

THE TENNESSEE VALLEY UNITARIAN UNIVERSALIST CHURCH

ENDOWMENT FUND (as amended through 2007

with one* revision approved at the May 20, 2012, Congregational Meeting)

WHEREAS, the Congregation of the Tennessee Valley Unitarian Universalist Church (the "Congregation") recognizes that its continuing work and presence in the Knoxville community can best be supported through bequests in wills, creation of charitable remainder trusts, charitable gift annuities, assignment of life insurance, and transfers of property, including cash, stocks, bonds, real estate and works of art; and

WHEREAS, the Congregation desires to encourage, receive and administer these gifts in a manner consistent with the loyalty and devotion expressed by the donors and in accordance with the policies of the Congregation;

NOW, THEREFORE, The Tennessee Valley Unitarian Universalist Church Endowment Fund (the "Fund") is hereby established.

I. Committee

A. Election. An Endowment Fund Committee (the "Committee") consisting of *seven members, all of whom shall be voting members of the Congregation, shall be elected for terms of three years. The first five members shall be elected by the Congregation at the meeting at which this Fund is established to serve the following terms: Two members shall be elected to serve for a three year term; two members shall be elected to serve for a two year term, and one member shall be elected to serve for a one year term. Thereafter, at each annual meeting of the Congregation, the Congregation shall elect the necessary number of members to fill all expiring terms. No member shall serve more than two consecutive three year terms; however, after a lapse

of one year, a former Committee member who served two consecutive terms may be re-elected. The Nominating Committee of the Congregation shall nominate candidates to serve as members of the Committee and shall report their nominations at the annual meeting of the Congregation in the same manner as for other offices and committees. If a vacancy occurs on the Committee other than by expiration of a member's term, the Board of Trustees of the Congregation (the "Board") shall appoint a member to fill the vacancy until the next annual meeting of the Congregation, at which time the Congregation shall elect a member to fulfill the unexpired term of the vacancy. The senior minister and the Chair of the Finance Committee of the Board shall be non-voting ex officio members of the Committee.

B. Duties.

1. Custody of Fund. The Committee shall be custodian of the Fund. All assets of the Fund shall be held in the name of The Tennessee Valley Unitarian Universalist Church Endowment Fund. All donations shall be added to, and become a part of, the principal of the Fund or of the appropriate Sub-Fund, as set forth in Article II below.

2. Meetings. The Committee shall meet at least quarterly, and shall meet more frequently if the Committee deems more frequent meetings to be in the best interest of the Fund. A quorum shall consist of three voting members. A majority present and voting shall carry any motion or resolution

3. Officers. The Committee shall elect from its members a Chairperson, a Treasurer and a Secretary, who shall have the following duties:

a. Chairperson. The Chairperson shall preside at all Committee meetings, or shall designate another Committee member to do so, and shall sign checks and all other necessary documents on behalf of the Congregation in furtherance of the purposes of the Fund, but no check or other document shall be valid unless it also bears the signature of

the Secretary of the Committee.

b. Secretary. The Secretary shall maintain complete and accurate minutes of all meetings of the Committee and shall supply a copy of them to each member of the Committee and to each member of the Board, and shall sign checks and all other necessary documents on behalf of the Congregation in furtherance of the purposes of the Fund, but no check or other document shall be valid unless it also bears the signature of the Chairperson of the Committee.

c. Treasurer. The Treasurer shall maintain complete and accurate records of accounts for the Fund. The records of the Fund shall be reviewed annually by a certified public accountant or another appropriate person who is not a member of the Committee or of the Board.

4. Reports. The Committee shall report to the Finance Committee of the Board quarterly. At the annual meeting of the Congregation, the Committee shall submit a full and complete account of the administration of the Fund since the preceding annual meeting.

5. Investment Decisions. The Committee shall make all decisions to hold, sell, exchange, rent, lease, transfer, convert, invest, reinvest, and in all respects manage and control the assets of the Fund, including stocks, bonds, debentures, mortgages, notes, or other securities, as they, in their judgment and discretion, deem wise and prudent.

6. Advice. The Committee may request other members of the Congregation to serve as advisory members of the Committee. The Committee may engage attorneys, investment counsellors and other professional advisors to render such legal or financial advice as the Committee believes to be in the best interests of the Fund. The fees of all such professional advisors shall be paid from Fund income.

7. Disbursement of Fund. The Committee shall establish procedures for receiving requests for

support from the Fund and shall publish these procedures to the Congregation. The Committee shall evaluate all requests that it receives and shall recommend to the Board distributions from the Fund for support of those programs and projects that the Committee deems most consistent with the purposes for which the Fund and the individual Sub-Funds were established. No distribution from income or principal of the Fund or any Sub-Fund shall be made until it is approved by the Board in accordance with Article III below.

