

**Resolutions of the Session of University Presbyterian Church Regarding “Campus Ministry” and “Mission Endowment” Funds
(Session Meeting of September 20, 2017)**

Whereas, at its regular meeting on February 15, 2017, the Session of University Presbyterian Church (the “Session” and “UPC”) adopted a motion approving the distribution of \$4,445.00 from the Helen Tackett Memorial Mission Endowment Fund for the calendar year 2017, to be held in a newly-created “donor designated” account on the books of UPC and entitled the “HTMMEF Mission Fund” (such motion, the “MEF 2017 Distribution Motion”); and

Whereas, at that meeting the Session also adopted a motion establishing a “uniform procedure for the Service Committee’s access to and use of funds from the Helen Tackett Memorial Mission Endowment Fund” on an annual basis, (such motion, the “MEF Procedures Motion”); and

Whereas, at its regular meeting on April 19, 2017, the Session reviewed a Report Concerning “Campus Ministry” and “Mission Endowment” Funds dated January 29, 2017 from the Investment Committee, and, after discussion, adopted (with amendments) the resolutions, policies, and findings set forth in Part II of such Report (such April 17 Resolutions, the “April Resolutions”) regarding the Campus Ministry Endowment Fund, the Mission Endowment Fund, and expenditures from these Funds; and

Whereas, the Session and Investment Committee had intended that April Resolutions should incorporate the substance of the February 15 MEF Procedures Motion and the MF 2017 Distribution Motion, but instead the April Resolutions unintentionally contain different provisions as to substantive terms of those motions and thus replaced the MEF Procedures Motion and MEF 2017 Distribution Motion; and

Whereas, the Session desires to amend the April Resolutions to incorporate the MEF Procedures Motion and to ratify the MEF 2017 Distribution Motion, to amend the April Resolutions as to Campus Ministry and Mission Endowment Funds, to make various clarifying amendments, and to restate the April Resolutions, as so amended, in full, all as set out in these Resolutions;

Accordingly, the Session of University Presbyterian Church therefore RESOLVES, FINDS, and DIRECTS as follows:

I. As to the Campus Ministry Fund

1. Names for Campus Ministry Fund. The Session finds that UPC has previously (in 1988) adopted “the Fred H. Moore Campus Ministry Endowment” as the formal name of the fund now generally known as the Campus Ministry Fund. The Session acknowledges the foundational work of Fred H. Moore in establishing this Fund, and the formal name of this Fund will remain “*The Fred H. Moore Campus Ministry Endowment.*” The names “Fred H. Moore Campus Ministry Endowment,” “Campus Ministry Fund”, and “Campus Ministry Endowment” at UPC all refer to the same fund, and those and similar names may be used interchangeably.

2. Dr. Georgia Legett's Contributions. The Session also recognizes with gratitude the generous support by Dr. Georgia Legett of UPC Campus Ministry programs and other undertakings of the Church over many years. The Session finds that, as the purposes of her gifts to the "Parking Fund" had been accomplished through other means, she had, prior to her death, consented to consolidation of that fund into the Campus Ministry Fund and use of that Fund for the purposes of, and as part of, the Campus Ministry Fund.

3. Endowment Fund for Campus Ministry. The Session finds that the consistent intent of UPC and of donors has been that the Campus Ministry Fund shall constitute an endowment fund of UPC. The Campus Ministry Fund will, therefore, be managed, invested, administered, and utilized as an endowment fund of UPC, for the benefit of the campus ministry programs of UPC and as more specifically set out in the Investment Policy Statement of UPC and expenditure policies of UPC in effect from time to time. Such uses include, but are not limited to, payment or reimbursement of costs (including salary, benefits, insurance, retirement, and other costs or contributions) incurred by UPC for clergy, staff, and other personnel in support of campus ministry programs of UPC.

4. Compliance with Book of Order and Applicable Law; Ratifications. In all respects, UPC shall follow the requirements of the Book of Order of The Presbyterian Church (USA) and of applicable law in managing, investing, administering, utilizing, and making expenditures from the Campus Ministry Fund. The Session of UPC expressly ratifies the prior actions taken by Session in 2010 to consolidate the former Parking Fund with and into the Campus Ministry Fund, and at other times (including in 2013) to adopt and amend an Investment Policy for the Campus Ministry Fund.

