Charter for the Special Funds Committee of Valley Unitarian Universalist Congregation

Charter Granted: June 4, 2006. Last Revised: June 9, 2024.

I. Purpose and Responsibility.

The Special Funds Committee shall have four main purposes.

- First, it shall promote, by publicity and solicitation, the donation of special contributions to the Congregation, including endowments, memorials, gifts, and insurance benefits.
- Second, it shall keep orderly records of all special funds for reference by the membership.
- Third, it shall prudently invest such funds so as to encourage their growth and security in a fiscally and socially responsible manner.
- Fourth, it shall make the special funds available (subject to the limitations described herein) when needed by the Congregation. Funds established by the Congregation's annual budget shall not be included in the funds administered by the Committee.

The Committee is chartered and authorized by the congregation and reports directly to the Board of Trustees.

II. History.

In May of the year 2005, the Endowment Fund reached a total of $100,000.00, and that total of $100,000.00 was defined as the "Base Principal Balance." After May of 2005, the Endowment Fund consists of:

- The Base Principal Balance
- Additional Principal gifts to the Endowment Fund (both cash & non-cash), and cash donated through the Congregation's annual "Recognition Sunday,"
- Earnings generated from the Endowment Fund consist of interest, dividends and increases in the value of investments.

In addition to the base principal of the Endowment Fund, Bob and Bunny Clark donated $10,000 to form the principal of the Bunny Clark Leadership Fund (BCLF).

- Earnings generated from the Bunny Clark Leadership Fund consist of interest, dividends, and increases in the value of investments.

III. Composition.

The Committee shall consist of five members, all of whom shall have been a Congregation member for at least one year prior to election. Except as limited herein, the term of each member shall be three years. Terms shall begin on July 1. No member shall serve more than nine consecutive years.

The Leadership Development Committee shall provide nominations for the Committee in the same manner as for Trustees. Election of new members of the Committee shall occur at the regular congregational meeting when members of the Board of Trustees are elected.

The minister and the president of the Board of Trustees shall be non-voting members of the Committee. The Committee may request other members of the congregation to serve as advisors.

IV. Vacancies.

In the event of a vacancy on the Committee, the Board of Trustees shall appoint a member to fill the vacancy until the next regular meeting of the congregation, at which time the congregation shall elect a member (which may be the appointed member) to serve the remainder of the term.

V. Meetings.

The Committee shall meet at least quarterly, and more frequently as deemed necessary. A quorum shall consist of three voting members. A majority of those voting members present shall carry any motion or resolution. All meetings shall be open to Congregation members.

VI. Committee Officers.

At the first meeting after June 30 of each year, the Committee shall elect from its membership a chairperson, financial secretary (i.e., treasurer), and recording secretary. Any of the three officers shall be authorized to sign all necessary documents on behalf of the congregation as designated herein.

The chairperson, or member designated by the chairperson, shall preside at all Committee meetings.

The recording secretary shall maintain complete and accurate minutes of all meetings of the Committee and supply a copy thereof to each member of the Committee and to the President of the Board of Trustees.

The financial secretary shall maintain complete and accurate books of accounts for all special funds. Although not a requirement, the books may be audited at the direction and expense of the Board of Trustees by a person(s) who is not a member of the Committee.

VII. Power and Duties.

The Special Funds Committee shall receive, administer, and manage all gifts and bequests to the Congregation according to the wishes of the donor, including but not limited to, bequests in wills, charitable remainder and other trusts, charitable gift annuities, assignment of life insurance and transfers of property (cash, stocks, bonds, real estate), but excluding those funds (e.g., pledges, plate) established by the Congregation's annual budget.

All gifts and bequests to the Congregation shall be placed in the Endowment Fund unless specified otherwise by the donor.

The Special Funds Committee must approve, after a meeting and a vote, any distribution from or use of the Endowment Fund for any purpose.

The Committee may obtain, at the expense of special funds' income, professional counseling on investments or legal matters as it deems in the best interest of the special funds.

The Committee shall utilize accepted accounting procedures.

Members of the Committee shall not be liable for any losses which may be incurred upon the investments of the assets of special funds except to the extent such losses have been caused by bad faith, intentional misconduct, or a knowing violation of the law. No member shall be personally liable as long as he or she acts in good faith with ordinary prudence. Each member shall be liable only for his or her own intentional misconduct or omissions and shall not be liable for the acts or omissions of any other member.

The Committee shall report on a quarterly basis to the Board of Trustees. It shall also render at each regular meeting of the congregation a full and complete account of the administration of the special funds during the preceding year.

