

The Church Wardens and Vestrymen of the Episcopal Church  
of the Town of Frederica called Christ Church  
St. Simons Island, GA

Consolidated Endowment Funds  
Policies & Guidelines

September 11, 2014

# The Church Wardens and Vestrymen of the Episcopal Church of the Town of Frederica called Christ Church

## Endowment Funds

### Policies and Guidelines

#### TABLE OF CONTENTS

#### VESTRY RESOLUTION

<b>Enabling Resolution .....</b>	<b>1</b>
----------------------------------	----------

Establishes the structure of the endowment funds collectively; creates an Endowment Committee; defines spending policies and general principles that apply to all endowment funds.

#### ENDOWMENT COMMITTEE POLICIES

<b>Section A: <i>Investment Policy Statement</i> .....</b>	<b>6</b>
Describes the committee's general investment goals and objectives, risk tolerance, and target asset allocation.	
<b>Section B: <i>Spending Rule Policy</i> .....</b>	<b>7</b>
Determines how funds available for distribution will be calculated and spent.	
<b>Section C: <i>Disposition of Bequests Policy</i>.....</b>	<b>8</b>
Establishes in advance how the church will handle both restricted and unrestricted bequests.	
<b>Section D: <i>Donor-Designated Funds Policy</i> .....</b>	<b>9</b>
Sets a minimum for donor-designated gifts and defines how the funds will be managed.	
<b>Section E: <i>Gift Acceptance Policy</i> .....</b>	<b>9</b>
Provides guidance to the Committee regarding the types of gifts the parish may receive.	

**ENABLING RESOLUTION**  
**ESTABLISHING A GENERAL ENDOWMENT FUND**  
**FOR**  
**THE CHURCH WARDENS AND VESTRYMEN OF THE**  
**EPISCOPAL CHURCH OF THE TOWN OF FREDERICA**  
**CALLED CHRIST CHURCH**  
**ST. SIMONS ISLAND, GA**  
**(HEREAFTER “CHRIST CHURCH, FREDERICA”)**

---

1 WHEREAS, Christian stewardship involves the faithful management of all of God’s gifts – time,  
2 talent, the created world, and money, including accumulated, inherited and appreciated assets;  
3 and

4 WHEREAS, Christians can give to the work of the Church through a variety of gift vehicles, in  
5 addition to cash, including bequests in wills, life income gifts, annuities, trusts, life insurance  
6 policies, real estate, securities and other assets; and

7 WHEREAS, it is the desire of this parish to encourage, receive and administer these gifts in a  
8 manner faithful to the loyalty and devotion to God expressed by the donors and in accord with  
9 the canons of the Episcopal Church and the Diocese of Georgia and the policies of this Parish.

10 THEREFORE BE IT RESOLVED, that this Parish, through action of its Vestry and from its  
11 existing unrestricted funds, establishes a new and separate fund to be known as the Unrestricted  
12 Quasi-Endowment Fund of Christ Church, Frederica, 6329 Frederica Road, St. Simons Island,  
13 GA 31522 (hereafter called the “Quasi-Endowment Fund”).<sup>1</sup>  
14

15 BE IT FURTHER RESOLVED that this Parish, through action of its Vestry, and from funds  
16 other than its unrestricted funds, establishes a new and separate fund to be known as the  
17 Restricted Endowment Fund of Christ Church, Frederica, 6329 Frederica Road, St. Simons  
18 Island, GA 31522 (hereafter called the “Endowment Fund”).<sup>2</sup>  
19

20 BE IT FURTHER RESOLVED that the Quasi-Endowment Fund and the Endowment Fund shall  
21 collectively be hereafter called the “FUND”.

---

<sup>1</sup> This is where the \$6.5 million dollars we currently have will be kept. We cannot permanently restrict the \$6.5 million we already have, although on a day-to day basis over the long term we will treat the Quasi-Endowment Fund as though it were permanently restricted. Only a third party donor can restrict a gift in perpetuity.

