

Endowment Agreement

This Endowment Agreement (“Agreement”) is made on _____ (date) by the congregation (“the Congregation”) of All Souls Unitarian Universalist Church of Kansas City, Missouri, (“All Souls”).

Recital

This Agreement takes the place of the Second Amended and Restated Trust Indenture creating The Endowment Committee Trust dated January 18, 2006.

Terms

- 1. Creation of the All Souls Endowment Trust.** This Agreement creates the All Souls Endowment Trust (“the Endowment”).
- 2. Creation of the Endowment Committee.**
 - 2.01. The Endowment shall be governed by an Endowment Committee, which shall consist of five individuals who shall act as trustees of the Endowment (“Trustees” or “Trustee” if individual). Three of the Trustees shall be nominated by the Nominating Committee and elected by the congregation at the Annual Endowment Meeting, held in accordance with the Constitution and Bylaws. One Trustee shall be appointed by the Board (the “Board-appointed Trustee”). One Trustee (the “ex officio Trustee”) shall be the Treasurer of the Board.
 - 2.02. Each Trustee must be a voting member of All Souls.
- 3. Term of Office of the Trustees.**
 - 3.01. With the exceptions of the ex officio Trustee and the Board-appointed Trustee, each Trustee shall serve a three-year term. The ex officio Trustee shall serve as long as he or she is Treasurer of the Board. The Board-appointed Trustee shall serve a one-year term.
 - 3.02. A Trustee may serve no more than three consecutive full terms. (Three-year terms, or in the case of the Board-appointed Trustee, one-year terms.)
 - 3.03. Trustees shall serve staggered terms.
 - 3.04. The process of transition to the new number and terms of Trustees (per this agreement) shall be proposed by the existing Endowment Committee and approved by the Board of Trustees.
 - 3.05. Each term of office shall end at the election of the new trustee.
 - 3.06. In the event a Trustee does not complete the full term, the Board shall appoint a successor Trustee. But the successor Trustee shall hold office only until the next Annual Meeting when the vacancy for the then unexpired term shall be filled by members of the congregation.
 - 3.07. Trustees shall serve without compensation.
 - 3.08. A Trustee may resign for any reason.
- 4. Officers and Meetings of the Endowment Committee.**
 - 4.01. The Endowment Committee shall elect three officers from its members: a chairperson, secretary, and treasurer. Neither the ex officio Trustee nor the Board-appointed Trustee is eligible to serve as chairperson, but may hold either of the other offices.

- 4.02. The Chairperson may schedule regular meetings of the Endowment Committee to be held in person or electronically. Meetings shall be held at least quarterly.
- 4.03. The Chairperson of the Endowment Committee or any two members of the Endowment Committee may call for special meetings of the Endowment Committee to be held in person. Additionally, the President of the Board of Trustees may call a special meeting.
- 4.04. Each May, the Endowment Committee shall hold an Annual Endowment meeting held in accordance with the Constitution and Bylaws.
- 4.05. The Endowment Committee may hold meetings, take actions and conduct business with a quorum of at least three members present.
- 4.06. The Treasurer of the Endowment Committee shall deliver an annual report of income, expenditures and other information deemed relevant at the Annual Endowment meeting.
- 4.07. The Endowment Committee shall use the same fiscal year as All Souls, currently ending on June 30 of each year.

5. Amendment of this Agreement

- 5.01. This Agreement may be amended by an affirmative vote of two thirds (2/3) of members of the congregation in attendance (in person or by proxy) at the Annual or Special meetings of the congregation, held in accordance with the Constitution and Bylaws.
- 5.02. Proposed amendments must be emailed or mailed to each member of the congregation at least 14 days prior to the meeting at which the proposed amendments shall be voted on. Such mailing shall be made through an official publication of All Souls.

6. Action by the Trustees

- 6.01. Actions of the Endowment Committee shall require a majority vote of the Trustees present.

