American Library Association

Endowment Trustees

Policy and Procedure Manual

Updated May 2024

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*Trustee relationship to Executive Board
(With the current date)

INTRODUCTION

Strategic Review, Spring 2024

In Spring 2024, under the leadership of Janice Welburn, Senior Trustee, the ALA Endowment Trustees conducted a strategic review process.

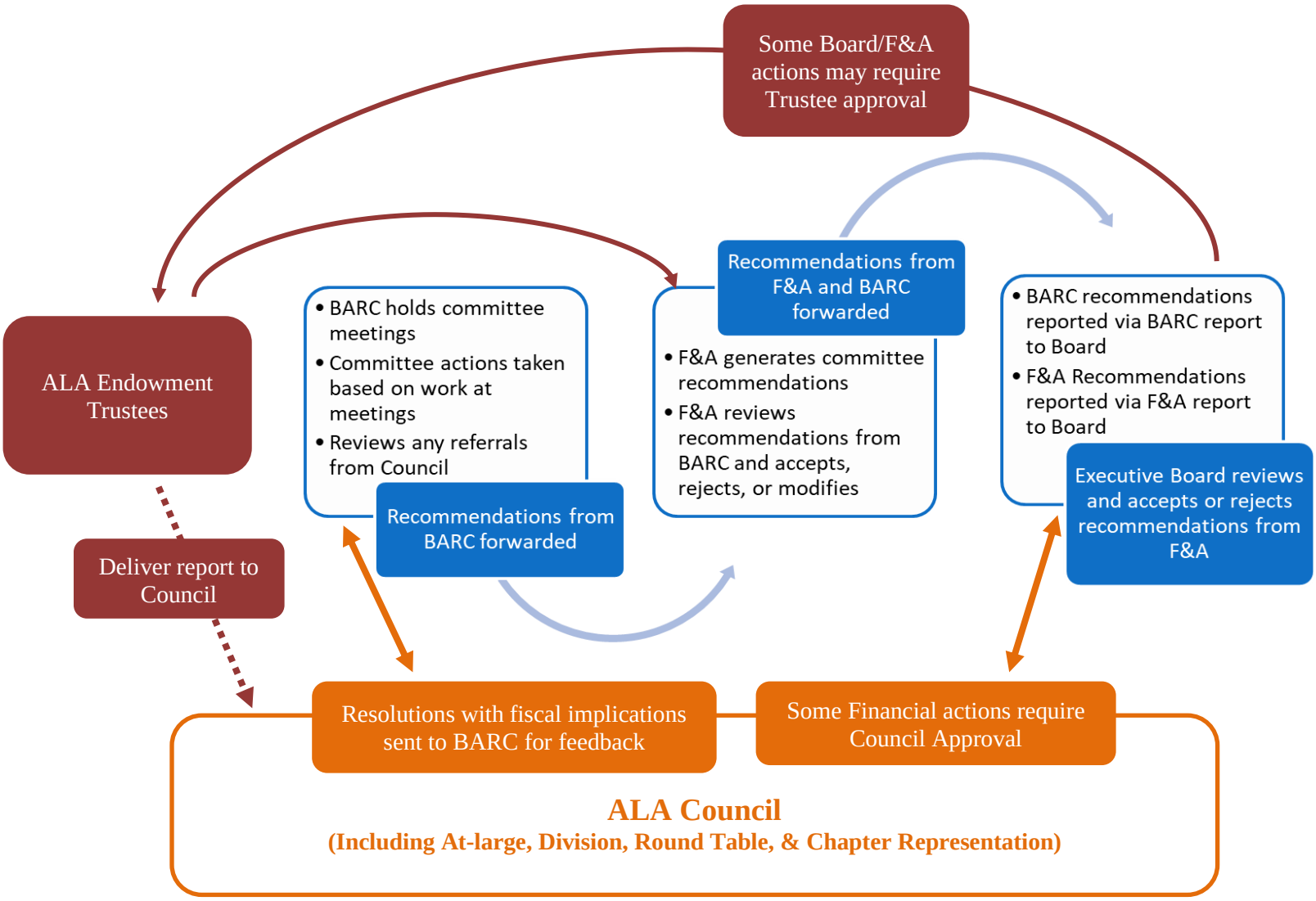
The purpose of the strategic review was to evaluate, update, and articulate the Trustees' working practices. The ALA Investment Policy Statement, Trustee charge and responsibilities, position description, application process and criteria, work schedule, communication practices, benchmarking, and investment advisor selection and evaluation processes were all part of the review. As a result, a number of policies and procedures were written or revised. Associated documentation is now incorporated into the electronic Endowment Trustees Policy and Procedure Manual.