<sup>2</sup> This is where new gifts to the “endowment” fund will be placed. To start, this fund has no money in it. This fund is PERMANENTLY restricted, meaning the corpus of the gifts in this fund cannot be spent outside of the proscribed spending policy guidelines under any circumstances. These are funds that must be kept in perpetuity.

22  
23  
24  
25  
26  
27  
28  
29  
30

BE IT FURTHER RESOLVED, that *Appendix A* sets forth the purposes and restrictions of Quasi Endowment Fund and the Endowment Fund. Additional funds may be created by a resolution of the Vestry or a donor-designated gift that meets the criteria of the donor-designated gift policy.

BE IT FURTHER RESOLVED that an Endowment Fund Committee (hereafter called the “COMMITTEE”) is hereby established. The COMMITTEE shall have oversight responsibility for the FUND. Its composition and duties are described in the following “Plan of Operation,” which may be amended from time to time (see paragraph 14).

## PLAN OF OPERATION

### 1. Composition of the COMMITTEE

31 The COMMITTEE shall consist of five (5) regular members, all of whom shall be members  
32 in good standing of Christ Church, Frederica. They shall be appointed by the Rector.  
33 Additionally, the Rector, Senior Warden, Parish Treasurer, Chancellor and Vestry Finance  
34 Committee Chair shall be ex-officio members of the COMMITTEE without vote. No member  
35 of the COMMITTEE shall be a current member of the Vestry or employed by the parish.  
36 Except as herein limited, the term of each appointed member shall be five (5) years. The  
37 Rector will stagger the terms of members to maximize continuity over time. After a lapse of  
38 one (1) year, former COMMITTEE members may be reappointed. In the event of a vacancy  
39 on the COMMITTEE, the Rector shall appoint a member to complete the unfulfilled term.  
40 Upon the completion of the term, that person would be eligible for reappointment to a  
41 normal five (5) year term. Set forth below are the initial COMMITTEE members and ending  
42 date of their initial term. These members may not be reappointed until there has been a  
43 lapse of one (1) year from the end of their term:<sup>3</sup>

<u>Member Name</u>	<u>End of Term</u>
47 Martin Worthy	December 31, 2015
48 Frank DeLoach	December 31, 2016
49 Gil Morgan	December 31, 2017
50 John Rogers	December 31, 2018
51 _____	December 31, 2019

### 2. Roles of the COMMITTEE

52 The COMMITTEE will oversee the invested funds and oversee distributions from the FUND in  
53 compliance with the approved Spending Rule (*Section B*) and in accordance with the purposes and  
54 distribution policies defined in this resolution. The COMMITTEE will work closely in  
55 cooperation with the qualified trustees of the trust agreements.

### 3. Frequency of Meetings

56 The COMMITTEE shall meet at least quarterly, or more frequently as deemed by it in the best  
57 interest of the FUND.

### 4. Quorum

---

<sup>3</sup> This is an attempt to work with the existing Investment committee members to create a term-limit defined process for rotating committee members off.

58 A quorum shall consist of a majority of the COMMITTEE. Provided, however, the affirmative  
59 vote of three regular members of the COMMITTEE shall be necessary to carry any motion or  
60 resolution. Ex-officio members are not credited to the above requirement for a quorum.

## 5. Officers and Duties

61 The COMMITTEE shall elect from its membership a chairperson and a secretary. The  
62 chairperson, or member designated by the chairperson, shall preside at all COMMITTEE  
63 meetings. The secretary shall maintain complete and accurate minutes of all meetings of  
64 the COMMITTEE and supply a copy thereof to each member of the COMMITTEE. The  
65 secretary shall supply a copy of the minutes to the Vestry in a timely manner. The  
66 Treasurer of the church shall maintain complete and accurate books of account for the  
67 FUND. The books will be audited as part of the parish annual audit.

