

INVESTMENT POLICY
EXHIBIT A
TO
AMENDED AND RESTATED BYLAWS OF
FRIENDS OF THE TEXAS A&M UNIVERSITY LIBRARIES

ARTICLE I
Purpose and Objectives

The purpose of this Investment Policy (the “Investment Policy”) is to set forth the investment goals and objectives of Friends of the Texas A&M University Libraries (the “Friends”), and to define the responsibilities of the Executive Committee in managing the Friends’ investments. The Investment Policy shall fully align with and support the Exempt Purposes and Objectives as set forth in Article II of the Bylaws. The overall investment objectives of the Friends is to carry out and fulfill the Exempt Purposes and Objectives from funding sources, which include, but are not limited to, the following:

- a. Membership dues,
- b. Donor gifts,
- c. Net annual meeting proceeds, and
- d. Funds raised from other related Friends’ events.

ARTICLE II
Management by the Executive Board

The investment objective of the Friends is to maximize the return on invested assets while minimizing risk and expenses. All transactions shall be for the sole benefit of the Friends consistent with its Exempt Purposes.

- a. The Executive Board shall have responsibility for the investment and management of the Friends’ investment assets.
- b. The Executive Board shall implement procedures for the management of the Friends’ investment assets, which shall include investment of membership dues, donor gifts, net annual meeting proceeds, and funds raised from other related Friends’ events.
- c. The Executive Board shall implement procedures for the management and oversight of the Friends’ bank accounts and the signatories to the accounts.
- d. The Executive Board shall deposit donor gifts with corporate matching funds and endowments in the Texas A&M Foundation (the “Foundation”) consistent with the Foundation’s gift and investment guidelines.
- e. The Executive Board shall establish long range financial goals and funding strategies consistent the Exempt Purposes and Objectives as set forth in Article II.
- f. The Executive Board may delegate authority over the Friends’ investment assets to a properly formed and constituted Finance Committee.

ARTICLE II
General Guidelines

The following general guidelines shall govern the investments of the assets of the Friends. The investment goals and objectives set forth herein are a framework to guide the Executive Committee in achieving the investment objectives at a level of risk deemed acceptable.

- a. Assets shall be invested with the care, skill, prudence and diligence under the circumstances that a prudent person would use in the investment of assets with like character and similar goals.
- b. Investment of the assets shall be diversified so as to minimize the risk of capital erosion, unless under the circumstances it is clearly advisable not to do so.
- c. Cash shall be invested in a productive manner through the use of short-term instruments that provide safety, liquidity, and a reasonable yield, considering prevailing market conditions.

CONFLICT OF INTEREST POLICY
AS AMENDED
EXHIBIT B
TO
AMENDED AND RESTATED BYLAWS OF
FRIENDS OF THE TEXAS A&M UNIVERSITY LIBRARIES

ARTICLE I

Purpose

The purpose of the conflict of interest policy is to protect the interests of the Friends of the Texas A&M University Libraries (the “Friends”) when it is contemplating entering into a transaction or arrangement that might benefit the private interest of an officer or director of the Friends or might result in a possible excess benefit transaction. This policy is intended to supplement but not replace any applicable state and federal governing conflict of interest applicable to nonprofit and charitable organizations.

ARTICLE II

Definitions

Section 1. Interested Person. Any director, principal officer, or member of a committee with governing board delegated powers, who has a direct or indirect financial interest, as defined below, is an interested person.

Section 2. Financial Interest. A person has a financial interest if the person has, directly or indirectly, through business, investment, or family:

- a. an ownership or investment interest in any entity with which the Friends has a transaction or arrangement;
- b. a compensation arrangement with the Friends with any entity or individual with which the Friends has a transaction or arrangement; or
- c. a potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which the Friends is negotiating a transaction or arrangement.

Compensation includes direct and indirect remuneration as well as gifts or favors that are not insubstantial.

A financial interest is not necessarily a conflict of interest. Under Article III, Section 2, a person who has a financial interest may have a conflict of interest only if the appropriate governing board or committee decides that a conflict of interest exists.

ARTICLE III

Procedures

Section 1. Duty to Disclose. In connection with any actual or possible conflict of interest, an interested person must disclose the existence of the financial interest and be given the opportunity to disclose all material facts to the directors and members of committees with governing board delegated powers considering the proposed transaction or arrangement.

Section 2. Determining Whether a Conflict of Interest Exists. After disclosure of the financial interest and all material fact, and after any discussion with the interested person, he/she shall leave the governing board or committee meeting while the determination of a conflict of interest is discussed and voted upon. The remaining board or committee members shall decide if a conflict of interest exists.

