

## WORK SESSION

- WORK SESSION TOPICS ADDITIONS/QUESTIONS
  - CONFERENCE CALL WITH JP MORGAN Q&A
    - UPCOMING BUDGET
    - FUNDING CYCLES
    - FORMS/RUBRICS
    - ANY OTHER TOPICS

POSTED 9/29/14

# MEMO

## City of Creede

DATE: September 22, 2014

TO: Creede Board of Trustees, Virginia Christensen Trust Advisory Committee, City Manager

FROM: Randi Snead, City Clerk/Treasurer

SUBJECT: VC Changes and Thoughts

Greetings all:

First and foremost, lets take a moment to reflect on how lucky we are to have the incredible gift of the Virginia Christensen! Charitable giving is almost exclusively bequeathed to foundations and non-profits rather than governmental organizations, and in fact, I do not know of any other municipality that has a similar asset. Proper and responsible handling by past, present, and future boards means continual and exponential growth and a great resource for Creede.

Understanding the intricacies of the fund and our responsibilities/restrictions for use has been a constant challenge of my job, especially because IRS regulations have changed (2008-ish) in regards to JP Morgan's requirements as the Trustee of the fund. The fund itself was converted to a "Private Foundation." This is when we began requiring all recipients of our funding to have a 501(c)3. Some of you also may remember that we began receiving 5% of the trust rather than a distribution of trust income due to how JP Morgan is required to deal with the fund.

In preparation for this meeting, I set out to clarify our requirements, and I contacted Julie Golden, our Trust Administrator with a few questions. Her responses surprised me, and it seems TO ME that we have been holding ourselves to restrictions that we aren't necessarily beholden to, I believe in part due to confusion surrounding the term "Trustee" throughout the VC Trust Agreement documents. Please remember that Trustee requirements apply to *JP Morgan* rather than the City of Creede. We are essentially the charitable trust to which JP Morgan fulfills its Trust Agreement obligations. I know this may be sticky, but as far as I have been able to discern, we are able to essentially use the annual 5% distribution however we see fit and according to our challenges and needs for any given year. **FYI**, we will be speaking with Julie Golden, Trust Administrator, and Robin Catlin, Account Banker, near the beginning of our Tuesday night meeting, so please have any questions ready for them.

Our current auditor does use the language directly from the trust and adds "for recreation" throughout our audit when it is discussing expenditures made in the VC. This could use a discussion and/or clarification with the auditors in 2015.

I've included as requested our current Criteria & Schedule document, our current application, our current follow up report, a history of funding, a copy of the original Trust Agreement, and a copy of the email that I received from Julie. As far as some of the other conversations regarding the VC goes, here are a few more thoughts I have from the administration side of things:

- After conversations with JP Morgan, I would like to formally recommend opening funding up to all types of tax exempt organizations. I have never been able to find justification for excluding any one or several types.
- I feel strongly that we should hold one large spring funding cycle per year. Admittedly, this preference is mainly due to the fact that each VC cycle takes up an enormous chunk of my time. However, I do think it serves us in other ways by making VC funding more competitive, by simplifying our budgeting process, and by encouraging a more thoughtful planning and project-development process by applicants.
- The possibility of using some sort of "rubric" has been suggested to simplify and/or justify how we determine who gets what during the Advisory Committee process. I think the Advisory Committee should entertain this notion and any other thoughts on improving their process, and should also have final say on any changes to that process.

Please let me know if there is any additional information you would like and if there's anything staff can do to make the VC process easier. Could the info be presented differently? Are the budget worksheets working for you? What else?

## VIRGINIA CHRISTENSEN TRUST FUND CRITERIA & GUIDELINES

All applications must be submitted on the attached application form. Seven (7) copies of the application and all supporting data are due to the Town Clerk by **4:00 PM** on the deadline date noted below. When you submit your application you will be assigned a specific time to make your presentation before the Advisory Committee. Because of the varying length of time required to obtain all the information the Advisory Committee needs, your presentation could be before or after the scheduled time. Presentations are scheduled in fifteen minute increments. ***You are asked to be available at least 45 minutes before your scheduled presentation.***

### Spring and Fall Funding Schedules

- ◆ April 15/October 15 – 4:00 PM – Deadline for submission of applications to Town Clerk
- ◆ TBA – 6:30 PM – Presentations before the Virginia Christensen Advisory Committee
- ◆ The Advisory Committee will make their recommendations to the Board of Trustees by (Date TBA).
- ◆ Board of Trustees will make their final decision and funding checks will be issued within ten business days.

