

As of May 19, 2019

**Policy for the Creation and Use of a Restricted Capital Fund**

The First Unitarian Congregational Society in Brooklyn hereby authorizes the creation of a restricted part of the endowment fund (the "Restricted Capital Fund") to be used for major capital improvements and repairs ("Capital Projects") as per the guidelines below:

- (1) Capital Projects are herein defined as:
  - a. those restoration, repair or improvement projects identified in Appendix A as of the date hereinabove;
  - b. any future restoration, repair or improvement projects added to Appendix A pursuant to Section 8 below;
  - c. any unanticipated capital repair or replacement in excess of \$15,000 requiring urgent attention ("Emergency Repair") approved by the Board of Trustees (the "Board").
- (2) The Restricted Capital Fund will be sustained in a minimal amount of \$250,000 (the "Minimum Balance").
- (3) There will be no withdrawals from the fund which reduce the balance below the Minimum Balance.
- (4) If a withdrawal from the Restricted Capital Fund will not result in an amount below the Minimum Balance, such withdrawal may take place under the following conditions:
  - a. For each fiscal year, the Board may identify any one or more Capital Project(s) and authorize withdrawal from the Restricted Capital Fund to fund such Capital Project(s);
  - b. At any point in time, the Board may authorize withdrawal from the Restricted Capital Fund to cover the cost of any Emergency Repair;
  - c. The Board shall exercise reasonable financial judgment when identifying Capital Projects and shall responsibly manage the timing of its authorization of withdrawals so as to sustain the Restricted Capital Fund.
- (5) Funds to establish and sustain the Restricted Capital Fund will be sourced as follows:
  - a. An amount of \$400,000 to be segregated from the unrestricted general endowment fund (the "General Endowment").
  - b. A capital campaign beginning in the 2019-2020 church year.
  - c. An annual contribution from the operating budget equal to 10% of the prior church year's net income from Total Rent.

- d. The sale of any properties owned by First Unitarian Congregational Society in Brooklyn including, but not limited to, sales of plots in Greenwood cemetery.
  - e. Targeted contributions, bequests, and donations by members.
  - f. Any investment earnings and interest on amounts in the Restricted Capital Fund.
- (6) Funds in the Restricted Capital Fund will not be included in the calculation of the congregation's prudent withdrawal from the General Endowment.
- (7) If, at any point in time, the balance in the Restricted Capital Fund exceeds \$650,000 (the "Fully Funded Balance"), the Board may authorize that any portion of or all amounts in excess of the Fully Funded Balance be transferred into the General Endowment. The Board will do so only after careful consideration of the total amount of the Restricted Capital Fund in relation to all anticipated future Capital Projects.
- (8) Additional projects may be added to the list of Capital Projects as follows:
- a. When requested by the Board, which shall be no less frequently than every three years, each of the Facilities Committee and the Finance Committee shall appoint one committee member to work together with the Director of Facilities (collectively, the "Review Team") to review Appendix A attached hereto.
  - b. Following such review, the Review Team shall submit to the Board a list of recommended additional Capital Projects with associated anticipated expenses. Alternatively, the Review Team may recommend to the Board that no Capital Projects be added to Appendix A at that time.
  - c. The Board, after reviewing such list of recommended additional Capital Projects and anticipated expenses associated therewith, may authorize a congregational vote to add any or all recommended projects to the list of Capital Projects in Appendix A.
    - i. Members of the congregation shall have the opportunity to review such proposed Capital Project(s) and associated anticipated expenses at least 2 weeks in advance of a vote by the membership.
    - ii. If, at a meeting of the congregation in which a quorum is met, a majority of qualified voting members present votes to authorize the addition of such project(s) to the list of Capital Projects in Appendix A, such project(s) shall become Capital Projects eligible for identification by the Board for funding from the Restricted Capital Fund as outlined herein.
- (9) No less frequently than every three years, the Board shall request the Finance Committee to review the amounts in Section 1c., Section 2, Section 5c., and Section 7, and to make recommendations regarding any adjustments to those amounts. The Board shall consider the recommendations of the Finance Committee and vote on any adjustment of such amounts. The amounts in Section 1c., Section 2, Section 5c., and Section 7 then may be adjusted by majority vote of the Board.

## APPENDIX A

1. Windows:
  - 1.1. Custom build/replicate the original Undercroft windows to a usable working window system.
  - 1.2. Replacement of Library, Eastman Rm. Sexton apartment, third floor windows.
  - 1.3. Replacement of Undercroft woman's bathroom window.
  - 1.4. Replacement of Green room window frames/sills.
2. Doors:
  - 2.1. Replacement of Undercroft emergency entire door panel.
  - 2.2. Replacement of Chapel door.
  - 2.3. Leaded glass door light repairs.
3. Foundations:
  - 3.1. Exterior excavation of concrete on west side of Undercroft area to old stone foundation footings for repointing and waterproofing.
  - 3.2. Interior repointing.
4. Inspection of Chapel east brick exterior wall to determine structural condition
5. Chapel Exterior Façade Brownstone repair
6. Electrical and Gas infrastructure review and repair
7. Fire Alarm:
  - 7.1. A modern partial beam system, or
  - 7.2. a "heat sensitive" detection systemto be determined per a review of the 2017-18 FY Fire Alarm project
8. Courtyard soil infill
9. Sanctuary interior plaster/ painting to repair water damaged area by the tiffany window, the vestibule, and vestibule stairwell.
10. Stained glass windows:
  - 10.1. restoration and cleaning.
  - 10.2. Exterior wood frames painting
11. Iron fence repair and painting
12. Entry foyer painting and floor repair
13. Sanctuary painting
14. Chapel Air-conditioning

15. Sanctuary candelabras/sconces:

- 15.1. gas lit candelabras at the high pulpit to be electrified or retrofitted for candles.
- 15.2. sconces to be inspected/hooked up to 120v electricity.

16. Undercroft floor stabilization

17. #48 Building entrance cement repair

18. Skylights:

- 18.1. replacement of #50 Building skylights.
- 18.2. repair antique chapel leaded skylights.

19. Boiler replacement

20. Roof replacement