7. Designated, Legacy and Discretionary Funds

Designated Funds

- 7.01 Donors may designate gifts of greater than \$5,000 ("Designated Funds") to be restricted for designated purposes. Designated Funds already in the Endowment as of the date of this Agreement shall continue to be used only for their designated purposes regardless of current amount.
- 7.02 Designated Funds may be merged with other assets for investment purposes.
- 7.03 The Endowment Committee shall preserve the identity and purpose of Designated Funds in reports to the Board and internal documents.
- 7.04 Expenditures from Designated Funds shall be limited to the purpose specified by the donor.

Legacy Fund

- 7.05 Gifts specifically received from donors to the Legacy Fund shall be separately accounted for in reports to the Board and internal documents.
- 7.09 Legacy Funds may be merged with other assets for investment purposes.

Legacy Fund - Principal

- 7.06 The principal of any Legacy Funds shall only be available to All Souls on recommendation of the Endowment Committee, and with the approval of the congregation at two special meetings called for that purpose. The two meetings may not be held closer than four weeks nor longer than six weeks apart.

- 7.07 Any special meeting called to vote on an expenditure from the Legacy Fund may be held only after the Endowment Committee gives the Congregation two weeks' written notice of the time, place and purpose of the meeting.
- 7.08 Any principal of the Legacy Fund may only be used by the Board if approved by 90 percent or more of members of the congregation in attendance at both special meetings called pursuant to section 7.07.
- 7.09 All gifts to the Legacy Fund shall be added to principal of the Legacy Fund
- 7.10 Principal shall be adjusted by appropriate inflation factor at December 31 and June 30 of each year.
- 7.11 For transition purposes, the principal balance in the Legacy Fund shall set at \$90,000 as of the date of this Agreement.

Legacy Fund – Accumulated Earnings

7.12 The increase or decrease in total Legacy Fund (other than gifts and inflation allowance discussed above) shall be deemed to be Legacy Funds – Accumulated Earnings. This calculation shall be performed at December 31 and June 30 of each year.

Discretionary Fund – Principal

- 7.13 Unless specified as Legacy or Designated funds, all other donations shall be treated as Discretionary Fund principal.
- 7.14 Principal shall be adjusted by appropriate inflation factor at December 31 and June 30 of each year.
- 7.15 For transition purposes, The Discretionary fund principal value shall be set at \$1,000,000 as of the date of this Agreement.

Discretionary Fund – Accumulated Earnings

7.16 The increase or decrease in total Discretionary Fund (other than gifts and inflation allowance discussed above) shall be deemed to be Discretionary Fund – Accumulated Earnings. This calculation shall be performed at December 31 and June 30 of each year.

8. Management and Investment of Trust Assets

Payment of Fund Expenses

8.01. The Trustees may charge the Discretionary, Legacy and Designated funds for proportional parts of all expenses incurred in the administration of the Trust and may employ or retain legal, accounting and investing services, as the Trustees determine to be necessary.

Investment of Funds

- 8.02. To their reasonable discretion, the Trustees shall invest the funds of the Trust in the best interests of All Souls. It is understood that these investments are based on a long-term time horizon and can tolerate interim fluctuations to achieve long-term objectives.
- 8.03. The Trustees should invest in a diversified portfolio including U.S. and international equities, bonds, other fixed-income instruments, cash and cash equivalents (“Approved Investments”).
- 8.04. The Trustees shall not invest in real estate, private placement, restricted stock, other illiquid assets. The Trustees shall not engage in short sales or margin transactions.

9. Distributions

Annual Distribution

9.01. The Endowment Committee shall distribute to the Board annually on July 1 or later as determined by Board a sum equal to four percent (4%) of the average market value of the Discretionary Fund (principal and accumulated earnings) and Legacy Fund (accumulated earnings only) in the preceding 13 quarters ending the previous December 31 for use in the All Souls Operating Budget (“Annual Distribution”).

9.02 The Annual Distribution will be deducted from the applicable Accumulated Earnings to the extent available and then from Principal.

Annual Non-Operating Distribution

9.03 If the Annual Distribution exceeds 10 percent (10%) of that year’s Operating Budget total expenses, the excess above 10% shall be deemed an Annual Non-Operations Distribution.

9.04 Annual Non-Operations Distributions may not be used for the operating budget and shall be used by the Board to fund a maintenance reserve, new programs or for such other non-Operating Budget items as the Board decides in its reasonable discretion.

