an active gift program for the library, and to stimulate and encourage gifts of funds, bequests, and endowments for the benefit of public libraries in Pueblo County.

Through the development of new financial resources, Pueblo Library Foundation (PLF) seeks to ensure Pueblo City-County Library District (PCCLD) maintains excellent levels of service and facilities for a diverse community. Established in 2011, PLF is organized and operated exclusively for charitable, literary or educational purposes as a 501(c)(3) nonprofit corporation for the benefit of, to perform the functions of, and to carry out the purposes of PCCLD, including providing resources for the development, maintenance and operation of PCCLD to the extent not normally met by public funding. The Pueblo Library Foundation reserves the right to refuse any gift at its discretion. The following policies govern the acceptance of gifts made to PLF for the benefit of PCCLD.

Acceptable Forms of Unrestricted Gifts:

1. **Cash**—Gifts by cash, check or credit card are accepted.
2. **Publicly Traded Securities**—Listed securities or securities actively traded over-the-counter are acceptable as outright gifts or payments toward pledges at their market value on the date of the gift. As a general rule, all marketable securities must be sold upon receipt.
3. **Closely Held Securities**—Closely held securities can be accepted subject to the approval of the Pueblo Library Foundation's Board of Directors. Gifts will be reviewed prior to acceptance to determine that:
 - a. There are no restrictions on the security that would prevent converting those assets to cash.
 - b. The security is marketable.
 - c. The security will not generate any undesirable tax consequences to the Library Foundation.
 - d. The Library Foundation reserves the right to seek outside professional counsel before making a final decision on accepting the gift.
4. **Other Tangible Personal Property**—The following criteria will be used to determine the acceptance of tangible personal property:

- a. Does the property fulfill the mission of the Pueblo Library Foundation?
 - b. Is the property marketable?
 - c. Are there any restrictions on the use, display, or sale of the property?
 - d. Are there any carrying costs for the property?
5. **Real Estate**—Gifts of real estate may include developed or undeveloped property. The Pueblo Library Foundation’s Board of Directors must approve a gift of real estate prior to acceptance. The charity reserves the right to seek outside professional counsel before making a final decision on accepting the gift. Criteria for acceptance of the property include:
- a. Is the property marketable?
 - b. Are there any restrictions, easements, or other limitations associated with the property?
 - c. Are there carrying costs, which may include insurance, property taxes, mortgages or notes, associated with the property?
 - d. Does an environmental audit reflect that the property is not damaged?
6. **Remainder Interests in Property**— Pueblo Library Foundation will accept a remainder interest in a personal residence, farm, or vacation property subject to the provisions indicated in number 5. The donor or other occupants may continue to occupy the real property for the duration of the stated life. At the death of the donor, the Pueblo Library Foundation may use the property or sell it. When the Foundation receives a gift of a remainder interest, expenses for maintenance, real estate taxes, and any property indebtedness are to be paid by the donor or primary beneficiary.
7. **Gifts of Insurance**—Gifts of cash value life insurance policies may be made by naming the Pueblo Library Foundation as irrevocable beneficiary and / or the owner of the policies. If the donor does not elect to continue to make gifts to cover premium payments on the life insurance policy, the Pueblo Library Foundation may continue to pay the premiums or surrender the policy for its current cash value.
8. **Bequests**—Donors are encouraged to make bequests to the Pueblo Library Foundation under their wills and trusts. Such bequests will not be recorded as gifts until the gift is irrevocable.
9. **Retirement Plan Beneficiary Designation**—Supporters are encouraged to name the Foundation as beneficiary or contingent beneficiary of retirement plans. Such designations will not be recorded as gifts until such time the gift is irrevocable.
10. **Corporate Matching Gifts**—Gifts received in cash from organizations or corporations to match gifts of cash or securities made by individuals who are associated with that corporation or organization will be credited to the individual donor's original gift that is being matched.
11. **Charitable Remainder Trusts**—Charitable Remainder Trusts provide a life income to donors or other named individuals with the remainder of the trust ultimately passing to the Pueblo Library

Foundation. The Pueblo Library Foundation may accept designation as remainder beneficiary of a charitable remainder trust with the approval of the Board of Directors.