Investment philosophy and strategy were specifically not included in this strategic review.

Trustees:
Janice Welburn, Senior Trustee
Brett Bonfield, Trustee
Maggie Farrell, Trustee
Peter Hepburn, ALA Treasurer
Rhea Lawson, Trustee
Jim Neal, Trustee, Trustee
Shali Zhang, Trustee

Participating ALA Staff:
Dina Tsourdinis, CFO
Keith Brown, Senior Financial Analyst
Holly Robison, Program Officer, Governance

ALA FINANCIAL DECISION MAKING



ALA ENDOWMENT FACT SHEET

Governing Authority

- ALA Executive Board
- *ALA Endowment Policy 8.5.1* (see ALA Endowment Trustees page)
    - Revised Spending Policy 2023 (Payout/Distribution/ Withdrawal)
    - Updated Total Policy (June 2019)

Fiduciary Structure

- ALA Executive Board – Final authority
- ALA Endowment Trustees – Primary day-to-day authority
- ALA Investment Advisor
- ALA Finance Office Staff

Endowment Overview

- The ALA Endowment comprises separate funds, including funds for scholarships, awards, divisions.
- Funds may be restricted, unrestricted, or temporarily restricted.
- For the purposes of investment efficiency, all funds are commingled, with separate internal reporting for each fund.
- The Endowment Trustees' highest priority is to protect and maintain the principal, followed closely by generating revenue, including growth and distributions.
- The Endowment Trustees review the portfolio's performance at each of their meetings.

Requirements for Endowed Funds within the ALA Endowment

- Reach and maintain a minimum threshold of $50,000
- Include a clearly stated purpose
- Include a provision for general use should that purpose no longer be viable

Funding Expectations

Funding for any endowment-supported activity in a given year is dependent on money being available in the associated fund in that year. This includes scholarships and awards with which specific funding levels are associated.

the spending formula in ALA Endowment Policy 8.5.1 is the following:

> *The annual spending formula in ALA policy 8.5.1 will be a range of "3% to 5% of the trailing five-year quarterly (20) rolling average of each fund's calendar year end net asset balance." The annual spending rate will be subject to an annual*

review and assessment by the ALA Endowment Trustees and the Finance and Audit committee with final approval by the ALA Executive Board. The current spending/payout rate for FY24 IS 5%. The next usable spending/payout rate for FY25 is also 5%, as calculated and approved by the Endowment Trustees at their winter meeting (February 24) and the Executive Board at their Spring meeting (April 24). This new rate will take effect as of 9/21/23.

Each spring, Trustees review the returns from the previous 20 quarters. As a result of this analysis, Trustees recommend to the Executive Board a distribution from or "draw" on all funds in the Endowment. In recent years this rate has been 5%. The Endowment Trustees will not vary from their Endowment Policy in the future; either they will limit themselves to distributions that fall within the bounds of the policy, or they will update the policy.

Given the unpredictability of the financial markets, there may be times when the annual distributions from funds in the Endowment may be insufficient to fully fund a given scholarship or award. Based on the authority conveyed by *ALA Endowment Policy 8.5.1*, fund overseers may go into the principal to cover a shortfall. However, it is preferred that the principal remains untouched unless it is absolutely necessary. Other options for covering shortfalls in annual distributions include fundraising and/or transfers from operating net assets from an associated ALA division or unit, and the rate is approximately one year in advance of the development.

Characteristics of Portfolio

How an investment portfolio's assets are allocated is key to achieving growth in a portfolio over time. The Endowment Trustees employ a strategy that provides for target ranges within each asset class, allowing Trustees to adjust to market conditions.

Additionally, to minimize risk, the Endowment Trustees invest in a variety of financial instruments with both passive and active management. These managers represent specific investing styles that are designed to match or exceed benchmarks for segments of the market. The managers must be able to work within the ALA investment policy as established by the Endowment Trustees and approved by the ALA Executive Board.

