

**The Charter Of The
ST. MARK'S CHURCH (CAPITOL HILL) ENDOWMENT**
(As approved by the Vestry December 22, 2011)

ARTICLE I. NAME

This endowment shall be known as the St. Mark's Church (Capitol Hill) Endowment (hereinafter referred to as the "Endowment").

ARTICLE II. PURPOSES

The Charter of the St. Mark's Church (Capitol Hill) Endowment (hereinafter the "Charter") is created by the Vestry ("Vestry") of St. Mark's Church, Capitol Hill, Washington, DC ("St. Mark's") to accept, invest, distribute the earnings of, and otherwise manage endowment contributions for the benefit of St. Mark's, including its buildings and grounds, programs, and activities.

ARTICLE III. BOARD OF MANAGERS

A. Board Composition, Qualifications, and Compensation.

1. There shall be a Board of Managers ("Board") consisting of nine members, collectively referred to as "Managers." Five of the managers, each of whom shall be a member of St. Mark's as defined in Article I of the By-laws of St. Mark's ("Member"), shall be appointed ("Appointed Managers"), and four shall be Ex-Officio Managers. Managers may be reimbursed for reasonable out-of-pocket expenses upon specific written authorization by resolution of the Board but otherwise shall serve without compensation.
2. The five Appointed Managers shall consist of the following:
 - a. One with architectural or related training ("Architect Manager");
 - b. One with business training or experience in bookkeeping, accounting, or other financial expertise ("Financial Manager");
 - c. One with training and experience as a securities broker or with related investment and financial experience ("Investment Manager");
 - d. Two with non-specified training and experience, but with backgrounds in and knowledge of the financial processes of St. Mark's Church.
 - e. Because at times there may not be a Member of St. Mark's who meets the qualifications for Architect Manager, Financial Manager, or Investment Manager, a Member may otherwise be eligible to serve whose general qualifications approximate those specified.
3. The Rector, the Senior Warden, the Junior Warden, and the Vestry Treasurer shall be the Ex-Officio Managers.

B. Selection; Term of Office; Resignation; Removal; Succession.

1. The Rector, Senior Warden, and Junior Warden together shall nominate, and the Vestry shall approve, the five Appointed Managers.
2. All appointed managers shall serve four year terms. No Manager may serve consecutive terms, but may serve additional terms after a four-year lapse in service.
3. Any Appointed Manager may resign his or her office by written instrument.
4. Any Appointed Manager may be removed by two-thirds vote of the Vestry.
5. A vacancy in an unexpired term of an Appointed Manager shall be filled, as soon as practicable, in the same manner as Appointed Managers are initially selected for such positions under the terms of this Charter. The remaining Managers shall have full authority to act regardless of vacancies consistent with the requirements of Article IV, Sections F and G of this Charter.
6. The Vestry may extend a manager's term by one year.

C. Duties of the Board. The Board of Managers shall:

1. **Accept** and **hold** all kinds of property received as gifts, bequests, legacies, donations, or otherwise; to be beneficiary or trustee under testamentary or inter vivos trusts; to manage and invest, accumulate and reinvest, loan, and sell property received; and to use such property or the income therefrom for the benefit of St. Mark's or any programs and projects of St. Mark's.
2. **Establish, manage,** and **administer** the various Endowment Funds established under this Charter;
3. **Develop** planned giving programs to encourage and assist parishioners and others in the making of gifts to the Endowment;
4. **Distribute** Endowment income in accordance with the terms of this Charter;
5. **Underwrite** the cost of building surveys regarding the condition of Parish properties and recommending actions to the Vestry and the parish in order to assure the proper upkeep and long-term preservation of parish properties;
6. **Retain** such professional and other services and make such other expenditures as it determines are necessary to support and further the purposes of the Endowment;
and

7. **Adopt**, from time to time, policies and procedures necessary to carry out this mandate.

