

## **Rationale:** Creation of “Restricted Funds” within our Endowment Fund

As you know, there has been an effort underway to update and broaden our Endowment Fund. This effort has been led by Jim Cuthbertson and a number of others serving on a subcommittee including Floyd Cotton, Jane Hostetler, Curt Manchester, Sally Maynard, Kristen Raper, and myself, along with Ray Roberts and Linwood Cobb.

Currently, our Endowment Fund is essentially an “Unrestricted Fund”. “Unrestricted” in this case means that the distributions are unrestricted in what they may be used for. Our bylaws state that “The trustees shall make annual ...distributions to the Session of the Church for their determination of the utilization of such amounts”. In other words, the distributions can be used for any and all aspects of RRPC’s work.

Conversations with representatives from the Presbyterian Foundation have made us aware that some donors have a preference for their gifts to be used in particular areas of our “mission” - areas that have a special meaning to them. Therefore, one of the changes we would like to make is the inclusion of “Restricted Funds” as part of our overall Endowment Fund.

Several months ago, a task force was established to review our existing documents and determine what changes are needed in order to add “restricted funds”. This group includes Curt Manchester, Floyd Cotton, Kristen Raper and myself. An amendment to Article III Section C of our bylaws will be required. Amendments to the bylaws are to be made at a Congregational Meeting. RRPC’s next Congregational Meeting is scheduled for February 18th and we would like to present this amendment at that time. A copy of the section to be revised is attached. Per Curt Manchester, our trustees should sign this document prior to it being presented at the Annual Meeting. The Session will be reviewing it this weekend. I will be contacting you individually so that we can each sign the same document.

I’d like to address the management of the Restricted Funds now as I expect you may have questions after reading the proposed changes. While we do want to accommodate and encourage donors who are inclined to make gifts for use in certain areas of our work, we also do not want to create a fund that is difficult to manage. There is a significant difference in how the Restricted and Unrestricted funds will be managed. The Unrestricted Fund is perpetual. We invest the assets for a combination of growth and income, and distribute approximately 5% of the average balance over the prior twelve quarters, and the fund is expected to go to perpetuity.

Most gifts to the Restricted Funds, on the other hand, generally will not be perpetual. The timeline for distribution of gifts to the Restricted Funds varies. Gifts up to \$25,000 are expected to be distributed within 5 years, and gifts between 25,000 and \$50,000 are expected to be distributed within 10 years. With a shorter time horizon, it is anticipated that the majority of Restricted Fund balances will be invested more conservatively than our unrestricted funds. This should simplify the management of the these assets. Restricted gifts of \$50,000 and over are expected to be managed similarly to our Unrestricted Funds, with a growth & income objective and a long time horizon . Of course, donors will be well aware of how distributions are expected to be handled before they make a gift. A separate description of both the Restricted and Unrestricted funds is being prepared which will describe this in simpler terms than the attached bylaws. My hope is that this explanation answers many of your initial questions. FYI, these are the Restricted Funds that are expected to be established:

Property Fund  
Mission Fund  
Worship & Music Fund  
Scholarship & Christian Education Fund  
Fellowship & Outreach Fund

Many thanks,  
Stuart Gregory

Current Endowment Fund Trustees:

Floyd Cotton	Dusty Boyd
Kendall Shaw	Mark Hedberg
Deane Adams	Stuart Gregory