

Fairhope United Methodist Church  
Fairhope, Alabama  
Local Church Endowment Resolution

We, the Charge Conference of Fairhope United Methodist Church of Fairhope, Alabama move to establish The Fairhope United Methodist Church Endowment Fund, (hereinafter referred to as "The Endowment Fund") as a permanent fund of the Fairhope United Methodist Church, Inc. (hereinafter referred to as "The Church"). The Endowment Fund shall be subject to laws of the State of Alabama, the Articles of Incorporation and Bylaws of The Church, the Discipline of the United Methodist Church, the actions of the Charge/Church Conference of The Church and the following covenants:

1. The Endowment Fund is created and exists solely for the charitable purposes of The Church with its principal objectives being the promotion and development of religious, charitable and educational activities of The Church and for non-recurring purposes not regularly budgeted by The Church.
  - a. The Endowment Fund is not a legal entity separate and apart from The Church and the assets of The Endowment Fund are and shall be assets of The Church, the investment and expenditure of which shall be governed by the provisions of this resolution as such may be amended in accordance with the provisions hereof.
2. With the exception of gifts made to The Church which are for designated purposes or are understood to be utilized for designated purposes or for The Church's operating budget, all gifts made to The Church, including, without limitation, bequests under wills, distributions from trusts and estates, and whether in the form of cash, gift annuities, insurance policies, marketable securities, or other properties shall be held as a part of The Endowment Fund.
3. The principle of The Endowment Fund shall not be expended. For the purposes of The Endowment Fund, principal ("Principal") is defined as the aggregate fair market value of assets on the date contributed to The Endowment Fund. Principal is not intended to include (a) appreciation in the aggregate value of capital assets, nor (b) income such as interest and dividends produced by such assets. Principal may be increased from time to time as provided in Section 7.b. below.
4. The Endowment Fund shall exist under the authority of the Charge/Church Conference. The Endowment Fund shall report through the Board of Trustees of The Church to the Board of Stewards and the Charge/Church Conference or their successors. There shall be not more than five (5) nor less than three (3) Endowment Fund Trustees who shall be nominated by The Church Nominating Committee and elected by the Charge/Church Conference. The Endowment Fund trustees shall include at least one member as a representative from The Church's Board of Trustees and at least one member as a representative of The Church's Finance Committee. The Endowment Fund Trustees shall be elected for three (3) year terms, not more than two (2) terms expiring in any given year and may be re-elected. Terms for the initial Endowment Fund Trustees shall be designated by The Church Nominating Committee to provide for staggered expirations. Persons with financial or investment expertise should be sought as candidates for the Endowment Fund Trustees.

5. The Trustees of the Endowment Fund are empowered to act as follows:
- a. Be the fiscal agents to The Endowment Fund.
    - i. The Endowment Fund Trustees shall be authorized to open and/or close brokerage, custodial and other necessary accounts; buy, sell, pledge, borrow and/or lend securities for The Endowment Fund accounts; release information necessary to accommodate such activities and other activities appurtenant to the accomplishment of The Endowment Fund investment and/or other activities.
    - ii. The Endowment Fund Trustees may designate an Endowment Fund Trustee as Agent to act on behalf of the Endowment Fund Trustees for purposes of Section 5.a.i. above.
    - iii. The Agent may act on behalf of the Endowment Fund Trustees when duly authorized by a valid resolution of the Endowment Fund Trustees.
    - iv. The Agent designated for purposes of Section 5.a.i. above shall not be held personally liable for any unauthorized act, error or omission of a service provider, such as but not limited to custodian, broker or investment advisor.
  - b. Accept and acknowledge unrestricted, undesignated gifts to The Endowment Fund or other gifts as specified in Section 5.c. below.
  - c. Review any gifts with restrictions or designations that are proposed to be placed in The Endowment Fund with regard to their eventual ease of administration. The decision of The Endowment Fund Trustees to accept or decline a gift for inclusion in The Endowment Fund shall be reported to an appropriate session of the Charge/Church Conference.
  - d. Invest the monies and other assets of The Endowment Fund in such a way as to achieve a reasonable and adequate growth of The Endowment Fund while not incurring unreasonable risk to the principal of the Fund. Capital growth of the Endowment Fund assets is not to be considered part of the principal of The Endowment Fund. The Endowment Fund Trustees are to manage The Endowment Fund portfolios with the care, skill, prudence and diligence, under the circumstances then prevailing, that a prudent person acting in a like character and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims; provided, however, the Trustees of The Endowment Fund shall not be liable for losses or decreases in asset values unless such result from their gross negligence, willful misconduct or fraud.
  - e. Maintain a record of all gifts to The Endowment Fund, the value, the donor, the date and the type of each gift, as well as any formal expression of the donor(s) of the use to which the gift might be put.
  - f. Maintain a complete accounting of all investment, including investment vehicles used from time to time, the capital gains, income and dividends, distributions and expenses.
  - g. Report to the Board of Stewards and to the Charge/Church Conference when requested on the current state of The Endowment Fund. This reporting should be done not less than annually and should include a statement of any distributions made from The Endowment Fund and of the amount of money currently available for distribution.