VIII. Special Funds.

The Special Funds Committee may invest or reinvest assets of special funds in any manner permitted by the laws of the state of Arizona.

Distributions from any special fund described below shall be made only upon specific approval of the Committee, and, to ensure coordination with other Congregation endeavors, notification will be given to the Board of Trustees and the Senior Minister. Neither the Board of Trustees nor the Senior Minister may distribute any special funds on their own.

The Committee shall maintain written procedures for requesting, approving, and distributing funds. The Board of Trustees shall follow these procedures whenever making a request for distribution.

The Committee shall establish and administer the following funds:

1. Endowment Fund

Definitions: To provide clarity, the following terms are defined:

- **Principal:** The amount of the Endowment Fund attributable to cash donations and bequests made to the Endowment Fund. These are invested into a portfolio.
- **Earnings:** The amount of the Endowment Fund attributable to growth, interest generated, and dividends paid from the investments in the portfolio. Normal distribution of grants or loans from the Endowment Fund are considered to come from the Earnings portion of the fund.

A. Allowable Distributions of Earnings

In each fiscal year, the Special Funds Committee may, but is not obligated to, approve Grants or Loans from the Endowment Fund Earnings for any of the purposes outlined below.

Grants and loans may be made for major capital improvements or repairs to the buildings and grounds, or to debt reduction of the Valley UU Congregation.

Other Grants or loans may be for outreach to the community including, but not limited to, grants to UU camps and conferences, theological schools, local social service agencies or institutions to which this congregation relates, and to special programs designed for those persons in our community who are in spiritual or economic need.

Grants or loans may also be made for the wider mission of Unitarian Universalism including, but not limited to:

- The UUA for new Congregation development, Professional leadership development, educational ministries, World mission, Capital financing.
- Grants may also be made as scholarships to members of the Valley UU Congregation for the purpose of attending college; theological, nursing, or medical school; for UU-related camping and leadership conferences; or such other training which enables members of this congregation to grow in faith and service to Unitarian Universalism.

The Special Funds Committee shall determine at the beginning of each fiscal year the amount available to be granted or loaned from the Endowment Fund Earnings during that VUU fiscal year using the guidelines below.

Earnings Grant & Loan Calculation Guidelines

In any given VUU fiscal year, the funds available for distribution from the Endowment Fund in the form of grants and or loans will be limited to the lower of:

(i) four percent (4%) of the Principal and Earnings of the Endowment Fund then existing on the last date of the prior VUU fiscal year; or
(ii) the average of the total of Earnings generated from the Endowment Fund from the past five VUU fiscal years.

Exceptional Loan or Grant of Earnings

If requested by the Board of Trustees, approved by the Special Funds Committee, and ratified by a majority vote of the Congregation members attending a duly called congregational meeting, Earnings of the Endowment Fund may be loaned or granted as follows:

Earnings may be loaned or granted to the Congregation for major capital improvements, emergency repairs to the buildings or grounds, or other emergencies that the Board of Trustees deems worthy of the grant or loan. Grants may also be structured as matching funds. The amount can include up to 100% of earnings.

In addition to normal grants, up to five percent (5%) per fiscal year of the fund's Earnings may be loaned or granted for any purpose. Such loan or grant shall not exceed five percent (5%) of the Congregation's annual operating budget for the VUU fiscal year requested. In this case, approval is required by a vote of the Special Funds Committee alone.

B. Allowable Distributions of Principal

Endowment Fund Principal may not be distributed except for the exceptions listed below.

If requested by the Board of Trustees, approved by the Special Funds Committee, and ratified by a majority vote of the Congregation members attending a duly called congregational meeting, Principal of the Endowment Fund may be loaned or granted as follows:

Grants and loans may be made for major capital improvements or repairs to the buildings and grounds, to debt reduction of the Valley UU Congregation, or other emergencies that the Board of Trustees deems worthy of a grant or loan, but in no event shall the amount granted or loaned for this purpose exceed more than one-half of the fund's Principal.

2. Other Funds

The Committee may establish other special funds as necessary to prudently manage monies or property given to the Congregation or to give effect to the donor's intents.

IX. Disposition or Transfer of Funds.

Special Funds are an asset of the Valley UU Congregation, and in the event the Congregation ceases to exist either through merger or dissolution, disposition or transfer of special funds shall be in accordance with provisions of the Congregation bylaws pertaining to dissolution.

X. Amendments to This Charter

This charter may be amended only per the bylaws of Valley Unitarian Universalist Congregation.