8. Fund-raising. The Committee shall recommend to the Board such solicitations or campaigns as the Committee deems necessary to obtain contributions to the Fund. The Committee shall establish and publish to the Congregation guidelines for special recognition of those donors whose contributions meet certain specifications. At a location designated by the Board, the Committee shall maintain a plaque or other appropriate form of recognition containing the names of those donors whose contributions meet the established guidelines.

9. Liability. Members of the Committee shall not be liable for any losses which may be incurred upon the investments of the assets of the Fund, except to the extent such losses were caused by a Committee member's bad faith or gross negligence. No member shall be personally liable for losses due to any action which that Committee member takes or omits to take in good faith and with ordinary prudence. Each member shall be liable only for that member's own willful misconduct or willful omissions, and shall not be liable for the acts or omissions of any other Committee member. No Committee member shall engage in any act of self-dealing or in any transaction with the Fund in which the member has direct or indirect financial interest. No Committee member shall engage in any conduct in which that member's personal interests conflict with the interests of the Fund.

II. Designation of Endowment Sub-Funds. The Fund shall consist of four wholly separate Sub-

Funds to be maintained for the purposes set out in paragraphs A through D of this Article, and such other Sub-Funds as the Committee, with the approval of the Board, shall create from time to time under paragraph E of this Article. The Committee shall segregate each of the Sub-Funds. A donor of property to the Fund may designate in writing at the time of contribution the particular Sub-Fund to which the donor wishes to transfer any part of the contribution. If a donor fails to designate a Sub-Fund, the contribution shall be added to the General Sub-Fund.

A. Social Concerns Sub-Fund. This Sub-Fund shall be designated for charitable purposes as defined in Article III below to promote the programs and projects of social concern to the members of the Congregation, as the Congregation shall determine annually. Distributions from this Sub-Fund shall be made for or directly to local charitable organizations or in any other manner consistent with the aforementioned purposes of this Sub-Fund.

B. Building Maintenance and Capital Improvement Sub-Fund. Distributions from this Sub-Fund shall be made only for non-routine maintenance and long-term capital improvements required by the Congregation, as determined by the Board.

C. Religious Education Sub-Fund. Distributions from this Sub-Fund shall be made only for establishment or support of non-routine programs to further the religious and spiritual development of the children and adults of the Congregation, as determined by the Board.

D. General Sub-Fund. Distributions from this Fund may be made for such purposes as the Board may from time to time direct, consistent with the purposes for which the Fund was established, including distribution to one or more of the other Sub-Funds.

E. Creation of Additional Sub-Funds. The Committee, with the approval of the Board, may create such additional sub-funds as it deems advisable to best implement the desires of potential donors to the Endowment Fund and the needs of the Congregation. New sub-funds shall be created as follows:

1. Recommendation of the Committee. The Committee shall prepare and send to the Board a description of each new Sub-Fund to be created in a form similar to those set out in paragraphs A through D of this Article. The description shall state the purposes of the Sub-Fund, whether or not principal of the Sub-Fund may be distributed in accordance with paragraph E of Article III below, and such other special provisions as the Committee deems appropriate. No recommendation to create a new sub-fund shall be forwarded to the Board unless it is approved by a vote of a majority of the members of the Committee whether present or not.

2. Approval of the Board. No new sub-fund shall be created unless it is approved by a majority of the Board present and voting at the meeting at which the Committee's recommendation is presented.

3. Donor-Requested Sub-Fund. Any donor may request the Committee to create a new sub-fund in accordance with this paragraph E; provided, however, that no new sub-fund shall be created unless the initial contribution to the new sub-fund is at least \$10,000.

III. Distributions from the Fund.

A. Distributions for Charitable Purposes Only. All income and principal received into the Fund shall be held in the Sub-Funds described in Article II above. All distributions shall be consistent with the purposes and restrictions of the Sub-Fund from which they are made and shall be made only to or for the use of such charitable organizations, as defined in paragraph B below, in such amounts and for such charitable purposes as the Board from time to time selects. Distributions may be made directly for such charitable purposes, without being made through any other charitable organizations, and may be made to states, territories, or possessions of the

United States, any political subdivision of any of the foregoing, or to the United States or the District of Columbia, but only for charitable purposes as defined in paragraph C below, and only in a manner consistent with the purposes and restrictions of each Sub-Fund. No part of the net earnings of the Fund shall inure or be payable to or for the benefit of any private member, shareholder or individual, and no substantial part of the activities carried out through the use of this Fund shall be the carrying on of propaganda, or otherwise attempting to influence legislation. None of this Fund shall be used to participate in or intervene in (including the publishing or distributing of statements concerning) any political campaign on behalf of any candidate for public office.

