



Westside Unitarian  
 Universalist Church  
 901 Page Ave.  
 Fort Worth, TX 76110

## WUUC Policies and Procedures

<b>Title</b>	Endowment Committee Bylaws
<b>Number</b>	F.4
<b>Purpose</b>	See Mission below
<b>Scope</b>	See Governance below
<b>Definitions</b>	
<b>References</b>	F.5 Socially Responsible Investing Policy
<b>Appendices</b>	None
<b>Author</b>	Endowment Committee
<b>Approval Dates</b>	Origination: 6/10/2018 Last Revision: Last Reviewed: Next Review Date: 7/1/2020

### Endowment Bylaws

#### I. Mission

Westside Unitarian Universalist Church shall maintain a separate Endowment to assist in assuring the long range financial future of the church and to help fund special projects that further the mission of the church.

#### II. Governance

The Endowment shall be governed by the Endowment Committee, which shall consist of six members of the congregation. The Endowment Committee (the “Committee”) acts in a fiduciary capacity with respect to the Fund and is accountable to the Board of Westside UU Church and its membership for overseeing the investment of all assets owned by, or held in trust for, the Fund.

The term of each Committee member will be three years. The committee members will be proposed by the Nominating Committee and elected by the Congregation. No member may serve more than two consecutive three-year terms. After a lapse of one year, former Committee members may be re-elected. No member may serve on the Endowment Committee while serving on the church governing Board. *When Committee members resign during the church year, the Church Board will appoint their replacements until the next Congregational Meeting.* Only one person from a pledge unit may serve on the Committee at one time.

A favorable vote of four committee members or more is required to pass any motion or resolution. The Committee shall elect its own chairperson. The Committee shall report

to the Board on a quarterly basis and provide a written report to the congregation at the annual meeting

Committee members with access to the funds within the Endowment must have passed a background check with the Church.

Committee members shall not be liable for any losses incurred by the Endowment except to the extent that such losses arise out of acts or omissions of willful misconduct or gross negligence. Each member shall be liable for his/her own acts and omissions of willful misconduct or gross negligence and not for the acts or omissions of other members. No member of the Committee shall engage in any self-dealing or transactions with the Endowment in which the member has direct or indirect financial interest. Members shall refrain at all times from conduct in which his/her personal interests would conflict with the interest of the Endowment.

### **III. Role of the Endowment Committee**

The Endowment Committee is empowered, acting through a designated member, to hold, sell, exchange, rent, lease, transfer, convert, invest, reinvest, and in all other respects manage and control the assets of the Endowment. The Committee shall act in its sole judgment and discretion as it deems wise and prudent, without further approvals.

### **IV. Investment Objective**

A. The Fund is to be invested with the objective of preserving the long-term, real purchasing power of assets while maintaining financial flexibility.

B. The Committee shall invest the assets of the Fund in a responsible manner. It is intended that reasonable restrictions placed on any gift by the donor will be faithfully followed, subject to the Committee's determination of the integrity and best interests of the Fund. The Committee, with the approval of the Board of Directors, reserves the right to decline any donation.

### **V. Contribution Management Policy**

A. Contributions will be divided into three categories.

1. Perpetual Fund – Principal will never be subject to distribution as long as the Church remains a Going Concern.
  - a. Income from the previous year can be distributed. Any previous year income that is undistributed in the subsequent year will be added to the principal amount.
  - b. Income includes capital gains, dividends, and interest over inflation, as measured by Consumer Price Index (CPI) as published by the Bureau of Labor Statistics.

2. Building and Land Fund – Principal and income can only be used for building and land purposes
  3. Flexible Fund – Principal and income can be used for distributions.
- B. The Committee will be responsible for tracking restrictions attached to contributions or bequests.
- C. Future undesignated contributions and bequests to the Endowment Fund will be placed in the Flexible Fund.

## **VI. Distribution Policy**

- A. The Committee is permitted to transfer assets between Church accounts and financial institutions in the management of the Fund.
- B. The Committee is permitted to pay fees associated with the management of the Fund out of Fund assets.
- C. Any additional distributions or loans of the Fund assets require a majority approval of the Church membership at a regular or emergency meeting of the Church membership.

## **VII. Portfolio Investment Policies**

- A. Asset allocation policy
1. The Church, Church membership, and Committee recognize that the strategic allocation of Fund assets across broadly defined financial asset and sub-asset categories with varying degrees of risk, return, and return correlation will be the most significant determinant of long-term investment returns and Fund asset value stability.
  2. The Church, Church membership, and Committee expect that actual returns and return volatility may vary from expectations and return objectives across short periods of time. While the Committee wishes to retain flexibility with respect to making periodic changes to the Portfolio's asset allocation, it expects to do so only in the event of material changes to the Fund, to the assumptions underlying Fund spending policies, and/or to the capital markets and asset classes in which the Portfolio invests.
  3. Fund assets will be managed as a balanced portfolio composed of three major components: an equity portion, fixed income portion, and a preferred stock portion. The expected role of Fund equity investments will be to maximize the long-term real growth of Portfolio assets, while the role of fixed income and preferred stock investments will be to generate current income, provide for more stable periodic returns, and provide some protection against a prolonged decline in the market value of Portfolio equity investments.
  4. Cash investments will, under normal circumstances, only be considered as temporary Fund holdings, and will be used for Fund liquidity needs or to

facilitate a planned program of dollar cost averaging into investments in either or both of the equity and fixed income asset classes.

5. Outlined below are the long-term strategic asset allocation guidelines, determined by the Committee to be the most appropriate, given the Fund's long-term objectives and short-term constraints. Portfolio assets will, under normal circumstances, be allocated across broad asset and sub-asset classes in accordance with the following guidelines:
  - a. Equity (Stocks) 35%
  - b. Fixed Income (Bonds) 55%
  - c. Preferred Stock 10%

#### B. Diversification policy

Diversification across and within asset classes is the primary means by which the Committee expects the Fund to avoid undue risk of large losses over long time periods. To protect the Fund against unfavorable outcomes within an asset class due to the assumption of large risks, the Committee will take reasonable precautions to avoid excessive investment concentrations.

Specifically, the following guidelines will be in place:

No more than 10% of the Fund will be invested in any one company other than Treasuries, FDIC insured CD's, FDIC insured Money Market, or FDIC insured Savings deposits.

#### C. Rebalancing

It is expected that the Fund's actual asset allocation will vary from its target asset allocation as a result of the varying periodic returns earned on its investments in different asset and sub-asset classes. The Fund will be rebalanced to its target normal asset allocation under the following procedures:

1. The Committee will use incoming contributions or outgoing disbursements of the Portfolio to realign the current weightings closer to the target weightings for the Portfolio.
2. The Committee will review the Portfolio semiannually to determine the deviation from target weightings. During each semiannual review, the following parameters will be applied:
  - a) If any asset class (equity or fixed income) within the Portfolio is  $\pm$  five percentage points from its target weighting, the Portfolio will be rebalanced.

- b) If any security within the Portfolio has increased or decreased by greater than 20% of its target weighting, the fund will be rebalanced.

D. Monitoring

1. The Committee will provide monthly statements to the Church membership by placing them in the church office and giving them to the treasurer.
2. Endowment Fund records will be subject to the same audit provisions as other church assets.