For investment policy go to the Endowment Trustees web page at
http://www.ala.org/ala/governance/financialdata/alafinancialteam/investmentpolicy

Asset Class	Minimum	Target Average	Maximum
Total Equity & Real Assets*	**30%**	**55%**	**70%**
Domestic Large/Mid/Small Cap	20%	40%	50%
International Equity	0%	10%	20%
Real Assets	0%	5%	15%

Total Fixed Income*	**25%**	**30%**	**65%**
Domestic Fixed Income	20%	30%	45%
Convertible Bonds (Tactical)	0%	0%	10%
Global Fixed Income (Tactical)	0%	0%	10%
Cash and Ultra-Short (Tactical)	0%	0%	20%
Total Alternatives	**0%**	**10%**	**20%**
Cash	**0%**	**5%**	**10%**
Total		100%	
*Includes mutual funds and ETF"s			

AMERICAN LIBRARY ASSOCIATION ENDOWMENT INVESTMENT POLICY STATEMENT

REVISED DRAFT
Updated May 2024

I. Introduction and Purpose

II. Delegation of Responsibilities

III. Association Investment Objectives

IV. Asset Allocation

V. Investment Advisor Policies & Performance Measurement Standards

VI. Administration

Appendix: Target Asset Allocation

INTRODUCTION AND PURPOSE

The purpose of this document is to identify and present a set of investment objectives, investment guidelines and performance standards for the investable financial assets of the American Library Association (ALA.) The investment of the Association's financial assets is intended to support the ongoing mission of the ALA and its Divisions, Round Tables and Offices. The investment objective of the ALA is long-term principal growth of 4% annually plus inflation in accordance with The Uniform Prudent Management of Institutional Funds Act (UPMIFA).

The intent of this Investment Policy Statement is to design the investment program structure with specific parameters and clearly defined policies and objectives that reflect the philosophy of the ALA Endowment Trustees and the mission of the Association.

This document provides guidance for the Endowment Trustees and the Association's finance staff to fulfill the responsibilities that the ALA Executive Board delegates to them.

Although these policies and objectives are intended to govern the investment activity, they are designed to be sufficiently flexible in order to be practical.

This Investment Policy Statement (IPS) is set forth to:

1) Define the investment policies, guidelines and objectives of the Association.
2) Create a framework from which the Endowment Trustees can evaluate investment performance, monitor compliance with the IPS, explore new opportunities and make recommendations to enhance the investment portfolio.
3) Provide guidance for, expectations of, and limitations on, all parties bearing investment responsibilities for the Association.
4) Ensure that the Association's investable financial assets are managed according to the highest standards of fiduciary responsibility and in accordance with prudent investment practices including UPMIFA.

All investable funds of the Association, its Divisions, Round Tables and Offices are placed in a single fund for investment purposes. Earnings and draws are apportioned to the individual funds on an annual basis

DELEGATION OF RESPONSIBILITIES

Relationship between ALA Executive Board and the Endowment Trustees.

The ALA Executive Board is ultimately responsible for decisions that affect the Association. The Executive Board appoints all Endowment Trustees except the ALA Treasurer who is elected by the Association's membership and serves a three-year term. The Executive Board also names the Senior Trustee. The Executive Board delegates to the Endowment Trustees the responsibility of managing the Association's investable financial assets including, but not limited, to the following actions:

1) Select the investment manager from a competitive process. This process should be held every three to five years.
2) Coordinate the activities of an investment manager.
3) Study market and investment issues pertinent to the Association and make decisions as appropriate.
4) The Senior Trustee shall report on the Trustees' activities and decisions four times per year to the Executive Board. The Senior Trustee shall also report at the Association's Council/Membership Information Meetings.

Endowment Trustees Responsibilities

The Endowment Trustees are responsible for managing the investment process in a prudent manner. The Trustees use a total return approach (defined herein) for the evaluation of investment returns and are willing to accept an overall level of risk (defined herein) commensurate with the Association's strategic asset allocation to achieve the stated objectives.

Based on input and advice from the investment advisor, Trustees determine the overall asset allocation model and make decisions on each individual investment. Trustees shall discharge their duties solely in the interest of the Association and for the exclusive purpose of meeting the financial needs of the Association.

The Endowment Trustees' responsibilities include:

1) Developing investment objectives consistent with the financial needs and mission of the American Library Association. The Trustees have a commitment to diverse management teams and to Environmental, Social and Governance (ESG) investment products as well as EDI investments as long as these products do not sacrifice returns.
2) Determining the investment strategy and asset allocation to meet the Association's objectives.

3) Setting investment policy guidelines.
4) Selecting the investment advisor.
5) Adopting performance measurement standards, reviewing and evaluating investment results in the context of such standards and implementing corrective action as needed.
6) Periodically reviewing the IPS, long-term return objectives, and the asset allocation to maintain appropriate alignments.

Guidelines for the Appointment of Endowment Trustees

The process for appointing new Endowment Trustees is detailed in the document, Endowment Trustee Selection Guidelines and Criteria, found in the Appendix to this operating manual.