Applicants must meet the following criteria:

- ◆ Organizations applying for funding must hold or be affiliated with another who has 501(c)(3) non-profit status (your most recent tax return is requested for proof of status) or is a Government or Special District.

Preference will be given to applicants meeting the following criteria;

- ◆ Projects which have a significant impact on or demonstrate the ability to improve the quality of life for the residents of the community

Funding will be considered for the following purposes:

- ◆ Parks or recreation facilities
- ◆ Community recreational activities
- ◆ Projects to leverage additional support through matching grants or generate additional funds through ongoing revenue streams
- ◆ Expansion of existing programs or projects
- ◆ Other projects as requested by the Board of Trustees

Funding applications will be accepted twice each year, generally in April and in October, or at any time as determined by the Advisory Committee and/or the Board of Trustees.

The Trust Advisory Committee will review all funding requests at an application and presentation meeting within one month after the deadline for submission. A representative from each organization requesting funding is required to attend this meeting to answer any additional questions the Advisory Committee might have.

**Everyone receiving funds from the Virginia Christensen Trust Fund will be required to submit a follow-up report on the project and the use of the funds at the next application round.** This report will be e-mailed to you during the application period and will be due on the same deadline date as the current funding round. If the Advisory Committee deems it necessary, a representative from the organization who received the funding may be required to attend the recommendations meeting to answer questions. If you are not notified to attend, your written report will be sufficient. In cases where project funding is distributed over more than one funding round, a progress report will be required. This follow-up report must support the use of funds as stated in your application, and receipts of funds will be required. Any funding not used as outlined in the Trust Fund application or any funds left over at the end of the project must be returned to the Virginia Christensen Fund pool (payable to The City of Crede).

After all presentations have been given, the Advisory Committee will make its recommendations to the Board of Trustees in written form. The Board of Trustees will meet within two weeks after the recommendations are submitted to make the final decisions on the application requests. Notification and funding of successful applicants will follow within ten business days of the final decision.

All meetings are open to the public.

**VIRGINIA CHRISTENSEN TRUST GRANT APPLICATION**

Applicant/Group: \_\_\_\_\_

Address: \_\_\_\_\_ Year Established: \_\_\_\_\_

Contact Person: \_\_\_\_\_ Phone #: \_\_\_\_\_

Email Address: \_\_\_\_\_ 501(c)(3) Non-profit status? Yes \_\_\_\_\_ No \_\_\_\_\_

If no, indicate the name and contact information of the non-profit organization you are applying under.

Please attach a copy of your most recent tax return for all 501(c)(3) applicants (990 or variant).

1. Please describe the project for which you are applying for Virginia Christensen funds.
2. Please provide the following budget information and any details you can provide for each item.

<b>Item</b>	<b>Amount</b>
Total Project Cost	
Materials:	
Labor:	
Other:	
Total Funds from other sources:	
<b>TOTAL VC FUNDS REQUESTED:</b>	

3. What are the expected results and benefits of your project? Who are the target beneficiaries?
4. Please describe how your project fits within the Virginia Christensen Fund Criteria.

Be prepared to provide more information about your organization upon applying, during your presentation or prior to recommendation decisions.

**FOR ADMINISTRATIVE USE ONLY**

Grant Application Received \_\_\_\_\_ Amount Requested \_\_\_\_\_

501(c)3 Status Y  N  Attached? 990 Y  N  VC Meeting \_\_\_\_\_

Presentation Time \_\_\_\_\_ Amount Recommended by VC Committee \_\_\_\_\_

Approved by Board of Trustees this \_\_\_\_\_ day of \_\_\_\_\_, 20 \_\_\_\_\_

Amount Awarded \_\_\_\_\_ Attest: \_\_\_\_\_ City Clerk

**VIRGINIA CHRISTENSEN TRUST GRANT FOLLOW UP REPORT**

Applicant/Group: _____
Project Name: _____
<input type="checkbox"/> Progress <input type="checkbox"/> Final    (mark one)

**TOTAL ESTIMATED PROJECT COST** \$ \_\_\_\_\_

**PROJECT INCOME**

Virginia Christensen Grant (Date received: \_\_\_\_\_) \$ \_\_\_\_\_

Total Other Funds Received \$ \_\_\_\_\_

**TOTAL** \$ \_\_\_\_\_

**PROJECT EXPENSES**

Description	Cost
<b>TOTAL</b>	

Attach invoices and receipts of expenses. Attach a separate expense itemization if necessary.

Describe the results of your project: (Use separate sheet if necessary.)

