

First Presbyterian Church Foundation Trust Indenture

First Presbyterian Church of Waco had set up a Foundation to enable your voice and influence to continue for decades to come. The Foundation keeps your gift intact, identifiable, and active. As detailed in the trust agreement printed below, the principal money of the Foundation cannot be spent, only the interest it earns.

The income from the Foundation is not used for what should be budgeted, operational expenses. Instead, it is used for the advancement, support and maintenance of activities over and above the church's budget. For example, Foundation income has been used to:

- support experimental staffing. Our first Youth Director and Older Adult Coordinator were hired with Foundation income.
- provide funds for extensive repair and renovation of our basement level following some water damage.
- provide a substantial contribution to our 1990 First into the 21st Capital Funds Drive, which funded a new education building and also renovation and modernization of our existing building.
- reduce debt. Since the early 90's, the Foundation's entire income has been dedicated to reducing the Church's building debt.
- As you plan your estate and prepare for its use after you have been called home to God, your church respectfully and prayerfully requests that you remember her in your will.

All that we are and all that we have on this earth is from God. Your money represents the time and talent God has bestowed upon you in this life. As a recipient of God's grace, let your grateful voice continue to be heard through the work and ministry of your church—have your attorney include the Foundation in your will.

THE STATE OF TEXAS }
COUNTY OF McLENNAN }

KNOW ALL MEN BY THESE PRESENTS: That the First Presbyterian Church, of the Presbyterian Church in the United States, of Waco, McLennan County, Texas, hereinafter sometimes called "the Church", desiring to establish a medium for the advancement, support and maintenance of the charitable activities over and above the regular operating budget and program of the First Presbyterian Church of Waco, has and by these presents does hereby institute and create a charitable trust, hereinafter sometimes called "the Foundation", for the following uses and purposes, and upon the following terms and conditions, to wit:

FIRST: NAME

The name of the Foundation shall be "The First Presbyterian Church Foundation of Waco, Texas".

SECOND: PURPOSE

The purpose of the Foundation is to provide funds, over-and-above the regular operating budget and program of the First Presbyterian Church of Waco, Texas, for capital improvements of said Church, educational and eleemosynary causes in the Church or Waco community, and the extension of the Presbyterian Church in the Waco Area.

THIRD: TRUSTEES

The governing body of the Foundation shall be a board of six trustees, composed of the following persons:

1. Roy T. Sherrod, the minister of the Church, or person or persons who shall succeed him in said office, designated by resolution of the Session of the Church.
2. T. W. Williams, the Chairman of the Board of Deacons of the Church, or the person or persons who shall succeed him in said office, designated by resolution of the Session of the Church.
3. Walter G. Lacy, Jr., a member-at-large in good and regular Standing of the Church, or his or her successor designated by resolution of the Session of the Church.
4. R. D. Pattillo, a member-at-large in good and regular Standing of the Church, or his or her successor designated by resolution of the Session of the Church.
5. Franklin Smith, a member-at-large in good and regular Standing of the Church, or his or her successor designated by resolution of the Session of the Church.
6. Goodhue W. Smith, a member-at-large in good and regular Standing of the Church, or his or her successor designated by resolution of the Session of the Church.

The persons hereinbefore specifically named shall constitute the initial Board of Trustees of the Foundation, and shall qualify as such by making written acceptance of their designation as Trustees by the terms and provisions of this trust indenture, and shall serve as such until their respective successors shall qualify in the same manner.

The persons serving as members of the Board of Trustees by virtue of their offices in the Church, minister and chairman of Board of Deacons, shall serve only during the active exercise of and period for which elected to their said offices and shall not be

subject to the length and limitations of terms herein set forth for other members of the Board of Trustees.

The membership of the Board of Trustees shall maintain a full composition of six separate and distinct members at all times, except during that period when the church may be without the full-time services of a regularly installed minister. If a member-at-large is elected to the office of chairman of the Diaconate, the Session will designate an alternate representative from the Diaconate to serve only so long as such conflict exists.

Those persons designated by the Session as members-at-large from the congregation shall each serve four years in evenly staggered terms and shall not serve more than two consecutive terms so that one member of the Board of Trustees shall be elected by the Session each year according to the fiscal year of the Presbyterian Church in the United States. Election to fill an unexpired term shall not be considered disqualification for election to a full term or terms.

Should any member of the Board of Trustees fail to serve by reason of apathy, contumacy, or disability, he may be replaced by the Session upon recommendation of a majority of the remaining members of the Board of Trustees. Death or resignation of any member of the Board of Trustees before the expiration of term shall be noted to the Session and his successor designated at the next stated meeting of the Session.