Guidelines for the Investment Advisor

Through a competitive process the Endowment Trustees engage an independent investment advisor to assist in developing strategies to meet the Association's objectives and to monitor investment performance and compliance with the stated investment policies. The investment advisor's responsibilities include:

1) Assisting in the development of investment policies, objectives and guidelines.
2) Conducting portfolio analyses, including asset allocation studies, and recommending investment strategies based on such analyses designed to achieve the Association's objectives.
3) Recommending specific investments in managed accounts, mutual funds, private equity, real assets and other appropriate vehicles.
4) Monitoring investment performance and presenting performance evaluation reports that include a full listing of all investing expenses charged by the investment advisor and all instruments within the ALA endowment portfolio, including mutual funds, ETFs, and alternative investments.
5) Attending Endowment Trustee meetings to present overall economic analysis, market conditions and forecasts, and specific investment recommendations for the Trustees action that reflect expected market directions.
6) Providing portfolio asset allocation balancing recommendations annually.
7) Reviewing and developing special investment strategies that complement existing asset classes or strategies to be considered by the Endowment Trustees
8) Assisting the Trustees in special projects, such as asset allocation studies, capital markets research, and securing donations to the ALA endowment

ASSOCIATION INVESTMENT OBJECTIVES

Total Return Policy

The Association's investment strategy utilizes the total return approach for calculating investment returns. ALA's total return is composed of income and capital gains (realized and unrealized). When considering the portfolio's investment performance, the Trustees will measure the total returns, including dividends on stock, interest on fixed-income securities, distributions from Real Estate Investment Trusts and other income producing investments and capital gains. Distributions will be withdrawn from the portfolio without regard to the portion of the total return that is derived from capital gains or from income.

The long-term annual return objective is a minimum return of 4.0% plus inflation, net of fees.

Specific Return Measurement Objectives

The Endowment Trustee's return objective is based upon a long-term investment horizon, with an expectation that returns will fluctuate over the interim. In setting return objectives, the Trustees give careful consideration to a number of factors including (but not limited to): anticipated additions/withdrawals to/from principal, inflation, interest and dividend yields, and projected rates of return on asset classes considered suitable for inclusion in the portfolio. While there cannot be complete assurance that the defined objectives will be realized, it is believed that the likelihood of their realization is enhanced through investment diversification.

Each month the investment advisor will report actual returns relative to the long-term return objective, a composite index of benchmark indices weighted in the same proportion as the Association's Target Allocation (as described in Section IV, Asset Allocation, herein), and a benchmark index. The returns will also be periodically evaluated versus a comparative universe including the risk levels.

Spending Policy

Each year the Trustees will recommend to the Executive Board a spending or draw rate (i.e. 3%-5%) based on a rolling average of the previous 20 quarters. The Association or any of its Divisions and Round Tables is not obliged to spend any or all of this draw.

Volatility and Risk

The Endowment Trustees believe that the return objective can be achieved while assuming acceptable risk levels commensurate with market volatility. Risk considerations will be viewed from a total portfolio perspective rather than at the individual investment level. Market volatility

is defined as the trailing three-and five-year standard deviation of a composite index of benchmark indices weighted in the same proportion as the Association's Target Allocation (as described in Section IV, Asset Allocation, herein).

General Investment Considerations and Constraints:

1) Liquidity: At times, the Association requires cash or other liquid assets to meet its spending or draw needs. Senior Association Finance staff should be the judge of liquidity needs.
2) Time Horizon: The Association has an infinite life. Therefore, the Trustees should manage investable assets with a time horizon longer than the normal market investment cycle which can be defined as10 years or longer.

ASSET ALLOCATION

The single most important decision regarding investment returns made by the Endowment Trustees is the target asset allocation decision. Investment research has determined that a significant portion of a portfolio's investment behavior can be attributed to 1) the asset classes/styles which are employed; and 2) the weighting to each asset class/style. The Endowment Trustees have the responsibility to identify a target asset allocation mix that offers a high probability of achieving the Association's investment objectives commensurate with acceptable risk levels. The Trustees should review the target asset allocation on an ongoing basis and make revisions as market conditions change.

The Trustees develop an asset allocation model using appropriate best practice tools. The Endowment's target asset allocations are set early in each calendar year and appear in Appendix ALA Endowment Target Asset Allocations (current year

The Trustees will select a target asset allocation that falls within the strategic allocation parameters they have identified. The target asset allocation policy is expected to have a reasonable likelihood of meeting the objectives outlined in Section III. The asset allocation ranges established by this IPS represent a long-term perspective. As such, rapid unanticipated market shifts or changes in economic conditions may cause the asset mix to fall outside the policy range. These divergences should be of a short-term nature.

