The Endowment of
First United Methodist Church of Plymouth

I. Introduction

First United Methodist Church of Plymouth, at 45201 N. Territorial Rd, Plymouth, MI 48170 (hereafter referred to as “the Church”) hereby creates an Endowment Fund to be known as the “First United Methodist Church of Plymouth Endowment Fund.” (hereafter referred to as “Endowment Fund” or the “Fund”). This document, upon execution, is intended to amend and replace any and all previous documents establishing an endowment fund for the Church.

II. Purpose of the Endowment

A. The following Gift and Endowment Policies (the “Policies”) and procedures provide guidelines related to gifts received by the Church for immediate use and for addition to its endowment.

B. The Policies cover what types of gifts may be accepted, the establishment and use of endowed funds, the management and administration of the both current and endowed funds, and the stewardship of donors.

C. The intent of the Policies is to protect and honor donors, to ensure that all gifts are beneficial to the Church and its ministries, and to provide an efficient and consistent gift handling process.

III. The Endowment

A. Endowment Fund: The Endowment Fund is a fund set up to support the Church’s Ministry, Outreach and Mission programs over time. The total endowment fund may consist of permanent funds, temporary endowment funds, or quasi-endowment funds, and these three categories of funds may be either restricted or unrestricted in terms of their uses.

a. Permanent Endowment Funds: Permanent endowment funds are created in response to a donor’s written direction that his or her gift is meant to become part of the Church’s permanent endowment, and are established so that the original amount of any and all gifts forming the basis of the fund is kept intact over time.

1. Only the income from the principal is used to finance Church programs.

2. The amount of interest or earnings to be utilized will be calculated as five percent (5%) of the average rolling balance of the previous twelve quarters.

3. The spending rate shall be reviewed annually by the
Committee. The Committee may adjust the spending rate percentage as it deems appropriate in order to fulfill the purposes described in the Gift and Endowment Policies, but in no event shall the spending rate percentage be lower than three percent (3%) or higher than six percent (6%) unless authorized by a two-thirds (2/3) majority of a properly called Charge Conference.

4. The principal amount of a permanent endowment fund, defined as the original amount of the gift, may not be distributed, except in accordance with donor wishes specified at the time the gift is made, or in response to a congregational emergency.

   a. In case of a congregational emergency, undesignated funds from the permanent endowment fund principal may be used, if so voted by 51% of the Committee and a meeting of the Charge Conference at which at least 10% of the membership is in attendance and 51% vote in favor of the action.

5. Permanent endowment funds may be either restricted or unrestricted in terms of use, according to the wishes of the donor and accepted by the Church.

   a. Permanent unrestricted endowment funds are established by gifts from donors who specifically designate their gift to be placed in the Church’s Endowment Fund, but who do not indicate a preference for how the income from their endowed gift will be used. Specific uses for the interest or earnings from the permanent unrestricted endowment fund will be determined by the Committee.

   b. Temporary Endowment Funds. A temporary endowment fund may either be for restricted or unrestricted purposes, but through conditions established by the donor in accordance with the Church’s Gift and Endowment Policies, will terminate. The fund is intentionally depleted over a period of time. Usually this occurs when instructions for the funds use specify distribution of earnings and/or an amount of principal, in addition to interest, which eventually exhausts the principal of the temporary fund.

   c. Quasi-endowment Funds. A quasi-endowment fund is a fund that may be established or disestablished by the Church. The Committee sets guidelines for such a fund’s use, as well as specifying how long the fund
shall exist. Any restrictions placed on monies placed in quasi-endowment are established by the Committee and may be changed or eliminated at any time. Contributions to the quasi-endowment fund may include, but are not restricted to the following sources: Annual operating budget surplus; Proceeds of special fund-raising events; Sale of real property owned by the Church; Unrestricted current gifts given to the Church (not gifts designated for support of the annual budget); Unrestricted gifts received through a bequest.

B. Gifts Policy

1. A minimum of $1,000 is required to establish an endowment.

2. The Church encourages gifts in support of its current mission, ministries, and its endowment. Immediate, outright gifts, as well as gifts conveyed through Wills, trusts, or other planned gift vehicles are welcomed.

