

Amending Vestry Resolution - September 2020

Endowment Fund Operations

For St. Peter's Episcopal Church

Greenville, SC

WHEREAS it is desirable to broaden the opportunities for parishioners and others to provide financial support for St. Peter's; and

WHEREAS a growing parish needs to expand its various ministries to reach out to the Greenville community in new ways and to provide new avenues for service by its members; and

WHEREAS it is desired to provide funds to the Parish from a source outside the normal giving by parishioners for the benefit of the parish.

THEREFORE BE IT RESOLVED that the Parish, through action of its Vestry, has established various endowments (hereinafter the "Endowments" as listed below and in Exhibit A) of St. Peter's Episcopal Church, 910 Hudson Road, Greenville SC.

Currently the Endowments include the following sub-funds:

Permanent St. Peter's Family Endowment Fund (true) – Gifts to this fund will be held in perpetuity and used for the purposes described below.

General St. Peter's Family Endowment Fund (quasi) – Gifts to this fund will be managed as if they were true endowment funds and used for the purposes described below; however, in the event of extraordinary circumstances, the Vestry may authorize additional distributions beyond the annual spending rule within limits following special votes.

Turnbull Endowment (quasi) – Gifts to this fund are restricted for youth mission activities but may be spent under the rules of a quasi endowment.

Building Fund (investment) – Gifts to this fund are invested and used as needed at the direction of the Vestry.

BE IT FURTHER RESOLVED that the purpose of the Endowments is to provide funding for the 1) expansion of Parish ministries, 2) supporting church-related education of its parishioners, 3) the capital needs of the Parish, 4) youth mission activities, and 5) such other purposes as are designated by donors to the Endowments.

BE IT FURTHER RESOLVED that monies from the Endowments shall not be provided to the operating budget of the Parish except as described in paragraph 6 below and the accompanying Distribution Policy.

BE IT FURTHER RESOLVED that a Board of Trustees (hereinafter the "Trustees") is hereby affirmed. The Trustees shall have oversight responsibility of the Endowments and any other funds as may be requested by the Vestry. Its composition and duties are described below and related policies are attached.

1. Composition of the Trustees

The Trustees shall consist of five (5) members who are members in good standing of the Parish. No trustee shall be the Parish Treasurer or a member of the Vestry.

The Trustees, sitting as a Committee of the Whole, shall nominate candidates to replace members whose terms are expiring. Every effort shall be made to nominate a slate of candidates which exceeds the number of trustees to be replaced. The Vestry shall appoint trustees from the list of nominees.

The term of each trustee shall be three years. No trustee shall serve more than two consecutive terms. After a lapse of one (1) year a former trustee may be reappointed. In the event of a vacancy, the Vestry shall appoint a person to fill the unexpired term.

The Trustees have the authority to determine if a sitting trustee's continued presence is counterproductive or detrimental to the mission and goals of the Endowments. In that event, the trustee may be removed from office by a vote of 75% of the total Trustee membership.

The Rector of the Parish shall be an ex-officio member of the Trustees but shall not have voting privileges.

From its members, the Trustees will select a Chairman, a Treasurer and a Secretary.

The Trustees shall meet as deemed necessary and shall keep records of all its actions.

A quorum shall consist of a majority of the trustees. All actions shall require an affirmative vote of a majority of all trustees.

2. Powers of the Trustees

The Trustees shall have all of the powers necessary to carry out the mission of the Endowments. The powers shall include, but are not limited to, the following:

- a. Receive cash, certificates of deposit, securities, real and personal property, and other assets deemed appropriate by the Trustees.

