

PROPOSED CHANGES TO ENDOWMENT
ALL SOULS UNITARIAN UNIVERSALIST CHURCH

December 16, 2016

Why are we changing the Endowment structure?

The current Endowment governance document, Endowment Trust Indenture Amended 2006 and 2012, hasn't been significantly updated since 2006. Since that time, the Endowment Fund has grown significantly to its current value of over \$1,500,000.

There was also a desire to make the Endowment more accountable to the congregation.

What are the significant changes being proposed?

Current	Proposed
Endowment Committee members are appointed by church Board of Trustees	Endowment Committee members will be: <ul style="list-style-type: none"> - Three elected by congregation at congregation meeting - One appointed by church Board of Trustees - One = Treasurer
Endowment governance can be changed by church Board of Trustees	Endowment governance change will require approval by 2/3 of members at congregation meeting.
Discretionary Fund balance (Principal and Accumulated Earnings) can be distributed by church Board of Trustees	<ul style="list-style-type: none"> - Special Distribution (anything other than Annual Distribution) from Discretionary Fund Principal will require approval by 2/3 of members at congregation meeting. - Special Distribution from Discretionary Fund Accumulated Earnings will require approval by majority of members at congregation meeting.
Income from Legacy Fund is moved to Discretionary Fund which can then be distributed.	Accumulated Earnings from Legacy Fund will be distributed with approval by majority of members at congregation meeting. (Process for approval of distribution from Legacy Fund – Principal is not changed.)
Loan from Endowment to church – no special provisions	Church Board of Trustees can request a loan from Endowment. Loan can be repaid with interest or converted to Special Distribution (see Special Distribution process above).
Legacy Fund – Principal not currently included in calculation of 4% Annual Distribution from Endowment to congregation	Legacy Fund – Accumulated Earnings only will be included in calculation of 4% Annual Distribution
Currently no limit to how 4% Annual Distribution can be spent	Limit 4% Annual Distribution to 10% of church operating budget total expenses. Any amount in excess of 10% will go to special fund to be spent for non-regular operating purposes as determined by church Board of Trustees

It sounds like many of the proposed changes take authority from the church Board of Trustees. Why is that?

When the Endowment Fund was much smaller and church governance was less of an issue, giving the Board of Trustees full control over the Endowment Fund made perfect sense. The Board of Trustees have generally been very good stewards of the fund and it has grown significantly.

However, the Endowment fund is much larger now. The past several Boards of Trustees for All Souls have made significant improvement to congregational governance, and these proposed changes to Endowment are in keeping with the other governance enhancements.

To have total transparency over the Endowment Fund and how it is used, and to encourage members to contribute to the Fund, it is important that the congregation have more of a say over Endowment distributions and governance.

What is the process for these proposals to be discussed and approved?

The current Endowment Committee has approved the proposed changes. We anticipate:

1. The church Board of Trustees will review and make their recommendations (January/February)
2. The proposals will be posted to All Souls website and a short summary will be published in Flame
3. There will be at least one church chat (January).
4. Any recommended changes from this input will be incorporated into the recommendations.
5. Additional church chats might be scheduled in April/May.
- 6. The proposed new Endowment governance will be voted upon by the congregation at the Annual Meeting in May.**

Are these proposals final? Can changes be made?

The proposals are only recommendations. Any concerns or suggestions should be made to a member of the Endowment Governance Task Force (Chuck Downing, Becky O'Connor, Ginger Powers, Bill Raney, Bob Miller, Diann Spencer) or to the Endowment Committee (Bonnie Schwarzenholz, Becky O'Connor, Jamie Koelsch, Diann Spencer, Bill Raney).