

First Universalist Church John and Dru Cummins Ministerial Internship Fund / or amended name

STATEMENT OF INVESTMENT AND SPENDING OBJECTIVES AND POLICIES

The following Statement of Investment and Spending Objectives and Policies has been adopted by the Board of Trustees ("the Board") of the Church and may be amended by the Board from time to time.

I. INVESTMENT PHILOSOPHY AND OBJECTIVES

The First Universalist Church John and Dru Cummins Ministerial Internship Fund / or amended name (the Fund) is composed of restricted net assets, solicited regularly, and invested to generate temporarily restricted income to support the Ministerial Internship program at First Universalist Church. The Fund is made up of gifts to the Fund from members and friends of the church. The Fund has been established to:

a. Support the Ministerial Internship program at First Universalist Church.

The Reverend John Cummins inspired the First Universalist Church of Minneapolis to be a teaching church by mentoring several ministerial interns. In his 23 years as senior minister, he always took time to seek out possible students for the ministry, encouraging them, helping them find necessary funds, offering them summer employment at the church where they could begin to hone their skills. Two fondly remembered interns are Peter Luton who is now minister at East Shore Unitarian Church in Bellevue, Washington, and Armida Alexander who is now minister at All Souls Unitarian Universalist Church in Sioux Falls, South Dakota. Others John has mentored are Meg Riley, senior minister of Church of the Larger Fellowship, Harlan Limpert, on UUA staff, Lee Barker, President of Meadville/Lombard Theological School and many more.

The Reverend Cummins and his wife Dru recognized the importance of nurturing the next generation of Unitarian Universalist leaders and felt it was both the responsibility of the church and an opportunity for the church. Celebration of the 150th anniversary in 2009 immersed congregants in their history and heritage and reminded them not only of the obligation to support new ministers, but of the joy and opportunity in shaping the next generation of clergy.

The church enthusiastically resumed its teaching role in the fall of 2010 by inviting ministerial candidate Ruth MacKenzie to be First Universalist's first intern in at least 20 years. The church committed to being a teaching church again and to supporting an intern annually. To that end the Cummins Ministerial Internship Fund is being created to ensure that their legacy of support and mentorship continues.

b. Preserve capital for the long term financial needs of the program.

c. Provide reasonably stable and predictable distributions for the Church's Ministerial Internship operating budget.

d. Preserve purchasing power by striving for long-term returns which either match or exceed the total of the spending policy (net of fees) and inflation.

The Fund's principal (the total of all grants received) will not be reduced except 1) as a result of declining market values of investments, or 2) pursuant to the "Goals and Spending (Payout) Policy" described in Section V of this policy statement.

II. GOVERNANCE AND REVIEW

The Board of Trustees shall be the custodian of the Fund, and shall maintain a plan of operation setting forth the administration of the Fund in accordance with other Board policies. Accordingly, oversight of the Fund's assets and any changes to this Plan of Operation are ultimately the responsibility of the Board of Trustees. The Board may appoint or delegate to a committee, composed of members of the Board of Trustees, staff members, and/or other church members, to assist it in fulfilling its responsibility.

The Board will fulfill its fiduciary responsibility regarding the Fund, itself or through its appointed committee, in part, by:

- Developing and/or recommending these Investment and Spending Objectives and Policies in order to guide the Fund's investment, management, and annual pay-out.
- Considering proposed changes, as initiated by Board or staff, to these policies from time to time and presenting any such changes to the Board for its review and approval.
- Selecting and/or recommending an Investment Manager or Managers.
- Evaluating investment structure and performance at least quarterly to ascertain progress against the Fund's objectives, analyze returns, monitor the level of diversification and sector concentration compared with the broader market, and ensure compliance with relevant policies.
- Exercising ordinary business care and prudence with respect to the Fund.

III. INVESTMENT POLICIES

Assets should be diversified to reduce risk, by manager (e.g. mutual funds), asset class (e.g. equities, bonds) and within asset classes (e.g. geography, economic sector, industry, quality and size). The purpose of diversification is to provide a reasonable assurance that no single sector or class of securities will have a disproportionate impact on the Fund. To insure this diversification:

- The total security position (debt and equity) in any one company, whether owned directly or as a mutual fund holding, should not exceed 10 percent of the Fund's portfolio.
- No more than 25 percent of the Fund's portfolio should be invested in one mutual fund or the securities of any one sector.

Socially responsible investments (SRI) will comprise 20% - 30% of the Fund's investments. Socially responsible investments will consist of investments that are considered by the church's designated invested manager as representing "best of class," meaning that they include allocations to all major sectors and companies who have high SRI ratings relative to their peers.

In order to maintain risk levels consistent with the overall objectives of the Fund, and to achieve the investment objectives of the fund, the following ranges will be reflected:

<u>Class</u>	<u>Min.</u>	<u>Target</u>	<u>Max</u>
Equities	60%	70%	80%
Bonds/Cash	10%	23%	40%
Other/Alternatives	0%	7%	15%

Assets may be invested in mutual funds meeting the guidelines defined in this section.

IV. INVESTMENT MANAGER

An Investment Manager, if selected, shall manage assets according to the representations made to the Church at the time of selection and according to a written agreement between the Church and the Investment Manager. Any

significant deviation from the manager's policies or style will require notice to the Church and written approval from the Church.

Communication by the Investment Manager to the Church must include monthly written statements, regular meetings on a schedule determined by the Church, and written notice of any material change in firm ownership, organizational structure, financial condition, senior staffing and management, and assets under management.

V. GOALS AND SPENDING (PAYOUT) POLICY

The fundraising goal for the initial establishment of the Fund is \$200,000 - with an ultimate goal of \$550,000. Except as provided below, the annual payout shall be a maximum of 5%

of the Fund's value, based on a 12 quarter trailing average of the market value of the Fund, with the 12th quarter ending on December 31st of the year prior to the church fiscal year in which the funds will be used. However, during the first five years of the Fund or until the ultimate fundraising goal is achieved, the Trustees may elect a payout of 10% of the contributions received by the Fund during the calendar year prior to the fiscal year in which it will be used, instead of 5% of the Fund's value as described above. Payout amounts that are not used in the fiscal year for which they are intended may be carried forward to the following fiscal year for the purpose stated in Section I of these Policies.

VI. ACCOUNTING

During the fundraising period the entire Fund will be treated as Temporarily Restricted Net Assets, subject to the Spending (Payout) Policy as defined in Section V of these Policies. Following the completion of the fundraising period, the remaining principal of the Fund will be a Permanently Restricted Net Asset, subject to the Spending (Payout) Policy as defined in Section V of these Policies.

VII. PROXY VOTING

The Board may implement a proxy voting policy whereby the proxies issued by companies in which the Church holds a security position will be voted according to guidelines consistent with UU principles.

Policy approved by vote of the Board of Directors of First Universalist Church:

November 17, 2011

APPROVED