The Board of Trustees of the Foundation may adopt by-laws for the management of its affairs, and may elect such officers as may be necessary for the transaction of its business. It shall keep written records of its meetings, and it shall keep, or cause to be kept, true and correct books of account accurately reflecting the transaction of its business affairs, in accordance with accepted accounting practices. It shall at least annually, and at such other times as may be directed by the Session of the First Presbyterian Church of Waco, Texas, make written report of the condition of the affairs of the Foundation, stating in detail the property constituting the corpus of the Foundation, the principal and income cash on hand, and the receipts and disbursements of the Foundation since the last report, and such report shall be submitted to the Session of the Church. It may appoint agents, attorneys-in-fact, attorneys and investment counselors, and may incur and pay any reasonable expense for the actual operation of the Foundation, but it is the direction of the Foundation that such expense shall be held to an absolute minimum. The Trustees shall appoint a bank or banks with trust authority to serve the Foundation in a fiduciary capacity as agent and custodian of its property and funds, and to keep the records of all its transactions.

No member of the Board of Trustees of the Foundation shall be entitled to any compensation for his services, except for actual expenses, necessarily incurred. No member of the Board of Trustees of the Foundation shall be answerable for any act of negligence or default of any other trustee, nor for any error of judgment, nor for any action which may be taken upon the advice of any attorney or investment counselor of the Board of Trustees but each trustee shall be liable only for his own bad faith.

No bond shall be required of any member of the Board of Trustees.

FOURTH: GIFTS

Promptly upon the written acceptance of the terms and provisions of this trust indenture by the Trustees named in the third numbered paragraph of this instrument, the Church shall make a gift to the Trustees, in trust for the uses and purposes and upon the terms and conditions herein set forth, consisting of twenty-five dollars and the Foundation hereby created shall come into existence upon the receipt of such gift by the Trustees.

The Trustees are empowered to accept additional gifts from the Church, or from any person, firm or corporation, for the uses and purposes of the Foundation, and upon the terms and conditions herein set forth. All gifts received by the Trustees shall become a part of the total corpus of the Foundation, and in making investments, the separate sources of the funds may be disregarded, but the books and records of the Foundation shall always disclose the source, amount and nature of every gift to the Foundation, and suitable and appropriate recognition shall be made of each gift, to the donor thereof.

In addition to the general power to accept additional gifts set forth above, the Trustees are specifically empowered to accept and honor designated gifts from the Church, or from any person, firm or corporation with the stipulation that the net income from such gifts will be used as requested by the donor, and might include the rehabilitation, renovation or maintenance of capital improvements of the Church or that the net income therefrom will be used to fund educational and eleemosynary causes in the Church or Waco community on an ongoing basis or for other worthwhile purposes. In the event at any time and for whatever reason, the Trustees determine that it is not in the best interest of the Foundation to accept a gift for a specific purpose, it shall not be obligated to do so.¹

FIFTH: POWERS OF TRUSTEES

The Board of Trustees of the Foundation shall have full power, in its discretion, to invest and re-invest the corpus of the Foundation in accordance with the best judgment of its members. The Trustees shall not be restricted to investments approved by law for trust funds, but shall have full power to invest or re-invest all or any part of property of the Foundation in common stocks, preferred stocks, bonds, notes, debentures, or any other type or class of security or property which, in the judgment of the Trustees, will best serve the purposes of the Foundation.

Without limiting the general powers hereinbefore granted, the Board of Trustees of the Foundation shall have the following powers:

1. To hold and retain indefinitely any portion or all of any securities and other property of whatsoever nature which becomes a part of the Foundation.
2. To invest and re-invest funds of the Foundation as hereinbefore provided.

3. To sell, convey, exchange, transfer, assign, deliver, and otherwise deal in and dispose of all or part of the Foundation at public or private sale for cash or on such terms or conditions as are deemed expedient in the best judgment of the Trustees. Gains and losses from the sales of Foundation assets shall be credited to, or charged against, the corpus of the Foundation as the case may be. In computing income, proper provision shall be made for depreciation and depletion of assets subject thereto, and funds equal to such provision shall be transferred to corpus.

4. To become a party to and participate in any dissolution, reorganization, consolidation, merger, or capital readjustment of any corporation or business in which the Foundation has an interest; and to receive and continue to hold in trust any property or securities allotted to it by reason of its participation therein.

5. To exercise conversion, subscription and other similar rights appurtenant to any securities at any time held hereunder and to sell such rights. Proceeds from the sale of such rights shall become a part of the corpus of the Foundation.

6. To vote in person or by proxy upon all shares of stock or bonds or other securities held by it and to consent in writing and join in any voting trust, pooling or depository agreement with respect to any securities forming part of the Foundation.