Within the asset allocation model, the Trustees employ any appropriate investment vehicle that is in common use. These vehicles may include actively and passively managed mutual funds, electronically traded funds, separately managed accounts, real estate investment trusts, real assets, private equity, hedge funds, domestic and international funds, long-short strategies and so forth. The Association does not purchase or own individual stocks or bonds.

INVESTMENT ADVISOR POLICIES AND PERFORMANCE MEASUREMENT STANDARDS

The following guidelines broadly define performance and risk criteria for the investment advisor and individual managers.

Although the Trustees make all investment decisions, they rely on the investment advisor to recommend appropriate investments to consider. Trustees expect the investment advisors to help the Association meet or exceed established benchmarks.

Over reasonable market cycles (3 to 5 years) investment manager's returns (net of fees) are expected to be competitive with their comparative index. Returns for traditional managers will also be measured versus a comparative peer universe. Over three and five-year periods investment managers are expected to demonstrate an ability to rank in the top quarter of their comparative peer universe. There may be periods of underperformance by active managers. The Trustees will also monitor investment managers' risk, organization changes and potential style drift on an ongoing basis. This three to five-year period may not apply to alternatives such as private equity.

The Endowment Trustees may terminate an investment advisor or account manager for any reason

ADMINISTRATION

Procedure for Revising Guidelines
The Endowment Trustees will review all investment policies and objectives on an annual basis.

Conflicts of Interest
Any actual or potential conflict of interest between Endowment Trustees, Executive Board and senior Association management must be fully disclosed. Trustees, or Executive Board members may be requested to recuse themselves from voting in certain circumstances. The Trustees are not expressly prohibited from owning mutual funds or other publicly traded investments the Association holds unless these holdings would be material to the management of a fund or investment product. If so, they must be disclosed.

Contributions
All cash contributions to the Association that are designated for the Endowment shall be invested according to the asset allocation policy.

Portfolio Balancing
The Association's investment portfolio may drift from the target asset allocation due to market movement and cash flows. Since the asset allocations are the most critical component of the Association's return, it is desirable to balance the portfolio periodically. The Endowment Trustees will periodically review the asset allocations relative to the target allocation as described in Section IV. The Trustees may then direct the investment advisor to make recommendations for rebalancing relative to the target allocation.

* * * * * *

APPENDIX:
ALA Endowment Target Asset Allocations

Asset Class	Minimum	Target Average	Maximum
Total Equity & Real Assets*	**30%**	**55%**	**70%**
Domestic Large/Mid/Small Cap	20%	40%	50%
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Cash	**0%**	**5%**	**10%**
Total		100%	
*Includes mutual funds and ETF"s			

American Library Association
Endowment Trustees
Charge and Responsibilities

The purpose of the American Library Association's Endowment is to aggregate in one place all of the Association's investable financial assets. These assets are invested in a widely diverse number of financial instruments designed to produce a stable return over a long period of time in alignment with the mission of the Association. (See *Investment Policy Statement* for specifics.)

As specified by the Endowment Trustees and the ALA Executive Board, the Association's General Fund, Divisions, and Round Tables may draw on their respective investment returns to support their various programs. Any funds not drawn will remain in the investment pool to benefit from future returns.

The ALA Endowment Trustees are charged with and are responsible for:

1. Recruiting and retaining an investment advisor of the highest quality to work with the Trustees. Fees should be in line with industry standards.

2. As called for in the Uniform Prudent Management of Institutional Funds Act (UPMIFA), identifying an appropriately diverse group of asset classes that will capture upside swings in the market as well as mitigating risks.

3. Within this diverse group of asset classes, identifying appropriate individual investments that will collectively produce an annual return of at least four percent (4%) plus inflation.

4. Selecting appropriate benchmarks against which to measure separately managed accounts and holding individual managers accountable for their performance.

5. At least once a year, evaluating the array of available benchmarks and determining how well the ALA benchmarks are serving the needs of the Trustees.

6. At least once a year, reviewing the balance of the portfolio in the context of the minimum, target, and maximum parameters for each asset class as defined in the *Investment Policy Statement*.