ARTICLE IV OFFICERS; MEETINGS OF THE BOARD

- A. Co-chairs. The Rector, the Senior Warden, and the Junior Warden together shall select two of the five Appointed Managers to serve as “Co-Chair Managers.”
- B. Secretary. The Co-Chair Managers shall select a member of the Board to serve as Secretary. He or she shall prepare minutes of each Board meeting, which will be approved by the Board. The Secretary shall also maintain other appropriate records. If no member will serve as Secretary, the Co-Chair Managers may select a member of St. Mark’s to serve in this capacity, but this person may not vote.
- C. Endowment Treasurer. The Financial Manager shall serve as the Endowment Treasurer. He or she shall prepare quarterly reports on the financial status of the Endowment Fund, which will be approved by the Board; shall execute financial transaction decisions of the Board; and shall produce an annual financial accounting for the parish.
- D. Signing of Checks. Checks drawn on the Endowment’s account or accounts shall be co-signed by the Endowment Treasurer and any one of the following: the Senior Warden, Junior Warden, or a Co-Chair Manager.
- E. Meetings. Upon reasonable notice to the Vestry, the Managers, and the Members of St. Mark’s, the Co-Chair Managers shall call meetings of the Board at such times as they deem advisable, but no less often than quarterly. Upon reasonable notice to the Vestry, the Managers, and the Members of St. Mark’s, meetings may also be called at the request of the Rector, the Senior Warden, or the Junior Warden. The Co-Chair Managers shall preside at all meetings of the Board, which shall be open to the Members of St. Mark’s.
- F. Quorum. Any four of the Appointed Managers shall constitute a quorum of the Board.
- G. Voting. Decisions of the Board shall require a majority of the Appointed Managers then serving. Ex-Officio Managers shall not vote.

ARTICLE V. ENDOWMENT ASSETS; ENDOWMENT FUNDS

- A. Endowment Assets.

1. "Endowment Assets" are those assets that are managed by the Board and shall consist of the assets of the various Funds of the Endowment; any contributions from any source that the Board may, from time to time, agree to accept; and any increase in the value of the foregoing assets, whether through dividends, interest, or other earnings or appreciation.
 2. The Vestry shall hold legal title to the Endowment Assets and shall be the legal entity ultimately responsible for management of the Endowment.
- B. Endowment Funds. The Endowment Funds shall consist of a General Fund, Special Purpose Funds, and Chartered Funds.
1. General Fund. The "General Fund" is that Fund, created by the Board, with the approval of the Vestry, whose earnings may be utilized for such purposes as the Board and the Vestry, from time to time, shall determine.
 2. Special Purpose Funds. "Special Purpose Funds" are those Funds, created by the Board, from time to time, with the approval of the Vestry and in consultation with appropriate committees of St. Mark's , which are designated to support broad categories of related St. Mark's programs and activities, such as Outreach, Education, Arts, Fabric, and Worship.
 3. Chartered Funds. "Chartered Funds" are those Funds, established by independent charter setting forth particular terms under which the assets of those funds are to be invested, distributed or administered, that are accepted by the Board, with the approval of the Vestry, as Chartered Funds for management by the Board under this Charter.
- C. Authority to Create, Modify; Abolish Endowment Funds. The Board, with Vestry approval, may create, modify, combine, or abolish any Endowment Fund, or otherwise amend the terms and conditions of any Endowment Fund, subject, however, to any overriding limitations or restrictions set forth in the charter or other governing instrument of the Fund or in any provisions set forth by the donor as an explicit condition of the donor's contribution to the Fund, that prohibit or limit such authority.

**ARTICLE VI. DELEGATION OF AUTHORITY; CONTRIBUTIONS; INVESTMENT DECISIONS;
ENDOWMENT EXPENSES**

- A. Delegation of Authority. The Vestry delegates to the Board all necessary authority to act on behalf of the Vestry respecting the acceptance of contributions to the Endowment Funds; the establishment of a General Fund and, from time to time, Chartered Funds and Special Purpose Funds, subject to the provisions of Article V of this Charter, the management, investment, accumulation and reinvestment, loan, sale,

and distribution of assets and income therefrom, and all other actions reasonable and necessary for the management of the Endowment, subject to the provisions of this Charter.

- B. Contributions. The Board shall adopt written criteria, subject to Vestry approval, for accepting or rejecting contributions. The Board shall not allow an undue proliferation of separate, conditional gifts to the Endowment. It shall not accept gifts with conditions or purposes that are burdensome to administer or gifts whose purposes are not consistent with St. Mark's purposes, policies, or programs. Subject to the foregoing, the Board shall exercise its discretion respecting the acceptance of contributions of any kind to the Endowment.
- C. Investment Decisions and Policies.
1. Board Authority to Make Investment Decisions. The Board shall have responsibility for making investment decisions and exchanges in the form of assets of the Endowment Funds. Investment **assets** may be invested in any type of security, cash, investment, or real property or other type of investment as the Managers may determine and change, from time to time. The Managers shall have broad discretion in making investments so that they may keep current with the changing conditions, techniques, and concepts as they exercise their fiduciary responsibilities. It is anticipated and recommended, however, that the Managers concentrate on a diversified, balanced portfolio of stock, bonds, money market funds, and similar investments. For the long term, the Managers shall emphasize stability and capital appreciation rather than maximum current yield. While safety and growth are important, growth possibilities with some degree of risk must not be overlooked, particularly in any inflationary economic climate.
 2. Investment Counselor. The Board may retain the services of a professional investment manager or broker ("Investment Counselor") to provide necessary services, as determined by the Board, with respect to the acquisition, disposition, and management of Endowment Assets; provided, however, that the ultimate responsibility for investment decisions shall remain with the Board as the body entrusted by the Vestry with the duty of making such determinations.
 - a. The Board may select a professional investment counselor or brokerage firm to serve at the pleasure of the Board. The Board shall advise the Vestry upon its selection or removal of an investment counselor.
 - b. The following individuals shall not be eligible to serve as an Investment Counselor:
 - (i) a Member of St. Mark's, a relative of a Member of St. Mark's, or

