

CHARTER DOCUMENT TO ESTABLISH
A PERMANENT ENDOWMENT AND PLANNED GIVING MINISTRY COMMITTEE AND
PERMANENT ENDOWMENT FUND
FOR FIRST UNITED METHODIST CHURCH
OF

DESIGNATION OF FUND

9 This Fund shall be known as the **FIRST UMC ENDOWMENT FUND**, hereafter referred to in this document
10 as "the Fund."

11 The Fund and its administration will conform to all applicable Your State laws and regulations, any
12 applicable Federal laws and regulations including the provisions of the Internal Revenue Code and the most
13 current ***Book of Discipline of The United Methodist Church***, ("the Discipline") particularly pertaining to
14 Paragraph 2534.

PURPOSE OF FUND

17 The Fund is established and shall be operated exclusively for charitable purposes.

19 The Fund is established to provide members and friends the opportunity to make charitable gifts to First
20 United Methodist Church, Inc. (hereafter referred to as “the Church”) that will become a permanent
21 endowment for financial support and a living memorial.

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

Undesignated:

27 — General Endowment Fund

Designated funds that may be established with a minimum investment:

30 Capital Improvements and Unbudgeted Property Maintenance

31 Missions

32 Children's Ministries

33 Music Ministries

34 Youth Ministries

35 Any other fund that shall be designated from time to time by the Permanent Endowment and Planned
36 Giving Ministry Committee and approved by the Board of Trustees

DISTRIBUTION OF INCOME

40 The distribution of the Income from the undesigned or general endowment fund shall be determined by the
41 Permanent Endowment and Planned Giving Ministry Committee. **The distribution of income will only be**
42 **allowed if the market value of the fund is at least \$100,000.**

43 The Committee is authorized to distribute annually for such purposes an amount not greater than the
44 "income" of the Fund defined as follows: An amount determined each year as four percent (4%) OR at least
45 3% and no more than 5% of a rolling three-year average of the fair market value of the Fund as determined
46 on the first business day of each calendar year ("Income"). Any Income not so distributed shall be added to
47 the principal and reinvested. OR Any income not so distributed may accumulate year after year.

49 **POWERS AND DUTIES OF THE BOARD OF TRUSTEES**

51 The Board of Trustees shall have the following responsibilities with respect to the Fund:

52 The Board of Trustees shall have the full power and authority to accept or reject any and all property of
 53 whatsoever nature donated, bequeathed, or devised to the Church, and with respect to any such property
 54 accepted, to hold such property in the form in which it is received or to sell, assign, transfer, or otherwise
 55 dispose of such property and distribute the proceeds of such sales to the Fund. The authority to accept such
 56 gifts may be delegated to the Committee.

57 The Board of Trustees shall also have the power, authority, and right to establish, either from a portion of the
 58 income from the Fund or from any other source from which they may have received property not specifically
 59 given, donated, bequeathed, or devised to the Fund, separate funds named, designated, and set aside for
 60 specific special purposes.

62 **ESTABLISHMENT OF THE PERMANENT ENDOWMENT AND PLANNED GIVING MINISTRY
 63 COMMITTEE**

65 There shall be a Permanent Endowment and Planned Giving Ministry Committee of the [Church also known
 66 as the Legacy Ministry Committee and](#) will be referred to as the ("Committee") which shall be appointed by
 67 the Board of Trustees and/or the Committee on Lay Leadership and shall have the power, duty and
 68 responsibility of directing the administration of the Fund in accordance with the relevant provisions of the
 69 Discipline and the following:

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

76 Accurate minutes and records shall be kept of the meetings, decisions, and actions of the Committee, and it
 77 shall be the continuous responsibility of the secretary elected by the Committee to record and keep such
 78 minutes and records. The Committee shall report annually to the Charge Conference regarding its carrying
 79 out of this responsibility.

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

84 The business manager or a designated staff person of the Church and one or more of the members of the
 85 Committee designated in writing by the Committee shall be authorized to sign, on behalf of the Committee,
 86 any and all documents requiring execution in connection with the administration of property held for the
 87 Fund and in the management of special funds included therein in accordance with the decisions of the
 88 Committee.