3. It is the authority of the Church to accept or decline all gifts offered.

4. All actions to hold, sell, exchange, rent, lease, transfer, convert, invest and in all other respects to manage and control gifts conveyed to the Church will be the responsibility of the Church in accordance with the Church’s Gift and Endowment Policies along with other applicable policies.

C. Use of Gifts. Whether a restricted gift is designated for immediate use or for addition to a specific endowment fund, the following ministry areas are approved by the Church, and recommended to donors: Buildings & Grounds, Christian Education, Evangelism/Outreach, Missions, Music, Worship & Arts, Pastor’s Discretionary Fund, Scholarships/Camps & Conferences and Youth Development.

1. Unrestricted gifts are those to which no specific purpose or designation is assigned by the donors, except that the gifts shall be used to advance the mission of the Church. The Church has final authority over how unrestricted gifts will be used. All gifts received in response the annual pledge campaign will always be considered unrestricted.

2. Restricted gifts are ones that are assigned a specific purpose by the donor. Restricted gifts may include endowment or gifts to be used immediately in their entirety for identified current ministries of the Church.

   a. Administration of Restricted Gifts: The Church recognizes that many times the intent of a gift is restricted for a specific use or benefit to be derived for an indefinite period of time. However, the Church further recognizes that the passage of time, or other circumstances, may make the conditions of the designation impossible or impractical. Therefore, by 2/3 vote of the Gift and Endowment Committee, any such gift to that has become impossible or impractical to administer may be transferred.
without condition or reservation to another existing fund, which has similar purposes. If a fund with similar purposes does not exist, the funds will be placed in the quasi-endowment fund. It is presumed that any individual or entity making a gift, bequest, or devise to the Endowment Fund is aware of the conditions of this section of the Gift and Endowment Policies and any agreement with a donor documenting a restricted gift shall include this notice. Therefore, no such gift shall fail or revert because of changed circumstances, which make the continued administration of any particular donor restriction impossible or impractical.

3. **Memorial Gifts**: A Memorial Gift Fund is maintained for gifts given to the Church to honor or remember loved ones. For donors who wish to restrict their memorial gifts, one of the ministry areas listed above is suggested. In addition, the Chair of the Gift and Endowment Committee keeps an approved list of specific items/purposes that the Church would like to receive as gifts.

4. **Bequest to Plymouth First United Methodist Church.** It is recognized that some persons may have previously executed, or may hereafter execute, Wills, trusts, or other planned giving instruments naming the Church as beneficiary rather than naming the Endowment Fund as beneficiary.

a. The Book of Discipline provides that a Charge Conference may designate the Endowment Fund to provide services, which are normally provided by the Trustees of the Church. Therefore, any such gift, devise or bequest received by the Church after the date of adoption of this Resolution which is $1,000 or larger, shall be transferred to, and placed in the Endowment Fund for management.

b. The Endowment Fund shall receive and administer all such bequests, devises and gifts made to the Church; shall receive and administer all trusts; and shall invest all trust funds of the Church in conformity with laws of the country and state in which the Church is located.

c. This power, duty and authority is now delegated to the Committee.

5. **Acceptance, Rejection and Disposition of Gifts:** The Church has the discretion to receive or reject any proposed gift. The Church may reject any gift deemed not to be in the best interest of the Church and has final authority to dispose of any gift in any manner. If an item donated to the Church that had been accepted by the Church for use in a particular purpose, when and if the ministry no longer has use for the item, the Church may dispose of it as it sees fit, even if originally restricted for a particular ministry by the donor. Proceeds from the sale or disposal of such gifts will always be the property of the Church, and will be added to the Church’s Endowments.

6. **Types of Gifts Accepted by First United Methodist Church of Plymouth**

a. **Cash:** All forms of negotiable currencies will be accepted.
b. **Securities:** Gifts of publicly traded securities stocks, closely held securities, and bonds may be accepted. Bargain sales of assets to the Church may be accepted. The Church is solely responsible for all decisions related to disposition of securities, and its general policy will be to sell as soon as practical. Valuation of the securities for purposes of the donor’s tax records is the responsibility of the donor’s broker. The Church will provide a letter of acknowledgment noting how many shares were received as a gift and the date the gift/transaction was completed.

c. **Mortgages and Notes:** In certain circumstances, the Church may accept gifts of deeds of trust, mortgages and notes.

