

**CHARTER DOCUMENT FOR
THE ENDOWMENT AND PLANNED GIVING MINISTRY COMMITTEE AND ENDOWMENT FUNDS
FOR FIRST UNITED METHODIST CHURCH
OF LONGMONT, COLORADO
(trademarked as HEART OF LONGMONT UNITED METHODIST CHURCH)**



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PURPOSE OF DOCUMENT

This document sets forth the provisions for the establishment and management of the Endowment and Planned Giving Ministry and Endowment Funds. This document replaces the Charter currently used by the Endowment Committee. The existing document was adopted in December 1997 and does not reflect current conditions. The Funds described already exist. This document helps to bring these funds into current standards with clear (transparent) goals and administration.

DESIGNATION OF FUNDS

These Funds shall be known as the Heart of Longmont UMC Endowment Funds, hereafter referred to in this document as “the Funds.”

The Funds and their administration will conform to all applicable Colorado laws and regulations, any applicable Federal laws and regulations including the provisions of the Internal Revenue Code and the most current ***Book of Discipline of The United Methodist Church***, (“the Discipline”) particularly pertaining to Paragraphs 2534 and 717 in the 2016 Discipline or corresponding paragraphs in subsequent editions.

PURPOSE OF FUNDS

The Funds are established and shall be operated exclusively for charitable purposes.

The Funds are established to provide members and friends the opportunity to make charitable gifts to Heart of Longmont United Methodist Church (hereafter referred to as “the Church”) that will become endowments for financial support and living memorials.

The Funds are intended for Church purposes which are not funded through the annual operating budget; however, gifts which intend to supplement programs and ministries are appropriate. There shall be a Permanent Endowment Fund which shall contain all undesignated gifts. Special designated funds within the Funds may be established as provided herein.

Undesignated:

—Permanent Endowment Fund, hereafter referred to in this document as “the Permanent Fund”.

Established designated funds:

- ☐ Parsonage
- ☐ Scholarships
- ☐ Paula Johnston Children’s Fund
- ☐ Library
- ☐ Margaret Patterson Scholarship

DISTRIBUTION OF INCOME

The Permanent Fund:

The distribution of the Income from the Permanent Fund shall be determined by the Endowment and Planned Giving Ministry Committee. The principal of the fund will consist of donations to the fund from gifts to the Church, and will be the permanent part of the Permanent Fund. Earnings in excess of the principal can be distributed by the Endowment and Planned Giving Ministry Committee. Income not distributed shall be reinvested and accumulate year after year.

Designated funds:

The Scholarships, Paula Johnston, Library, and Margaret Patterson Scholarship Funds are to provide annual income for these programs. Distribution of income from these funds is expected to protect the principal in the long-term, while still providing income during periods of poor investment performance. Earnings in excess of the principal can be distributed by the Endowment and Planned Giving Ministry Committee. Income not distributed shall be reinvested and accumulate year after year.

The Parsonage Fund will be administered in accordance with the latest Discipline.

ESTABLISHMENT OF THE ENDOWMENT AND PLANNED GIVING MINISTRY COMMITTEE

By action of the Charge Conference of The First United Methodist Church on December 2, 1997, there shall be a Permanent Endowment Fund Committee (now named the Endowment and Planned Giving Ministry Committee), referred to as the ("Committee"), which shall be appointed by the Committee on Lay Leadership and shall have the power, duty and responsibility of directing the administration of the funds in accordance with the relevant provisions of the Discipline and the following:

The Committee shall consist of not less than three or more than ten members. The Senior Pastor shall be an ex officio member and the Committee may include the Lay Leader and representatives from the Finance Committee, and the Board of Trustees. The Committee on Lay Leadership shall seek to appoint at large members with expertise in the following areas: estate planning, public relations, marketing and sales, finance, banking and other skills the Committee deems desirable. The Committee shall elect a chair, a secretary and such other officers as deemed necessary.