- b. Receive income, rents and proceeds generated by the assets of the Endowments.
- c. Oversee the investing, selling, and reallocation of the assets of the Endowments.
- d. Hold securities and other investments in the name of the Endowments, and exercise any associated conversion privileges.
- e. Hold un-invested any portion of the assets of the Endowments deemed appropriate.
- f. Exercise appropriate due diligence in the engagement of investment advisors, accountants, counsel, and other professionals and pay their fees, or employ full or part-time staff.
- g. Pay all costs and expenses of the Endowments.
- h. Make distributions from the funds using a "Total Return Policy", with a designated percentage of the funds made available annually for expenditure in furtherance of the Endowment purposes.
- i. Develop and promulgate policies regarding the acceptance of donations, including real and personal property, the restrictions to be met by donors of gifts for a restricted purpose, the amount of funds to be distributed in any year, and other policies deemed appropriate by the Trustees.
- j. To increase or decrease the number of trustees as is appropriate at the time based on the size of St. Peter's and the assets of the Endowments, provided, however, that there shall always be at least five (5) trustees and an odd number of Trustees.

This listing of powers is not intended to be all inclusive. It will likely be necessary for the Trustees to exercise other powers to accomplish the goals of the Endowments and the Vestry recognizes that such situations may arise.

3. Responsibilities of Trustees

The responsibilities of the trustees shall be to:

- a. Use due diligence to assure that all actions taken operate for the benefit of the Endowments and are in accordance with their purposes and vision.
- b. Do nothing that would affect the tax exempt status of the Endowments or St. Peter's.
- c. Assure that all actions taken by the Trustees are in conformance with the South Carolina Uniform Prudent Management of Institutional Funds Act (SC Code Section 34-6-10 *et seq*).
- d. Maintain all Endowment assets in bank, investment, or other accounts that are separate and distinct from the accounts of St. Peter's.

- e. Assure that accurate meeting minutes and accounting records are maintained of all decisions and transactions. Meeting minutes shall be made available to the Parish.
- f. Prepare and make available to the Vestry and parishioners quarterly financial reports, including performance reports
- g. Annually, have the Endowments' financial records audited as part of the parish's annual audit. Prepare an annual report to the Parish that includes, but is not limited to, contact information of the trustees; donations during the year; distributions during the year and the organizations or people who received funds and if appropriate, the amounts; the financial reports; and other information as appropriate.
- h. Prepare material for distribution to the parish discussing the benefits of making gifts to the Endowments and the various methods to do so. Respond, in a confidential manner, to requests from parishioners and others desiring assistance in making gifts, bequests, life income gifts, and other types of planned gifts.

4. Liability of Trustees

Each trustee shall act in good faith in conducting the business of the Endowments. Each trustee shall be liable only for his/her own conduct and shall not be liable for the acts or omission of any other trustee. No trustee shall engage in self-dealing or transactions with the Endowments in which the trustee has a direct or indirect financial interest and shall refrain from any conduct in which his/her personal interests would conflict with the interests of the Endowments.

5. Compensation and Expenses of Trustees

The trustees of the Endowments shall serve without compensation; however, their reasonable expenses in connection with their service shall be paid by the Endowments.

6. Extraordinary Funds Requests

It is recognized that extraordinary needs of the parish may occur which can only be resolved by using funds drawn from the quasi endowments funds beyond the annual spending rule. If such a situation arises, the Senior Warden, the Treasurer, the Trustee Chairman, and the Rector shall assess the situation to assure that the circumstances are truly extraordinary and that no other financial resources of the Parish are available or expected to become available in time to fulfill the urgent need.

If three of these four named individuals agree, the Vestry may proceed to request a draw in addition to the annual prudent spending rule from the quasi endowments. The Vestry, by a two-thirds vote, acting at two consecutive, regularly scheduled meetings,

may direct the Trustees to provide the necessary funds up to, but not exceeding 25% of the asset value of any one fund in any one year.

7. Dissolution of St. Peter's or the Endowments

In the event St. Peter's or the Endowments are to be dissolved, the assets of the Endowments shall be handled in accordance with the Canons of The Episcopal Church and the Episcopal Diocese of Upper South Carolina.

8. Amendments

This Resolution and related policies may be amended by a vote of two-thirds of the total membership of the Vestry acting at two consecutive, regularly scheduled meetings.