## 6. Reports

69 The COMMITTEE shall report on a quarterly basis to the Vestry and, at each annual meeting  
70 of the congregation, shall render a full and complete account of the administration of the  
71 FUND during the preceding year.

## 7. Professional Counsel

72 The COMMITTEE, at the expense of the FUND, may provide for such auditing, professional  
73 counsel on investments or legal matters as it deems to be in the best interests of the FUND.

## 8. Investments

74 All funds will be invested in accordance with the investment guidelines established in the  
75 Investment Policy Statement (*Section A*).

## 9. Funds for Specific Purposes

76 At the discretion of the Vestry, the COMMITTEE may establish sub-funds within the FUND for  
77 specific purposes.

78 Also, donors may designate their gifts for a specific purpose. Any donor-designated gifts must  
79 be approved by the COMMITTEE and the Vestry. They must meet the requirements of the  
80 Donor Designated Fund Policy (*Section D*).

## 10. Liability of COMMITTEE Members

81 Each member of the COMMITTEE shall act in good faith regarding the investment of the assets.  
82 Each member shall be liable only for his/her own conduct and shall not be liable for the acts or  
83 omissions of any other members. No member shall engage in self-dealing or transactions with  
84 the FUND in which the member has direct or indirect financial interest and shall at all times  
85 refrain from any conduct in which his/her personal interests would conflict with the interests of

86 the FUND. The provisions of O.C.G.A. §§14-3-851 through 14-3-855, relating to the liability of  
87 COMMITTEE Members, are adopted by this reference and made a part of this Resolution.

#### 11. Holding of Assets, Action to Sell

88 All assets are to be held in the name of the Endowment Fund of Christ Church, Frederica.  
89 Actions to hold, sell, exchange, rent, lease, transfer, convert, invest, reinvest, and in all other  
90 respects, to manage and control the assets of the FUND, including stocks, bonds, mortgages,  
91 notes, warrants of other securities, are to be made by a delegated member of the COMMITTEE  
92 on behalf of the COMMITTEE.

#### 12. Acceptance of Gifts to the Endowment Fund

93 The COMMITTEE shall work with and be guided by the Gift Acceptance Committee of the  
94 Vestry which shall provide guidance regarding how to receive cash and non-cash gifts, and  
95 whether or not a gift to the church will be accepted.

#### 13. Distributions from the Fund

96 It is the intent of this resolution that all endowments within the FUND (both restricted and  
97 unrestricted) shall be managed as if they all were true endowments following the  
98 guidelines of the Uniform Prudent Management of Institutional Funds Act.<sup>4</sup>

99 Distributions from the FUND shall be made using a “Total Return Policy” that incorporates  
100 a designated percentage of the corpus which will be available for expenditure annually. The  
101 COMMITTEE shall formulate a policy defining the spending rules and protocols (*Section B*)  
102 with the approval of the Vestry. The policy will provide for the withdrawal and use of  
103 funds consistent with the stated purposes of the various funds as defined in *Appendix A*. No  
104 portion of the endowments shall be “borrowed” including any “temporary usage” for other needs  
105 of the Parish.

106  
107 Distributions from the FUND shall be in accordance with *Appendix A*.

#### 14. Amendment of this Resolution

108 Unless otherwise specified herein, any amendment to this Resolution shall be adopted by an  
109 affirmative vote of two-thirds of the membership of the Vestry. Provided, however, there shall  
110 be no amendment to the provisions of Resolution specific to the Endowment Fund.

---

<sup>4</sup> To reiterate, although we cannot permanently endow existing money, we will treat existing money AS THOUGH it were restricted in terms of investment, spending, etc.

**15. Disposition or transfer of FUND**

111 In the event the PARISH ceases to exist, whether through merger, dissolution, or some  
112 other event, disposition or transfer of the FUND shall be at the discretion of the Vestry in  
113 conformity with the original gift instruments, the approved congregational constitution,  
114 and in accord with diocesan canons and the Bishop of the Diocese of Georgia.