B. Charitable Organizations. As used in this document and in any amendments to it, "charitable organization" or "charitable organizations" shall mean corporations, trusts, funds, foundations, possessions, whether under the laws of the United States, any state or territory, the District of Columbia, or any possession of the United States, organized and operated exclusively for charitable purposes, no part of the net earnings of which inures or is payable to or for the benefit of any private member, shareholder or individual, and no substantial part of the activities of which is carrying on propaganda, or otherwise attempting to influence legislation, and which do not participate in or intervene in (including the publishing or distributing of statements concerning) any political campaign on behalf of any candidate for a public office. It is intended that the organizations described in this Paragraph B shall be entitled to exemption from federal income tax under Section 501(c)(3) of the Internal Revenue Code of 1986, or corresponding section of any future federal tax code.

C. Charitable Purposes. As used in this document and any amendments to it the term "charitable purposes" shall be limited to and shall include only religious, charitable, scientific, literary, or educational purposes within the meaning of those terms as used in Section 501(c)(3)

of the Internal Revenue Code of 1986, or corresponding section of any future federal tax code, but only such purposes as also constitute public charitable purposes under the law of trusts of the State of Tennessee.

D. Distributions of Income. The Board shall receive the recommendations of the Committee made in accordance with subparagraph B7 of Article I above concerning distributions of income from the Sub-Funds. The Board shall direct distribution of income by vote of the majority of those present, consistent with the purposes of the Fund and the purposes and restrictions of each Sub-Fund. The Board may direct that undistributed income from any Sub-Fund be accumulated and added to the principal of that Sub-Fund from time to time.

E. Distributions of Principal. No distribution of principal shall be made from any Sub-Fund unless the principal in that Sub-Fund remaining after the distribution will not be less than \$50,000. The Board shall receive the recommendations of the Committee made in accordance with subparagraph B7 of Article I above concerning distribution of principal from the Sub-Funds. The Board shall direct distribution of principal by a vote of seventy-five per cent of all members of the Board, whether present or not, consistent with the purposes of the Fund and the purposes and restrictions of each Sub-Fund.

F. Loans from the Fund. The Board may authorize the Committee to lend principal of any Sub-Fund to the Congregation for any purpose, upon such terms as the Board shall determine, subject to the following restrictions:

1. No loans shall be made for any purpose unless the amount remaining in the Fund after the loan is disbursed will not be less than \$200,000;

2. No loan shall be made for any purpose except by a vote of seventy-five per cent of all members of the Board, whether present or not; and

3. Loans may be repaid only by one of the following methods:

- a. By accumulation of Fund income and transfer of the accumulation to the principal of the Sub-Fund from which the loan was distributed;
- b. By transfer from the Congregation's operating budget; or
- c. By transfer to the Fund of loan funds borrowed elsewhere by the Congregation and which the Congregation is obligated to pay back from its operating budget. In no event shall contributions to the Fund received after disbursement of a loan be treated as repayment of the loan, unless a donor specifically designates a contribution for that purpose. The Board may pledge Fund assets as collateral for a loan made to the Congregation by a lending institution or an individual, including a member of the Congregation, but only if the uncollateralized balance in the Fund after the pledge is not less than \$200,000.

IV. Amendment and Transfer.

A. Amendment. This document may be amended by a two-thirds vote of those voting members of the Congregation present at a meeting of the Congregation called specifically for the purpose of considering such amendment. No amendment shall authorize the Board or the Committee to administer the Fund in any manner or for any purpose contrary to the provisions of Section 501(c)(3) of the Internal Revenue Code of 1986, or corresponding section of any future federal tax code. All amendments hereto shall be noted upon or kept attached to the original of this document held by the Chairperson of the Committee at the office of the Tennessee Valley Unitarian Universalist Church.

B. Transfer. If the Tennessee Valley Unitarian Universalist Church ceases to exist either through merger or dissolution, the Board shall dispose of or transfer the Fund in accordance with the provisions of this document and the Bylaws of the Congregation and

in consultation with the Unitarian Universalist Association.

Originally adopted by the Congregation of the Tennessee Valley Unitarian Universalist Church at a Congregational meeting on _____, 1994, as amended at Congregational Meetings through 2007.

President