Attachments: Endowment Operations Policy; Exhibit A – Funds

Enacted this 14 th day of September, 2020

Thom H. Priddy, Senior Warden

Attest

Shelley Benderhat,
9-21-2020, Clerk of the Vestry

St. Peter's Episcopal Church
Endowment Operations Policy

I. Gifts

1. Identification of Gifts

Gifts to the St. Peter's Endowments should be identified as noted below in the document transferring the gift: be it cash, check, letter, will, etc. Any gift not so identified will be reviewed by the Trustees and possibly sent to the Treasurer of the Parish for the general or restricted Parish funds.

Gifts to the Endowment Funds shall be reviewed by the Trustees, or a committee thereof, and handled in accordance with this policy. Currently gifts can be made to each of the three established endowment funds and an investment fund. Additional funds may be established by the Vestry in the future.

If a gift is received for the church "endowment" without a specific designation, those funds will be placed in the Permanent St. Peter's Family Endowment Fund.

Possible designations:

1. *Permanent St. Peter's Family Endowment Fund*

Gifts to this fund will be held in perpetuity. Only a prudent amount (normally 3% to 5% of a rolling three-year average value) can be spent each year. The corpus is protected by a state law known as UPMIFA (Uniform Prudent Management of Institutional Funds Act). See opening statement as to the purposes of this endowment.

In addition, a donor may restrict their funds to a named purpose of their choosing if their gift meets the criteria of a donor-designated gift as defined in paragraph H, below.

2. *General St. Peter's Family Endowment Fund*

Gifts to this fund will be managed as if they were a permanent endowment fund and used for the same purposes as the Permanent Endowment; however, in the event of an emergency, the Vestry may spend down more than the annual spending rule following special votes.

Like the Permanent Fund, donors may restrict their funds to a named purpose of their choosing if their gift meets the criteria of a donor-designated gift as defined in paragraph H, below.

3. *Turnbull Endowment Fund*

Gifts to this fund will be managed as if they were a permanent endowment fund and used for youth mission activities; however, in the event of an emergency, the Vestry may spend down more than the annual spending rule following special votes.

4. *Building Fund*

This fund is not an endowment fund but an investment fund for capital needs. It can be spent down by the Vestry as needed.

2. Acceptance of Gifts

This gift acceptance policy will provide guidelines to representatives of St. Peter's who may be involved in the acceptance of gifts, to outside advisors who may assist in the gift planning process, and to prospective donors who may wish to make gifts to the Parish. This policy is intended only as a guide and allows for some flexibility on a case-by-case basis. The gift review process outlined here, however, is intended to be followed closely.

A. Gift Review Committee

Any questions which may arise in the review and acceptance of gifts to the Parish will be referred to the Gift Review Committee. The Committee, unless otherwise designated by the Vestry, will be comprised of the full Endowment Fund Committee.

B. Cash

1. Gifts of cash or check shall be accepted regardless of amount. Checks shall be made out to one of the Endowments or to St. Peter's with Endowment in the memo line, or similar wording.
2. Checks made out to an individual person will not be accepted.

C. Securities

1. Securities traded on a US stock exchange will be accepted.
2. The value of the gift of securities shall be the average of the high and low prices on the date of the gift.
3. Non-publicly traded securities may be accepted provided satisfactory information is supplied by the Financial Advisor (as defined in the Investment Policy) regarding the value of the security, the ability to sell the stock, and other factors the advisor deems pertinent.
4. Securities gifts are usually liquidated immediately.

