

The Vestry of the Episcopal Church of St. John the Baptist

216 Oakland Ave., Capitola CA 95010

Document 1

Resolution to Establish the Endowment Fund and Board of the Endowment Fund for the Parish

Whereas, Christian stewardship involves the faithful management of all the gifts God has given humankind – time, talent, vision, the created world, financial assets, including accumulated, inherited and appreciated assets; and

Whereas, Christians can give to the work of the Church through a variety of gifts, in addition to cash, including securities, bequests in wills, charitable remainder trusts and other life income gifts, trusts, life insurance policies, real estate, and other property; and

Whereas, it is the desire of this parish to encourage, receive, and administer these gifts in a manner faithful to the loyalty and devotion to God expressed by the donors, and in accord with the canons of the Episcopal Church and the Diocese of El Camino Real and the policies of the parish:

Therefore be it Resolved, that this parish, through this act by the vestry, establishes a new and separate fund to be known as the Endowment Fund of St. John the Baptist Episcopal Church, 216 Oakland Ave., Capitola, CA, 95010 (hereinafter, the parish or Church). The church is a California religious, non-profit corporation.

Be it further Resolved, that the purpose of the Endowment Fund is to enable the parish to more completely fulfill its mission by developing ministries beyond what is possible through its annual operating funds; and therefore distributions/expenditures from the Endowment Fund shall be limited to: (i) outreach ministries and grants, (ii) seed money for new or expanded ministries; (iii) special projects; (iv) capital needs and requirements of the parish; (v) major repairs to the properties of the parish; and (vi) such other purposes as are specifically designated by individual donors to the parish, whose gifts endow and create the Fund.

Be it further Resolved, that the Board of the Endowment Fund shall be the custodian of the Fund.

Be it further Resolved, that the following Plan of Operation sets forth the administration and management of the Fund.

Plan of Operation

1. The Board of the Endowment Fund

The Board shall consist of five appointed members, all of whom shall be members in good standing of the Parish; they shall be appointed by the Vestry. The Rector and the Senior Warden shall also be members ex-officio of the Board. (If the newly appointed Senior Warden is already a member of the Board, the Board will consist of 6 members for that year). Except as herein limited, the term of each member of the Board shall be three

(3) years. Upon adoption of this resolution, approximately one-third of the members shall be appointed for a term of three (3) years; approximately one-third of the members for a term of two (2) years; and the remaining member(s) for a term of one (1) year.

Thereafter, on an annual basis, the vestry shall appoint the necessary number for a term of three years. No member shall serve more than two consecutive three (3) year terms. After a lapse of one (1) year, former Board members may be reappointed. In the event of a vacancy on the Board, the vestry shall appoint a member to complete the unfulfilled term, upon the completion of which that person would be eligible for reappointment to a normal three (3) year term.

The Endowment Board shall meet at least quarterly, or more frequently, as deemed by it in the best interest of the Fund.

A quorum shall consist of a majority of the members; however, a minimum of four (4) members shall be required to constitute a quorum. An affirmative vote of four members present shall be necessary to carry any motion or resolution. The Rector and the Senior Warden, who serve as ex-officio members, shall be counted as members for the purpose of this paragraph.

The Board shall elect from its membership a chairperson and a secretary. The chairperson, or member designated as chairperson, shall preside at all Board meetings. The secretary shall maintain complete and accurate minutes of all meetings of the Board and shall supply a copy thereof to each member of the Board. Each member shall endeavor to keep a complete set of minutes to be delivered to his/her successor. The secretary shall also supply a copy of the minutes to the vestry in a timely manner following each Board meeting. The Treasurer of the parish shall maintain complete and accurate books of accounts for the Endowment Fund. The books shall be audited annually, by a certified public accountant or other diocesan approved person, as part of the annual parish audit. The auditor shall not be a member of the Board or the vestry.

The Board shall report no less frequently than twice yearly to the vestry. At each annual meeting of the parish, the Board shall render a full account of the administration of the Endowment Fund during the preceding year.

The Board, at the expense of the Endowment Fund, may provide for such professional counseling on investments, fiduciary status or legal matters as it deems to be in the best interests of the Fund.

Members of the Endowment Board shall be liable for any acts or omissions committed by them (including losses that may be incurred upon the investments of the assets of the Fund) only to the extent that such acts or omissions were not in good faith or involved intentional misconduct. Each member shall be liable only for his/her own intentional misconduct or for his/her own acts or omissions not in good faith, and shall not be liable for the acts or omissions of any other members. No member shall engage in any self-dealing or transactions with the Endowment Fund in which the member has direct or indirect financial interest and shall at all times refrain from any conduct in which his personal interests would conflict with the interest of the Endowment Fund. Members have an obligation to advise the other Board members of any actual or apparent conflicts of interest.

All assets are to be held in the name of the Endowment Fund of St. John the Baptist Episcopal Church. Actions to hold, sell, exchange, rent, lease, transfer, convert, invest, reinvest and in all other respects to manage and control the assets of the Fund, as in their judgment and discretion they deem wise and prudent, are to be made by the Board or such person or persons designated by the Board. The Endowment Fund is a tax exempt fund and, therefore, exempt from all Federal and State government taxes.

The Endowment Fund (or some portion thereof) may not be used as collateral for the purpose of obtaining loans. Nor shall any portion of the principal amount of the Endowment Fund be "borrowed," including for temporary needs of the parish.

2. Acceptance of gifts to the Endowment Fund

The Vestry of St. John's has established a Gift Acceptance Policy. That policy is memorialized in a separate document. (Document 2)

3. Distributions from the Endowment Fund

It is the purpose of this Resolution that the Endowment Fund shall be managed as a true endowment, employing the objective that the principal shall be preserved over the long term. Our strategy for accomplishing this shall be utilizing a total return policy that establishes a designated percentage of the corpus (taking inflation into consideration) that will be available for expenditure annually (the "Allowed Annual Distribution," as defined in the Spending Policy).

The "Spending Policy" (Document D) is attached. All distributions from the Endowment Fund will be made in accordance with the attached Spending Policy and will reflect the policies stated above (on page 1).

4. Amendment of these resolutions

Any amendment to these resolutions shall be adopted by a vote of at least two-thirds (2/3) of the membership of the Vestry at a regularly scheduled meeting or at a special meeting called specifically for the purpose of amending these resolutions. The parish shall be notified in advance of any proposals to amend these resolutions.

5. Disposition of transfer of the Fund

In the event the parish ceases to exist, whether through merger, dissolution, or some other event, disposition or transfer of the Fund shall be at the discretion of the Vestry, in conformity with the approved parish constitution or by-laws, in accord with diocesan canons of the Diocese of El Camino Real, and consistent with California law. Consultation with the Episcopal Church Foundation may be desirable for continuation of Endowment Fund obligations.

The foregoing Resolutions are hereby adopted by the Vestry this _____ day of
__[September]_____, 2004.

St. John the Baptist Episcopal Church

, Senior Warden

Attest: _____

, Secretary