Explain any differences between the project budget submitted with your application and actual income/expenses.

If your project is final and your expenses are less than your income, VC funds **must** be returned to the funds pool for re-distribution (payable to City of Creede) at a ratio equal to that of the project's funding, i.e.:

$$\frac{\text{VC FUNDS}}{\text{TOTAL FUNDS}} = \frac{\text{VC FUNDS RETURNED}}{\text{TOTAL UNUSED}}$$

Please provide an **electronic copy** of all receipts to this report if possible. If not, please provide **ONE** copy of paper receipts. It is not necessary to submit any other reports, slides, clippings, etc. at this time. Please retain these in your files for at least two years. They are subject to inspection by the Advisory Committee or Board of Trustees at any time. File 7 copies of this report with the Town Clerk by the requested deadline.

Signature: \_\_\_\_\_ Title: \_\_\_\_\_ Date: \_\_\_\_\_

**VIRGINIA CHRISTENSEN FUNDING HISTORY**

Group	FA04	SP05	FA05	SP06	FA06	SP07	FA07	SP08	FA08	SP09	FA0	SP10	FA10	SP11	FA11	SP12	FA12	SP13	FA13	SP14	TOTAL
Art House		1200																			\$1,200
CAC	2000		2000	800	2000		1000	1000	1000	500		2000	1000	450	1600	2000	500	500			\$18,350
CELC	4565		2000					3500				2000	1500	3000		4800		6000		5255	\$32,620
Chamber of Comm								5000	1000			2000									\$8,000
CHS FBLA		1000																			\$1,000
CHS Phys Ed													3000								\$3,000
CHS Rec Trail							2000														\$2,000
CHS Wrestling		2100																			\$2,100
CMAR				4800		3440	720	1375					1128								\$11,463
Community Center**			5400	5000	6000		2000								4000					9260	\$31,660
Creede Athletics									2000												\$2,000
Creede Fireworks					1000	1500		2000	1000	1000		6000	6000	6000	6000	9000	6000	2000	1000	5000	\$53,500
Creede Community Fund																				3000	
Creede Community Garden																2000					\$2,000
Creede Historic												0	5000					0			\$5,000
Creede Mining Heritage														10000		8000	12000	6000		2000	\$38,000
CRT		5400	3000	1500	2000	2000		3000	2000	2800		7504	4000	12500	15000	12600	6500	7800	500	8000	\$96,104
Creede Soccer																		2500			\$2,500
Creede Hockey																				5000	
Days of 92		4000		4500	2000	4000	2000	3500		3000		5500	1800	4000		3000		5000		5000	\$47,300
Elementary Redcloud							977.5						1000		1500		2000				\$5,478
Elks #506		3000																			\$3,000
Keep Creede Beautiful							1302.5	2000													\$3,303
MC Health		4200		2050			2000		2000	1000								1620	1500	3000	\$17,370
MC Knife & Hawk		3000		2620		2000															\$7,620
MCFA	6000	6400		5230		10000				2800		12000	5141	5000				8080		4485	\$65,136
Recycle Creede								5000	1000			2000		3000		5000	3000	3000			\$22,000
Skate Park				7000		4550		785													\$12,335
Snowcountry Exp		6500																			\$6,500
URGNC	1300									250						1600		500			\$3,650
URGR												2000	2000			2000		2000			\$8,000
WCRC	2000	2000		1500		2510		2840				2000	500								\$13,350
																					\$0
Totals	15865	38800	12400	35000	13000	30000	12000	30000	10000	11350	0	43004	29069	46950	28100	50000	30000	45000	3000	50000	\$533,538

FUNDING CYCLE CANCELED

\*\*Additionally received automatic VC donation of 5-10k per year on and off since ~2007

ENCLOSURE

1010023110

VIRGINIA G. CHRISTENSEN TRUST AGREEMENT

I, VIRGINIA G. CHRISTENSEN, as Grantor, make this Trust Agreement with FIRST NATIONAL BANK IN BOULDER, Boulder, Colorado, as Trustee.

The Trust created by this Trust Agreement may be called the VIRGINIA G. CHRISTENSEN TRUST.

ARTICLE 1.00 - TRUST ESTATE

I hereby transfer to the Trustee the property described in the attached Schedule A. This property, which the Trustee accepts and agrees to hold in trust upon the terms and conditions of this Trust Agreement, together with any additions made by me or any other person in any manner, and any benefits payable to the Trustee by reason of my death shall constitute my trust estate. During the term of this Trust, the Trustee shall hold, manage and invest the trust estate, collect income, pay necessary expenses of administration and distribute net income and principal as subsequently provided.