Approved May 14, 2019

Work Schedule – Draft

Responsibilities	Frequency	Q1	Q2	Q3	Q4	Comment
Investment Performance Review	Quarterly	x	x	x	x	
IPS Compliance Review	Quarterly	x	x	x	x	
Investment Policy Statement Review	Annually				x	
Review other Endowment Documents	Annually				x	
Investment Advisor Review	Annually		x			
Portfolio Review (vs objectives and benchmarks)	Annually	x				
Asset Allocation Study	Annually		x			
Stochastic Analysis (Monte Carlo)	Annually		x			
Economic Scenario Analysis (Stress Test)	Annually		x			
Investment Manager Review	Annually			x		
Fee Analysis	Annually			x		
Annual Planning Session	Annually				x	
Investment Advisor RFP	Every Three to Five Years					
Board Survey on Risk Tolerance	Every Three Years					
Fiduciary Training	Every Three Years					
Strategic Items						
ESG Monitoring	Semi-annual		x		x	
Benchmark Review	Annual			x		
Risk Discussion	Semi-annual	x		x		

INVESTMENT ADVISOR SELECTION

One of the most important responsibilities the Trustees have is selecting an outstanding investment advisor. While a stable relationship with a qualified advisor can be valuable, seeking an investment advisor with new or different perspectives may be equally valuable.

The Trustees will conduct a Request for Information (RFI) for an investment advisor every three to five years, unless an advisor is dismissed for cause or poor performance and an immediate RFI is warranted.

When a new investment advisor is selected, that advisor should be given at least three years to demonstrate outstanding performance in advising the Trustees on asset allocation and investments. While it is just as important for the portfolio to perform well in down markets as it does in up ones, the advisor needs adequate time to demonstrate how their guidance has resulted in outstanding portfolio performance. An advisor should not necessarily be held responsible for a prolonged downturn in the markets.

The Trustees shall develop metrics for measuring advisor performance that are consistent with those used throughout the financial services industry. These metrics will be shared with the advisor and the Trustees will review and evaluate the advisor's performance on an annual basis.

With the advice of the Trustees, the ALA Finance Department will create the necessary documentation for an RFI and solicit proposals from leading firms in the investment advisory business. Each proposal shall be shared with the Trustees.

In addition to an outstanding history of performance, candidate firms must demonstrate a commitment to the Association's mission and investing philosophy. The Trustees and ALA Finance Department senior staff will conduct interviews as appropriate in order to arrive at a selection decision. Firms that only propose an Outsourced Chief Investment Officer (OCIO) service will not be considered.

Approved May 14, 2019

ENDOWMENT TRUSTEE POSITION DESCRIPTION

An ALA Endowment Trustee must have a working understanding of:

- Roles and responsibilities of the Endowment Trustees.
- ALA's mission, policies, programs, and needs.
- ALA's values and commitment to diversity and inclusion.
- Day-to-day activities of ALA.
- ALA's awards and scholarship programs.

Responsibilities of an ALA Endowment Trustee include:

- Assist in the development, review, and implementation of policies and procedures for the operation of the Endowment.
- Review, discuss, and vote on selection of investments.
- Make determinations regarding allocation of assets.
- Regularly monitor and review performance of investment managers vis-a-vis established benchmarks.
- Participate in the selection and review of the Endowment's investment advisor.
- Participate in the evaluation of performance of Trustees.
- Contribute to the development of the Trustees' strategic plan.
- Contribute to the preparation of semi-annual reports to the ALA Executive Board and Council on the performance of the fund.
- Participate in recommending to the ALA Executive Board the selection of a senior endowment trustee to chair meetings, make reports to the Executive Board and Council, and serve as spokesperson for the Endowment Trustees.

- Work collegially with other Trustees, investment managers, ALA staff, and ALA leadership and members.

- Serve as advocate and ambassador for the Endowment with ALA members, divisions, and round tables. Meet with division and round table leadership to explain and promote the Endowment.

- Serve on sub-groups and make reports that address specific issues of interest to the Trustees.

Time Demands and Required Meeting Attendance

- Review all documents before meetings and conference calls.

- Participate in conference calls.

- Attend two to four meetings per year in Chicago and other selected cities.

- As able, attend ALA conferences, with a particular focus on ALA Council meetings.

Conflict of Interest Avoidance

- Trustees have a critical role in ALA finances and as such, should not also be members of the ALA Executive Board or Budget Analysis & Review Committee.

- Trustees need to report any personal or professional relationship with an investment advisor, fund manager, or other party that could influence a Trustee's decision or direction.