d. **Insurance:** The Church may accept both paid-up and non-paid-up life insurance policies as gifts. Transfer of policy ownership to the Church is encouraged for paid-up policies. The Church also welcomes being named as whole or partial beneficiary in policies that it does not own. The Church may accept transfer of ownership of non-paid-up whole/universal life policies, but may require a commitment from the donor to continue policy premiums. A gift to cover the amount of the policy premium may be given by the donor to the Church on an annual basis. The Church may also accept transfer of ownership of term life insurance. The Church may liquidate insurance policies for their cash values or take any other action deemed to be in the best interest of the Church. The Church may decline any insurance gift that it deems not to be in the best interest of the Church.

e. **Gifts-in-Kind:** The Church accepts gifts of equipment, supplies, professional services, furnishings, books, vestments, transportation vehicles, worship aids, and so forth that add materially to accomplishing the mission of the Church or that may be sold to provide additional income. Such gifts are accepted at the discretion of the Church. Other gifts of property that may provide income or be sold to provide funds to further the Church’s mission may be accepted at the discretion of the Church. Such gifts may include artwork; automobiles; stamp and coin collections; antiques; furnishings; oil, mineral, gas, patent and other rights; rare books; collectibles; household items; and so forth. Valuation of gifts-in-kind is strictly the responsibility of the donor. Necessary appraisals are also the responsibility of the donor.

f. The Church may reject any gift-in-kind deemed not to be in the best interest of the Church and has final authority to dispose of any gift-in-kind in any manner. Any agreement with a donor must include wording giving the Church this power. If an item has been accepted by the Church for use in a particular purpose, when and if the ministry no longer has use for the item, the Church may dispose of it as it sees fit, even if originally restricted for a particular ministry by the donor. Proceeds from the sale or disposal of such gifts will always be the property of the Church, and will be added to the Church’s Endowments.
g. **Real Estate:** Real estate gifts may include, but are not limited to: residences, vacation property, farms, ranches, resorts, undeveloped property and commercial property. The Church reserves the right to refuse, use or dispose of real estate gifts as it deems most advantageous for the Church and its mission. As a general rule, donors are expected to arrange and pay for qualified appraisals that meet the IRS requirements of Form 8283 for any real estate gifts offered to the Church. All proposed real estate gifts may be evaluated prior to acceptance according to the following criteria, including, but not limited to: Clear title; Constraints (requirements to hold for any time before sale); Costs associated with sale; Costs to own and maintain property, if not sold; Effect on non-profit charter; Liabilities (environmental hazards, insurance, liens); Licensing requirements, other legal ramifications; Marketability; Proximity to the Church’s existing property/potential use by the Church; Restrictions on use, and: Zoning

h. **Charitable Deferred Gifts.** One type of charitable gift is a “deferred” gift, where the Church may not be able to use the gift until a specified period of time has elapsed. Such gifts are recognized as expectancies—not current gifts—until they "mature" and assets are available for the Church’s use. Unless original donors of such expectancies have indicated restrictions as to the eventual use of their planned gift(s), the Church will consider the gift to be unrestricted and will determine use of the gift according to the Gift and Endowment Policies. Donors of any form of charitable planned gift are strongly encouraged by the Church to obtain legal and/or financial advice from their own advisors prior to finalizing the gift commitment. Donors are also encouraged to consult with appropriate family members prior to a gift commitment.

i. **Bequest by Will or Trust:** Bequests may be made through a Will or trust, specifying a percentage, a fixed amount, specific property, or the residual estate (all the rest and residue of my estate to . . .). Percentage bequests may be given from the gross estate or from the residue (after tangible personal property, debts and specified bequests are deducted). When trusts are involved, such as a minor’s trust or a living trust, a gift may be made at the termination or final distribution, according to the needs and wishes of the donor.

j. **Charitable Lead Trust.** In this gift, transfer of securities, real estate or cash into an agreement provides for the income to go to the charity of the donor’s choice for a term of years as determined by the donor. Upon termination of income benefits, the trust assets will be distributed to the donor, the donor’s family beneficiaries, individuals, or organizations, as determined by the donor.

k. **Life Estate Agreement.** This arrangement allows an individual to give a gift of a personal residence or farm, while reserving the right to use the
property for a term of years or for life. Typically, the individual is responsible for maintenance and expenses, but there is an immediate income tax benefit for the donor. Life estate gifts may include life income to the donor.

