



## **PRAIRIE RIVERS NETWORK ENDOWMENT**

1902 Fox Drive, Suite G, Champaign, IL 61820

Created December 6, 2014

The Prairie Rivers Network Endowment (PRNE) is a separate investment pool created by the Board of Directors of Prairie Rivers Network (PRN), a charitable organization, in accordance with the laws of Illinois. This governing document sets forth the purposes and operating rules of the PRNE, including the investment policies applicable to it, rules on spending, types and categories of gifts, reporting requirements, and the various duties of the PRN Board of Directors acting in its capacity as manager of it. The PRNE and this governing document were created and approved by the unanimous vote of the Board on December 6, 2014.

1. *Purposes.* The PRNE exists as a permanent investment pool to enhance and sustain the operations of PRN so that it can continue working to promote the lasting health of Illinois lakes, rivers, streams, and surrounding lands and, in so doing, nurture and enhance the enduring welfare of the people and wildlife of the state. It does so through the long-term investing of contributed assets so that income from them can provide sustained resources to fund PRN conservation programs.

2. *Management.* Responsibility for managing the assets of PRNE and otherwise carrying out the responsibilities for its long-term success rests with the Board of Directors of PRN, acting with care, prudence, and diligence in full accordance with law and with the sole purpose of promoting the guiding purposes. Actions taken by the Board, including all investment and spending decisions, shall be made at meetings of the Board called in accordance with the PRN By-Laws, with a quorum present, and with written minutes of the meeting that describe its decisions and related actions fully and accurately. All decisions related to the PRNE may be taken by majority vote of the Board of Directors in accordance with the provisions of this governing document except that any decision to spend the principal of the Board-Designated Fund, and any decision to alter any term of this governing document, shall be made and take effect only upon the approval of 75% of all Board members then in office, whether or not present at the meeting at which the decision is made. In no instance shall the Board authorize any expenditure of principal or income that is inconsistent with the charitable status of PRN under federal and state laws or otherwise inconsistent with the specific purposes of PRN.

3. *PRNE Funds.* The PRNE is made up of various funds that are accounted for separately and subject to varying rules but that are pooled for investment purposes so as to enhance investment returns net of administrative costs. The various funds, and the specific rules governing them, are as follows:

A. Permanent Fund for Rivers. This Fund receives and holds assets donated to the PRNE as true endowment assets to be held permanently. The assets are invested in accordance with the PRNE investment policies set forth in paragraph 5, below. Expenditures from it shall be made from time to time by decision of the Board of Directors only for the purposes set forth above and in accordance with laws governing true endowment funds, including the Uniform Prudent Management of Institutional Funds of Illinois (760 ILCS 51/4). This Permanent Fund for Rivers shall receive all donations to the PRNE of any amount unless the donor specifies otherwise in a written instrument of gift or gives some other clear expression of different intent. Donations to this Fund can be made in memory or honor of particular people and reports on the Fund from time to time shall recognize and memorialize these donor intentions.

B. The Board-Designated Fund. This Fund receives and holds assets invested in it by the Board of Directors and any other contributions to the PRNE that are specifically designated for this Fund. Such assets may include gifts to PRN that are not designated for the PRNE and that the Board believes are best invested for a longer term and not expended currently. The Board-Designated Fund is a quasi-endowment in that the assets in it are invested for the long term but the Board of Directors retains the power, when acting in accordance with paragraph 2 of this guiding document, to expend the principal of invested funds when they deem it prudent to do so either for the institutional stability of PRN or to take advantage of opportunities to initiate new programs or materially expand existing programs. As a quasi-endowment, the Board-Designated Fund is not subject to the spending rules of the Uniform Prudent Management of Institutional Funds Act.

C. Named Endowment Funds. Named Endowment Funds arise by agreement between PRN and individual donors who desire to create funds that are separately named and recognized and in some instances to provide more specific guidelines governing assets in the funds. The following rules and principles shall apply to such funds:

i. Named Endowments Funds may have specific terms to them so that they operate as term endowments rather than perpetual ones. Unless otherwise agreed, the assets in a term fund shall, at the conclusion of the term, be transferred to the Board-Designated Fund.

ii. Named Endowment Funds may restrict the purposes for which assets in them may be expended when such restrictions are consistent with the long-term purposes of PRN and agreed to in the governing fund agreement. Unless expressly restricted in this manner assets in Named Endowment Funds shall be available for accumulation and expenditure in the same manner as assets held in the Permanent Fund for Rivers.

iii. The Board of Directors shall have the power to add further assets to any Named Endowment Fund from any source unless this power is limited in the agreement creating the Fund.

iv. The minimum donation for a Named Endowment Fund is \$10,000, if the use of the Fund assets is not restricted by agreement, or \$25,000 if uses are restricted.

4. *Property Accepted.* The PRNE welcomes all donations of cash and marketable securities as well as, by prior agreement, other assets. Gifts may be spread over time and, if donors so choose, be memorialized in pledges that PRN (with donor permission) can recognize immediately. Donors are encouraged to include PRNE in their estate or insurance plans and as a beneficiary of charitable trusts.

5. *Investment Policies.* Assets in the PRNE are invested by the Board of Directors with the aim of long-term growth and the generation of income to use in support of its purposes. All investments shall be chosen with prudence and consistent with all laws and generally accepted standards of institutional funds management. Further, they shall be limited to assets that are easily liquidated and consistent with the charitable purposes and aims of PRN. In the case of assets donated to PRNE in-kind, it is the policy of PRNE to convert the assets to cash as soon as practical and prudent so that they may be reinvested in accordance with this policy. In terms of asset mix, PRNE assets other than those held in the Board-Designated Funds shall be invested so that approximately 50 to 90 percent of the investments are in equity investments and the remaining assets held in investments chiefly intended to yield current income. Assets shall be held as cash or cash equivalents only in preparation for anticipated expenditures or when deemed prudent in response to ongoing or anticipated fluctuations in market values. Assets in the Board-Designated Fund shall be invested in the same manner except when the Board anticipates withdrawing principal from the Fund in accordance with guidelines governing the Fund.

6. *Records and Reporting.*

i. At least annually the Board of Directors shall prepare and release a financial report on the status of the PRNE, including information on donations, investment returns, and expenditures. In addition, the Board of Directors shall respond promptly to inquiries from donors relating to the finances of PRNE, including the current asset values of any Named Endowment Fund.

ii. Earnings on Named Endowment Funds shall be equal to the Fund's pro-rata share of the earnings of the PRNE for any given time period. Expenditures from such Funds shall also be equal to the Fund's pro-rata share of expenditures from the PRNE except as otherwise provided in an agreement governing a specific Fund.

iii. At least annually the Board of Directors shall affirm, in written form, that all expenditures attributable to restricted Named Endowment Funds were made in accordance with the terms of the governing restrictions.

iv. In order to reduce administrative costs of the PRNE, PRN shall not submit period reports to donors except as and to the extent specified in the agreements governing the various Funds.