115 The foregoing resolution is hereby adopted by the Vestry this \_\_\_ day of  
116 \_\_\_\_\_, 2014.

117 Christ Church, Frederica  
118 St. Simons Island, GA

Attest:

119 \_\_\_\_\_ (print name) \_\_\_\_\_

120 \_\_\_\_\_ (signature) \_\_\_\_\_

121 President Secretary

**ENDOWMENT FUND POLICIES AND GUIDELINES**  
**FOR**  
**CHRIST CHURCH, FREDERICA**  
**ST. SIMONS ISLAND, GA**

---

**SECTION A**  
*Investment Policy Statement*

***Purpose***

122 This Investment Policy Statement establishes the philosophy, guidelines and investment  
123 objectives for managing the investments of the FUND.

***Responsibility***

124 The ultimate responsibility for managing the FUND resides with the Vestry which has chosen to  
125 delegate portions of its responsibility to the COMMITTEE, which will administer the portfolio  
126 of the FUND in accordance with these guidelines, as adopted and amended from time to time.  
127 These guidelines shall be reviewed at least quarterly by the COMMITTEE to determine whether  
128 they should be amended or remain unchanged. The COMMITTEE may choose to employ an  
129 outside investment manager or managers.

***Objectives***

130 The assets of the FUND are to be invested with the same care, skill and diligence that a prudent  
131 investor would exercise in investing institutional endowment funds. The primary objective will  
132 be to provide a total return commensurate with the Spending Policy and achieve a growth in  
133 principal to keep pace with inflation, net of all investment fees.

**INVESTMENT GUIDELINES**

***Time Horizon***

134 The FUND'S investment objectives and strategic asset allocation are based on a long-term time  
135 horizon.

***Risk Tolerance***

136 Because of its long-term time horizon, the FUND can tolerate some interim fluctuation in market  
137 value and rates of return in order to achieve its objectives. High level risk, high volatility and  
138 low quality rated securities, however, are to be avoided.

***Prohibited Investments***

139 Without the approval of the Vestry, the COMMITTEE shall not invest in private placement,  
140 restricted stock or other illiquid issues, commodities' futures, arbitrage and other uncovered  
141 options, and shall not engage in short sales, margin transactions or other similar specialized  
142 investment activities; however, the use of funds that use these investment activities in a  
143 constructive manner is permitted.

144 ***Standard Asset Allocation and Diversification***

145 The portfolio is to provide for long-term growth of principal and income without undue exposure  
146 to risk. The portfolio shall be invested in equities, fixed income and cash equivalents based upon  
147 an acceptable asset mix that is conducive to participation in rising markets, while permitting  
148 adequate protection in falling markets. In addition, the investment mix will take into  
149 consideration the payout requirements to satisfy the annual draw, between 0% and 5% of the  
150 average market value of the twelve trailing quarters. Should there be a need to change the  
151 spending rate the COMMITTEE will review asset mix and the asset allocation. In addition, the  
152 target allocations shall be reviewed at least quarterly by the COMMITTEE in conjunction with  
153 the investment manager(s) to reflect a prudent response to current market conditions and report  
154 to the Vestry with an explanation of said target allocations.

***Allocation of Responsibilities***

155 The COMMITTEE, along with any and all fiduciaries, is responsible for ensuring that all assets  
156 are managed effectively and prudently. It is responsible for formulating overall financial  
157 objectives and investment standards of the Parish's Endowment. Additionally, with respect to  
158 asset management, the COMMITTEE is responsible for:

- 159 • Allocating the assets among investment media that are deemed appropriate and  
160 prudent.
- 161 • Selecting and evaluating the performance of a qualified Trustee/Custodian,  
162 Investment Managers, and Investment Consultant, if applicable.
- 163 • Monitoring performance by means of regular reviews (no less than quarterly) to  
164 assure that objectives are being met and that standards are being followed.
- 165 • Taking appropriate action if objectives are not being met or if standards are not  
166 being followed.
- 167 • Communicating on a structured, ongoing basis with managers responsible for  
168 investment results.