1. *Payable on Death Note (Retirement Plans and Other Assets).* This simple revocable gift arrangement can be attached to a variety of assets (IRA’s, CD’s, 401K Plans, qualified pension and profit-sharing plans, Keogh Plans, annuities, employee savings plans, etc.) to facilitate a gift at the death of the owner(s). The Church may be named as first, second or last beneficiary for part or all of the remainder.

D. *Evaluation of Gifts.* The Church delegates the Gift and Endowment Committee (the “Committee”) as the body to evaluate and make recommendations about gifts offered to the Church. The Church may refer any and all gifts to the Committee, as it sees fit. When gift evaluation is deemed necessary, it will take place in advance of formal acceptance of the gift. This may especially apply to gifts of real property or any gifts that may present potential risks or liabilities for the Church. The Church has authority to accept or decline all gifts offered. Gifts are approved by the Church, but may be received by the pastor or others authorized by the pastor, subject to final Church approval. Gifts that require liquidation after acceptance will be referred to the Church for appropriate action.

E. *Management of the Endowment Fund.*

i. The Ownership of the Endowment Fund shall be Plymouth First United Methodist Church and shall remain the same so long as the United Methodist Church subscribes to the policies and theology set forth in the 2012 Book of Discipline.

ii. The Responsibility for the management of the Endowment Fund shall be vested in the Gift and Endowment Committee, subject to the direction of the Charge Conference as prescribed in the 2012 Book of Discipline of the United Methodist Church. These Policies and all actions of the Committee shall be subject in all respects to the provisions of the Book of Discipline of the United Methodist Church and this requirement may not be amended or deleted.

iii. The Gift and Endowment Fund Committee shall be composed of five members: four at-large and one ex-officio members.

1. *At-Large Members:* The at-large members will be nominated by the Church Nominations Committee and elected by the Trustees. The Nominations Committee shall seek at-large members among those members of the Church who have a strong interest in endowments, or expertise in legal, financial, public relations, or other services valuable to the Gift and Endowment Committee. Each at-large member will be elected
for a five-year term. There will be four members selected for each five-year term. Initially, members will be elected to 1, 2, 3, 4 and 5-year terms to establish the five-year rotation. At-large members may succeed themselves to a maximum of 1 consecutive full five year terms. Filling a vacancy for a partial term is not included in this limit.

2. *Ex-officio Member:* The Senior Pastor will be the ex-officio member with voting privileges.

3. *Chairperson:* The chairperson of the Gift and Endowment Committee is nominated by the Nominations Committee and elected in the same manner as the other at-large members.

4. *Voting:* Unless otherwise indicated in this document, any action taken by the Gift and Endowment Committee must be approved by a majority of the members attending a Committee meeting so long as a quorum is present. A quorum shall be defined as more than 50% of the members eligible to vote. Nominations to fill vacancies will be made by the Nominations Committee or Charge Conference.

5. *Officers:* The Gift and Endowment Committee shall elect a Secretary, a Treasurer and such other officers, as it deems appropriate or necessary, without voting privileges. Membership of the Committee may be adjusted from time to time to maintain consistency with the rules of the Book of Discipline of the United Methodist Church. Such changes may be made as an action of the Charge Conference.

iv. *Powers and Duties of the Gift and Endowment Fund Committee*

1. The Gift and Endowment Committee shall have the following powers and duties pertaining to the Endowment Fund, and such other powers and duties as may necessarily be required to carry out the terms and conditions of the Endowment Fund.

   a. To educate Church members and other potential donors on planned giving and promote giving to the Endowment Fund.

   b. To accept or reject any restricted gift, bequest or devise. If a gift is received by the Endowment Fund without designation or restriction, it will be deemed unrestricted.

   c. To determine the distribution of income from all funds.
d. To determine the proper distribution of income for all donor restricted donations in accordance with the written instructions of the donor and otherwise follow directions of the donor in the use of income or principal.

e. To manage and administer the Endowment Fund, which shall include: proper acknowledgment of gifts; keeping a record of donors and gifts; distributing income, including making expenditures directed by the Charge Conference; incurring and paying ordinary and necessary expenses of managing the Fund; paying of local state and federal taxes and fees, where applicable; recording receipts and expenditures from the Fund; maintaining a record of assets of the Fund; establish and use bank accounts.

