

Bylaws of the Unitarian Universalist Common Endowment Fund, LLC

Comment [DSB1]: Initial adoption of and any amendments to this document will require approval of the UUA Board of Trustees.

The Unitarian Universalist Association (UUA) is an association of churches incorporated in the Commonwealth of Massachusetts. In the course of its activities, the UUA receives gifts, trusts, and endowments that require investment management. These funds, together with other funds invested by Unitarian Universalist (UU) congregations and other UU organizations, are managed collectively in the Unitarian Universalist Common Endowment Fund (UUCEF).

Eligible Investors

The UUCEF may accept investments from the following:

1. The UUA;
2. Unitarian Universalist (UU) congregations in good standing;
3. UUA districts and regions;
4. UU Related Organizations, specifically Associate Member Organizations, Sponsored Organizations, Professional Organizations, Theological Schools, Independent Affiliate Organizations (and their member organizations), and International Organizations; and
5. Other UU organizations approved by the UUA Board of Trustees following application to the Treasurer.

Mission and Investment Objective

The mission of the UUCEF is to provide investors with competitive, long term investment results which are earned in a manner compatible with the values of Unitarian Universalism.

The investment objective of the UUCEF is to achieve consistent returns within a moderate risk tolerance, sufficient to allow investors to take regular distributions and maintain the value of principal after adjustment for inflation and after all expenses. The UUCEF's goal is to achieve investment performance that is superior to what each investor could achieve independently.

The UUCEF shall operate in a manner which upholds the highest standards of fiduciary management. The UUCEF shall use a fully independent third party consultant to provide research and analysis to inform the fund's investment decisions, and shall consider proven socially responsible investment options.

A disciplined and rigorous process, a focus on socially responsible investments, and maximum transparency shall serve as the basis for the UUCEF's operations. The UUCEF shall hold itself accountable by considering inputs carefully and measuring outcomes against both relevant investment benchmarks as well as widely accepted standards for socially responsible investment.

Investment Committee

The Investment Committee of the UUCEF shall consist of the Financial Advisor, the Treasurer, and five other persons appointed by the UUA Board of Trustees (including one who is designated to serve as chair), with the following qualifications:

- Four persons who have direct professional institutional investment experience. This experience would typically be gained as an investor, consultant, money manager, or lawyer specializing in institutional fiduciary issues for an organization with assets at least as large as those of the UUCEF.
- One person who has experience with endowment management in an organization that invests in the UUCEF, and who has knowledge of UUA priorities, programs, and communities, as well as of socially responsible investment practices, and who is a member of the UUA Socially Responsible Investment Committee.

The Financial Advisor and the Treasurer shall serve for as long as they hold such office. The other members of the Investment Committee shall be appointed by the UUA Board at its first meeting following the regular General Assembly in each year, and shall serve for terms of two years and until their successors are appointed and qualified, subject to a limit of eight years of service. Terms shall end at the close of the regular General Assembly in each year, with approximately half of the terms expiring in even-numbered years and half in odd-numbered years.

Responsibilities of the Investment Committee

The Investment Committee shall, subject to the requirements of these bylaws and of the Operating Agreement, adopt all policies necessary for the operations of the UUCEF. The Committee shall review and approve the Investment Information Memorandum and other materials used in connection with the UUCEF.

Applicable Policies

The provisions of the UUA Conflict of Interest Policy, Whistleblower Policy, and all other policies applicable to committees appointed by the UUA Board of Trustees shall apply to the Investment Committee.

Expense Reimbursement

The UUCEF shall reimburse the UUA for expenses incurred by the UUA on the UUCEF's behalf, such as investment management, custodial services, proxy voting, an annual audit, and investment consultants.

The UUCEF shall pay an administrative fee to reimburse the UUA for the expenses incurred by the UUA in its administration of the UUCEF, including but not limited to a)

part (and in certain instances all) of the salaries of the Treasurer, other professional and support personnel; and b) general and administrative costs such as telephone, information technology services, supplies, website design and maintenance, general liability insurance, and occupancy costs.

The administrative fee shall be calculated using a formula, approved by the UUA Board, based on an estimate of the UUA's actual costs. Initially, the annual reimbursement formula shall be 0.20% of the beginning asset balance of the UUCEF. The Treasurer shall review the reimbursement formula as needed, but at least once every five years, and shall recommend to the Board of Trustees if a change is warranted.

Incorporation of UU Values

The UUCEF shall be managed in a manner consistent with UU values as well as the achievement of return and risk objectives. The Investment Committee is responsible for balancing these occasionally competing objectives in the best interests of the UUCEF. The UUA is committed to an investment program which utilizes tools of socially responsible investment (SRI) to optimize the alignment of its financial assets with its values. As practical, every search for professional investment managers shall include at least one firm with expertise in SRI in the asset class under review.

Unitarian Universalist values that shall inform investment decisions have been expressed in General Assembly resolutions and Statements of Immediate Witness, Board resolutions, and the UUA's Principles and Purposes.

The Investment Committee and the UUA Board's Socially Responsible Investment Committee shall develop an ongoing process to assess the effectiveness of the UUA's SRI policies and practices. The committees shall also assist staff in developing coalitions (among Unitarian Universalist and other like-minded organizations, both faith-based and secular) to achieve SRI goals, and to expand services to member congregations and individual UUs regarding SRI practices that embody UU values.

Community Investments

Community investment in areas underserved by traditional sources of financing is an important component of a socially responsible investment program. Approximately 1% of the assets of the UUCEF shall be invested in community investments. The Investment Committee shall encourage congregations to invest their own funds in community investments.

Reporting

At least once every two years, the Investment Committee and the Socially Responsible Investment Committee shall jointly report to the Board of Trustees and UUCEF investors. The report shall discuss the performance of the UUCEF, including its success in meeting its return, risk, and SRI objectives.

The Treasurer shall post on the UUA web site:

- an annual report on the performance of the UUCEF,
- a schedule of UUCEF investments (including community investments) as of the end of each fiscal year,
- agendas and minutes of the Investment Committee,
- governing documents of the UUCEF LLC, and
- policies and guidelines adopted by the Investment Committee.

Investment Committee Operations

The Investment Committee is responsible for establishing the frequency, duration, and agenda of its meetings, and its procedures for the recording and publication of minutes, in the context of UUA practices of transparency and accountability.