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Financial Advisor's Presentation to UUA Board of Trustees

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Investment Policy



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- New five-page policy approved by IC and CSRI with no dissenting votes
- Delegates to CSRI responsibility to develop “Socially Responsible Investing Guidelines”
- Delegates to IC responsibility for other investment guidelines
- Committees to work together to implement guidelines
- Joint report to board every two years



Investment Issues

- Desirability of total bans on investments in certain industries (e.g., tobacco or weapons)
- Use of “commingled” funds limits IC’s ability to apply SRI guidelines
- Managed vs indexed funds
- Hedge funds and other non-traditional investment vehicles



Investment Policy and Governance

- Is level of detail appropriate for board policy?
- Relationship to board policy manual?
- UUA bylaws give administrative responsibilities to a board committee (IC)
- Policy gives additional administrative responsibilities to another committee (CSRI)
- One or two committees in future?

UUA Audit Report



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- Unqualified audit report from KPMG
- “Management Letter” was three pages long (compared to 11 pages in FY06), with only two minor recommendations:
 - Strengthen quarterly closing process
 - Expand and refine written accounting policies and procedures
- Separate audit of health plan trust is still underway

Audit Committee News



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- Darwin Smith has resigned
- Chris Reece has agreed to become chair
- Discussion of increasing committee size
 - Would require bylaws amendment
- Upcoming issues:
 - Conflict of interest policy
 - Off-balance sheet funds
 - Whistleblower policy

Congregational Loan Policy



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- CPLC is now a staff committee
- Existing policy has extensive detail, with authority exercised by CPLC
- New policy delegates authority to the President
- Restrictions on maximum loan amounts, sources of loan funds, grant appropriations
- Loan terms to be uniform, financially prudent for UUA and congregations
- Annual report to board
- Relation to policy manual?

Internal Rent Allocations



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- Charge each office for its share of UUA facilities expense
- Similar to allocation of employee benefit costs
- Clear marginal costs of added space use
- Impact on Beacon Press, Health Plan Trust, UUCEF (Endowment)



Rent Charges

- Based on cost of operating and maintaining UUA facilities in Boston
- Square footage computed for each operating unit
- Rent charge applied in accounting system
- Rent will be less than “market” rents in downtown Boston, because only O&M costs are included



Impact on UUA Units

- Operating units: increase in budget
 - Offset by reduction in Facilities budget
- Health Plan Trust: small additional charge to plan
- UUCEF: no current impact, because administrative costs are capped
- Beacon Press: additional expense
 - Proposal to create explicit UUA transfer to Beacon, for five years, equal to rent charge



Future Agenda Items

- Health insurance plan
- Socially responsible investing
- Bequest income
- LRCS
- Financial reporting and chart of accounts
- Paying for future capital campaigns
- Endowment spending policies
- Role of audit committee
 - Conflict of interest policies
 - Compliance with state planned giving rules
- Internal rent allocations
- Asset management
 - Debt management
 - Cash management
 - Short-term investments in GIF
 - Facilities renewal
- ... and more