

# FIRST UNITARIAN CONGREGATIONAL SOCIETY BROOKLYN

A UNITARIAN UNIVERSALIST CONGREGATION

## Policies related to the Restricted Capital Fund

At a Congregational Meeting on May 19, 2019, a “Motion for the Creation and Use of a Restricted Capital Fund” was adopted, providing for 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”) subject to these guidelines:

- (1) Capital Projects are defined as:
  - a. Certain restoration, repair or improvement projects identified in an Appendix presented to the Congregation at the May 2019 meeting;
  - b. Any future such projects added to the list pursuant to the process described in item (8) below; and
  - c. Any unanticipated capital repair or replacement item in excess of \$15,000 requiring urgent attention (an “Emergency Repair”) approved by the Board of Trustees.
- (2) The Restricted Capital Fund will be sustained in a minimum amount of \$250,000 (the “Minimum Balance”).
- (3) There will be no withdrawal from the Fund if said draw reduces the balance below the Minimum Balance.
- (4) A withdrawal from the fund that does not result in an amount below the Minimum Balance may take place under the following conditions:
  - a. For each fiscal year, the Board may identify one or more Capital Project(s) and authorize withdrawal from the Restricted Capital Fund to fund such Capital Project(s); and
  - b. At any time, the Board may authorize withdrawal from the Restricted Capital Fund to cover the cost of any Capital Project; provided that

- 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. The amount of \$400,000 to be segregated from the unrestricted general endowment as of July 1, 2020.
  - b. Any capital campaign (i.e., funds raised specifically for the capital fund) with an initial campaign planned for the 2019-2020 church year.
  - c. An annual contribution from operating budget revenue equal to 10 percent of net income from property rentals during the preceding fiscal year.
  - d. The proceeds of sale of any properties owned by the 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 earned on amounts in the Restricted Capital Fund.
- (6) Funds in the Restricted Capital Fund shall not be included in the calculation of the Congregation's prudent or sustainable withdrawal from the general endowment.
- (7) If at any time the balance in the Fund exceeds \$650,000 (the "Fully Funded Balance"), the Board may authorize any portion of the amount in excess of the Fully Funded Balance be transferred to the general endowment. The Board shall do so only after careful consideration of the total amount of the 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 the current list of projects.
  - 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 that no new Capital Projects be added to the list.
  - c. The Board, after reviewing the Review Team's recommendations, may authorize a Congregational vote to add any or all recommended projects to the list of Capital Projects.
    - i. Members of the Congregation shall have the opportunity to review such proposed Capital Project(s) and associated anticipated

expenses at least two weeks in advance of any vote by the membership.

- ii. If, at a meeting at which a quorum is present, a majority of qualified voting members present votes to authorize the addition of such project(s) to the approved list, such project(s) shall become Capital Projects eligible for identification by the Board for funding from the Restricted Capital Fund.

- (9) No less frequently than every three years, the Board shall request the Finance Committee to review the amounts specified in Sections 1c, 2, 5c and 7 above and make recommendations regarding any adjustments to those amounts. The Board shall consider the recommendations of the Finance Committee and such amounts may be adjusted by majority vote of the Board.

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In furtherance of these policies, the Board has determined that the income from property rentals referenced in section 5c above shall include income from leases of residential apartments and shared occupancy agreements but not income from other occasional uses of the Congregation's space.

Adopted by the Board 4.14.22