5. Annual Operating Budget Process. In connection with the preparation of each annual operating budget of UPC for a calendar year while these Resolutions are in effect, the Investment Committee will provide:

(i) to the Campus Ministry Committee, Staff Support Committee, and Finance Committee, the Investment Committee's then-current estimate of the amount that would be available for, and would be prudent to appropriate for, expenditure from the Campus Ministry Fund for the campus ministry programs of UPC during the calendar year for which a budget is then being prepared, based on information through the third calendar quarter of the then current year; and

(ii) to the Session, Campus Ministry Committee, Staff Support Committee, and Finance Committee, in January and prior to the adoption of the annual operating budget for the calendar year then commencing a report (the "Investment Committee Report – Campus Ministry") that includes : (x) the amount, based on information through the fourth calendar quarter of the year just completed, that is available for, and is recommended by the Investment Committee as a prudent amount for, expenditure from the Campus Ministry Fund for the campus ministry programs of UPC under the budget then being adopted; (y) the calculated year-end fair market value of the Campus Ministry Fund (determined as provided in Section III. below); and also (z) the calculated amount that would be presumptively imprudent under the Texas Uniform Prudent Management of

Institutional Funds Act, Chapter 163, Texas Property Code (the “Act”), which presumption is expressed as a percentage of the fair market value of an endowment fund.

6. Limitations and Considerations as to Appropriations for Expenditure.

a. *Basic Limitation on Expenditures.* Each annual operating budget of UPC adopted by Session may include an annual appropriation for expenditure during that year from the Campus Ministry Fund to support the Campus Ministry Programs of UPC of an amount not exceeding the lesser of the following amounts:

(i) the actual costs and expenses of the Campus Ministry Programs of UPC budgeted to become payable during that year, which amount may be estimated by the Campus Ministry, Staff Support, and Finance Committees for purposes of adoption of an operating budget; or

(ii) the amount that Session determines, and approves in the adoption of the operating budget, to be prudent to appropriate for expenditure for such year, having due regard for relevant investment, expenditure, and legal considerations pertaining to the Campus Ministry Fund and expenditures from such fund, such determination and approval to be made **after** Session has received and evaluated the Investment Committee Report – Campus Ministry and made its own determination as to the amount that is prudent to be appropriated for expenditure for such year.

b. *Approval incident to Adoption of Budget; Prudential Considerations:*

(i) The adoption of an annual operating budget that provides a budgeted appropriation from the Campus Ministry Fund for payment or reimbursement of campus ministry expenses shall constitute, without separate action or resolution by Session, both a determination by Session that the amount specified is prudent to appropriate for expenditure and also an appropriation of such amount from the Campus Ministry Fund by Session.

(ii) In the adoption of an annual operating budget, Session will include in making its determination of an amount to be appropriated for expenditure its own evaluation of the Investment Committee Report – Campus Ministry and of the prudential considerations noted in the Act and those noted in Part III of these Resolutions.

7. Liquidation, Transfer, and Expenditure of Appropriated Amount.

a. The amount so authorized by the Session for appropriation and expenditure from the Campus Ministry Fund (an “Authorized Appropriation”) will be promptly liquidated through open market transactions, as necessary, at the instruction of the Investment Committee after adoption of the annual operating budget and transferred from the investment accounts of the Campus Ministry Fund to a temporarily restricted (sometimes referred to as “donor designated”) UPC bank account (to include a savings account at a bank) with FDIC insurance, to be held as an uninvested program-related asset of UPC for expenditure in accordance with the operating

budget and this Resolution. The money held in this account may be expended from time to time pursuant to the operating budget of UPC and in accordance with the UPC Financial Disbursement Policy then in effect under the UPC Manual of Operations (or successor document), without the necessity of further Session approval, during the budget year to pay, or to reimburse UPC for its payment of, costs (including salary, benefits, insurance, retirement, and other costs or contributions) incurred for clergy, staff, and other personnel in support of campus ministry programs of UPC and other expenses of UPC's campus ministry programs that are within the purposes of the Campus Ministry Fund.

(b) Any funds transferred but not used for such costs and expenses during the year for which appropriated, will roll over from year to year and remain available for expenditure for costs and expenses of UPC's campus ministry programs in subsequent years. The Investment Committee shall identify any such "roll over balance" at the time it submits its Investment Committee Report – Campus Ministry for subsequent year(s).

(c) The Finance Committee or Financial Manager of UPC will report to the Session periodically concerning the uses of the funds from such temporarily restricted account.