Accurate minutes and records shall be kept of the meetings, decisions, and actions of the Committee, and it shall be the continuous responsibility of the secretary elected by the Committee to record and keep such minutes and records. Copies of the minutes and records will be placed in the Church's archives. The Committee shall report annually to the Charge Conference regarding its carrying out of its responsibilities.

Subject only to the limitations and prohibitions which may be imposed or approved by the Church Conference or a donor, the Committee shall receive and administer all bequests and other gifts made to the Church; shall receive and administer all trusts; and shall invest all endowment funds in conformity with all applicable provisions of this Resolution and the Discipline, and the current Book of Resolutions.

Members of the Committee with authority to sign, on behalf of the Committee, any and all documents requiring execution in connection with the administration of property held for the Fund and in the management of special funds included therein must be authorized and designated in writing by the Committee. Actions requiring signatures of members of the Committee must have 2 signatures.

POWERS OF THE ENDOWMENT AND PLANNED GIVING MINISTRY COMMITTEE

In the administration of the Funds, the Committee shall have the necessary authority to carry out the purpose of the Fund. No power or authority shall be exercised by the Committee in any manner or for any purposes whatsoever which may not be exercised by an organization which is tax exempt or by an organization's donations to which are deductible from a donor's taxable income to the extent allowed by the provisions of the Internal Revenue Code and other applicable legislation and regulations as they now exist or may hereafter be amended. The acquisition, ownership, sale or transfer of any real or personal property must be consistent with the current Book of Discipline of The United Methodist Church.

The Committee shall have the powers and duties authorized by the Discipline and granted by the Charge Conference:

- A. To receive and administer all gifts and bequests made to the Church; to invest all funds of the Church in conformity with laws of the country, state, or like political unit in which the Church is located.
- B. To emphasize the need for adults of all ages to have a will and an estate plan; and to provide information on the preparation of these to the members of the congregation.
- C. To stress the opportunities for church members and constituents to make provisions for giving through United Methodist churches, institutions, agencies, and causes by means of wills, annuities, trusts, life insurance, memorials, and various types of property.
- D. To arrange for the dissemination of information that will be helpful in retirement planning.
- E. To update the committee rules and regulations after each General Conference as needed.
- F. Other responsibilities as determined by the Charge Conference.
- G. To collect, receive, and receipt for the income, profits, rents, and proceeds of the Funds.
- H. To purchase, subscribe for, retain, invest, and reinvest in securities or other property. The intent is that the Fund's investments shall be made independently by the Committee or their contracted manager. These may include investments in bonds, notes, or other securities of the Rocky Mountain United Methodist Foundation, Inc. The terms "securities or other properties" as used in this document shall be deemed to include real or personal property, corporate shares, common or preferred stock, or any other interest in any corporation, association, investment trust, or investment company, bonds, notes, mortgages, debentures or other evidences of indebtedness or ownership, secured or unsecured.
- I. To hold, manage, sell, convey, lease, lend, invest, and reinvest any monies or property at any time forming a part of the Funds, in any property, real, personal and/or mixed, of any kind or nature, without being limited or restricted to the type or mix of investments prescribed or authorized for trustees by the laws of Colorado. The Committee is expressly authorized to invest and reinvest any portion or part of the Funds in a common trust fund maintained and managed by the Foundation in accordance with and in compliance with the provisions of the laws of Colorado relating thereto.
- J. To hold part or all of the Funds in cash; however, such cash shall be deposited in an account with the Rocky Mountain United Methodist Foundation, Inc., or a federally insured commercial bank, savings bank, savings and loan association, or broker that is a member Securities Investor Protection Corporation.
- K. As required for proper oversight of the Funds to employ suitable accountants, agents, legal counsel, and custodians, and to pay their reasonable expenses and compensations. Each separate Fund shall bear its pro rata share of such reasonable expenses.
- L. Any other provisions of this resolution notwithstanding, the Committee shall not engage in any act of self-dealing as defined in the Internal Revenue Code; nor retain any excess business holdings as defined in the Internal Revenue Code; nor make any investments in such manner as to incur tax liability under the Internal Revenue Code; nor make any taxable expenditures as defined in the Internal Revenue Code or corresponding provisions of any subsequent Federal tax law.
- M. The Committee shall determine all matters regarding management of the Funds, expenditures, and investment by a majority vote (except amendments discussed under "Amendment of Resolution").

