

ENABLING RESOLUTION FOR THE ENDOWMENT COMMITTEE
(September 2005, revision of November 1999 version)

This enabling resolution replaces previous enabling resolution(s).

I Purpose of this resolution:

This resolution establishes Church policy for the Endowment Committee in its dual roles of 1) stimulation and assistance of donors who wish to contribute gifts to the First Congregational Church of Berkeley and 2) advising on distribution from the various endowments. It also defines the responsibilities of other bodies of the church organization as they relate to the duties of the Endowment Committee.

II Definitions

Draw (or draw rate) – a percentage of the total market value of an endowment (with reinvested income included) to be distributed.

True-endowment- Funds donated specifically as “endowment” or with the specification that only “income” may be spent.

Quasi-endowment – funds which have been donated to FCCB without restriction which the church has decided to treat as “endowment”. Such funds will normally be invested long term with the draw percentage distributed, but may be put to other use should FCCB so decide.

Historic cost – the value of contributed funds as of the date of the contribution.

III The Committee:

A. The bylaws of FCCB provide for a seven member Endowment Committee with broad responsibilities for planned giving activities, the administration of gifts and bequests to the Church, and the distribution of the annual "draw" from all of the various endowment funds except the Ministerial Housing Fund.

B. The members of the Endowment Committee shall be experienced and committed members of the church as evidenced by a history of church participation both with their time and financial resources. Continuity of knowledge and practice of the endowment program is a key element to a program that will faithfully serve both the church and the donors. Members of the Endowment Committee are selected per section 7.05 of the bylaws.

C. Each calendar year the Committee shall elect a chair (or co-chairs) and other officers as considered necessary.

D. The Committee is responsible for ensuring that the policies set by the Congregation and detailed in this resolution are followed. Funds under the supervision of the Committee are all endowment funds (except for the Ministerial Housing Fund), the Celebration Fund, special gifts and other funds when requested by Council. The Committee may establish new endowment funds when needed.

E. The Committee is responsible for encouraging gifts and bequests to the funds under its supervision. The Committee is responsible for recognizing the receiving and honoring all gifts and bequests. This will include the maintenance of a "Book of Remembrance". Other forms of recognition may be developed by the Committee as appropriate.

F. The Committee is responsible for providing oversight of the expenditures made from the various endowment funds to assure that they meet the intent and requirements of the endowments and, in the case of the General Endowment, the Congregation.

G. The Committee may call on others for consultation and advice. This could include legal counsel, help from the Planned Giving Office of the UCC and other outside professional counsel. Expenses for such advice and other activities appropriate to encourage gifts and bequests may be funded with up to 10% of the draw of the General Endowment in any given year. Funds unused by the Committee in any year will be added to next year's draw.

H. Committee members should be aware that there may be situations where they may be perceived as having a conflict of interest. They should be prepared to act appropriately.

IV Treatment of Memorials and Bequests - Endowment or Current Needs:

A. Givers have the option with memorials and bequests of not specifically designating them or of designating them for true-endowment, for current needs, or to be spent over a specified period of years. They also can direct the use of the gift. The most convenient gift to FCCB is the one with the fewest restrictions on spending, but some donors may prefer a more targeted gift. Potential givers have the option of specifying funds designated to specific areas such as music, buildings and grounds, the arts, or ministerial support.

B. Undesignated memorials and other gifts made in honor of members and friends of the FCCB community shall be placed in the Celebration Fund. These funds are to be spent currently, in consultation with the Ministry of Stewardship, Finance and Administration, the Council and the honoree if appropriate. Gifts from several sources may be combined to fund an appropriate project.

C. Undesignated bequests shall first be used to complete the donor's current pledges and the remainder if any added to the General Endowment as quasi-endowment. The Committee should encourage undesignated bequests. If this is not possible pastoral guidance may be helpful in agreeing on the most appropriate gift for both the donor and the Church. The committee may find it appropriate to refuse a gift offer under certain circumstances.

D. Designated gifts and bequests must be used for the purposes as specified insofar as possible.

It is not the intent for the church to become involved in real estate management. Unless the real estate has a real and viable use for the present or near future of the Church it should be sold as soon as is prudent.

V Distributions and Draw Rate:

A. Early each year the Investment Committee shall set a draw rate percentage. This will be no higher than 6% per year, and a rate that the Investment Committee determines is consistent with long term preservation of the purchasing power of the endowment. This rate will be used to calculate annual distributions for true endowment that are not below historic cost, and for quasi-endowment unless the church decides otherwise.

B. Following determination of the draw percentage and calculation of end-of-year market value of the funds (which includes re-investment of income), an annual distribution amount will be calculated. The amount shall be the draw rate percentage multiplied by a 12 quarter moving average of the market value of the pooled endowments. The 12 quarter values shall be adjusted to neutralize the effects of any significant new contributions.

C. True-endowment funds are only permitted to spend draw to the extent that doing so will not cause the fund to dip below historic cost. Such funds are permitted to spend income from interest payments and dividends (which generally is a lower amount than would result from the draw). Spending from true-endowment funds whose current market value is (or would become after the draw) below historic cost shall be the actual income from interest and dividends received in the prior year.

D. Because the ability to spend true-endowment is dependent on market value being above historic cost, it is important to separate true-endowment from quasi-endowment and to closely track the historic cost of true-endowment funds. The historic cost of an endowment is the market value of the assets at the time that the church receives them. If assets are received at different times, the market values as of the various dates of receipt are added. Payments from the fund per the draw or from income or inflation shall not change the historic cost.

E. Donor designated endowments shall be exempt from the above distribution formula if they have specific donor instructions regarding fund distribution.

F. Funds from the "draw" or from income are to be made available for expenditure by the Treasurer.

VI Distributions from the General Endowment

A. Half of the distribution from the General Endowment shall be allocated to capital needs and the other half to special ministries. The annual expenditure plan for the General Endowment Fund shall specify how both the Capital Funds and the Special Ministries Program funds shall be used. This plan shall be presented to the council and the congregation for approval no later than March 31.

B. The Special Ministries Program shall include any project to strengthen and/or expand the church's ministry that is not possible in the current operating budget. Capital items can be considered in a Special Ministry Program.

VII Expenditure Plans

A. An expenditure plan for each endowment shall be developed in consultation with the appropriate Ministry(s) and/or committee for approval by the Council before March 31 or in the case of church designated endowments presented to the congregation for approval no later than March 31. To facilitate financial planning expenditure plans can encompass plans up to three years.

VIII Review and Audit of Endowment Finances:

A. Endowment financials shall be considered as part of church financial affairs for purpose of the review and audit.