169 The COMMITTEE shall meet at least quarterly and shall provide a written report to the Vestry.

170 ***Responsibilities of the CUSTODIAN***

171 The CUSTODIAN is responsible for:

- 172 • Fulfilling all the regular fiduciary duties required of a trustee/custodian by  
173 pertinent state and federal laws and regulations.
- 174 • Safekeeping the assets of the Christ Church, Frederica. Securities must be held  
175 by a Custodian/Trustee that is a reputable, well-established financial institution.
- 176 • Supplying timely reports of transactions and valuations of the assets.

177

178 ***Responsibilities of INVESTMENT MANAGERS(S)***

179 The investment manager is responsible for:

- 180 • Designing an investment strategy within policies established by the  
181 COMMITTEE.
- 182 • Implementing security selection and timing within policy guideline limitations.
- 183 • Supplying timely written quarterly reports of investment performance results to  
184 the COMMITTEE.
- 185 • Meeting and/or communicating in writing with the COMMITTEE at least  
186 quarterly or as mutually agreed upon to review the performance and discuss  
187 current strategy.
- 188 • Notifying the COMMITTEE in writing of any material deviation from the stated  
189 investment approach.

190 Assets are to be managed in conformity with the stated investment guidelines unless, in the  
191 manager's opinion, to do so would clearly be imprudent. The investment managers shall notify  
192 the COMMITTEE *in writing* immediately of any material deviations from the investment  
193 standards.

194 ***Monitoring Asset Allocation and Rebalancing***

195 The portfolio should be reviewed at least quarterly to confirm the current asset allocation is in  
196 the tolerance range of its strategic allocation.

197 ***Performance Measurement Guidelines***

198 The primary measurement of performance will be benchmark relative returns. However,  
199 providing protection against inflation is an additional goal where possible. Also, the  
200 COMMITTEE shall at least quarterly report to the Vestry as to investment returns compared to  
201 appropriate benchmarks.

**SECTION B**  
***Spending Rule Policy***

202 Money will be distributed from the FUND upon written request of the Vestry for those uses  
203 which conform to the purposes and restrictions established by donors or incorporated in the  
204 Enabling Resolution.

205 Funds available for distribution will be determined by using a total return principle as defined in  
206 UPMIFA, i.e., return derived from dividends and interest as well as realized and unrealized  
207 capital gains. The funds available for distribution during any one year will be limited to a  
208 percentage of the market value of the corpus that is based on a three-year rolling average, with  
209 measures taken at the end of each of the preceding twelve quarters. The market value for this  
210 purpose will be taken net of the fees for investment management.

211 The percentage of the FUND made available for distribution shall be determined each year by  
212 the COMMITTEE and will fall in the range of zero to five percent. In so doing, market  
213 performance of the portfolio will be an important consideration. It will be the goal of the  
214 COMMITTEE to maintain the purchasing power of the FUND over the long-term after  
215 accounting for inflation, fees, and the annual draw. The foregoing determination made by the  
216 COMMITTEE is subject to approval by the Vestry.

217 If recommended by the COMMITTEE and approved by the Vestry, any unexpended funds from  
218 those available for distribution in a given year will be accrued and will continue to be considered  
219 available for distribution in subsequent years.

### SECTION C *Disposition of Bequests Policy*

220 This policy governs the disposition of *bequests* which, for purposes of this statement, will mean  
221 any type of gift in which the assets are transferred upon the death of the donor. The assets may  
222 be in any form, such as cash, securities, personal property, real property, etc.

223 The bequest may identify the beneficiary in one of two general ways: *Christ Church, Frederica*  
224 *of the Episcopal Diocese of Georgia*, or some other wording such as  
225 *Christ Church, Frederica, St. Simons Island, GA*, or *The Endowment Fund of Christ Church,*  
226 *Frederica* or similar wording.