12. **Charitable Lead Trusts**—Charitable Lead Trusts provide for payment of trust income to the Foundation typically for a fixed period of years with the assets ultimately being returned to the donor or to his or her designee. The Foundation will accept a designation as income beneficiary of a charitable lead trust.

Restricted Gifts

Gifts that are restricted to fund a certain program or service may require approval by the Pueblo Library Foundation Board of Directors before acceptance. Depending on the restriction and the size of the gift, the Pueblo Library Foundation Board may consult with the Pueblo City-County Library District Board of Trustees to determine if the gift supports the mission of the Pueblo City-County Library District and/or the Pueblo Library Foundation and whether the gift size and/or nature will be able to support the intention of the gift to reconcile if foundation moves to accept gift.

Valuation of Gifts

The Pueblo Library Foundation's receipt for gifts of cash and publicly traded securities establishes the value of a donor's gift for tax purposes. In all other cases, it is incumbent upon the donor to secure independent expert appraisals to establish tax-deductible values. The Pueblo Library Foundation, as the recipient, is not regarded as "independent" by the IRS.

Pueblo Library Foundation advises all donors to consult with their tax and/or legal advisors for additional information about charitable giving.



GIFTS

02.01.01.P1 Gift Acceptance Procedures

1. All contributions to Pueblo Library Foundation are received through PCCLD's Community Relations Department and reviewed by the Community Relations Director/Foundation Director.
 - a. Employees wishing to contribute to Pueblo Library Foundation may do so through payroll deduction. Gifts accepted as payroll deductions require an Employee Pledge donation form to be completed and kept on file.
2. Contribution is recorded in donor software and hard copy of gift documentation is retained by Community Relations Assistant.
3. All gifts received and recorded through Community Relations are acknowledged with a thank you letter. The letter contains a Charitable Contribution Receipt including: date of receipt, donor name, value as specified by donor, type of contribution, in-kind contribution description (if applicable), payment method, and estimated value of goods or services received by the donor in connection with the contribution. The Charitable Contributions Receipt also includes appropriate EIN number.
4. If donor wishes to receive Enterprise Zone tax credit, the donor's Colorado Tax ID number or last four of donor's Social Security Number is required. Community Relations staff collects this information if not on file. All Enterprise Zone contributions are recorded and submitted to the Enterprise Zone Coordinator on a quarterly basis. If the Enterprise Zone gift contribution is a pledge with multiple payments, it is submitted on annual basis, typically at the end of the year.
5. Cash and check contributions are brought to the Finance office for documentation and deposit.



GIFTS

02.01.01.P2 Classification of Gifts

As required by Financial Accounting standards, contributions accepted by the Foundation are to be classified into one of the three accounting categories:

Unrestricted

Defined as net assets which represent the portion of expendable funds that are available to support the Foundation's programs and operations. A portion of these net assets may be designated by the Board of Directors for specific purposes. Unrestricted gifts are used for general purposes and can be applied to current needs or investments according to the *Foundation's Investment Policy*. All gifts are considered an unrestricted gift by default, unless expressly designated as a restricted gift and meeting the requirements under this policy.

Temporarily Restricted

Defined as net assets which are donor-restricted for (a) support of specific programs and operating activities; (b) investment for a specified term; (c) use in a specified future period; or (d) acquisition of long-lived assets. The Library and Foundation appreciate all gifts, but are limited in their abilities to track and manage funds. Accordingly, a gift may be designated for a special purpose, otherwise be restricted, be endowed bearing individuals' names or otherwise be rendered discrete from unrestricted only upon the designation by the Board of Directors. If temporary restrictions are met in same period as received, these funds may be reported as unrestricted. Restricted funds set up for special events or grants will be closed in an appropriate amount of time after the event or grant period ends. Remaining funds will move into funds for related purposes or into the Foundation's unrestricted fund, as appropriate at the discretion of the Board of Directors.