N. The Committee will establish and maintain the amount of principal in each fund. A fund's principal is to be the sum of all monies donated to that fund. These amounts will be reported annually in a report to the congregation.

O. The Committee, in cooperation with the Church Committee on Finance, shall ensure that the annual audit or review is performed.

P. The Committee shall act by a vote of the majority of the Committee members authorized herein to vote, excepting amendments to this resolution as described under the section "Amendment of Resolution." Members authorized to vote include all members of the Committee.

Q. The term "majority" as used in this resolution is constituted by at least 50 percent plus one of the Committee members. Any instrument required to be executed by this resolution (except amendments to this resolution described under the Section "Amendment of Endowment Fund Resolution") shall be valid if executed in the name of the Funds by a majority of the Committee. The vote shall be recorded when the vote is not unanimous.

INVESTMENT OF ENDOWMENT FUNDS

The Funds' investment objectives are:

1. Conservation of principal for the effective maintenance of purchasing power.
2. Diversified investment for total return including asset growth and regular income.
3. Investment of assets in institutions, companies, corporations and funds which make a positive contribution toward the realization of the goals outlined in the Social Principles of The United Methodist Church.

The Rocky Mountain United Methodist Foundation, Inc. ("Foundation") shall be appointed the institutional custodian of the Funds to fulfill the goal of the Committee to act as a socially responsible investor. Reasonable compensation shall be paid to the custodian for services rendered. The Foundation, through an Investment Management Agreement with the Church, will invest all funds received by the Funds. Any disbursements by such custodian from the Funds shall be made only upon the written direction of such person or persons as are designated by the Committee. Any transfer of the Funds' assets from the Foundation to any other agency must be approved by a majority vote of the Trustees upon the recommendation of the Committee.

It shall be the duty of the Committee to investigate, analyze, and appraise all factors in connection with any proposed or suggested purpose or project for which the Income from the Funds may be used and to disburse such Income in such amounts and to such beneficiaries as the Committee deems appropriate. An appropriate investment strategy for all the Fund's assets will be determined by the Committee. The specific purpose of each Fund authorized by the Committee shall be stated in order to fulfill the wishes of the donor and thereby to segregate and maintain gifts for their stated purposes. Earnings from each Fund shall be available for distribution by the Committee in a manner consistent with the designated category.

GIFTS TO THE ENDOWMENT FUNDS

A Gifts Acceptance Policy document is included as part of this Resolution.

The Board of Trustees and the Committee shall have the power, right, and authority to accept and to add to the Fund any and all conveyances, grants, gifts, donations, legacies, bequests, or devises, absolute or in trust, for the use and benefit of the Church, which are, or may be, offered to or placed in the custody or control of the said Board, subject to the following:

1. Every acceptance by the Board of Trustees or the Committee shall be in conformity with the laws of the United States of America and of the State of Colorado and in accordance with the Discipline and any applicable directions of the Charge Conference.

2. A donor may establish a named designated fund within the Funds with a gift of not less than Twenty Thousand Dollars (\$20,000.00). Each named designated fund shall be approved by the Board of Trustees and shall be administered in accordance with a written agreement between the Committee and the donor as to the purposes for which the Income of such fund may be used which must be consistent with the intent of the purposes of the Fund as set forth in this Resolution. Additional gifts of any amount may be made to a named designated fund by the donor or any other person. The manner of investment of any named designated fund shall be solely in the discretion of the Committee.