Special Distributions

9.05 The Board may request special distributions from the Discretionary Fund. Special distributions from the Discretionary Fund – Principal require approval by 2/3 of the members present at regular or special congregational meeting, held in accordance with Constitution and Bylaws. Special distributions from Discretionary Fund – Accumulated Earnings require approval by a majority of members present at regular or special congregational meeting, held in accordance with Constitution and Bylaws.

9.06 The Board may request special distributions from the Legacy Fund. Special distributions from the Legacy Fund – Principal require approval as noted above in Section 7.06-7.09. Special distributions from the Legacy Fund – Accumulated Earnings require approval by majority of members present at regular or special congregational meeting, held in accordance with Constitution and Bylaws.

10. Loans

10.01 The Board may request loans from the Discretionary Fund (principal and accumulated earnings) for emergency or other All Souls needs. All loans shall be repaid with interest from the next Annual Distribution. In the event that a loan exceeds the value of the Annual Distribution, it shall be repaid with the next and subsequent years’ Annual Distributions until repaid.

10.02 Interest for loans from the Endowment shall be set at the lowest rate of any commercial loan All Souls then has, or the prevailing rate for a fixed 30-year residential mortgage plus one percent, whichever rate is lower.

10.03 No loans may be made from Legacy (principal or accumulated earnings).

10.04 Loans may be converted to a special distribution with Special Distribution Approval (see Section 8 Special Distributions above).

10.05 Loans to entities other than the congregation are not allowed.

11. Donations to the Church

11.01. All Endowment gifts and bequests over \$5,000, not specifically designated, shall be deposited in the Discretionary Fund – Principal.

11.02. All gifts and bequests specifically designated for the Legacy Fund of the Endowment shall be deposited in the Legacy Fund – Principal.

11.03 The Endowment trustees may decline to accept any gift which would result in prohibitive cost, administrative effort or expense.

11.04 If All Souls receives any gift of real estate, private placement stock, restricted stock or other illiquid assets, the Endowment Committee shall make reasonable efforts to explore means for liquidation of those assets or to convert those assets to Approved Investments before acceptance, if possible.

12. Powers reserved to Board of Trustees

12.01 The Board may decline any gift to the Endowment which would not be consistent with the mission of All Souls.

12.02 The Board may remove any Trustee for any reason.

12.03 The Board may choose to invest other funds with the Endowment. The Endowment Committee may merge those funds with other assets for investment purposes.

12.04 The Endowment Committee shall preserve the identity and purpose of Board funds in reports to the Board and internal documents.

12.05 All other powers not specifically assigned in this Agreement to the Endowment Committee are assigned to the Board.

13. Notices

13.01 Any notice required in this Agreement shall be made in the means likely to be most effective based on the judgment of the Endowment Committee,

14. No Bond Required

14.01 No Bond shall be required from any Trustee serving pursuant to this Agreement.

15. No Personal Liability for Trustees

15.01 No Trustee shall be held liable for any loss caused by any act, omission or conduct engaged in pursuant to their administration of the Endowment unless the loss was caused by the Trustee's gross negligence.

16. Continuation of Trust

16.01 The Trust created by this Agreement shall continue so long as the Trustees hold unexpended funds, or funds in the Legacy Fund or Designated Funds.

16.02 After all Legacy Fund or Designated assets have been expended or distributed, this Agreement and the Trust may be terminated upon the occurrence of one of the following: 1) A written mutual agreement of the Board and the Endowment Committee; 2) The revocation of this Agreement by a Board resolution at a regular meeting of the Board at which at least nine Board members are present and at which at least eight Board members vote for the resolution.

16.03 Following termination of this Agreement, Discretionary Fund assets shall be transferred to the general operating account of All Souls and the Endowment Committee shall give a final accounting of the Endowment to the Board.

17. Severability

17.01 If any provisions or application of any provisions of this Agreement shall be held or deemed to be illegal, inoperative, or unenforceable, the same shall not affect any other provisions or any applications of any provisions of this Agreement or render those provisions or applications invalid, inoperative, or unenforceable.

Hereby agreed to by the Congregation of All Souls on _____(Date):

Signatures of Board for Congregation