- (ii) an individual employed by an investment firm by which a Member or a known relative of a Member of St. Mark's is also employed or in which a Member or relative has an ownership interest.

3. Common investment and management.

- a. The assets attributable to all Endowment Funds shall be commonly invested and managed subject, however, to any special limitations or requirements of particular Endowment Funds and any written policies and procedures as the Board, from time to time, shall adopt.
- b. The Board shall separately account for the assets, investments, earnings, and disbursements of each Endowment Fund, and shall determine the current real values of such Funds, in accordance with the provisions of Article VII (H) of this Charter and such policies and procedures as the Board shall adopt to implement this provision, subject to the approval of the Vestry.

D. Endowment Expenses.

- 1. The Board may retain professional and other services, including legal counsel, and incur reasonable and necessary expenses in the management of Endowment Funds, as the Board determines are necessary and proper to support and further the purposes of the Endowment, subject to such policies and procedures as the Board, from time to time, shall adopt.
- 2. Notwithstanding any limitations respecting disbursements of assets from Endowment Funds, the Board may assess each Fund for its equitable share of the common expenses incurred in the management of the Endowment Funds. In so doing, the Board may assess a flat charge, a proportionate charge based on the proportion that the assets of an individual Fund bear to the total assets of the Endowment, or a charge determined on some other reasonable basis. Expenses attributable only to one or more Endowment Funds, however, shall be assessed to those Funds alone.

ARTICLE VII. DISTRIBUTIONS; ASSET GROWTH

- A. The Board shall be responsible for all distributions of Endowment Fund assets.
- B. The Board shall adopt, from time to time, written policies and procedures governing distribution criteria, policies, and procedures, subject to the approval of the Vestry.

- C. Distributions from each Endowment Fund shall be in accordance with the terms of this Charter, and subject to any special conditions or directives governing such Fund and the written criteria, policies and procedures of the Board.
- D. Distributions shall be made as specified in Section H, unless (a) the terms and provisions of a particular Fund otherwise specify or (b) the Board, by a four-fifths (4/5) vote, and the Vestry, by a two-thirds (2/3) vote of all voting members of the Vestry, determine that extraordinary circumstances so require. In the event the Board does not approve by a four-fifths (4/5) vote, the Vestry by a three-fourths (3/4) vote of all voting members of the Vestry may declare that extraordinary circumstances exist and may authorize a distribution from principal.
- E. Each donor of property to the Endowment shall be deemed to have assented to terms and conditions of this Charter and all amendments thereto, and have agreed that the Endowment shall use the property donated and the income therefrom in accordance with the purposes of the Endowment. The desires of any donor expressed in the charter or other instrument of gift that the property given or the income therefrom shall be used for a specific purpose within the general purposes of the Endowment, or that the property or income shall be used for or during a certain period of time, shall be given effect; provided, however, that if the Managers shall determine that the objectives or purposes specified in the charter or other instrument of gift have become impossible or impracticable, the property shall thereafter be used for purposes as similar as possible to those specified by the donor. In no case shall such property be distributed to a non-charitable beneficiary.
- F. Absent exceptional circumstances, Endowment Assets shall not be distributed to pay routine expenses of St. Mark's for general activities that are typically funded through the annual operating budget of St. Mark's.
1. An expense is "routine" if it has been funded on a continuous or intermittent basis through the annual budget process.
 2. "Exceptional circumstances" may include an urgent need which, in the determination of the Vestry, St. Mark's is otherwise incapable of funding.
- G. Distribution Procedures.
1. Subject to the foregoing limitations, the Board shall determine all distributions of Endowment Assets, upon written order of the Board after due consideration of the recommendations of the Ex-Officio Managers, appropriate parish committees and any others whom the Board considers, by reason of their training or positions of Parish responsibility, qualified to render advice on the matter.