D. Real Estate

1. A gift of real estate shall be the subject of discussions between the donor and the Trustees. A trustee shall visit the property to determine its location, current use, and general condition. If the Trustees agree that the property is appropriate for transfer to the Endowments, a real estate agent will be asked to provide advice on the ability to sell the property and the necessity for a Phase 1 Environmental study. A professional appraisal of the property and a title search by firms acceptable to both the donor and the Endowment shall be made and paid for by the donor. The trustees will then decide whether or not to accept the gift. If accepted, the donor shall be responsible for any additional closing costs to deed the property to the Endowment. Such transfer shall occur prior to any formal offer or contract for purchase is made. The value of the gift shall be the appraised value.
2. Unless the property is to be retained by the Parish for its own use, it shall be placed on the market through a real estate agent upon completion of the deed transfer.

E. Life Insurance

The gift of a life insurance policy shall be the subject of discussions between the Trustees, the donor, and the donor's insurance agent. The donor should be encouraged to make the Endowment a beneficiary or contingent beneficiary of the policy rather than the owner of the policy, but it is recognized that this solution may not meet the donor's needs. The discussions will determine the value of the gift, any conditions or responsibilities of the Endowment, especially any continuing policy premiums if the gift is accepted, any continuing responsibilities of the donor and the process of transferring ownership. Upon completion of the discussions the Trustees shall determine whether or not to accept the gift.

F. Tangible Personal Property

1. Gifts of tangible personal property shall be referred to the Trustees for evaluation. If the property is believed to have significant value an independent appraisal of the value shall be obtained and paid for by the Endowment. The value of the gift shall be the appraised value. For gifts of significant value, the donor should obtain the advice of tax counsel to assure that federal and state tax laws and regulations are followed in determining the value of the gift.

2. If the property is to be sold without an appraisal the value of the gift shall be the sales value.

3. Title for the property shall be conveyed to the Endowment prior to its being sold.

G. Deferred Gifts

A deferred gift is a gift by a donor which does not result in the immediate transfer of a useable gift to the Endowment. Examples of deferred gifts are a bequest, a retained life estate, a charitable remainder trust, etc. The Endowments encourage the use of deferred gifts and will work with the donor to help achieve the donor's financial wishes. If requested by the donor, a trustee will work with the donor, his/her financial advisor, and his/her attorney. The trustee shall, if appropriate, inform the donor of the deferred vehicles provided by the Episcopal Church Foundation.

The Parish (or its agent) shall not act as an executor (personal representative) for a donor's estate. A member of the Parish staff serving as a personal representative does so in a personal capacity and not as an agent of the Parish. The Parish (or its agent) shall not act as a trustee of any charitable remainder trust.

Any information or materials supplied by the trustee shall be free of charge and shall carry a disclaimer stating that the donor is advised to consult with their attorney, tax advisor, or financial advisor and the information provided by the Endowment does not constitute legal or financial advice.

H. Restricted Gifts

1. The donor of a gift to the Endowments may restrict the use of the gift for a specific purpose provided such purpose is consistent with the purposes of the Endowment. To be considered as a separate restricted account, the value of the initial gift for a restricted purpose shall be at least \$20,000 or more since a larger amount is typically necessary to produce the revenue needed to meet the goal of a specific purpose. Additional gifts for the same restricted purpose account may have any value.

2. The Trustees shall maintain records for all restricted gifts including the accrued earnings, fees, and disbursements. The restricted funds may be merged with other funds of the Endowments provided that a pro-rata share of the total earnings and expenses shall be applied to the restricted account.

3. Gifts for the general purposes of the Endowments may be made in any amount. Separate records for such gifts do not need to be kept.

4. In the event that the purpose for which the gift is restricted is accomplished or the organization receiving the distributions from the gift ceases to exist, and the donor has stated the principal is not to be spent, the Trustees shall follow the requirements of the South Carolina Uniform Prudent Management of Institutional Funds Act (SC Code Section 34-6-10 *et seq*).

I. General Provisions

1. In assisting potential donors with developing the parameters of their gift, the Trustees shall keep all conversation, papers, and other materials confidential unless express permission to make the gift public is given in writing by the donor.

2. No trustee or employee of the Endowments may act as an executor/executrix of a donor's estate or as the trustee of any investment vehicle of the donor, except in the case of the death of an immediate family member (parents, spouse, child, grandchild, or sibling). In that case the trustee or employee shall not participate in any discussions or actions related to that donor.