89 **POWERS OF THE PERMANENT ENDOWMENT AND PLANNED GIVING MINISTRY**
90 **COMMITTEE**

91
92 In the administration of the Fund, the Committee shall have the necessary authority to carry out the purpose
93 of the Fund. No power or authority shall be exercised by the Committee in any manner or for any purposes
94 whatsoever which may not be exercised by an organization which is tax exempt or by an organization's
95 donations to which are deductible from a donor's taxable income to the extent allowed by the provisions of
96 the Internal Revenue Code and other applicable legislation and regulations as they now exist or may
97 hereafter be amended. The acquisition, ownership, sale or transfer of any real or personal property must be
98 consistent with the current Book of Discipline of The United Methodist Church.

99 The Committee shall have the powers and duties authorized by the Discipline and granted by the Charge
100 Conference.

101 A. To receive and administer all gifts and bequests made to the Church; to invest all funds of the Church in
102 conformity with laws of the country, state, or like political unit in which the Church is located.

103 B. To emphasize the need for adults of all ages to have a will and an estate plan; and to provide information
104 on the preparation of these to the members of the congregation.

105 C. To stress the opportunities for church members and constituents to make provisions for giving through
106 United Methodist churches, institutions, agencies, and causes by means of wills, annuities, trusts, life
107 insurance, memorials, and various types of property.

108 D. To arrange for the dissemination of information that will be helpful in pre-retirement planning.

109 E. To update the committee rules and regulations after each General Conference as needed.

110 F. Other responsibilities as determined by the Charge Conference.

111 G. To collect, receive, and receipt for the income, profits, rents, and proceeds of the Fund.

112 H. To purchase, subscribe for, retain, invest, and reinvest in securities or other property. The intent is that
113 the Fund's investments shall be made independently by the Committee or their contracted manager. These
114 may include investments in bonds, notes, or other securities of the Mountain Sky United Methodist
115 Foundation, Inc. The terms "securities or other properties" as used in this document shall be deemed to
116 include real or personal property, corporate shares, common or preferred stock, or any other interest in any
117 corporation, association, investment trust, or investment company, bonds, notes, mortgages, debentures or
118 other evidences of indebtedness or ownership, secured or unsecured.

119 I. To sell for cash or credit, convert, redeem, exchange for other securities or other property, or otherwise
120 dispose of any securities or other property at any time held by the Committee.

121 J. To hold part or all of the Fund in cash; however, such cash shall be deposited in an account with the
122 Mountain Sky United Methodist Foundation, Inc., or a federally insured commercial bank, savings bank,
123 savings and loan association, or broker that is a member Securities Investor Protection Corporation.

124 K. To employ suitable accountants, agents, legal counsel, and custodians, and to pay their reasonable
125 expenses and compensations. Each separate Fund shall bear its pro rata share of such reasonable expenses.

126 L. Any other provisions of this resolution notwithstanding, the Committee shall not engage in any act of
127 self-dealing as defined in the Internal Revenue Code; nor retain any excess business holdings as defined in

128 the Internal Revenue Code; nor make any investments in such manner as to incur tax liability under the
129 Internal Revenue Code; nor make any taxable expenditures as defined in the Internal Revenue Code or
130 corresponding provisions of any subsequent Federal tax law.

131 M. The Committee shall determine all matters regarding management of the Fund, expenditures, and
132 investment by a majority vote (except amendments discussed under "Amendment of Resolution").

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

135 O. The Committee shall act by a vote of the majority of the Committee members authorized herein to vote,
136 excepting amendments to this resolution as described under the section "Amendment of Resolution."

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

142 **INVESTMENT OF PERMANENT ENDOWMENT FUNDS**

143 The Fund's investment objectives are:

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

149
150 The Mountain Sky United Methodist Foundation, Inc. ("Foundation") shall be appointed the institutional
151 custodian of the Fund to fulfill the goal of the Committee to act as a socially responsible investor.

152 Reasonable compensation shall be paid to the custodian for services rendered. The Foundation, through an
153 Investment Management Agreement with the Church, will invest all permanent funds received by the Fund.
154 Any disbursements by such custodian from the Fund shall be made only upon the written direction of such
155 person or persons as are designated by the Committee. Any transfer of the Fund's assets from the Foundation
156 to any other agency must be approved by a majority vote of the Trustees upon the recommendation of the
157 Committee.

