NC AWWA-WEA

POLICIES AND PROCEDURES

ENDOWMENT

Date: September 17, 2009
Approved By: Board of Trustees
Policy Title: NC AWWA-WEA NC SAFEWATER ENDOWMENT FUND
Number:
Revisions: May 19, 2011; May 17, 2012; March 7, 2013, May 21, 2015; November 15, 2015; November 3, 2019

I. PURPOSE

a) The Board of Trustees of the NC AWWA-WEA [hereinafter the Board] establishes the NC Safewater Endowment as a permanent Board-designated agency fund for the purpose of promoting safe water, increasing education through knowledge and understanding of safe water, and preserving and enhancing the water environment. The primary means for accomplishing this purpose is to provide scholarship funds to individuals who seek assistance in order to complete a course of study emphasizing the protection of public health by providing safe drinking water and/or protecting the quality and integrity of the water environment. In addition, the NC Safewater Endowment Fund will award funds to assist educators in providing enhanced water environment education to registered students and/or the public.

b) For the purposes of this policy, the term “Endowment” is intended to mean that the principle fund “the corpus” shall be kept intact in a separate fund, and that activities to fulfill the purpose of the endowment shall be funded from earnings on the investment of the principle fund.

II. ESTABLISHMENT OF THE NC SAFEWATER ENDOWMENT FUND

a) The Board committed an initial sum of $25,000 which shall be transferred from the Association’s reserve fund.

b) The Board may, at its discretion, budget for and make an annual contribution to the NC Safewater Endowment Fund, with the exact final amount to be determined annually by majority vote of the Board following receipt of the auditor’s report for the prior fiscal year.
III. GIFTS AND CONTRIBUTIONS

a) In addition to the annual Board-directed contribution, gifts may be added to the fund by donors who shall make donations payable to the NC AWWA-WEA for the benefit of the Safewater Endowment Fund.

b) Donors may request Board approval for specific donor restrictions on funds. The minimum contribution for which the Board will consider restrictions is $25,000. The Board shall not accept restrictions which it cannot reasonably fulfill. Donors may also request Board approval of named funds within the pooled assets of the NC Safewater Endowment Fund, with or without specific donor restrictions, providing that the minimum initial contribution to qualify for a named fund within the pool is $25,000. Donors may request Board approval that their contribution(s) bear the name of the Donor, or Donor’s family member or Donor’s company, provided that the initial contribution exceeds $25,000 and the contribution remains within the pooled assets of the NC Safewater Endowment Fund.

c) Donors may contribute cash (lump sum or contributions over a period of time), real property, stocks and bonds, including mutual funds, or life insurance proceeds as the designated beneficiary, with all donations made payable to the NC AWWA-WEA through the office.

d) The Board may retain real estate broker, stock broker, legal counsel or any professional assistance to assist in the sale or receipt of donations, with the costs of such professional assistance to be netted out of the gift or, where possible, to be negotiated with the donor to cover the costs.

e) Donors should understand the mission and direction of NC AWWA-WEA and all donations should fit that mission and direction. The Board shall not modify NC AWWA-WEA’s mission and direction to meet donor direction.

f) The Board reserves the right to decline and, if necessary, return any donation that it deems unacceptable for any reason.

IV. CAROL BOND SCHOLARSHIP FUND TRANSFER

a) The Board transferred the sum of $25,000 of Carol Bond Scholarship funds to the NC Safewater Endowment Fund, as a named fund within the pooled assets for the beneficial purpose of investing.

b) The Board further provides that distribution or disbursements from the Carol Bond Scholarship fund and from future donor funds to the Carol Bond Scholarship fund may be distributed in accordance with and in keeping with current and future separate rules and criteria established at the direction of the Board for the Carol Bond Scholarship fund, and that these rules and criteria may differ from the rules and criteria established for the balance of NC Safewater Endowment funds.
V. DISBURSEMENTS

a) One of the goals of the NC Safe Water Endowment Program is to maintain a sustainable funding source for scholarships and grants awarded by The Endowment. To achieve this goal, the amount of monies to be disbursed each year will be determined as stipulated herein. For the purpose of calculating the amount of monies to be withdrawn from the investment portfolio each year, “The Corpus” will be defined as the total aggregate donations received by The Endowment Program.