7. To register and retain any securities or other investments in the name of a nominee or nominees of the Trustees without disclosure of the trust, or to keep and retain them unregistered and in such condition that they may pass by delivery.

8. To compromise, adjust, settle, submit to arbitration or abandon, on such terms as it may deem advisable, any and all claims in favor of or against the Foundation.

9. To employ such attorneys, agents, accountants, brokers, and others and to incur such other expenses so incurred out of income, or out of corpus if such income is insufficient.

10. To foreclose, extend, modify, or renew mortgage and land contracts and to bid for and purchase at judicial sales any property, real or personal, in which the Foundation has a mortgage or other interest, using therefor or such part of the principal of the Foundation as the Trustees may deem necessary for such purposes.

11. To execute and deliver contracts, assignments, agreements, bills of sales, transfers, powers of attorney, proxies, consents, waivers, deeds, mortgages, and all other documents and instruments relating to securities and other property held in the Foundation.

12. To do any and all things not inconsistent with the foregoing powers and authority which the Trustees may deem necessary, advisable, or expedient in the administration of the trust and to carry out its purposes.

SIXTH: DISBURSEMENTS

For the purpose of providing funds to the Church for its charitable activities as herein set forth, the Trustees of the Foundation shall pay over to the Session and Diaconate of the Church upon resolution of the Session such net income derived by the Trustees from the operation of the Foundation, and the term "net income" is defined to mean the gross income of the Foundation, less actual expenses, necessarily incurred, as these church officers deem warranted for the purpose or purposes as set forth in the second paragraph entitled "Second: Purpose".

SEVENTH: TERMINATION

It is intended that this charitable trust shall continue in perpetuity, or until final disposition under the terms and provisions of this instrument, of all gifts, assets and property included in the Foundation. In the event, however, that First Presbyterian Church of Waco, Texas, shall ever cease to function as such, all of its assets shall be conveyed by the Trustees to the Presbytery of Central Texas, Presbyterian Church in the United States, or its legal successor, only in accordance with the charitable purposes hereof, and only in accordance with the limitations on the purposes and uses of such funds as herein provided.

EIGHTH: GENERAL PROVISIONS

1. Notwithstanding anything else herein contained in this instrument, this Foundation is and shall be created and operated exclusively as follows:

- (a) In such manner as to make this Foundation exempt from the United States income tax under the provision of Section 501 (c) (3) of the Internal Revenue Code of 1954, or the corresponding section of any subsequent United States Internal Revenue legislation;
- (b) In such manner that contribution to this Foundation will be deductible for federal income tax purposes by the contributor under the provisions of Section 170 (c) (2) of the Internal Revenue Code of 1954, or the corresponding section of any subsequent United States Internal Revenue legislation;
- (c) In such manner that any gift to this Foundation shall be deductible by the donor in computing his taxable gifts under the provisions of Section 2522 of the Internal Revenue Code of 1954, or the corresponding section of any subsequent United States Internal Revenue legislation;
- (d) In such manner that any bequest, legacy, devise or transfer to this Foundation shall be deductible from the gross estate of the person making such bequest, legacy, devise or transfer under the provisions of Section 2055 of the Internal Revenue Code of 1954, or the corresponding section of any subsequent United States Internal Revenue legislation.

2. The Trustees shall not under any circumstances engage in "prohibited transaction" as that term is used in the Internal Revenue Code of the United States, which would cause the Foundation or any of its income to lose its exempt status under the Internal Revenue Code, and the Trustees shall not engage in any unrelated trade or business, as that term is defined in said Code, and the Trustees shall not enter into any business lease, as that term is defined in said Code.

3. Although this agreement is irrevocable, this agreement may be amended if the Foundation shall at any time be held not to qualify as an organization exempt from income tax under Section 501 of the Internal Revenue Code of the United States, or the provisions of any future revenue act. The Board of Trustees shall have power to amend this agreement in any manner that will qualify the Foundation as an exempt organization and it may amend this agreement to effect a more convenient or efficient administration of the Foundation, or to enable the Foundation to carry on more effectively its purposes, consistent with the purposes for which the Foundation is created; provided, however, that no amendment shall be made which shall be in conflict with the provisions of the terms and conditions entitled, "Eighth: General Provisions", Paragraph 1.

4. It is the intention of this agreement that the Trustees shall have full and complete discretion of all general powers with reference to the corpus and income of the Foundation, not in conflict with any express limitation of power herein, and provided that it shall have no power which would cause the Foundation or its income to be non-exempt under the provisions of the Internal Revenue Code.

This was adopted by the congregation in a regularly Called Congregational Meeting on Sunday, May 1, 1966, and was approved by the U.S. Treasury Department, Internal Revenue Service, on November 30, 1966.