158
159 The Committee is expressly authorized and empowered to hold, manage, sell, convey, lease, lend, invest, and
160 reinvest any monies or property at any time forming a part of the Fund, in any property, real, personal and/or
161 mixed, of any kind or nature, without being limited or restricted to the type or mix of investments prescribed
162 or authorized for trustees by the laws of Your State. The Committee is expressly authorized to invest and
163 reinvest any portion or part of the Fund in a common trust fund maintained and managed by the Foundation
164 in accordance with and in compliance with the provisions of the laws of Your State relating thereto.

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

173 **GIFTS TO THE PERMANENT ENDOWMENT FUND**

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

176

177 The Board of Trustees and the Committee shall have the power, right, and authority to accept and to add to
178 the Fund any and all conveyances, grants, gifts, donations, legacies, bequests, or devises, absolute or in trust,
179 for the use and benefit of the Church, which are, or may be, offered to or placed in the custody or control of
180 the said Board, subject to the following:181 1. Every acceptance by the Board of Trustees or the Committee shall be in conformity with the laws of the
182 United States of America and of the State of Your State and in accordance with the Discipline and any
183 applicable directions of the Charge Conference.184 2. **A donor may establish a named designated fund within the Fund with a gift of not less than Twenty
185 Thousand Dollars (\$20,000.00).** Each named designated fund shall be approved by the Board of Trustees
186 and shall be administered in accordance with a written agreement between the Committee and the donor as to
187 the purposes for which the Income of such fund may be used which must be consistent with the intent of the
188 purposes of the Fund as set forth in this Resolution. Additional gifts of any amount may be made to a named
189 designated fund by the donor or any other person. The manner of investment of any named designated fund
190 shall be solely in the discretion of the Committee.

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

192

193 4. Any acceptance of any property hereunder will require the Fund to hold the principal amount in trust only
194 so long as the Church remains an active institution.195 **LIMITATIONS ON USE OF PRINCIPAL**

196

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

201

202 **BOND AND COMPENSATION**203 The Trustees and the members of the Committee, collectively and individually, shall be excused from
204 executing bond unless requested to do so in writing by the Charge Conference.205 All members of the Board of Trustees and the Committee, and their successors in trust, shall serve without
206 compensation.207 **LIABILITY OF THE PERMANENT ENDOWMENT AND PLANNED GIVING MINISTRY
208 COMMITTEE AND THE BOARD OF TRUSTEES**

209

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

214 any directions given to others by the Board of Trustees or the Committee hereunder shall be binding and
215 conclusive on all parties concerned.

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

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

223 **MERGER, CONSOLIDATION, OR DISSOLUTION OF THE CHURCH**

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

229 **Should the Church vote to leave the denomination and form a new church in the same community, then all**
230 **provisions hereof in respect to the Fund shall be deemed to have been made on behalf of the new church. The**
231 **Officers, Trustees, or Directors of the new church will be required to be an IRS 501(c)(3) charitable**
232 **organization and will be obligated to administer the same in all respects and in accordance with the terms**
233 **thereto.**

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

238 **ALTERNATE:** Should the Church be dissolved for any reason without a lawful successor, the Fund shall **be**
239 **entrusted to the Foundation who will serve as Trustee for the Endowment and will direct the distribution of**
240 **principal and accumulated income according to the terms thereto to another 501(c)(3) religious organization**
241 **that is as closely aligned to Wesleyan theology as possible. If no 501(c)(3) religious organization exists, then**
242 **the Foundation will seek to identify other nonprofits that align to the original mission and ministry of the**
243 **Church in the original or neighboring communities. The Foundation will not charge any fees for serving as**
244 **legal Trustee of the Endowment.**

245 **AMENDMENT OF RESOLUTION**

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

256

257 THIS IS TO CERTIFY that the foregoing Resolution was duly adopted by the Charge Conference of the
258 First United Methodist Church, Inc. on the _____ day of _____.

259

260

261

262 (Signature and Printed Name of Recording Secretary), Recording Secretary

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264

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266 (Signature and Printed Name of Senior Pastor), Senior Pastor

267

268

269

270 (Signature and Printed Name of District Superintendent), District Superintendent

SAMPLE