Approved May 14, 2019

APPLICATION TEMPLATE FOR ENDOWMENT TRUSTEE CANDIDATES

I. For your information

There are six Endowment Trustees selected by the ALA Executive Board on a rotating (i.e., staggered) basis. The ALA Treasurer is an ex-officio *member of the Trustees and serves as the Executive Board liaison.*

- *Endowment Trustees serve a three-year term, with no more than two consecutive terms.*
- *Candidates must be or become members of the American Library Association (ALA).*
- ***Candidates must be able to attend two in-person Trustee meetings, usually held in Spring and Fall, as well as additional virtual meetings as needed and determined by Senior Trustee. ALA will pay all related travel expenses.***
- *Candidates are encouraged to attend ALA Midwinter Meetings and Annual Conferences, usually held in January and June. ALA will not cover these travel expenses. At these meetings, the Endowment Senior Trustee reports to the Executive Board, ALA Council, and membership on the status of the Endowment.*

Deadline for Applications: **MM/DD/YYYY**

Please return completed application with essential attachments to:

<<Insert Appropriate ALA Finance Staff contact info>>

II. Consent to Serve

I, _____, wish to submit my name for consideration for appointment as an ALA Endowment Trustees

_____

Signature **Date**

III. Basic Information

Name	Telephone
Professional Title	**FAX**
Professional Address	**E-mail**

If this is not your preferred mailing address, please provide it here:

Preferred Mailing Address:

IV. Affiliations with similar organizations

Please list and briefly describe any affiliation you may have with similar organizations.

V. Guidelines Used in Filling the Position of Endowment Trustee:

The Executive Board and Trustees have agreed on the following general guidelines for filling the position of Endowment Trustee. Please read the guidelines and provide responses where indicated. You may submit your responses on a separate piece of paper, but please follow the order and format indicated.

A. Investment Skills

It is required that the Trustees bring a working knowledge of the financial markets. This working knowledge should include the fundamentals of investment practice, as well as familiarity with market indices. Experience in investing as a Trustee, custodian, or similar capacity is beneficial. Awareness of economic principles, and interest in and commitment to being informed about the state of the economy are also desirable.

Please describe/summarize the extent of your knowledge of financial markets:

Please describe/summarize your experience in investing:

Please list any formal education/training or experience you have had that would demonstrate your awareness in this area:

B. Association Involvement

It is desired that the Trustees evidence a basic knowledge of ALA's mission and goals and an awareness of the services and activities of the Association. Knowledge of the awards and scholarship program is beneficial, as is work in other areas of the Association.

Please list any non-profit activities you may have had that contribute to your knowledge and awareness of non-profit organizations. Include any present or past responsibilities you would like to emphasize:

C. Judgement and Analytical Skills

Essential to the effective operation of the endowment is the Trustee's ability to exercise judgement and to make decisions that reflect prudence, insight, and care. Teamwork among the Trustees is essential for this shared charge to be effectively dispatched. The ability to study a financial situation and to develop well-reasoned strategies is a critical requirement. While the Trustees exercise independent judgement and discretion with regard to endowments, they need to be effective communicators and to take necessary and appropriate direction from the Executive Board.

Please describe your ability to meet the above criteria:

Additional Comments:

Please provide any additional comments on your knowledge, background, etc. that you feel would be pertinent for the Board to consider in making this appointment:

Essential attachments:

Please attach a current resume or curriculum vitae.

Please attach three (3) letters of reference.

ENDOWMENT TRUSTEE SELECTION GUIDELINES AND CRITERIA

BACKGROUND:

Announcement: Announcements for upcoming openings are made to ALA membership annually on March 1st or April 1st. The closing period for nominations will generally be June 1st.

Notification Options: Trustee openings will be announced annually through the following venues:

- *American Libraries* magazine
- *American Libraries* (AL) Direct
- Treasurer's web page
- Endowment Trustees web page
- Email by Treasurer to ALA Council
- Email notification by staff[1] to ALA Division Executive Directors
- Email notification by staff[1] to ALA unit managers
- Active recruitment and recommendations from sitting Endowment Trustees

Applicant Submissions: Upon deciding to serve, applicants will be required to submit an ALA application and three references. Candidates should be encouraged to visit the Endowment Trustees web page and access the Endowment Trustee policy and procedures manual. All applications and references should be submitted to the ALA Senior Financial Analyst.

Applicants Selection: Upon the close of the open call period, all applications and references will be collected and prepared i.e., summarized by the Senior Financial Analyst or the Director of the Governance Office. The summarized package will then be forwarded for review to the Finance and Audit Subcommittee (F&A) and the Executive Board. F&A will provide the first level of review and make recommendations to the Executive Board.

