

ENDOWMENT FUND ANNUAL DISTRIBUTION

Endowment Fund Annual Distribution Summary.

- Current distribution is income (Interest, Dividends and Short-term capital gains)
- The proposed distribution is based on a Percentage (%) of the total value of the Endowment Fund.
- Benefits:
 - This change provides a known value available for distribution that can be considered during the budget process.
 - In an environment of low-income producing assets, this change should produce a greater value of distribution compared to the income method.
 - Removed 20% restriction regarding use of the distributions for church operation budget.

Proposed Amendment-1:

ARTICLE V, B) Purposes.

The Endowment Fund is organized exclusively for religious, benevolent, and capital improvement purposes. Its main purpose will be to: (1) encourage gifts to the endowment fund; (2) accept and manage all gifts designated for the endowment fund by the Trustees, the congregation, or a benefactor. The funds will be maintained to conserve the principal while providing ~~income~~ ~~distributions~~ to assist projects and programs of the Church. ~~A separate An Endowment~~ committee of the First Congregational Church will supervise the fund.

ARTICLE V, C), 1), f) Expenditure of funds.

~~Available investment income~~ ~~Distributions~~ from the Endowment Fund may be withdrawn only at the joint discretion of the Endowment Fund Committee and the Board of Trustees subject to the restrictions of article IV, B), 1), a), (v). ~~The funds available for distribution from the Endowment Fund in a given year will be limited to 4% of market value. This calculation shall be based on a trailing 12 month rolling average of the previous year. Such funds not distributed will remain available for withdrawal in succeeding years. The Endowment Fund's contribution to the Church's annual operating budget may not exceed 20% of that operating budget. Amounts in excess of 20% require a majority vote at a meeting of the congregation.~~

FUND TRANSFER FROM ENDOWMENT

Fund Transfer From Endowment Summary.

- In 2008 and 2011 significant undesignated Memorial funds were invested in the Endowment fund for long term budget needs.
- Since 2008, budget shortfalls have nearly depleted our unrestricted/undesignated Memorial fund assets.
- A proposal to transfer the balance of the value of the funds invested in 2008 and 2011 from the endowment to the Memorial fund will be made at the annual meeting
- This bylaw change will limit deposits into the Endowment fund to individual and estate benefactors.

Proposed Amendment 2:

Article IV, B), 2), b), i)

Such memorial gifts shall be deposited in a Memorial Fund and held there until (1) expended for the designated purpose, or (2) allocated to the operating budget as determined by the Board of Trustees. ~~Any portion of the undesignated funds may be transferred to the Endowment Fund subject to the restrictions of article IV, B), 1), a), (v).~~

Article V, B) Purposes.

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