

UNITARIAN UNIVERSALIST CHURCH OF THE DESERT  
GENERAL ENDOWMENT FUND POLICY STATEMENT  
AND GENERAL ENDOWMENT INVESTMENT MANAGEMENT POLICY

**I. SCOPE AND MISSION AND PURPOSE**

The purpose of these policies is to provide the framework for the administration and investment management of the long-term held assets of the Unitarian Universalist Church of the Desert (UUCOD) General Endowment Fund (hereinafter referred to as "General Endowment Fund").

These policies set forth the General Endowment Fund administrative structure and investment management policy as developed by the UUCOD Endowment Committee, approved by the UUCOD Finance Committee, and adopted by the UUCOD Board of Directors. They also establish guidelines and parameters for achieving those objectives. The objectives, guidelines and parameters are not intended to be a blueprint for day-to-day investment management operations but are designed to focus on the investment strategy for these assets. This investment strategy reflects the long-term nature of the General Endowment Fund and the resulting need for its protection and growth.

The purpose of the General Endowment Fund is to augment the future financial base of the church.

The mission of the General Endowment Fund is to establish and maintain an endowment fund, in perpetuity, to sustain and augment the financial needs of the UUCOD.

**II. NAME**

The name of the Fund is the Unitarian Universalist Church of the Desert General Endowment Fund.

**III. AUTHORITY**

- A. Authority for implementation of the General Endowment Fund Policy and the General Endowment Investment Management Policy is delegated by the UUCOD Board of Directors to the UUCOD Finance Committee and its sub-committee, the Endowment Committee. The Endowment Committee is composed of at least three members. The Chair of the Finance Committee shall nominate a person to serve as the Chair of the Endowment Committee, subject to approval by the UUCOD Board of Directors. The chair of the Finance Committee and the current UUCOD Treasurer shall be standing members of the Endowment Committee.
- B. The Endowment Committee may employ outside financial management to implement the General Endowment Investment Management Policy with the approval of the UUCOD Finance Committee and the UUCOD Board of Directors. The Endowment Committee will make recommendations for modifications and implementation of the investment policy to

the Finance Committee as needed. The Finance Committee will then submit recommended changes to the UUCOD Board of Directors for approval.

- c. Except as specifically stated otherwise, all changes and/or amendments to this General Endowment Fund Policy Statement and General Endowment Investment Management Policy require a two-thirds majority vote approval by the UUCOD Board of Directors.

#### IV. DISBURSEMENT POLICY

- A. Consistent with the guidelines contained in the Uniform Prudent Management of Institutional Funds Act (UPMIFA) and consistent with the Investment Policy, an annual draw may be made from the Endowment Fund based on a percentage of the average market value of the endowment investments over the previous twelve quarters.
- B. The annual draw percentage of the Endowment Fund will not exceed 5% without the approval of the UUCOD Board of Directors. The annual draw percentage (between 0% and not above 5%) and the suggested allocation of the use of the funds will be recommended to the UUCOD Board of Directors each year by the UUCOD Finance Committee (after recommendation of the Endowment Committee) and reviewed by the UUCOD Board of Directors annually as part of the church's budget process.
- C. The recommended annual draw percentage is multiplied by the average market value of the endowment investments over the previous twelve quarters (i.e. a rolling three-year average).
- D. Although the recommended annual draw percentage may be 5% or less for a year, the annual draw percentage may not exceed 5% without a two-thirds majority vote of the UUCOD Board of Directors.
- E. Prudence and other reasons (e.g. sharp and sudden decrease to market value) may also dictate that no annual disbursement be made for a particular year. The Board of Directors, by a two-thirds majority vote, may override this recommendation.

#### V. INVESTMENT OBJECTIVES AND INVESTMENT MANAGEMENT POLICY

- A. The General Endowment Fund will be managed and administered so that it is in compliance with the California Probate Code and the UPMIFA, enacted by California in January 2009 as the same may be amended from time to time.
- B. Overall Investment Objective. The overall investment objective of the General Endowment Fund is to support the annual operating and capital needs of UUCOD by simultaneously investing in a way that upholds Unitarian Universalist values and preserves the future purchasing power of the assets by achieving capital appreciation and growth of income.
- C. Total Return Basis. Investment Management of the General Endowment Fund will be on a total return basis. The goal of the investment manager(s) will be to achieve a competitive total rate of return for a balanced investment account over a full market cycle with no greater than average market risk.

- D. Standard of Care. When investing or administering the General Endowment Fund, the Endowment Committee and any outside financial management it employs must consider the following factors, if relevant:
1. General economic conditions;
  2. The possible effect of inflation or deflation;
  3. The expected tax consequences, if any, of investment decisions or strategies;
  4. The role that each investment or course of action plays within the overall investment portfolio of the General Endowment Fund;
  5. The expected total return from income and the appreciation of investments;
  6. Other resources of UUCOD; and
  7. The needs of UUCOD and the General Endowment Fund to make distributions and to preserve capital.
- E. Decisions about an individual asset must be made not in isolation but rather in the context of the General Endowment Fund's portfolio of investments as a whole and as a part of an overall investment strategy having risk and return objectives reasonably suited to the General Endowment Fund and to UUCOD. An individual investment must be analyzed in the context of the total return portfolio and the overall risk-reward objectives, and the General Endowment Fund can invest in any property that is consistent with the standard of care.
- F. In all decisions and matters regarding the General Endowment Fund, the UUCOD Board of Directors, the Endowment Committee and the Finance Committee shall always consider the charitable purpose of UUCOD, and the purposes of the General Endowment Fund. This requires the Board of Directors, the Endowment Committee, and the Finance Committee (and any others responsible for managing and investing), to act in good faith and with the care of an ordinary prudent person. Further, UUCOD may incur only appropriate and reasonable costs.
- G. Preferred Investments. UUCOD seeks to emulate the Unitarian Universalist Association of Congregations practice of investing or avoiding specific companies or aggregates according to their performance in the areas of environmental, social and corporate governance conduct. The Endowment Committee shall endeavor to invest the assets of the UUCOD General Endowment Fund in a socially responsible manner.
- H. Asset Mix. Assets of the Endowment Fund are to be broadly diversified in order to minimize the risk of a large loss. The following asset ranges should provide enough flexibility to meet both the long range and short-term objectives subject to periodic review:
1. Equities\* 35%-70%
  2. Fixed Income 20%-50%
  3. Alternative Investments 1%-30%
  4. Cash and Cash Equivalents 0%%-10%