227 Bequests with **Christ Church, Frederica** as beneficiary can be of two types:

228 **a. Restricted:** The donor has identified a specific purpose(s) to which the funds should be  
229 directed. The Vestry will guarantee that the use(s) to which those funds are applied is faithful to  
230 the donor's wishes. The funds may be directed to their designated purpose(s) either as an  
231 endowment, in which case they normally would become a designated fund as described in  
232 Section D, or by direct expenditure of the funds through the Treasurer of the Parish.

233 **b. Unrestricted:** The expectation is that such a bequest will be transferred to the Quasi-  
234 Endowment Fund.

235 In such instances the following procedure will apply:

236 The Rector and Senior Warden of the Parish will assess the particular circumstances giving rise  
237 to a perceived need to make an exception to the policy. Such circumstances should be judged to  
238 be truly extraordinary and that no other financial resources of the Parish are available or are  
239 expected to become available in time to fulfill the urgent need. If an exception is deemed  
240 appropriate, the Rector and Senior Warden will make a recommendation. Final authority for  
241 granting such an exception to the policy will rest with the Vestry.

242 Bequests designating the Endowment Fund as beneficiary are automatically transferred to the  
243 Endowment Fund upon receipt. If the bequest was given for a designated purpose, then the value  
244 of the assets will be applied to establish a designated fund as described in Section D, as provided  
245 for in a separate policy.

**SECTION D**  
***Donor-Designated Fund Policy***

- 246 There is currently a separate and designated fund. The Vestry must vote to accept the gift for the  
247 purpose(s) described by the donor, or it has the responsibility to reject the gift.
- 248 If accepted, the assets are merged with other assets of the fund for investment purposes, but the  
249 identity and designated purpose of each fund is preserved individually.

## APPENDIX A

### Restricted Endowment Fund

250 The purpose of this fund is to enable the Parish to fulfill its mission more completely by  
251 developing its ministries beyond what is possible through its annual operating funds.  
252 Distributions from the fund shall be limited to such other purposes as are specifically designated  
253 by donors to the Parish whose gifts are included in the fund, including a designation by donor  
254 that the gifts may be used for general purposes of Christ Church, Frederica. If a donor makes a  
255 gift to the fund with no designation, the gifts may be used for general purposes of Christ Church  
256 Frederica.

257  
258 The annual distributions from the Endowment Fund may not exceed the spending rule as set  
259 forth in Section B of the Endowment Policies and Guidelines.

260  
261 The Vestry reserves the right to place the gift of a donor that is restricted in either in the  
262 Endowment Fund or other donor designated fund.  
263

### 264 Unrestricted Quasi-Endowment Fund

265 Distributions from the Quasi-Endowment Fund may not exceed the spending rule for the Fund  
266 and may only be for (1) capital improvements to the Parish; (2) outreach ministries and grants;  
267 and (3) seed money for new ministries and special one-time projects. Distributions in excess of  
268 the spending rule or to the annual operating budget of the Parish must be approved by an  
269 affirmative vote of at least two-thirds (2/3rds) of the membership of the Vestry at two  
270 consecutive scheduled meetings.<sup>5</sup>

271 In the event of an emergency or crisis caused by a natural disaster where there is a need for funds  
272 to operate and circumstances do not allow a meeting of the Vestry, upon an unanimous vote of  
273 the Rector, Senior Warden and Treasurer, funds may be withdrawn from the Unrestricted Quasi-  
274 Endowment Fund in the amounts necessary to resolve the crisis, notwithstanding the spending  
275 rule.

---

<sup>5</sup> Although we cannot permanently restrict current funds or future unspecified bequests, there is a way to slow down a Vestry's desire/need to exceed the spending policy or use of funds from the Quasi-endowment. This section lays out a procedure whereby it will take supermajority votes at two consecutive vestry meetings to deviate from the policies already stated. This supermajority requires eight vestry members to approve such a deviation.