

Socially Responsible Investing

In accordance with a resolution adopted at that 2007 Annual Meeting of University Unitarian Church, the Finance Committee and the Board of Trustees have reviewed the current policies and practices of the Church regarding Socially Responsible Investing.

The Church has engaged Harris Private Bank to manage the portfolios of the four investment accounts currently established by UUC.

A Charitable Remainder Unit Trust established by a member of the congregation in which the income from the trust is distributed to the member until death, at which time the remainder of the trust is distributed to the church with certain restrictions. The current investment goal of the trust is to balance income generation with long term growth.

The Peter Raible Capital Fund A/C was established to 1) provide yearly income for regular capital budget needs of the church – approximately \$10,000 in 2007 – and 2) to grow the principal to meet inflation and to fund future major projects. The principal of this fund may be used by the BOT to meet specific capital needs of the Church. Gifts to this fund may be restricted for designated use, i.e., the Memorial Garden or kitchen upgrades. The investment goal of this fund is to generate income with slow to moderate long term growth.

The Endowment Fund was established to augment monies needed for yearly operating expenses of UUC. This fund may accept unrestricted gifts for the future benefit of UUC. The primary investment goal of this fund is long term growth. In order to preserve and grow the principal of the fund over the long term, no more than four percent of the total market value of the fund may be expended in any given year.

The Camilla M. Knatvold Trust was established to provide funds for special programs and special needs of UUC. The Fund is governed by its own board consisting of the Senior Minister, the President of the Board of Trustees, and three other persons selected annually by the Board of Trustees. In the late '90 and early 2000s, to meet the churches fiscal obligations, the trust board allocated funds from the trust to the operating budgets of the church. For the past several years the major investment goal has been to restore the fund to its original principal of \$550,000, (the fund is currently worth approximately \$409,500) before any major disbursements are made.

In establishing the relationship with Harris Private Bank the goals of each account and a set of investment guidelines were drawn up. The principal charge to Harris is to invest the monies in each account to obtain maximum return (growth, income or both depending on the account) balancing the fiduciary responsibility of UUC to preserve these assets and the desire of UUC, as a faith based community, to be socially responsible within its investing portfolios. Thus, the guidelines include the statements regarding Socially Responsible Investment (SRI) as found in the Financial Policies of UUC (IV.42) dated December 2004

The BOT and members of the congregation met with Nickolaus P. Momyer, the Harris staff member managing the UUC funds, on November 15, 2007. He reviewed the Harris management goals for these accounts recognizing UUC's goal of asset preservation, balanced against growth and income performance, mindful of UUC's desire to be socially responsible with its investment instruments. Approximately 87% of the portfolio's value is looked at through the filter of the SRI policy statement. The remainder of the portfolio, nearly 13%, is in a dedicated SRI investment. The yield on this fund (3.9%) is not where either Harris management or the BOT would like it to be, and far below the performance of other funds in the portfolios. Mr. Momyer continues to research the wide variety of funds available with a definition of social responsibility in their prospectus, looking for funds that are also performing well.

It is the opinion of the Finance Committee and the Board of Trustees that in order to meet its fiduciary responsibility to carry on the faith work of the church and its congregation, the investment policies must reflect a prudent balance between asset preservation, optimum return on investments and dedicated socially responsible investing. The Finance Committee and the BOT believe that at this time the Harris management is meeting these goals. As the Finance Committee, the BOT and the staff review on a regular basis the Finance Policies and Procedures of UUC, these two issues, among others, will continue to be carefully considered.

We encourage members of UUC to continue to educate themselves and dialogue with others about Socially Responsible Investing, both in on individual level and as part of the churches investment strategies.