2. Distributions of Endowment Assets shall be paid over to the Vestry in accordance with usual Vestry procedures. The Board shall not be responsible for the use of the assets following payment to the Vestry other than to assure that distributed assets are used for the purposes for which they were approved.
3. The Vestry, in the exercise of its fiduciary responsibility, shall provide sufficient oversight to assure that Endowment Assets are disbursed in accordance with the purposes for which a particular Endowment Fund was established.
4. Should projects approved by the Board and distributed by the Vestry be canceled, significantly delayed, or completed with Endowment assets remaining unspent, such assets shall be returned to the Board for reinvestment in the Endowment Fund from which they came.

H. Preservation and Growth of Endowment Assets.

1. The Board shall endeavor to assure that the real value of the Endowment Assets does not decrease over time. Since it is the intention of the Vestry that the real value of the Endowment Assets increase over time, the Board shall consider setting aside each year a portion of the appreciation of the Endowment Assets.
2. Expendable funds for each endowment will be determined on the basis of a total-return principle and will not be dependent upon income generated through interests or dividends or on capital growth. The funds available for distribution during any one calendar year will be limited to 5 percent of the market value of the corpus. The value is determined as of December 31st of each year by computing, on a fund by fund basis, a three-year rolling average, with measures taken at the end of each of the preceding twelve quarters. The market value for this purpose will be taken net of the fees for investment management. The Board, with the approval of the Vestry, may adjust downward the percentage value based on economic and/or market conditions.
3. Any unexpected funds from those available for distribution in a given calendar year will be accrued and will continue to be considered "available for distribution" in subsequent years, unless otherwise designated by action of the Board, with the approval of the Vestry. Such funds shall remain invested in the Endowment Account until distribution but shall be reported in the next calendar year as available for distribution from the prior calendar year.
4. The Board shall adopt, from time to time, appropriate policies and procedures implementing these provisions, subject to the approval of the Vestry.

ARTICLE VIII. BUILDING SURVEY

The Board shall set aside annually an amount sufficient to conduct a periodic survey of the condition of all Parish properties. A copy of the survey review, together with any recommendations of the Board with respect thereto, shall be provided to the Vestry and to all interested parishioners at the St. Mark's Annual Meeting.

ARTICLE IX. AUDITS; REPORTS TO VESTRY AND ST. MARK'S MEMBERS

- A. Independent Audit. An independent audit shall be conducted annually in coordination with the general audit of St. Mark's financial accounts of all Endowment Funds and accounts in accordance with Generally Accepted Accounting Principles (G.A.A.P.), and the auditor's report shall be furnished to the Board and the Vestry.
- B. Financial and Other Reports to the Vestry. The Board shall make financial and other reports to the Vestry, including statements of earnings, both realized and unrealized (i.e., market appreciation), contributions, expenditures, and distributions, and projected future earnings and distributions of the Fund in March before the St. Mark's Annual Meeting and in September of each year at the beginning of the budget development cycle, or more frequently if the Vestry or the specific terms of an Endowment Fund so require. All books, minutes of meetings, and records of all financial transactions shall be made available to the Vestry for inspection and copying upon reasonable notice to a Co-Chair Manager of the Fund.
- C. Reports to the Congregation. The Board shall make a report to the congregation at the St. Mark's Annual Meeting. Such report shall include an overview of the purposes of the Endowment, a description of how the assets have been invested during the prior twelve months, the Board's meeting schedule and a recital of significant actions taken by the Board, a description of Endowment Fund additions, distributions, and expenses, if any, a full balance sheet, and the results of the current building survey, if any.

ARTICLE X. AMENDMENTS

This Charter may be amended by written instrument executed by the Vestry and the Board of Managers upon a four-fifths (4/5) vote of the Board, and a two-thirds (2/3) vote of all voting members of the Vestry. In the event the amendment is not approved by the Board in such manner, the Vestry may, by a three-fourths (3/4) vote of all voting members of the Vestry, approve the amendment except in the case of amendments to Article XI, which shall require a unanimous vote of all voting members of the Vestry.

ARTICLE XI. TERMINATION

The Endowment shall continue in perpetuity unless (i) the Board recommends by a four-fifths (4/5) vote that the Vestry terminate the Endowment, and the Vestry, by three-fourths (3/4) vote of all voting members of the Vestry, determines to accept the Board's recommendation or (ii) the Vestry by a unanimous vote of all voting members of the Vestry determines to terminate the Endowment. Upon such termination, the Endowment Assets shall be transferred to the capital accounts of the Parish, and the Vestry shall, if feasible, use such assets in accordance with the purposes and objectives of the Endowment Funds.

 Rector

 Senior Warden

 Treasurer

 Junior Warden

 Co-Chair Manager, Endowment

 Co-Chair Manager, Endowment

Adopted by the Vestry September 18, 2011

Adopted with amendment December 22, 2011

 Register