f. To invest all monies of the Endowment Fund.

g. To have the Endowment Fund audited annually by the Church auditor, and/or any other entity as determined necessary by the Gift and Endowment Committee and/or the Charge Conference.

h. To present an annual written report to the Charge Conference and Administrative Council. The congregation of the Church should also be informed of Endowment Fund activities through use of the newsletter or other mailing and presentation to the congregation.

i. To select the definition of “income” to be used by the Endowment Fund.

j. To determine an appropriate means of offsetting the effects of inflation on Endowment Fund assets.

k. To define “Spending Policies” to use in making distributions of income.

l. To develop other policies or by-laws to guide the day-to-day management of the Endowment Fund.

F. Investment of Funds: The Gift and Endowment Committee shall make a conscious effort to invest in institutions, corporations, companies, or funds whose operations are not detrimental to, or that make a positive contribution toward the realization of the goals of the Social Principles of the United Methodist Church, in accordance with the 2012 Book of Discipline as revised from time to time. The Committee shall strive to
conserve the principal of the Endowment Fund for the effective maintenance of purchasing power. Growth of the principal and income to offset cost of living increases is also an investment objective of the Endowment Fund.

G. Distribution of Income.

i. It is the intent to preserve principal amounts over the years while using the income generated to provide funds for distribution. It is anticipated that over the years the total rate of return will exceed the expected long-term inflation rate and thus allow for the availability of income for distribution. In a separate policy document, the Endowment Committee will adopt a definition of income and spending policies to accomplish the above state intentions.

ii. Each year a distribution from the Endowment Fund will be made available to the Church by the Gift and Endowment Committee. The Committee shall determine the amount of funds available for annual distribution from each designated endowment fund in keeping with the investment objectives described in the Gift and Endowment Policies.

IV. Miscellaneous Provisions

A. Amendments. This resolution may be amended by two succeeding Charge Conferences duly called in accordance with the 2012 Book of Discipline of the United Methodist Church. If the Gift and Endowment Committee is the initiator of the proposed amendment, at least six months shall elapse between the vote of the Committee and first Charge Conference called to vote upon such amendment. At least 30 days shall elapse between the first and second Charge Conferences called to vote upon such amendment. The proposed amendments as adopted by the Committee shall be generally circulated through the congregation prior to the first Charge Conference called to vote upon such amendment.

a. If the proposed amendment is initiated by a Charge Conference, said proposed amendment shall be generally circulated throughout the congregation, and no vote shall be taken in the Committee until six months have elapsed from the time said amendment has been adopted by the first Charge Conference. If the Committee approves the amendment initiated by the Charge Conference, a second Charge Conference shall be duly called and the amendment approved or rejected at that time.

b. No amendment shall become effective until passage by a 2/3 vote of those voting at two consecutive Charge Conferences; provided, however, that the lack of said 2/3 vote at either of the Charge Conferences shall defeat any proposed amendment. Any defeated amendment may again be considered only after one year following the last vote taken on said proposed amendment and only after again being initiated by a Charge Conference.

B. Freedom to Employ Professional Services. The Gift and Endowment Committee, at
its discretion, is free to employ counsel in the management of the Endowment Fund which may include but not be limited to legal advice, help of a certified public accountant or guidance from an investment counselor and pay for the services out of the proceeds of the Endowment.

C. Expenses. Any expense incurred in managing, maintaining or operating the Endowment Fund as a whole shall come out of the income of the unrestricted endowment funds before distribution. Any expenses incurred in managing or maintaining a specific gift or fund shall be paid from that gift or fund.

D. Merger & Consolidation. If at any time, the Church is lawfully merged or consolidated with any other church; all the provisions hereof in respect to the Endowment Fund shall be deemed to have been made on behalf of the merged or consolidated church. Said church shall be entitled to receive all the benefits of said Endowment Fund, and shall be obligated to administer the same in all respects and in accordance with the terms thereof.

E. Dissolution. In the event of the dissolution of the Church, all principal and accumulated earnings of the Endowment Fund shall be distributed in accordance with the 2012 Book of Discipline of the United Methodist Church pursuant as directed by a 2/3 vote of all members of the Gift and Endowment Committee and a 2/3 vote of the Charge Conference voting members. In any event, any such distribution must be made for Christian purposes and shall not be made for the direct or indirect benefit of any individual member of the Church.