3. The Trustees shall acknowledge all gifts to the Endowments by letter. The letter shall include the donor's name, the date of the gift, the value of the gift, a statement similar to the one used by the Parish that no goods or services were provided to the donor, and any other necessary information.

4. The Trustees reserve the right to accept or reject any gift for any reason.

II. Disposition of Bequests

1. Definitions

A. Bequest - Any type of gift in which the assets are transferred upon the death of the donor.

2. Bequests designating an Endowment Fund as recipient

A. Bequests designating any one of the Endowments shall be transferred to that Endowment upon receipt constrained by the nature and purpose of the named endowment

- B. If the bequest is given for a specific purpose, other than the general purposes of the existing Endowments, the value of the assets will establish a separate restricted account (as to purpose) in the Endowments, provided that the bequest meets the requirements to establish such a separate restricted account, as stated above. If the requirements are not met, the gift will be added to the assets of the St. Peter's Family Endowments, and may be used for any purpose of that Endowment. Unless otherwise stated by the donor, the bequest will be placed in the Permanent St. Peter's Family Endowment

3. Bequests designating St. Peter's Church as recipient

- A. Any bequest not specifying the Endowment as the recipient shall be handled in accordance with this section of the policy.
- B. If the bequest designates that the funds are to be used for a specific purpose, they may be expended for that purpose by the parish Treasurer. Alternatively, the vestry may direct that the funds be placed in a restricted fund in the General St. Peter's Endowment Fund if the bequest meets the requirements to establish such a restricted fund.
- C. Bequests that do not designate a specific purpose shall be placed in a Transitional Fund. The Vestry may use the monies in the Transitional Fund for any purpose provided that the expenditure is approved by a two-thirds vote of the Vestry at two consecutive, regularly scheduled meetings.
- D. Monies in the Transitional Fund shall be expended on a first-in-first-out basis.
- E. Monies from a bequest that are unspent twelve (12) months after receipt shall be transferred from the Transitional Fund to the General St. Peter's Family Endowment.

III. Investment Policy

Purpose

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

Responsibility

The ultimate responsibility for managing the Funds resides with the Vestry which has chosen to delegate portions of its responsibility to the committee, which will administer the portfolio of the Funds in accordance with these guidelines, as adopted and amended from time to time. These guidelines shall be reviewed periodically by the

Committee to determine whether they should be amended or remain unchanged. The Committee may choose to employ an outside investment manager.

Objectives

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

1. Investment Strategy

The investment strategy of the Trustees will be based on the expected fund time horizon and the desire to maximize the total return of the portfolio including interest, dividends, and capital gains. A balanced portfolio shall be maintained in accordance with the provisions below. While some interim fluctuations of market value and rates of return can be tolerated, high levels of risk, high volatility, and low quality rated securities should be avoided.

2. Permitted Investments

The investments permitted under this policy are cash, stocks, bonds, mutual funds, Exchange Traded Funds (ETFs), Real Estate Investment Trusts (REITs) and other similar investments. Derivatives, hedge funds, and similar instruments are to be avoided. The value of all investments should be able to be readily determined from quoted market prices.

Either domestic or foreign US dollar denominated instruments may be included in the portfolio.

3. Investment Guidelines

The Trustees will maintain a balanced portfolio. Each fund's target allocation of growth securities and income securities and cash, expressed as percentages, will be determined by the Committee based on the anticipated life and spending pattern of each fund. It is recognized that market conditions may require deviations from the target allocation and such deviation may be authorized by a majority of the Trustees; however, if such deviation is made, a return to guideline levels shall be made as soon as market conditions permit.

The Trustees shall periodically review the balance of the portfolio and work with the financial advisors to make adjustments as needed to maintain a balanced portfolio and review the target allocation.