8. Ratification and Appropriation for 2017. In adopting the 2017 annual operating budget, Session has previously approved expenditure from the Campus Ministry Fund of \$ 47,000 under procedures similar to those set out in these Resolutions. Such amount was approximately 4% of the fair market value (calculated over the most recent 12 calendar quarters) of the Campus Ministry Fund as of December 31, 2016 and as of June 30, 2017,, did not exceed the actual costs and expenses of the UPC Campus Ministry Program budgeted to be paid in 2017, and was determined by Session to be prudent for expenditure from such Fund, and expenditure of such amount was authorized under the 2017 operating budget. As of the date of these Resolutions, the Investment Committee has confirmed that, under the procedures of this Resolution, it confirms that appropriation of such amount for expenditure in 2017 was consistent with the standards of these Resolutions had such then been applied, and Session specifically ratifies its prior actions and re-determines that such appropriation and expenditure was and is prudent under the criteria set out in these Resolutions.

Accordingly, Session directs that \$47,000 be promptly liquidated through open market transactions, as necessary, at the instruction of the Investment Committee, and transferred from the Campus Ministry Fund, to be held in a temporarily restricted bank account as a program related asset of UPC as set out above.

II. As to the Mission Endowment Fund.

1. Names for Mission Endowment Fund; Gifts of Helen Tackett. The Session finds that UPC has previously (2014) adopted the "Helen Tackett Memorial Mission Endowment Fund" as the formal name of the fund generally known as the Mission Endowment Fund. The Session acknowledges the generous gifts of Helen Tackett, including the gift used to complete the initial stage of this Fund, and the formal name of this Fund will remain the "Helen Tackett Memorial Mission Endowment Fund." The names "Helen Tackett Memorial Mission Endowment Fund," "Mission Endowment," "Mission Legacy Fund" (in the 2013 Investment

Policy Statement) and “Mission Endowment Fund” all refer to the same fund, and those and similar names may be used interchangeably.

2. Endowment Fund for Mission. The Session finds that the consistent intent of UPC and of donors has been that the Mission Endowment Fund shall constitute an endowment fund of UPC. The Mission Endowment Fund will, therefore, be managed, invested, administered, and utilized as an endowment fund, as more specifically set out in the Investment Policy Statement of UPC and expenditure policies of UPC as in effect from time to time, for the benefit of mission and service projects that are identified by the Service Committee of UPC pursuant to procedures approved by Session and in effect from time to time (currently the procedures approved by Session February 25, 2015) for projects that are not budget “line items” but are projects requiring particular support or funding (“Designated Projects”) to receive financial support from the Mission Endowment Fund.

3. Compliance with Book of Order and Applicable Law; Ratifications. In all respects, UPC shall follow the requirements of the Book of Order of The Presbyterian Church (USA) and of applicable law in managing, investing, administering, utilizing, and making expenditures from the Mission Endowment Fund. The Session of UPC expressly ratifies the actions taken by Session at various times to adopt and amend an investment policy for the Mission Endowment Fund.

4. Annual Funding for Designated Projects.

a. At the start of each calendar year and in advance of the January Session meeting while these Resolutions are in effect, the Investment Committee will report to the Service Committee the Investment Committee’s then-current estimate of the amount that would be available for, and would be prudent to appropriate for, expenditure from the Mission Endowment for Designated Projects during in the calendar year for which a budget is then being prepared, based on information through the third quarter of the then current year.

b. Prior to the adoption of the annual operating budget for the calendar year then commencing, the Investment Committee will, while these Resolutions are in effect, provide to the Session and the Service Committee a report (such report, the “Investment Committee Report – MEF”). that includes: (x) the amount, based on information through the fourth calendar quarter of the year just completed, that is available for, and is recommended by the Investment Committee as a prudent amount for, appropriation for expenditure for Designated Projects for the calendar year then commencing; (y) the calculated fair market value of the Mission Endowment Fund (determined as provided in Section III. below); and also (z) the calculated amount that would be presumptively imprudent under the Texas Uniform Prudent Management of Institutional Funds Act, Chapter 163, Texas Property Code (the “Act”), which presumption is expressed as a percentage of the fair market value of an endowment fund.