b) For the purpose of this Section, a “normal” year is defined as a year in which the value of the investment portfolio is greater than “The Corpus” as of December 31st. In a “normal” year the Endowment Committee will calculate an amount that may be redrawn from The Endowment Program and used for scholarships and grants based on this difference. If the difference is equal to or greater than 4% of “The Corpus”, the amount withdrawn will be limited to 4% of “The Corpus”. (Note: Withdrawing an amount equal to 4% of “The Corpus” each year is considered sustainable when the interest, dividends and the increase in value of equities in which “The Corpus” is invested are used to fund the annual pool of monies to be allocated to the “Named Funds”. The Endowment Committee may recommend a change in the percent withdrawn based on actual experience.) If the difference is less than 4% of “The Corpus”, the amount withdrawn will be limited to this amount.

c) The Endowment Committee will submit its recommendation for the amount to be withdrawn from The Endowment Program to the Board of Trustees at its March meeting each year. Upon approval by the Board of Trustees, the total amount will be allocated to each “Named Fund” based on its share of “The Corpus” on which the amount was calculated.

d) After the aggregate amount for scholarships and grants has been allocated to the “Named Funds”, the “Named Fund” donors will need to make one of the following decisions:

1. Award the amount allocated to his/her “Named Fund” in accordance with the criteria stipulated for the “Named Fund”

2. Agree to aggregate the amount allocated to his/her “Named Fund” with the amount allocated to one or more other “Named Funds”. If the allocated funds are aggregated, each “Named Fund” that contributed to the funding of a scholarship or grant will be recognized when the scholarship or grant is awarded.

3. Supplement the amount allocated to his/her “Named Fund” by donating additional funds to increase the scholarship or grant to a greater amount. The additional donation would not be part of any payment required to defray the balance owed on any pledge made by the donor.

4. Direct the Executive Director of NC AWWA-WEA to designate part or all of the amount allocated as a donation to his/her “Named Fund” thereby increasing “The Corpus” of the “Named Fund” when one of the following conditions occur. The additional donation will not be part of any payment required to defray the balance owed on any pledge made by the donor.
i) The amount allocated is less than the amount the donor had stipulated in the conditions approved by the Board of Trustees as the value of the scholarship or grant to be awarded. In this case, the total amount allocated may be designated.

ii) The amount allocated is greater than the amount the donor had stipulated in the conditions approved by the Board of Trustees as the value of the scholarship or grant to be awarded. In this case, the donor may request that the amount in excess of the stipulated value of the scholarship or grant to be designated.

iii) When the Selection Committee determines that no applicant qualifies for the scholarship or grant to be awarded, the donor may request that the total amount to be designated.

e) In any year that economic conditions have caused the value of the investment portfolio to decrease to less than the value of “the corpus”, only the interest and dividends earned by the investment portfolio will be available to fund scholarships and grants. These earnings will be allocated to the “Named Funds” as stipulated for the “normal” year allocations.

VI. DELEGATION OF AUTHORITY

a) The Board elects with the passage of this policy, to delegate the management and investment of the NC Safewater Endowment Fund to a fund manager, with the funds being transferred for the purpose of establishing an Agency Endowment Fund for the benefit of the NC AWWA-WEA.

b) The Board may elect to enter into a contract with a Community Foundation or other contract fund manager, in which case, it may delegate full legal and fiduciary control of assets, including but not limited to full authority and discretion as to the investment and reinvestment of the assets to that fund manager.

c) Costs associated with the management of the funds shall be born by the NC Safewater Endowment Fund and shall be reported to the Board quarterly.

d) These instructions shall remain in effect until superseded by written request to the designated fund manager, following majority vote of the Board of Trustees of the NC AWWA-WEA.

VII. ESTABLISHMENT OF ENDOWMENT COMMITTEE

a) The Board hereby establishes an Endowment Committee that shall consist of not more than fifteen members, all of whom shall be current members of NC AWWA-WEA. In 2015, the Endowment Committee shall recommend potential candidates for appointment by the Chair of NC AWWA-WEA. Five members shall serve for a three-year term, five members shall serve for a two-year term and five members shall serve for a one-year term. Thereafter, the Chair shall receive nominations of five members each year for a three-year term. If a member fails to complete his/her three-year term, the Chair shall receive nominations from the Endowment Committee for an individual to serve for the remainder of that member’s term. Each member may be re-appointed for one additional three-year term. Nominees for vacant positions shall be approved annually by majority vote of the Board of Trustees at the Board meeting.
immediately following the Annual Conference. Committee members may be removed at any time by a majority vote of the Board.