4. Accountant

The Trustees, or a subcommittee thereof, shall establish a chart of accounts and a set of records that shall record donations to the Endowments, earnings on invested funds, any distributions from the Endowments, and other appropriate information. In establishing these records the trustees or subcommittee may wish to consult with an accountant, who may be a member of the Parish.

IV. Distributions

This section provides a framework for determining when, how, and how much of the Endowments funds will be distributed. The state of the general economy and market conditions may necessitate deviation from these guidelines. Such deviations will be at the discretion of the Trustees but a return to guideline levels should be made as soon as conditions permit.

1. General

In considering the amount of funds to be distributed, the Trustees should be guided by a primary consideration of retaining and growing the principal of the Endowments while taking inflation into consideration so as to maintain and grow the purchasing power of the Endowments. Distributions from the Endowments shall be made using a "Total Return Policy", with a designated percentage of the funds available for expenditure annually.

2. Distribution Amount

The Trustees shall annually determine the amount of funds to be distributed. The amount shall be a percentage of a twelve quarter rolling average of the quarter ending fund balance. In normal market conditions the amount would be expected to be between 3% and 5% of the previous 12 quarter average balance, but not to exceed 5%. Market conditions or the need to increase an Endowment's principal balance may require deviation from this norm.

In determining the percentage to use, the Trustees shall consider market conditions, the current inflation rate, expected earnings for the year, need to restore or increase the principal balance, and other factors they deem appropriate.

The Trustees will advise the Vestry of the amount available for disbursement in the next year by October 20 of each year.

3. Awarding of Grants

The Vestry shall be responsible for awarding of grants in conformance with the Endowments' stated purposes. The Vestry shall provide the Trustees with a list of the Grantees, the amount of each award, and the time the funds are required by the Grantees so that monies can be appropriately disbursed from the Endowments' funds.

Grants may be awarded at any time during the year. The total amount of all grants may not exceed the amount made available by the Trustees for the year.

Monies unexpended and uncommitted as of September 1 of each year shall be included in the amount of funds available for the next year. If requested by the Vestry, the Trustees may act as a "clearing house" for grant requests but must transmit all requests to the Vestry for decision.

EXHIBIT A - Funds

The current Funds are as follows:

1. Permanent St. Peter's Family Endowment

Type of Fund: True, or permanent

Purpose: to provide funding for the 1) expansion of Parish ministries, 2) supporting church-related education of its parishioners, 3) the capital needs of the Parish and 4) such other purposes as are designated by donors to the Endowments

Spending Policy: Total return, normally 3% to 5% of a rolling 12 quarter average fund value

Protection of Corpus: To be held in perpetuity, protected by UPMIFA

Target Allocation: 60% growth and 40% income

2. General St. Peter's Family Endowment

Type of Fund: Quasi

Purpose: to provide funding for the 1) expansion of Parish ministries, 2) supporting church related education of its parishioners, 3) the capital needs of the Parish and 4) such other purposes as are designated by donors to the Endowments

Spending Policy: Total return, normally 3% to 5% of a rolling 12 quarter average fund value

Protection of Corpus: In the event of an emergency as defined by the Vestry, additional distributions beyond the annual spending rule may be made following a two-thirds vote of the Vestry at two consecutive, regularly scheduled meetings

Target Allocation: 60% growth and 40% income

3. Turnbull Endowment

Type of Fund: Quasi-Endowment as designated by the Vestry

Purpose: youth mission activities

Spending Policy: Total return, normally 3% to 5% of a rolling 12 quarter average fund value

Protection of Corpus: In the event of an emergency as defined by the Vestry, additional distributions beyond the annual spending rule may be made following a two-thirds vote of the Vestry at two consecutive, regularly scheduled meetings

Target Allocation: 60% growth and 40% income

4. Building Fund

Type of Fund: Investment Fund

Purpose: As needed

Spending Policy: At the discretion of the Vestry

Protection of Corpus: None

Target Allocation: 20% growth and 80% income