



Endowment Policy

Adopted by the Trustees of Waterman's Community Center ("WCC") on January 25, 2016,
as amended April 29, 2019, as amended April 27, 2020

The Trustees of WCC have established this policy governing the endowment funds and investments of WCC (the "Endowment"), in order to preserve and augment the Endowment, and thereby sustain the Endowment's ability to generate operating and capital support for WCC. As part of a commitment to long-term financial equilibrium, the Trustees have established a broad objective of investing Endowment assets so as to keep pace with inflation, while providing annual operating support for the ongoing needs of WCC and funding for major building repairs and renovations, as set out in more detail below.

1. This Policy shall govern all elements of the Endowment.
2. The objective of the Endowment is to provide annual support to WCC's operations at the Spending Rate set out below. The Endowment shall be managed so as to (a) maintain the value of the Endowment thru market cycles using diversification and other prudent investment practices, and (b) preserve the Endowment and its spending power on a real basis (keeping up with inflation, and net of expenses and distributions) to support WCC operations. The endowment shall be managed on a total return basis.
3. The medium term investment objective of the Endowment is to match or exceed the performance of each of the asset classes in which the endowment is invested, measured over a three to five year period, or such longer market cycle as is determined from time to time by financial advisors or the Investment Committee established below. The total return of the Endowment shall be measured against the return of a composite target index that is comparable to the composition of the Endowment's portfolio.
4. The Spending Rate shall be set by a vote of the Finance Committee for each fiscal year in conjunction with the approval of the annual budget. The Spending Rate shall be set such that the resulting total spending will be no higher than 5% of the average market value of the endowment over the most recent nine quarters, beginning with the value on June 30th two years prior and ending with the value on the most recent June 30th (as an example, in setting spending for FY16, the nine quarter average would include values beginning June 30, 2013 and every three months thereafter, through June 30, 2015), nor less than 3% of such nine quarter average; provided that the Finance Committee may, in each of fiscal years 2016-2026, set a Spending Rate above that upper limit, not to exceed 5% of the market value as of June 30 of the immediately prior fiscal year, if the Finance Committee finds the increased Spending Rate is prudent because donations made within the most recent two fiscal years have materially increased the value of the Endowment.

5. All endowed funds shall utilize the same Spending Rate. Gifts received after the start of the fiscal year shall not distribute earnings for operating budget support until the next fiscal year. Any exceptions must be specifically agreed to by a vote of the Finance Committee.
6. The investment of the Endowment shall be managed by the Investment Committee, which may in its sole discretion utilize investment funds or individual publicly traded securities, and with the approval of the Finance Committee may retain asset managers. In deciding whether to retain professional asset managers, the Investment Committee and the Finance Committee may consider the size of the Endowment and the expense of professional investment management. Any expenses incurred in relation to the Endowment shall be internal to the Endowment, and shall not be part of the annual budget.
7. The Investment Committee shall adopt a policy governing investment of the Endowment, which shall be consistent with the investment objectives set out in this Endowment Policy (the "Investment Policy"), and shall review the policy not less frequently than annually. The Investment Policy shall remain in effect until a change is approved by the Investment Committee.
8. Assets of the Endowment shall be segregated from other funds and assets of WCC, and may be further segregated within the Endowment as needed to reflect donor intent. Funds may be transferred to WCC's operating or other accounts only as follows: (a) annually as determined by the Spending Rate for the fiscal year (such transfer payments may be made in a lump sum or in periodic increments, as authorized by the Finance Committee up to the aggregate amount), in accordance with the annual budget; (b) as needed to comply with a donor's specific intent; (c) subject to the affirmative vote of two-thirds of the members of each of the Finance Committee and the Executive Committee, in such other amounts as they shall deem necessary to meet a specified emergency or crisis, or (d) subject to the affirmative vote of two-thirds of the Board, to fund major capital expenditures to repair or renovate WCC's buildings in accordance with a capital budget approved by the Board.
9. The Finance Committee and the Investment Committee shall be sensitive to real or apparent conflicts of interest, and shall submit annual conflict disclosure forms in accordance with WCC policy.
10. Neither members of the Finance Committee or of the Investment Committee, nor any volunteers who may assist the Investment Committee in managing the Endowment, shall be liable for any action or inaction relating to management of the Endowment, other than intentional malfeasance, bad faith or to the extent that liability may not be waived under applicable law. WCC shall indemnify and hold all members of the Finance Committee, the Investment Committee and assisting volunteers harmless against all loss, liability and expense, including attorneys' fees, for matters relating to management of the Endowment, other than intentional malfeasance, bad faith or to the extent that liability may not be waived under applicable law, and all such persons shall also be indemnified to the full extent permitted under the WCC bylaws and 13-B M.R.S.A. Section 714 for matters relating to management of the Endowment, subject to the same exceptions. Members of the Finance and Investment Committees and assisting volunteers shall be deemed agents of WCC for purposes of that statute. The indemnification rights of such members and volunteers under this policy shall be in addition to any rights they may have under WCC's bylaws or by statute.