Permanently Restricted

Defined as net assets and activities which are permanently donor-restricted for holdings of (a) assets donated with stipulations that they be used for a specified purpose, be preserved, or not be sold; or (b) assets donated with stipulations that they be invested to provide a permanent source of income

Permanently restricted funds require an initial approval by the Board of Directors.

Should it become impossible for the donor's original intent to be followed, the endowment will be re-designated to align as closely as possible with the donor's original intent. Every effort will be made to discuss any re-designation with the donor or heirs before implementation. All re-designations shall be approved by the Board.



GIFTS

02.01.01.P3 Distributions

The Foundation has the fiduciary responsibility of ensuring that restricted funds are used appropriately.

Unrestricted Funds

At its discretion, the Board shall distribute amounts from these funds to carry out the mission of the Foundation.

Temporarily Restricted Funds

Distributions will be made in accordance with donor direction.

Permanently Restricted Funds

The Board will examine the overall return, as well as the current and projected levels of cost inflation, to determine an overall percentage that may be distributed from each fund. At its discretion, the Board may limit distributions to mitigate investment losses, inflation erosion, excess distributions of the original principal amount, etc.



GIFTS

02.01.01.P4 Investing in Pueblo Libraries – Enterprise Zone Contributions

The Pueblo Library Foundation (PLF) recognizes that a great public library is partly evidenced by its capital assets, including the building, furnishings, and collection materials. PLF is committed to assisting the Pueblo City-County Library District (PCCLD) in sustaining, improving, and/or increasing public library capital assets by providing periodic funding support both as requested by PCCLD for specified capital projects and approved by the PLF Board of Directors in accordance with PLF's financial means.



INVESTMENTS

03.01.01 Investments

Purpose

This investment policy has been adopted by the board of directors to define the investment policy of the Pueblo Library Foundation. It is intended to be a guide to the investment committee and the officers and directors of the foundation as well as to provide public information to donors and others who may be interested in the Foundation’s investment policy and practices.

Objective

The over-riding investment goal of the Foundation is to have the greatest return commensurate with the least amount of risk to losing capital.

Professional Management

When the endowment fund justifies, the assets of the Foundation will be professionally managed. The Foundation’s Finance and Investment Committee will review the overall performance of the investments and share the review with the Board of Directors. The Committee will also make recommendations about future investments to the Board.

Asset Allocation

The asset allocation should reflect the long-term objectives and portfolio constraints of the Foundation. These constraints are contained in the appendix to this policy.

APPENDIX: INVESTMENT CONSTRAINTS

Security Type	Maximum Portfolio %
U.S. Corporate Equity Securities	100%
Foreign Corporate Equity Securities	40%
U.S. Fixed Income Securities	50%
Foreign Corporate Fixed Income Securities	40%

Note: The above categories include shares in mutual funds and exchange-traded funds, to the extent that they invest primarily in securities within the category.

Reporting

The Treasurer shall prepare an annual report to the Board of Directors on the investment earnings and performance results of the Foundation's investment portfolio. The report shall include an overview of the investments held by the Foundation and the current market value of the portfolio.

Policy Revisions

This Investment Policy shall be reviewed annually by the Treasurer. This Policy may be amended by the Foundation Board as conditions warrant.



INVESTMENTS

03.01.01.P1 Unrestricted Investment Account

Gifts, not designated for other specific purposes, shall be added to the Foundation's unrestricted investment account; income and other returns from which shall cover Foundation operations and periodic distributions to the Library, as determined by the Foundation's Board, for programs and services, capital improvements and special projects. If a named fund is not fully funded by the donor, the Foundation's Board has the discretion (subject to the terms of the gift agreement) to shift the funds to the Foundation's unrestricted investment account, effectively dissolving the named fund.