- h. Promote and advertise The Endowment Fund frequently and consistently throughout The Church and its membership. Costs for this activity may be charged to The Endowment Fund and paid out of current income.
- 6. The Finance Committee in consultation with The Board of Trustees shall recommend the projects/purposes for which distributions from The Endowment Fund are expended and the Board of Stewards shall ratify these recommendations.
- 7. Any portion of the annual distributable funds not distributed in any given year will be retained in The Endowment Fund for expenditure in future years, upon recommendation of the Finance Committee in consultation with The Board of Trustees with the ratification of the Board of Stewards.
  - a. The Endowment Fund Trustees shall make available each year to The Church an amount that is equal to a minimum of 5% of the average value of The Endowment fund over the previous 12 quarters, provided that non-principal amounts equal to or exceeding 5% of the average value of The Endowment Fund are available for expenditure.
  - b. The Endowment Fund Trustees, taking inflation into account, may classify a portion of capital appreciation or accumulated earnings, adding such funds to the permanent principal of The Endowment Fund, provided that such funds are not designated and not required to meet spending rules as set forth in Section 7.a.
- 8. None of the distributions from Section 7.a. above will be used to support the following:
  - a. Propaganda or other attempts to influence legislation.
  - b. Political campaigns on behalf of any candidate for public office.
  - c. The current expenses of The Church regularly funded by pledges and contributions of members except in cases of emergency determined jointly by The Finance Committee and The Board of Stewards. Such emergencies and their funding will also be reported to the Charge/Church Conference in the regular reporting of The Finance Committee. Endowment fund distributions are not meant to supplant faithful stewardship through tithes and offerings, rather the distributions from the Endowment Fund are to make possible ministries and projects not possible from the regular giving of The Church.
- 9. The Finance Committee of The Church shall be responsible for an annual review of The Endowment Fund to be performed by an independent third party qualified to perform reviews and/or audits. The Finance Committee shall set the level of review and audit services appropriate for the size and complexity of The Endowment Fund. The findings and recommendations of said review or audit shall be reviewed by the Board of Stewards and reported to the Charge/Church Conference.
- 10. If at any time Fairhope United Methodist Church is lawfully merged or consolidated with any other church, all the provisions hereof in respect to the Fund shall be deemed to have been made in 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. If the Fairhope United Methodist Church shall ever be dissolved without any lawful successor thereof, the

Fund, including both principal and interest to date, shall be deemed the responsibility of the Trustees of the Alabama-West Florida Conference and the United Methodist Foundation of the Alabama-West Florida Conference with the continued distribution per Section 7.a. while maintaining the preservation of endowment principal and authorizing a successor United Methodist Church or institution to assume the powers afforded to Fairhope United Methodist Church.

11. The covenants of The Endowment Fund may be amended by a three-fourths (3/4) favorable vote of a Church Conference, at which a minimum of ten percent (10%) of the members of The Church is present.

Adopted by the Charge Conference this 31 Day of October 2006 by

T. A. Drummond

Secretary, Charge Conference  
Fairhope United Methodist Church  
Fairhope, Alabama

26 aye

0 nay