5. Limitations and Considerations as to Appropriations for Expenditure.

a. The maximum amount appropriated for expenditure from the Mission Endowment Fund for Designated Projects in a calendar year, unless changed by subsequent, specific resolution of Session, will be the least of:

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(i) the amount requested by the Service Committee for such purpose, not to exceed four percent (4%) of the fair market value (determined as provided in Section III. below at the time of adoption of the budget) of the Mission Endowment Fund as of December 31 of the immediately prior year; or

(ii) the amount that Session determines, and approves in the adoption of the operating budget, to be prudent to appropriate for expenditure for such year, having due regard for relevant investment, expenditure, and legal considerations pertaining to the Mission Endowment Fund and expenditures from such fund, such determination and approval to be made **after** Session has received and evaluated the Investment Committee Report – MEF and made its own determination as to the amount prudent to be appropriated for expenditure for such year; or

(iii) in keeping with the February 25, 2015 Session resolution, setting floor and ceiling amounts for the Mission Endowment Fund, the amount by which the fair market value of the Mission Endowment Fund exceeds the \$100,000 floor established for this Fund by the Session.

b. At its January meeting in each year, the Service Committee (or its successor in function) will specify the amount of the Mission Endowment Fund, not to exceed the maximum amount under Paragraph 5.a above, that it desires for the Session to authorize for its use for Designated Projects in that calendar year.

c. (i) The adoption of an annual operating budget that provides a budgeted appropriation from the Mission Endowment Fund for Designated Projects shall constitute, without separate action or resolution by Session, both a determination by Session that the amount specified is prudent to appropriate for expenditure and also an appropriation of such amount from the Mission Endowment Fund by Session.

(ii) In the adoption of an annual operating budget, Session will include in making its determination of an amount to be appropriated for expenditure for Designated Projects, its own evaluation of the Investment Committee Report – MEF and of the prudential considerations noted in the Act and those noted in Part III of these Resolutions.

6. Liquidation, Transfer, and Expenditure of Appropriated Amount; Ratification of Appropriated Amount for 2017.

a. The amount so authorized by the Session for appropriation and expenditure from the Mission Endowment Fund will be promptly liquidated through open market transactions, as necessary, at the instruction of the Investment Committee, after adoption of the annual budget, and transferred from the investment accounts of the MEF to a temporarily restricted (sometimes referred to as “donor designated”) UPC bank account (to include a savings account at a bank) with FDIC insurance, to be entitled “HTMMEF Mission Fund,” and held as an uninvested program-related asset of UPC for Designated Projects. The money held in this account may be expended, from time to time and in accordance with the UPC Financial Disbursement Policy then in effect under the UPC Manual of Operations (or successor

document), pursuant to authorization from the Service Committee and without the necessity of further Session approval, during the budget year to pay costs of Designated Projects.

b. Any funds transferred but not used, for whatever reason, for Designated Projects of the Service Committee during the year for which appropriated will roll over from year to year and remain available for Designated Projects in subsequent years. The Service Committee shall identify any such “roll over balance” at the time it submits its request under Paragraph 4.c above. There is no expectation that UPC will make, nor is there authorization to make (absent express approval of Session), recurring or continuing expenditures from the Mission Endowment Fund for a Designate Project beyond the specific year for which use of funds for that Designated Project has been approved.

c. As with all its other activities, the Service Committee will report to the Session periodically concerning uses of the funds from this account.

d. Session specifically ratifies its adoption of the MEF 2017 Distribution Motion, initially adopted at the regular meeting of February 15, 2017, and further ratifies its approval of the liquidation and transfer of funds pursuant to the MEF 2017 Distribution Motion.

5. Limitations on Mission Endowment Fund. Until the Session acts to change or remove the ceiling on the amount of principal in the Mission Endowment Fund, donations to the Mission Endowment Fund shall not be accepted at any time that the fair market value of the Fund exceeds \$500,000.00, calculated at the time in question and using the fair market value procedures referred to in these Resolutions. In addition, if increases in the fair market value of the Fund cause its balance to exceed \$500,000, it is not expected such excess would be expended, but rather that Session will determine the steps to be taken at that time.