ARTICLE 2.00 - FAMILY INFORMATION

My husband, EMIL W. CHRISTENSEN, is deceased. I have no children.

ARTICLE 3.00 - RESERVED RIGHTS

During my lifetime, while not under any disability, I reserve the following rights: (a) the right to amend or revoke this Trust Agreement, in whole or in part, at any time or times, by a written notice delivered to the Trustee during my lifetime; (b) the right to increase the trust estate at any time by delivering additional property to the Trustee; and (c) the right to remove any property from the trust estate after giving written notice to the Trustee.



#### ARTICLE 4.00 - DISPOSITION DURING GRANTOR'S LIFE

4.01 INCOME AND PRINCIPAL DISTRIBUTIONS: During my lifetime, the Trustee shall pay or apply the net income and principal of the trust estate as I may direct from time to time, but until otherwise directed, the Trustee shall pay the net income to me at least quarterly. If I become disabled, the Trustee may use so much of the net income and principal of the trust estate as the Trustee in its discretion deems necessary (a) for my health, maintenance and support; and (b) for discharging any obligations incurred by me which the Trustee believes to be valid debt. Any undistributed income shall be added to principal.

4.02 CASH ACCOUNTS: During my life, the Trustee is authorized to maintain accounts in any financial institution and to deposit into such accounts any net income or principal payable to me under the terms of this Trust Agreement. I am authorized to withdraw funds from such accounts, and any such withdrawal shall be considered a partial revocation of this Trust and shall be charged to and paid from such accounts to the extent that the funds on deposit therein are sufficient. Such accounts shall be considered at all times part of the trust estate, and upon my death any funds remaining in such accounts shall be disposed of under the provisions applicable subsequent to my death.

#### ARTICLE 5.00 - DEBTS AND DEATH TAXES ON GRANTOR'S DEATH

On my death, the Trustee in its discretion may pay directly or to my Personal Representative expenses of administration, expenses of my last illness, funeral and burial, my legally enforceable debts, and any taxes, including interest and penalties, payable by reason of my death on any property included in my estate for tax purposes, other than any generation-skipping tax, as my Personal Representative may request, or if there is no Personal Representative then acting, as the Trustee determines, all without contribution from any person and without apportionment. No death taxes shall be paid from assets which are nontaxable for federal estate tax purposes. No inference shall be drawn that the Trustee is directed by me to make any payment to satisfy any claim against my estate.

ARTICLE 6.00 - DISPOSITION OF TRUST ESTATE ON GRANTOR'S  
DEATH

6.01 TRUST ESTATE DISTRIBUTION: The trust estate which for purposes of this Article includes all benefits or assets payable to the Trustee by reason of my death and any property added to the trust estate by my Will, but after making or providing for the payments under Article 5.00 preceding, the Trustee shall distribute the principal and all accumulated and accrued but undistributed income of the trust as follows:

A. Pecuniary Devises.

(1) The sum of \$10,000.00 to my friends, Joanne and Benjamin Cross, presently residing in Longmont, Colorado, if they both survive me, or to the survivor of them if only one shall survive me.

(2) The sum of \$5,000.00 to my friend, Mary Bouchard Benton, presently residing in Boulder, Colorado, if she survives me.

(3) The sum of \$5,000.00 to my friend, Nicci Edwards Hefly, presently residing in Lafayette, Colorado, if she survives me.

(4) The sum of \$5,000.00 to my friend, Miss Elsa Challstrom, presently residing in Arvada, Colorado, if she survives me.

(5) The sum of \$5,000.00 to my friend, Miss Debbie Ormsbee, presently residing in Denver, Colorado, if she survives me.

(6) The sum of \$5,000.00 to my friend, Gary Ormsbee, presently residing in Denver, Colorado, if he survives me.

(7) The sum of \$5,000.00 to my niece, Mrs. F. K. Newcomer, Jr., presently residing in Morristown, New Jersey, if she survives me.

(8) The sum of \$1,000.00 to my friend, Robert Bernzen, presently residing in Boulder, Colorado, if he survives me.

(9) The sum of \$1,000.00 to my friend, George Bernzen, presently residing in Boulder, Colorado, if he survives me.

(10) The sum of \$5,000.00 to my friends, Sarah and Jack Benham, presently residing in Ouray, Colorado, if they both survive me, or to the survivor of them if only one shall survive me.

(11) The sum of \$5,000.00 to my friends, Susan and David R. Winters, if they both survive me, or to the survivor of them if only one shall survive me.