Transfers

Unrestricted funds in excess of \$5,000 held in the operating bank account will be transferred to the unrestricted investment account at the discretion of the Finance Committee and will be reported to the Foundation Board of Directors.

Disbursement to the Library

The Foundation raises funds for the unrestricted investment account to supplement the Library's needs. The Foundation Board will approve a disbursement from the investment account fund to the Library for designated needs, except in those years in which the Foundation Board specifically finds that the invested assets have sufficiently declined in value to render such a disbursement unwise.



BUSINESS ETHICS & CONDUCT

04.01.01 Business Ethics & Conduct

It is the policy of the Pueblo Library Foundation to encourage high standards of ethical conduct and behavior in all areas of operations. The Foundation is committed to compliance with the laws, regulations and guidelines which strengthen and promote ethical practices and ethical treatment of employees and members of the community which we serve.

The reputation of the Pueblo Library Foundation within our community is built upon the principles of integrity and ethical conduct of all employees. Employees owe a duty to the Foundation, its customers, and the general public to act in a way that merits the continued trust and confidence of the public.

In general, the use of good judgment, based on high ethical principles, will guide employees with respect to lines of acceptable conduct. If a situation arises where it is difficult for an employee to determine the proper course of action, the matter should be discussed with the employee's immediate Manager, the Chief Operating Officer, the Human Resources Manager or with the Executive Director.

When any breach of ethical or legal conduct is observed by a member of the staff or the community involving activities undertaken by those representing the District, it should be reported to a member of the Foundation management team, the Executive Director or Human Resources Department immediately.

Whistleblowers

The Foundation encourages the reporting of factual information of unethical, dishonest or fraudulent conduct, and prohibits any retaliatory or other punitive actions against the person(s) who reports the alleged conduct. The Foundation will investigate any allegations of fraudulent or dishonest use or misuse of District resources or property, and discourages reporting of allegations that are without merit or are based purely on conjecture.

Compliance with this policy of business ethics and conduct is the responsibility of every Pueblo Library Foundation employee.



RECORDS RETENTION

04.01.02 Records Retention

An exempt organization must keep books and records needed to show that it complies with tax rules. The organization must be able to document the sources of receipts and expenditures reported on its annual tax return and on any tax returns it must file. Records must support income, expenses, and credits reported on exempt organization annual returns and tax returns.

Books and records must be available for inspection by the Internal Revenue Service (IRS). If the IRS examines an organization's returns, the organization must have records to explain items reported. Having a complete set of records will speed up the examination.

The Pueblo Library Foundation shall retain records in accordance with the following record retention periods:

Permanent Records – Some records will be kept permanently. These include the application for recognition of tax-exempt status, the determination letter recognizing tax-exempt status and organizing documents, such as articles of incorporation and bylaws, with amendments, as well as board minutes.

Employment Tax Records – If the Pueblo Library Foundation has employees, it will keep employment tax records for at least four years after filing the fourth quarter for the year.

Records for Tax Purposes – The Pueblo Library Foundation will keep records that support an item of income or deduction on a return until the statute of limitations for that return runs. The statute of limitations has run when the Foundation can no longer amend its return and the IRS can no longer assess additional tax. Generally, the statute of limitations runs three years after the date the return is due or filed, whichever is later. The Foundation may be required to retain records longer for other legal purposes, including state or local tax purposes.

Records for Non-Tax Purposes – When records are no longer needed for tax purposes, the Pueblo Library Foundation will keep them until they are no longer needed for non-tax purposes. For example, a grantor, insurance company, creditor or state agency may require that records be kept longer than the IRS requires.



Bylaw and Policy Changes

01.01.03 ARTICLE III. BOARD OF DIRECTORS (b)

Amount changes from maximum of nine directors to maximum of fifteen directors. Approved by Trustees on May 28, 2020 meeting.

04.01.01 and 04.01.02 Whistle Blower and Document Retention Policies added

Adopted by Pueblo Library Foundation board on May 13 meeting.