Section 3. Procedures for Addressing the Conflict of Interest.

- a. An interested person may make a presentation at the governing board or committee meeting, but after the presentation, he shall leave the meeting during the discussion of, and the vote on, the transaction or arrangement involving the possible conflict of interest.
- b. The chairperson of the governing board or committee shall, if appropriate, appoint a disinterested person or committee to investigate alternatives to the proposed transaction.
- c. After exercising due diligence, the governing board or committee shall determine whether the Friends can obtain with reasonable efforts a more advantageous transaction or arrangement from a person or entity that would not give rise to a conflict of interest.
- d. If a more advantageous transaction or arrangement is not reasonably possible under circumstances not producing a conflict of interest, the governing board or committee shall determine by a majority vote of the disinterested directors whether the transaction or arrangement is in the Friends' best interest, for its own benefit, and whether it is fair and reasonable. In conformity with the above determination it shall make its decision as to whether to enter into the transaction or arrangement.

Section 4. Violations of the Conflicts of Interest Policy.

- a. If the governing board or committee has reasonable cause to believe a member has failed to disclose actual or possible conflicts of interest, it shall inform the member of the basis for such belief and afford the member an opportunity to explain the alleged failure to disclose.
- b. If, after hearing the member's response and after making further investigation as warranted by the circumstances, the governing board or committee determines the member has failed to disclose an actual or possible conflict of interest, it shall take appropriate disciplinary and corrective action.

Section 5. Exceptions to the Conflict of Interest Policy.

- a. In the event of a transaction which benefits the private interest of any director, officer, or Board member of the Friends and the compensation to such individual is less than \$150, such transaction shall be considered *de minimis* and shall not fall within the purview of this Conflict of Interest Policy, provided that the transaction is approved by a then current Officer of the Friends Board. Examples of such transactions shall include, but not be limited to, a small gift sent to a Friends Board member to express the well wishes of the Board following a medical event experienced the Board member, or a small gift sent to a Friends Board member to express the appreciation of the Board for a high level of service provided to the Friends by the Board member. This exception of the Conflicts of Interest Policy is deemed consistent with the past practices of the Board and is considered fair, reasonable and in the best interest of the Exempt Purposes and Objectives of the Friends.

ARTICLE IV

Records of Proceedings

The minutes of the governing board and all committees with board delegated powers shall contain:

- a. The names of the persons who disclosed or otherwise were found to have a financial interest in connection with an actual or possible conflict of interest, the nature of the financial interest, any action taken to determine whether a conflict of interest was present, and the governing board's or committee's decision as to whether a conflict of interest in fact existed.
- b. The names of the persons who were present for discussions and votes relating to the transaction or arrangement, the content of the discussion, including any alternatives to the proposed transaction or arrangement, and a record of any votes taken in connection with the proceedings.

ARTICLE V

Compensation

- a. A voting member of the governing board who receives compensation, directly or indirectly, from the Friends for services is precluded from voting on matters pertaining to that member's compensation.
- b. A voting member of any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from the Friends for services is precluded from voting on matters pertaining to that member's compensation.
- c. No voting member of the governing board or any committee whose jurisdiction includes compensation matters and who received compensation, directly or indirectly, from the Friends either individually or collectively, is prohibited from providing information to any committee regarding compensation.

ARTICLE VI

Annual Statements

Each director, principal officer and member of a committee with governing board delegated powers shall annually sign a statement which affirms such person:

- a. has received a copy of the conflicts of interest policy;
- b. has read and understand the policy,
- c. has agreed to comply with the policy, and
- d. understands the Friends is charitable and in order to maintain its federal tax exemption, it must engage primarily in activities which accomplish one or more of its tax-exempt purposes.

ARTICLE VII

Periodic Reviews

To ensure the Friends operates in a manner consistent with charitable purposes and does not engage in activities that could jeopardize its tax-exempt status, periodic reviews shall be conducted. The periodic reviews shall, at minimum, include the following subjects:

- a. Whether compensation arrangements and benefits are reasonable, based on competent survey information and the result of arm's length bargaining.
- b. Whether partnerships, joint ventures, and arrangements with management organizations conform to the Friends' written policies, are properly recorded, reflect reasonable investment or payments for goods and services, further charitable purposes and do not result in inurement, impermissible private benefit or in an excess benefit transaction.

ARTICLE VIII

Use of Outside Experts

When conducting the periodic reviews as provided in Article VII, the Friends may, but need not, use outside advisors. If outside experts are used, their use shall not relieve the governing board of its responsibility for ensuring periodic reviews are conducted.