(12) The sum of \$5,000.00 to my friends Pam Leland and Richard W. Bloomer, if they both survive me, or to the survivor of them if only one shall survive me.

(13) The sum of \$5,000.00 to my friends Susan and Alexander MacDonald, if they both survive me, or to the survivor of them if only one shall survive me.

(14) The sum of \$5,000.00 to my friends Dorothy and David Raby, if they both survive me, or to the survivor of them if only one shall survive me.

B. Remaining Trust Estate. The remainder of the Trust Estate including any of the gifts listed in paragraph A., items (1) through (14) which shall lapse because the intended donee or donees do not survive me, shall be retained and held in trust by the Trustee in four (4) separate trusts in the following amounts:

(1) Twenty percent (20%) to the Town of Creede, Colorado.

(2) Twenty percent (20%) to The Community Hospital Association of Boulder, Colorado or its successor.

(3) Fifty percent (50%) to the Boulder Historical Society, Boulder, Colorado or its successor.

(4) Ten percent (10%) to Boulder County Humane Society, Boulder County, Colorado or its successor.

C. Trust Administration. As to each separate trust created hereunder, the Trustee shall administer each trust as follows:

(1) The net trust income shall be distributed to the beneficiary at least annually.

(2) As to the trust created for the Town of Creede, Colorado, the Trustee may in its sole and absolute discretion but is not required to distribute principal from the trust to be used for park or recreational facilities that would commemorate the good times that my husband, Emil W. Christensen, enjoyed while working in and around the mine and power houses for the Creede Exploration Co.

(3) No distributions from any of the separate trusts, income or principal shall be used for payment of salaries or other ordinary operating expenses.

(4) If at any time any of the organizations mentioned shall not be in existence or shall not be an organization described in each of sections 170(c), 2055(a) and 2522(a) of the Internal Revenue Code of 1986, as amended (or in similar provisions of subsequent laws) or cannot be identified with reasonable certainty, the gift in trust to such organization shall not lapse but shall be paid to such exclusively charitable, scientific, educational or religious organization or organizations, which are described in each of such sections, as the Trustee shall in its discretion determine to be most similar to the organizations I have attempted to designate, in such amounts, shares and interests as the Trustee may determine. The judgment of the Trustee in making any such selection or allocation shall be final and binding on all persons and organizations having any interest in the matter.

(5) If the Trustee, in its sole and absolute discretion, determines that it is not economical,

practical or in the best interests of the beneficiary (including potential violation of Colorado law, the Internal Revenue Code or other applicable law that would adversely affect the income and estate tax status of my estate or the trusts or the longevity or viability of the trusts operating in perpetuity) to retain the property in trust, the Trustee may terminate the trusts and distribute the property to the income beneficiaries as if received outright upon the creation of the gift in trust.

#### ARTICLE 7.00 - TRUST ADMINISTRATIVE AND PROTECTIVE PROVISIONS

7.01 JURISDICTION: The Trusts created under this Trust Agreement shall be administered free of judicial intervention except as otherwise provided by law.

7.02 INALIENABILITY: No beneficiary shall have any right to transfer, assign or encumber any part of a Trust nor shall any part of a Trust, including income, be liable for the obligations, including alimony, of any beneficiary or be subject to the claims of creditors.

7.03 BENEFITS PAYABLE TO TRUSTEE: The Trustee shall not be obligated to undertake litigation for collection of any assets payable by reason of my death, which are payable directly to the Trustee unless the Trustee is indemnified to its satisfaction against any liability and the expense of litigation. The Trustee is authorized to compromise any claims as the Trustee deems prudent. Payment to the Trustee shall fully discharge any payor. Notwithstanding anything herein to the contrary, any assets which are payable directly to the Trustee shall not be subject to the claims against my estate nor shall such assets be included in my probate estate.

7.04 ESTATE ADMINISTRATION: Notwithstanding any other provisions, on my death, the Trustee is authorized but is not directed as follows:

A. To pay claims and administration expenses of my estate, any allowances provided for by law, and any death taxes;

B. To purchase, as an investment for the trust estate, any of my probate property;

C. To make loans, with or without security, to the Personal Representative on such terms as the Trustee deems advisable.

#### ARTICLE 8.00 - POWERS OF TRUSTEE

8.01 GRANT: Except as otherwise provided, in administering any trust, the Trustee may exercise the following powers: hold, retain, invest, reinvest and manage without diversification as to kind, amount or risk of nonproductivity in realty or personalty and without limitation by statute or rule of law; partition, sell, exchange, grant, convey, deliver, assign, transfer, lease, option, mortgage, pledge, abandon, borrow, loan, contract, distribute in cash or kind or partly in each at fair market value on the date of distribution, without requiring pro rata distribution of specific assets and without requiring pro rata allocation of the tax bases of such assets; hold in nominee form, continue businesses, carry out agreements, deal with itself, other fiduciaries and business organizations in which the Trustee may have an interest; establish reserves, release powers and abandon, settle or contest claims. In exercising discretion regarding distribution of assets with different income tax bases, the Trustee shall exercise such discretion in a manner which will not result in disallowance of any deduction otherwise allowable in determining the federal estate tax due in my estate and in the exercise of such discretion the Trustee shall be under no duty to make any compensatory adjustments as a consequence of any such distribution.

8.02 FIDUCIARY POWERS ACT: The Trustee may exercise all of the powers in the Colorado Fiduciaries' Powers Act, which I incorporate by reference into this Trust Agreement as the Act exists on the date of this Trust Agreement.

8.03 DISTRIBUTIONS: The Trustee may make any distributions under this Trust Agreement (1) directly to the beneficiary, (2) to the beneficiary's Guardian, Conservator or Custodian, (3) to any person deemed suitable by the Trustee, or (4) by direct payment of the beneficiary's expenses. Upon receipt of the distribution, the Trustee shall be fully discharged.

ARTICLE 9.00 - TRUSTEE SUCCESSION AND ADMINISTRATIVE PROVISIONS

9.01 RESIGNATION: The Trustee may resign by giving me thirty days' written notice if I am living and not under any disability. During my lifetime and while not under any disability, I may appoint in writing a Successor Trustee. Following my death or if I am under any disability, the Trustee may resign by giving the beneficiaries named under paragraph 6.01B thirty days' written notice. A majority of such beneficiaries may petition any court of competent jurisdiction to name a Successor Trustee. Any Successor Trustee appointed by the Court must be a corporation organized under the laws of any state or the United States which maintains a full time trust department. By making an appointment, no court shall acquire jurisdiction over the trust.

9.02 RIGHTS OF SUCCESSORS: Every Successor Trustee shall have all the powers and duties conferred upon the original Trustee. No Successor Trustee shall be under any duty to examine the records and acts of any previous Trustee or any allocation of the trust estate nor be responsible for any act or omission to act on the part of any previous Trustee.

9.03 NO BOND: No Trustee or any successor shall furnish any bond unless required by law or court rule in which event no surety shall be required.

9.04 COMPENSATION: Any Trustee shall be entitled to reasonable compensation commensurate with the services actually performed and reimbursement for expenses properly incurred.

9.05 REPRESENTATION OF BENEFICIARY: The Conservator, the Guardian or the person having the right of custody of the Grantor who is disabled, may act for such beneficiary for all purposes under the provisions of this Article.

ARTICLE 10.00 - DEFINITIONS AND OTHER PROVISIONS

10.01 DISABILITY: For the purpose of this Trust Agreement, I shall be considered disabled if it is determined that I am unable to manage my own affairs, I am incapable of expending funds for my own use and benefit or I am

unable to give prompt attention to property management or other financial affairs requiring my consideration because of illness, age or other cause as evidenced by either (a) a written certification by my personal physician delivered to the Trustee; or (b) a declaration or adjudication by an appropriate court; or (c) the appointment of a Guardian or Conservator by an appropriate court. However, such disability may be revoked by a written certification from my personal physician or by court order which states that I am no longer disabled. In such event all rights and powers under this Trust Agreement shall revert back to me.

10.02 SINGULAR AND PLURAL: Throughout this Trust Agreement the singular may be construed as the plural and vice versa.

10.03 APPLICABLE LAW: The meaning and effect of all dispositions under this Trust Agreement and any Trust created under this Trust Agreement shall be determined under the laws of Colorado.

10.04 DEFINITIONS: Unless otherwise provided, definitions of terms in this Trust Agreement shall be as defined in the Colorado Probate Code in effect at the date of this Trust Agreement.

THIS TRUST AGREEMENT shall be effective as of

JUNE 16, 1987.

GRANTOR:

Virginia L. Christensen

VIRGINIA G. CHRISTENSEN

TRUSTEE:

FIRST NATIONAL BANK IN BOULDER

By

Craig Stubbelt



STATE OF COLORADO )  
 ) ss:  
COUNTY OF BOULDER )

Subscribed and sworn to before me this 16<sup>th</sup> day of June, 1989, by VIRGINIA G. CHRISTENSEN, Grantor and Trustee.