III. General Provisions.

1. Reference to Texas Law; Valuation Summary. The determination of fair market value, of amounts to be expended or appropriated for expenditure, and the prudence of appropriation and expenditure, shall be made on the basis of, pursuant to, and in compliance with the Texas Uniform Prudent Management of Institutional Funds Act, Chapter 163, Texas Property Code (the “Act”), and with due consideration of other investment, expenditure, and legal considerations relevant to the affected endowment fund, its purposes, uses, and expenditures. In general, the determination of “fair market value” under the Act is calculated on the basis of market values determined at least quarterly and averaged over a period of not less than three years immediately preceding the year in which the appropriation for expenditure is made, or, for purposes of the intra-year assessment procedures, not less than the twelve calendar quarters immediately preceding the quarter of expenditure. The provisions of the Act, as in effect from time to time will control in making such determination.

The following outline of steps to calculate “fair market value” under the Act is a summary, and the specific terms of the Act control:

“Fair market value” of an endowment fund is calculated by (i) determining the market values of that fund *no less often than quarterly* (i.e., the market values as

determined on each 3/31, 6/30, 9/30, and 12/31 in a year, and permissibly more often, such as monthly) during a *period of not less than three years*, which three year period *immediately precedes* the year for which the appropriation for expenditure is being made and then (ii) averaging the values so determined.

As each of these Funds has been in existence for over three years, then each value calculation would cover at least the quarterly values of the funds for at least the preceding three years prior to the year for which a budget is adopted. As an example, the fair market value for a Fund for the 2016 calendar year budget would be the average of quarterly values for 2015 (ending 12/31/2015), 2014, and 2013 (beginning 3/31/2013). The period under review could extend into earlier years (e.g., 2012) if determined to be appropriate.

Further, if a determination is made during a calendar year for any purpose, the average shall be made over a period of not less than the twelve calendar quarters immediately preceding the quarter in which the determination is made.

2. Valuation Procedures; Understanding as to Calculation of Amounts and Application of Endowment Principles.

a. For purposes of complying with the Act, the Investment Committee shall establish a procedure for making calculations under the Act, and is authorized to engage Charles Schwab & Co. or other advisors to calculate the amounts available for expenditure under the percentage limitations applicable to the Fund.

b. Session notes that the valuation so calculated will be used in connection with, among other things, the further calculation under the Act of a **presumptively imprudent expenditure** from the Campus Ministry and Mission Endowment Fund. In summary form, a rebuttable presumption of imprudence applies to withdrawals in excess of seven percent (7%) from an endowment with a fair market value of \$1 million or more, and in excess of five percent (5%) from an endowment with a fair market value less than \$1 million. Session specifically recognizes that the calculations and percentage amounts included in the factors to be considered **do not** in themselves determine an amount that is **prudent** for appropriation.

c. (i) In managing, investing, appropriating from and making expenditures from these Funds, both Session and the Investment Committee shall consider all relevant factors to be evaluated under the Act for the prudent management of endowment funds, which include (among other relevant factors) the needs of the church and of the Campus Ministry Fund or Mission Endowment Fund, as the case may be, both to make distributions and to preserve capital.

(ii) In recommendations for, and decisions to make, appropriations of endowment funds for expenditure, both Session and the Investment Committee shall act in good faith, with the care that an ordinarily prudent person in a like position would exercise under similar circumstances and consider all relevant factors to be evaluated under the Act, which include (among other relevant factors) the duration and preservation of the endowment fund.

d. Session notes that donors to the Campus Ministry Fund and the Mission Endowment Fund have, in various ways, shown their intent that these Funds shall constitute endowment funds, to which legal and prudential considerations apply. Similarly, in contributing various amounts from time to time into these Funds, UPC has itself intended, and by adoption of these Resolutions Session specifically agrees, that the amounts so contributed were and are contributions to the Campus Ministry or Mission Endowment Fund and are and shall be governed by the laws and principles that apply to those funds as endowments.

3. Other Matters.

a. Session shall not adopt an annual budget with appropriation or authorization for expenditures from the Campus Ministry Fund or the Mission Endowment Fund until after the commencement of the calendar year for which such budget is to be in effect. This is to permit the “year end” calculations of fair market value to be evaluated in adopting the budget.

b. This Resolution controls over prior resolutions and policies of Session regarding the procedures for, and requirements of, appropriation and expenditure of funds held in the Campus Ministry Fund or the Mission Endowment Fund. The expenditure policies for the Campus Ministry Fund and Mission Endowment Fund shall be as set out in this Resolution from the date of its adoption. This Resolution may be amended by Session from time to time.

c. If a committee referred to in this Resolution is later reconstituted, replaced by another committee or committees, or reorganized, each reference shall then be to the successor committee (or committees) having equivalent or substantially similar responsibilities.