F. Liability of Trustees and Members of the Committee: In the absence of gross negligence or fraud, no member of the Gift and Endowment Committee shall be personally liable for any action made or omission with respect to the Gift and Endowment Program.

G. Severability: If any provision, or any application of any provision, of the Endowment Fund is determined to be illegal, inoperative or unenforceable, said provision shall not affect any other provisions or any applications of any provisions herein contained or render the same invalid, inoperative, or unenforceable.

H. Electronic Copies. Photographic, telefax or other electronic reproductions of this executed instrument (including files in Adobe .pdf or similar format) may be made and delivered by our Agent, and may be relied upon by any person to the same extent as though the copy or reproduction were an original.

I. Interpretation and Governing Laws. This instrument is to be construed and interpreted as an Endowment. The enumeration of specific powers herein is not intended to, nor does it, limit or restrict the general powers herein granted herein. Section headings are for convenience only and shall not be deemed part of this instrument. This instrument is delivered in the State of Michigan and the laws of the State of Michigan shall govern all questions as to the validity of this instrument and the construction of its provisions. The venue for any and all claims with respect to this Endowment shall be in the Wayne County Circuit Court, Detroit, Michigan.
J. *Representation.* The Church acknowledges that legal counsel, the law firm of Dalton & Tomich plc ("Church Counsel"), in preparing this Endowment is representing the Church in preparing this Endowment and that:

a. Church Counsel has prepared this Endowment t the request of the Church; and;

b. The members of the Church has had the opportunity to seek the advice of independent counsel; and

c. The members of the Church has had all information necessary to make an informed decision with regard to this Endowment and that any claims against said Church Counsel regarding any possible conflict of interest with regard to this Agreement or its preparation are waived.

V. **Adoption.** This Endowment Fund was adopted by the duly authorized Charge Conference of the First United Methodist Church of Plymouth at a session held in Plymouth, Michigan on the 9th day of February, 2014 and the following signatory have the authority to execute this document.

[Signatures on the following page]
First United Methodist Church of Plymouth

Attest:

By: John Grenfell III  
Its: Senior Pastor

By: Renee McKarge  
Its: Church Council President

By: Daniel Dalton  
Its: Chair, Board of Trustees

By: Richard Hoy  
Its: Lay Leader

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2014 Endowment Spending Policy

The Plymouth First United Methodist Church Endowment Fund, of Plymouth, Michigan, (hereafter “Endowment Fund” or “Fund”) hereby adopts this Statement of Spending Policy. The purpose of this statement is to put into place a consistent plan that will enable the Endowment Fund to approve and disburse funds that fulfill the ministry and designation of the Endowments received while working to further strengthen the financial base of the Endowment Fund. This spending policy is adopted in order to minimize the problems that could occur without a spending policy, including, but not limited to:

1. Erratic spending that may place the future of the Fund in jeopardy.
2. Ignoring the effect of inflation thus decreasing the financial power of the Fund.
3. Lack of disbursements from the Endowment Fund giving it an inept or ineffective reputation causing a disinterest in future donations and bequests to the Fund.
4. Having the Fund invested too conservatively causing low growth and minimal disbursements, or having the Fund invested too aggressively causing high risk to the future of the Fund.

Each year a distribution may be made available to the church by the Endowment Committee from the income of the Endowment fund. The Committee shall determine the amount of funds available for annual distribution from each designated endowment fund in keeping with the investment objectives described in the Guidelines.

1. For purposes of this policy, the Fund shall use the ‘Corporate Law’ definition of income, which generally defines income as earnings from all sources including interest, dividends, net rentals and capital appreciation.
   a. The Fund shall retain sufficient ‘income’ to offset the long-term effects of inflation.
   b. Total income shall be reduced by an average rate of inflation in determining amounts available for grants and other distributions.
2. Distribution will be calculated as 5% of the average rolling balance of the previous twelve quarters (3 years).

This spending rate policy shall be reviewed annually by the Committee. The Committee may adjust the spending rate percentage as it deems appropriate in order to fulfill the purposes described in the Endowment Guidelines, but in no event shall the spending rate percentage be lower than three percent (3%) or higher than six percent (6%) unless authorized by a two-thirds (2/3) majority of a properly called Charge Conference. 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 Board of Trustees and with the ratification of the Administrative Council.