Witness my hand and official seal.

(SEAL)

My commission expires:

My Commission Expires 11/17/92

Risë A. Galbraith  
Notary Public

Risë A. Galbraith  
3200 Cripple Creek Trail  
Boulder, CO 80303

STATE OF COLORADO )  
 ) ss.  
COUNTY OF BOULDER )

Subscribed and sworn to before me this 16<sup>th</sup> day of June, 1989, by CRAIG E. TRIBOLET, as Senior Vice President of the FIRST NATIONAL BANK IN BOULDER, Trustee.

Witness my hand and official seal.

(SEAL)

My commission expires:

My Commission Expires 11/17/92

Risë A. Galbraith  
Notary Public

Risë A. Galbraith  
3200 Cripple Creek Trail  
Boulder, CO 80303

SCHEDULE A  
to Trust Agreement  
of VIRGINIA G. CHRISTENSEN

AMENDMENT TO  
THE VIRGINIA G. CHRISTENSEN TRUST AGREEMENT

WHEREAS, the Virginia G. Christensen Trust Agreement, dated June 16, 1989 ("Trust Agreement") created four charitable trusts, each trust being established for the benefit of a governmental body or a charitable beneficiary; and

WHEREAS, in order to preserve the intent of the grantor, Virginia G. Christensen, that the four charitable trusts be exempt from the imposition of federal income and excise taxes by virtue of being supporting organizations to the beneficiaries expressly named in the Trust Agreement, the trustee of the four charitable trusts and all of the charitable beneficiaries thereunder desire to amend the Trust Agreement to add provisions that conform to Sections 508(e) and 501(c)(3) of the Internal Revenue Code of 1986, as amended ("Code"); and

WHEREAS, C.R.S. 15-1-1001 *et. seq.*, provides that a trustee of a charitable trust, with the consent of all the beneficiaries under the governing instrument, may, without application to any court, amend the governing instrument to conform to the provisions of Sections 508(e) and 501(c)(3) of the Code by executing a written amendment to the governing instrument for that purpose and submitting it to the Colorado Attorney General for approval.

AMENDMENT

Pursuant to C.R.S. § 15-1-1002(3), the Trust Agreement is hereby amended to conform to the provisions of Sections 508(e) and Section 501(c)(3) of the Code, by adding the following:

1. Notwithstanding any provision of the Trust Agreement to the contrary, the Trustee shall not engage in any act of self-dealing as defined in Section 4941(d) of the Code, shall not make any taxable expenditures as defined in Section 4945(d) of the Code, shall not make any investments that jeopardize the charitable purpose of the Trust within the meaning of Section 4944 of the Code and the Regulations thereunder, and shall not retain any excess business holdings within the meaning of Section 4943(c) of the Code.

2. Notwithstanding any provision of the Trust Agreement to the contrary, if Section 4942 of the Code is at any time applicable to the Trust, the Trustee shall make distributions from the Trust at such time and in such manner as not to subject the Trust to tax under Section 4942 of the Code.

3. Notwithstanding any provision of the Trust Agreement to the contrary, the Trust is organized exclusively for charitable, religious, educational, and scientific purposes, including, for such purposes, the making of distributions to organizations that

qualify as exempt organizations under Sections 501(c)(3) or 170(c) of the Code, or corresponding section of any future federal tax code.

4. Notwithstanding any provision of the Trust Agreement to the contrary, no part of the net earnings of the Trust shall inure to the benefit of, or be distributable to, its members, trustees, officers or other private persons, except that the Trust shall be authorized and empowered to pay reasonable compensation for services rendered and to make payments and distributions as set forth in the Trust. No substantial part of the activities of the Trust shall be the carrying on of propaganda, or otherwise attempting to influence legislation, and the Trust shall not participate in, or intervene in (including the publishing or distribution of statements), any political campaign on behalf of any candidate for public office. Notwithstanding any other provision of this Amendment, the Trust shall not carry on any other activity not permitted to be carried on (a) by a corporation exempt from federal income tax under Section 501(c)(3) of the Code, or corresponding section of any future federal tax code, or (b) by an organization, the contributions to which are deductible under Section 170(c)(2) of the Code, or corresponding section of any future federal tax code.