3. There shall be a Permanent Endowment Fund to which all undesignated funds shall be allocated.

4. Any acceptance of any property hereunder will require the Fund to hold the principal amount in trust only so long as the Church remains an active institution.

LIMITATIONS ON USE OF PRINCIPAL

Neither the Board of Trustees nor the Committee shall have any power, authority, or right, at any time, to expend or encroach upon the principal of the Funds, or any portion thereof, except as expressly authorized herein without the specific prior approval of the Charge Conference which shall be set forth in appropriately executed and approved minutes as soon as possible following such vote of approval.

BOND AND COMPENSATION

The Trustees and the members of the Committee, collectively and individually, shall be excused from executing bond unless requested to do so in writing by the Charge Conference.

All members of the Board of Trustees and the Committee, and their successors in trust, shall serve without compensation.

LIABILITY OF THE ENDOWMENT AND PLANNED GIVING MINISTRY COMMITTEE AND THE BOARD OF TRUSTEES

No member of the Board of Trustees or of the Committee shall be liable to any donor or any beneficiary or to any person claiming under any donor or beneficiary, or to the Church, by reason of the exercise of any power or discretion hereunder, except in case of (a) fraud or gross negligence on the part of a Trustee or a Committee member or (b) failure to act in conformity with directions of the Charge Conference; and all and any directions given to others by the Board of Trustees or the Committee hereunder shall be binding and conclusive on all parties concerned.

No Trustee or Committee member shall be personally liable for the acts or omissions of any attorney, agent, accountant, or other assistant of the Board of Trustees or of the Committee employed in connection with the administration of the Fund, provided such attorney, agent, accountant, or other assistant shall have been selected with reasonable care.

The Board of Trustees and the Committee shall be excused from filing any inventory or appraisal, statements or settlements of account with any court or public authority so far as is possible under the law and shall have all powers allowed by Colorado law.

MERGER, CONSOLIDATION, OR DISSOLUTION OF THE CHURCH

If at any time the Church is lawfully merged or consolidated with any other United Methodist church, all the provisions hereof in respect to the Funds shall be deemed to have been made on behalf of the merged or consolidated Church which shall be obligated to administer the same in all respects and in accordance with the terms thereto.

Should the Church be dissolved for any reason whatsoever without a lawful successor, the Fund shall be entrusted to the Foundation to direct the distribution of principal and accumulated income as it determines to the appropriate annual conference of The United Methodist Church or its successors to use for the purposes for which the gift (or gifts) was intended.

AMENDMENT OF CHARTER

This Charter or any provision thereof may be amended or modified only after recommendation by a two-thirds (2/3) vote of the Committee members then serving and a two-thirds (2/3) vote of those present at a duly announced Charge Conference of the Church in favor of accepting such recommendation. Such vote by the Charge Conference of the Church shall be in accordance with any relevant provisions of the Discipline pertaining to notice or otherwise. No amendment or modification shall (1) alter the intent that the Funds be operated exclusively for the purposes stated herein or (2) alter the intent of any donor. Every amendment or modification of this Charter shall be in writing and signed by the Committee members who voted in favor of such recommendation, by the Recording Secretary of the Charge Conference, the District Superintendent and the Senior Minister of the Church.

THIS IS TO CERTIFY that the foregoing Charter was duly adopted by the Church Conference of the Heart of Longmont United Methodist Church on the 11th day of February, 2018.

Rod Edmonds
(Name of Recording Secretary), Recording Secretary

Rev Dr. Kay Palmer Marsh KAY PALMER MARSH
(Name of District Superintendent), District Superintendent - Reading Elder

[Signature]
(Name of Senior Pastor), Senior Pastor

Members of the Endowment Committee

Keith Watson, Chair	<u>[Signature]</u>
Rod Edmonds, Secretary	<u>[Signature]</u>
Ray Allison	<u>[Signature]</u>
Paul Johnston	<u>[Signature]</u>
Bobby Tabert	<u>[Signature]</u>
Mark Vancura	<u>[Signature]</u>