

January 19, 2015

To: Tracy Heberle, Leadership Chair, WUMC

From: John Rife, Legacy Giving Committee Chair

CC: John Butchko, Ellie Peiffer, Jennifer Howell, Kim Linger

Re: Proposals for Legacy Committee Funds requiring Leadership and Church Conference Approval

The incoming Legacy Giving Committee (LGC) has reviewed the Legacy Giving Program Policy (see attached) that was enacted at Church Conference in 2009 and is proposing two amendments that will require approval at Church Conference. To position these proposals for presentation at Church Conference each needs to be acted upon by Leadership Council. The proposals and related discussion are provided below.

### **Proposal 1**

LGC proposes that the second and third paragraphs under “Investment Objectives” be amended as follows:

All gifts received by the Legacy Giving Program shall be invested through the establishment of accounts with **either** the East Ohio United Methodist Foundation, Inc. ~~(the Foundation)~~ **or the Community West Foundation**. The Committee will establish the purpose and investment style for each account and shall establish separate accounts as necessary to administer the investment, disbursement and administration of donor-designated funds.

The Committee shall monitor the performance of ~~the Foundation~~ **each established account** in adhering to three overall investment objectives—preservation of principal, competitive return on investments consistent with risk management objectives, and adherence to stated investment management style.

*Discussion — Community West Foundation provides services similar to the East Ohio Foundation. The mission of WUMC is to serve the worship and faith development needs of WUMC congregation and the Westlake and Cleveland west side communities. The mission of Community West Foundation is to directly impact lives in Western Cuyahoga County. LGC believes that establishing an account relationship with Community West Foundation can aid WUMC in fulfilling its mission. Community West Foundation is able to provide donor advice regarding mission and outreach opportunities in Cleveland west side communities, something we currently do not receive. It would be the intent of the LGC to direct some or all of the Legacy mission funds to accounts at Community West Foundation. To be clear, the Mission Fund is one of several accounts at the Foundation. Money in this fund was borrowed to construct the parking lot and as that loan is repaid the LGC proposes to deposit the money at the Community West Foundation. The LGC would then encourage the WUMC congregation to direct gifts to these accounts for use in WUMC mission and outreach in Cleveland west side communities.*

## Proposal 2

LGC proposes that the section of the Legacy Giving Program Policy titled “Distributions from the Legacy Giving Accounts” be amended as follows:

### **Distributions from the Legacy Giving Accounts**

Distributions from accounts of the Legacy Giving Program shall be made at the direction of the Committee or as directed by the donors at the time of their gift or as directed by will or other gift document if such direction is in conformity with the general purposes set forth herein.

With the exception of the Facilities Fund, donor-designated funds, and other Funds as determined by a duly-called Church Conference, the Committee shall direct annual distributions to WUMC from ~~accumulated earnings of~~ each respective Fund. Such distributions ~~from accumulated earnings~~ may not exceed 5% of the ~~principal~~ balance of each Fund determined at the beginning of the fiscal year. The Leadership Council of WUMC may make written request that the Committee defer or reduce annual distributions from one or more Funds. Any amounts deferred remain in the respective Fund and may be requested at a later date irrespective of any other distributions.

Because additions to and maintenance of the facilities, grounds, equipment and furnishings of WUMC are less frequent, investment returns of the Facilities Fund will be allowed to accumulate until needed. Leadership of WUMC may make written request to the Committee for disbursement of accumulated ~~investment returns~~ **distributions** of the Facilities Fund.

The Committee shall direct distributions to WUMC from ~~accumulated investment returns of~~ donor-designated funds either based on the direction of the donors at the time of their gift or as directed by will or other gift document or in response to written request from the Leadership of WUMC. The Committee, in its sole discretion, will determine if such requests are consistent with the direction of the donors.

As the leadership body of WUMC, Leadership Council is recognized by this Policy as the body with authority to identify and prioritize the ministerial, facilities and other needs of WUMC.

*Discussion—The LGC believes that annual distributions based on a fixed percentage of the fund balance will better equip WUMC to fulfill its mission by providing a more even source of annual funding. For example, the Scholarship Fund will have a predictable source of funding for annual scholarships rather than an uneven amount that is dependent on investment performance in a given year. The LGC also believes that a 5% annual threshold is consistent with the long-term investment objective for each fund and consistent with how professional managers administer donor-advised funds.*

### **Proposal 3**

LGC proposes that, consistent with powers provided in the Legacy Giving Program Policy, it make other conforming amendments to the Legacy Giving Program Policy to align with any changes resulting from Church Conference action on Proposal 1 and 2.

*Discussion — The “Amendments” section of the policy already provides that “Technical corrections and amendments to the Legacy Giving Program which do not alter the stated purpose of the Legacy Giving Program may be made by the Committee.”*