5. Upon termination of the Trust, any remaining assets which are not distributed pursuant to the terms of the Trust Agreement to an entity or entities described in Sections 170(c), 2055(a), and 2522(a) of the Code, shall be distributed for one or more exempt purposes within the meaning of Section 501(c)(3) of the Code, or corresponding section of any future federal tax code, or shall be distributed to the federal government, or to a state or local government, for a public purpose. Any such assets not so disposed of shall be disposed of by the District Court of the county in which the principal office of the Trust is located, exclusively for such purposes or to such organization or organizations, as said Court shall determine, which are organized and operated exclusively for such purposes; except that the portion of the Trust assets which would have been available to the Town of Creede, Colorado, a statutory town, shall be distributed to the Town of Creede or another qualifying local governmental entity in Mineral County, Colorado, or another qualifying entity described in Sections 170(c), 2055(a), or 2522(a) of the Code, and shall be distributed for one or more exempt purposes within the meaning of Section 501(c)(3) of the Code by the District Court of Mineral County, Colorado.

6. If any provision of the Trust Agreement conflicts with the requirements of the above amendments, the terms of the amendment shall control so that the administration of the Trust shall conform with the requirements of Sections 508(e) and 501(c)(3) of the Code.

7. Each of the provisions of this Amendment are severable, and in the event, for any reason, any provision shall be held to be invalid by a final judgment of any court of competent jurisdiction or any arbitration panel, such invalidity shall not affect any













**Randi Snead**

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**Subject:** RE: A few questions...

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**From:** Golden, Julie [mailto:julie.golden@jpmorgan.com]

**Sent:** Tuesday, September 23, 2014 1:51 PM

**To:** Randi Snead

**Cc:** Catlin, Robin

**Subject:** RE: A few questions...

Hi Randi,

It was good to talk with you today. I am going to have Robin Catlin, the banker for this account, join us on the call as well. Below is a dial in number and passcode so that we can use our conference line:

1-888-575-5762

Passcode: 92749979#

I wanted to clarify our discussion regarding private foundations. For tax purposes, JPMorgan as the Trustee of the Virginia Christen Trust fbo Creede converted the trust to a private foundation. What that means for the City is that rather than distributing income (as the trust document originally referenced) we are now distributing 5% of the trust to the City of Creede each year, which satisfies the private foundation requirements. So to clarify, the Trust is a private foundation and the City of Creede the charitable beneficiary of the private foundation. The 2011 e-mail from David Jokinen pertains to the Virginia Christensen Trust, not the City of Creede.

The trust document does permit the invasion of principal "to be used for park or recreational facilities that would commemorate the good times that my husband, Emil W. Christensen, enjoyed while working in and around the mine and power houses for the Crede Exploration Co." So, if the City wanted to make a request for principal in addition to the 5% distribution it would have to be for those purposes that Virginia Christensen stated in the trust document.

Changing the tax status of the trust to a private foundation in no way impacts the tax status of the City of Creede. The City can utilize the funds however they see fit unless the City bylaws for whatever reason limit them.

I am happy to go over this on the call on September 30.

If you think of anything else in the meantime please feel free to call or e-mail me.

Thanks Randi!

**Julie Golden, Trust Administrator | JPMorgan Chase Bank, N.A. |**

 370 17th St. Suite 3200, Denver, CO 80202,  303-607-7810 

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**From:** Randi Snead [mailto:clerk@creedetownhall.com]

**Sent:** Tuesday, September 23, 2014 10:45 AM

**To:** Golden, Julie

**Subject:** A few questions...

Hi Julie:

We are going to do a work session with the VC fund September 30<sup>th</sup>. Would you or someone from JP Morgan be available to answer a few questions around 5:30 or 6 pm?

I'm sending the attached in reference to the conversation we had a few weeks ago regarding who is qualified to receive VC funds when we distribute them as a private foundation. Its been my understanding over and over that 501(c) anythings are qualified, but our policy thus for is 501c3s only. Before I go changing that, I need to be absolutely sure.

Also, in reading this, is the Town of Creede still considered a private foundation? If so, the 5% payout is confusing me. As of right now, and I hope forever, no one has any interest at all in touching the principal. As far as interest goes, its my understanding that we get the greater of 5% of market value or the annual interest income, is this correct?

And if so, is that the requirement that the IRS has for Private Foundations, that it is given to the Town of Creede use to use at our discretion? OR do we, as a private foundation, have a requirement to distribute 5% (i.e., the entire distribution annually) to OTHER charitable causes, i.e., 501c somethings?

Thanks for your help on this! Also, could you have someone change our contact information to the emails [clerk@creedetownhall.com](mailto:clerk@creedetownhall.com) and [manager@creedetownhall.com](mailto:manager@creedetownhall.com)?

Randi Snead  
City of Creede  
Clerk/Treasurer  
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