

ENDOWMENT INVESTMENT AND DISTRIBUTION POLICY

Adopted May 31, 1998

Revision May 22, 2005

A) GENERAL

1. The Committee shall invest the assets of the Endowment as a prudent fiduciary, with the objective of preserving capital while seeking to earn total returns consistent with moderate risk investments and prevailing market conditions. The Committee shall use reasonable efforts to invest the assets of the Endowment in a socially responsible manner, as determined in its sole discretion.

2. In order to protect and preserve the corpus of the Endowment over the long term, the Committee shall not distribute money in excess of 4% per year of the total market value of the assets of the Endowment. The total market value shall be determined by averaging the total market value of the Endowment on the last business day of each of the four immediately preceding calendar quarters. If less than 4% is distributed in one year, the Committee may distribute more than 4% in a subsequent year, so long as the distributions do not exceed 4% on a cumulative basis. Requests for distribution of accumulated, undistributed funds may be subject to a delay in the distribution of the funds to accommodate a prudent and orderly redemption or sale of assets required to meet the request.

Except in the case of special, emergency requests, distributions shall be made at the beginning of the fiscal year following the Annual Meeting at which the distribution is voted.

3. The Committee may provide for such professional counseling on investments or legal matters as it deems to be in the best interest of the Endowment, and may incur such expenses as are reasonably necessary in the execution of its duties. The expenses shall be paid from the Endowment.

4. This Endowment Investment and Distribution Policy may be amended by a two-thirds majority vote of the Congregation.

5. Gifts and bequests to the Church may be allocated to the Endowment and added to any of the three funds described below. Undesignated gifts shall be attributed to the Unrestricted Reserve Fund. The Endowment Committee is empowered to receive, and manage temporarily, significant funds received as gifts to the Church and designated for a specific purpose until such time as that purpose is fulfilled. At the direction of the Board, the designated gift shall be added to the corpus of the Endowment Fund and maintained as an unique fund. It shall share proportionally in any increases and decreases in the value of the Endowment Fund. Any specifically designated fund shall be exempt from the distribution restrictions that apply to the original three funds. Restrictions placed by the donor on any such gift are not subject to modification.

B) THREE FUNDS

The Endowment comprises three funds, which shall be held and invested as a single entity. The Committee shall separately account for each of these funds, attributing to

each its proportionate share of changes in investment values, as well as tracking gifts to and distributions from each of the funds. The distribution limit defined above shall be applied on a fund by fund basis. The need for and use of the allowed distribution from each of the three funds is determined by the Congregation, in conjunction with its customary budgeting process.

The three funds are:

- 1) The Unrestricted Reserve Fund, initially established at \$200,000;
- 2) The Building Reserve Fund, initially established at \$160,000;
- 3) The Social Outreach and Service Fund, initially established at \$80,000.

C) UNRESTRICTED RESERVE FUND

1. Distributions from the Unrestricted Reserve Fund may be used for any purpose to further the work of the Church, but shall not be used for the ordinary and customary operating expenses of the Church.

2. In addition to the permitted distribution, and upon the request of the Treasurer, the Committee may from time to time loan money from this Unrestricted Reserve Fund to the Church to help manage temporary cash flow needs caused by month to month variations in the collection of pledges and other gifts on such terms, at such rates of interest, and in such amounts as the Committee deems appropriate.

D) BUILDING RESERVE FUND

1. Distributions from the Building Reserve Fund shall only be used to help pay for major capital expenditures and significant improvements related to the buildings and grounds of the Church.

2. In addition to the permitted distribution, the Committee may from time to time loan money from this Building Reserve Fund to the Church to help advance a particular improvement project on such terms, at such rates of interest, and in such amounts as the Committee deems appropriate.

E) THE SOCIAL OUTREACH AND SERVICE FUNDS

1. Distributions from the Social Outreach and Service Fund shall only be used to further the mission of the Church in supporting individual and collective service to the larger community. This fund is not intended to support activities for the Church community itself, but is for social responsibility efforts in the broader community.

2. In addition to the permitted 4% distribution, and with the approval of the Congregation, the Committee may make direct investment of no more than 20% of the balance of the Social Outreach and Service Fund in housing, social service, community development, or economic development activities in furtherance of the Mission Covenant of the Church and the purpose of this Fund.