\*Within the equity class, domestic and international equities, among industries and sectors, and among market capitalization will be appropriately diversified.

- I. Unless specifically stated otherwise in this document, the Endowment Committee may follow the Investment Committee Guidelines of the Unitarian Universalist Common Endowment Fund in the investment management and oversight of the General Endowment Fund.

**VI. INVESTMENT AND EXTERNAL MANAGEMENT REVIEW**

- A. The Endowment Committee may recommend to the Finance Committee for its approval and then to the UUCOD Board of Directors for approval, managers for a specific investment style or strategy provided that the overall objectives of the General Endowment Fund are satisfied. UUCOD must act prudently in selecting an external investment manager, establishing the scope of the delegation, and periodically reviewing the manager's actions, performance and compliance with the scope and terms of the delegation.
- B. External investment management firms are expected to have a strong relative performance against style-based benchmarks, demonstrate commitment and competence at socially responsible investing, and provide a monthly statement of assets and transactions and at least quarterly investment performance evaluation statements. External investment managers shall be measured against the designated benchmark noted below.
- C. Because the Unitarian Universalist Common Endowment Fund is managed and administered by UUA, Boston in a manner consistent with Unitarian Universalist values (including socially responsible investing), as well as the achievement of return and risk objectives, it is highly recommended (but not required) that the Endowment Committee utilize the investment management services of the UU Common Endowment Fund.
- D. The target return objective is 4% plus inflation. The Endowment Committee shall review investment performance quarterly, utilizing the appropriate benchmarks. Results are evaluated over a 3-5-year time horizon. The General Endowment Fund's objective is a real return of 4% annually after management fees and adjusting for inflation. The General Endowment Fund's portfolio is expected to meet or exceed the total return of the following indices over a complete market cycle. There may be periodic deviations from the performance targets.

Table 1. UUCOD Endowment Fund Market Class Benchmark

Asset Class	Benchmark
Domestic Equities	S&P 500
International Equities	MSCI ACWI ex USA
Fixed Income	Barclays Aggregate
Total Global Asset Allocation	65% MSCI ACWI (net) / 35% BC Aggregate
Hedge Funds	HFRI Fund of Funds Composite Index
Cash	91 Day T-Bills
Community Development	91 Day T-Bills

- E. Within 75 days after the fiscal year end, the Endowment Committee will report to the Finance Committee and the UUCOD Board of Directors on the Endowment Fund's performance for the preceding year. The report will describe the extent to which each of the General Endowment Fund's investment objectives and guidelines were accomplished. This report will be published and available to all members of the UUCOD Congregation.

**VII. OTHER RESPONSIBILITIES OF THE ENDOWMENT COMMITTEE**

The primary objectives of the Endowment Committee are (1) to manage and administer the General Endowment Fund, (2) be a source of charitable giving information regarding estate planning and charitable planned giving strategies, and (3) encourage contributions to the General Endowment Fund.

- A. The Endowment Committee shall endeavor to inform and educate the church congregation about all types of gifts and bequests that may benefit the church. The Committee can utilize different ways of informing the Congregation: articles in church bulletins, newsletters, and other publications; informational dinners; occasional speakers; and informational tables during the church coffee hour after/between services.
- B. The Endowment Committee shall encourage contributions to the General Endowment Fund.
- C. The Endowment Committee shall identify, through individual and small group discussions, those members who may be interested in making a planned gift or a bequest by Will or Trust document.
- d. The Endowment Committee will maintain a listing of all individuals who have contributed any amount to the General Endowment Fund. Every person or their representative who contributes to the General Endowment Fund will, prior to such donation, be given a copy of

the General Endowment Fund Policy Statement and be asked to sign an acknowledgement of the same substantially in the form set forth in Exhibit "A" attached hereto.

UUCOD GENERAL ENDOWMENT FUND POLICY STATEMENT AND GENERAL ENDOWMENT INVESTMENT  
MANAGEMENT POLICY

APPROVED BY THE UUCOD BOARD OF DIRECTORS

President: \_\_\_\_\_ Date: \_\_\_\_\_

Secretary: \_\_\_\_\_ Date: \_\_\_\_\_

EXHIBIT "A"

The undersigned acknowledges that he/she has been provided with a copy of the Unitarian Universalist Church of the Desert General Endowment Fund Policy Statement as approved by the UUCOD Board of Directors on October 16, 2018, and the he/she has read the same, and has either elected to have counsel review the same, or voluntarily chosen to not employ counsel to review the instrument.

The undersigned further acknowledges that the provisions and purposes set forth therein are consistent with his/her donative intent in making a contemporaneous gift, as well as any future gifts which may be made.

\_\_\_\_\_  
DATE: \_\_\_\_\_

\_\_\_\_\_  
DATE: \_\_\_\_\_