b) The Committee shall report quarterly to the Board on donations and transactions relating to those donations. The Committee shall make recommendations to the Board for promotion of the NC Safewater Endowment Fund and shall be responsible for implementation of any fund-raising activities approved by the Board.

c) The Committee shall not make commitments to prospective donors for restrictions. All requests for fund restrictions shall be referred to the Board for approval. If time is of the essence, the Board may consider requests for restrictions by teleconference providing that a majority of the Board shall participate and any restrictions shall be the vote of the majority of the Board, not a majority of those participating in the discussion, and that all votes shall be confirmed by facsimile vote with signature.

d) The Committee shall report annually to the Board on the performance and value of services received from any contract fund manager contracted for the purpose of managing the Endowment Fund.

e) The Committee shall establish goals annually for increasing the size of the Principle Fund, “the corpus”.

VIII. AWARDS

a) The Committee shall be responsible for assisting in the selection of criteria for scholarships and grant awards.

b) The Endowment Committee shall select members of the Scholarship Selection Committee. The SSC shall consist of a majority of outside (not members of NC AWWA-WEA) educators and water professionals plus members of NC AWWA-WEA. Members of the SSC shall have final responsibility to select the recipients of scholarships and grant available from the NC Safewater Endowment Program based on compliance with the criteria established for each scholarship and grant and the merits and achievements of the applicants for each scholarship and grant.

IX. CONFLICT OF INTEREST

a) No member of the Board, nor any person serving as a member of the Endowment Committee, nor any person related to any member of the Board or Endowment Committee, shall benefit in any way from the NC Safewater Endowment Fund.

b) No member of the Board, nor any member of the Endowment Committee, nor any person related to any Member of the Board or Endowment Committee, shall be eligible for any disbursement from the NC Safewater Endowment Fund during his or her term of office, and for a period of at least twelve months following his or her term of office.

c) No member of the Board, nor any person serving as a member of the Endowment Committee nor any person related to any member of the Board or Endowment Committee, shall have any affiliation with the Triangle Community Foundation, or other future contracted fund managers,
during his or her term of office, and for a period of at least twelve months following the end of his or her term of office.

X. INVESTMENT TOLERANCE

a) While delegating investment decisions to a fund manager, it is the general goal and intent of the Board that NC Safewater Endowment Funds be placed in low to moderate risk investments.

XI. INTENT TO COMPLY WITH NC UPMIFA

a) It is the intent of the Board that all activities associated with the NC Safewater Endowment Fund shall conform with the NC Uniform Prudent Management of Institutional Funds Act (NC UPMIFA) Requirements as follows:

1. Primary consideration shall be given to donor intent as expressed in a gift instrument.
2. All actions by the Board, the Endowment Committee and any entity to whom authority is delegated shall be taken in good faith, with the care an ordinarily prudent person would exercise.
3. Only reasonable costs shall be incurred in investing and managing NC Safewater Endowment funds.
4. Every reasonable effort shall be made to verify relevant facts.
5. Decisions about each asset shall be made in the context of the portfolio of investments, as part of an overall investment strategy.
6. Unsuitable assets shall be disposed of, and
7. In general an investment strategy shall be developed that is appropriate for the NC Safewater Fund and for the NC AWWA-WEA.

XII. ACCOUNTING FOR FUNDS

a) All contributions to the NC Safewater Endowment Fund shall be documented and acknowledged, and shall be noted as a restricted fund on a separate line in the balance sheet to better reflect actual financial position.

b) Unrealized gains/losses in the NC Safewater Endowment Fund shall be tracked “below the line” of the income statement to avoid showing operational surpluses and deficits which may be misleading to the Board and members.

c) Rolling averages (e.g. over 20 quarters or 3 years) may be used to assess the historic average values of the corpus. In compliance with UPMIFA, there can be losses in assets during individual quarters and endowment earnings can still be spent, so long as the funds purchasing power is prudently maintained.

d) An in-depth financial report shall be prepared and presented annually to the Board by the fund manager.

e) All donors shall be provided with a copy of the current Board Endowment Policy prior to receipt of their donation.

XIII. ANNUAL REVIEW OF THIS POLICY
a) This Endowment Policy shall be reviewed and may be amended annually by the Board