Selection Criteria:

- Three years of relevant professional or personal investment experience
- Three to five years of involvement as a member in good standing in ALA
- Demonstrated ability to work in a team/collaborative environment
- Time management skills and ability to meet deadlines
- Experience in a relevant investment area
- Understanding of ALA's financial structure and long-term needs
- Demonstrated, relevant skills
- Demonstrated capability to transfer individual abilities and experience
- Demonstrated educational efforts to hone investing skills
- Demonstrated ability to consume and process large quantities of data
- Evaluation of skills candidate brings to this position

- How do candidates keep their knowledge and skills up to date
- Personal qualities that a candidate brings to the position

Process for Reappointing a Current Trustee: During the last year of a Trustee's first three-year term, the Trustee with the expiring term must decide if they wish to serve a second three-year term. The term expiration date will be after the third year's scheduled Annual Conference. Once a sitting Trustee decides to seek a second three-year term, the following applies:

- During the open-call period for candidates, Trustees seeking reappointment will submit a written request via an email or letter to the ALA President, Executive Director, and Senior Trustee, for reappointment to a second three-year term.
- The Senior Trustee may choose to write a letter of support.
- No application is necessary.

Note: It has generally been the consensus of the Senior Trustee, F&A, and Executive Board members, that if a Trustee has served in good faith and met their service obligations concerning the following recruitment criteria, there would be support for a second term:

- Upon selection, ALA membership is required
- Understand the role of a Trustee
- Regularly attend meetings
- Actively participate in meetings
- An investment banking background is preferable
- A degree in business or finance is preferable
- Must have prior experience in investment management
- Work collegially with Trustees
- Thrive in a team environment
- Show a willingness to support their position on topics
- Show a willingness to understand the position of others
- Work for the benefit of the entire Association

Notification to those selected: After a selection has been made by the Executive Board, the ALA Executive Director will notify the appointed/reappointed candidate, the Senior Trustee, and the Treasurer via email or by letter, informing them of the selection.

Notification to those not selected: For those candidates not selected by the Executive Board, the ALA Executive Director will notify them, the Senior Trustee, and the Treasurer via email or by letter of the Executive Board's decision. They will be encouraged to continue seeking opportunities to serve the Association.

Post-selection Announcement: Upon notification of the Applicants selected for Trustee positions and those not selected, a written announcement will be prepared by staff[2] and reviewed by the selected candidate and the Communications & Marketing Office. Once the draft has received approval from all parties[3], it will be released as a regular ALA press release and in AL Direct.

Approved by the Endowment Trustees, May 23, 2022

[1] By Finance Department staff or Director of the Governance Office

[2] Finance Department staff or the Director of the Governance Office

[3] Communications & Marketing Office staff and the candidate(s)

CONFLICT OF INTEREST DISCLOSURE

The following statement regarding possible conflicts of interest is to be completed annually by each ALA Endowment Trustee and submitted to the ALA Chief Financial Officer.

NAME: _____

POSITION: _____

INSTITUTION: _____

Please list below any personal, financial, political, or professional positions you hold (volunteer or paid), or any other circumstances that you believe could constitute a Conflict of Interest, or a perceived Conflict of Interest, with your responsibilities as an ALA Endowment Trustee.

_____ I have no Conflict of Interest to report.

_____ The following could constitute a Conflict of Interest:

1. _____
2. _____
3. _____
4. _____
5. _____

I hereby certify that the information stated above is true and complete to the best of my knowledge. I have reviewed and agree to comply with "Conflict of Interest: A Statement of Policy for ALA and ALA-APA Executive Board Members" [EBD #1.8].

SIGNATURE: _____

DATE: _____

Approved May 14, 2019

ELEVATOR SPEECH:
WHY IS THE ALA ENDOWMENT FUND IMPORTANT TO ALA AND ITS MEMBERS?

The ALA Endowment makes a big difference to ALA, to a broad range of ALA members, and to the larger library community. But how does it do this?

- With more than $66 million in assets as of March 31, 2024 the endowment is critical to the future financial health of ALA

- Income from the Endowment provides direct support for scholarships, awards, operations, and new initiatives. Scholarships such a Spectrum, as well as numerous awards are supported by the Endowment

- Thanks to the endowment's payout policy, units of the Association have received more than $8 million in the past five years has been made available, but not all of it has been spent.

- Likewise, the ALA General Fund has received more than $8 million in Endowment payouts in the last five years to support programs critical to the Association and its members, including

- ALA members are increasingly including the endowment in their estate plans