

HISTORIC CHURCH ENDOWMENT FUND AGREEMENT

WHEREAS, St. David's Episcopal Church (the "Church") desires to make a gift to St. David's Episcopal Church Foundation, a Texas non-profit corporation (the "Foundation") as a charitable contribution for the purpose of creating the Historic Church Endowment Fund (the "Endowment Fund") for the benefit of St. David's Episcopal Church (the "Church"); and

WHEREAS, certain restrictions are placed on the use of the Endowment Fund; and

WHEREAS, the Foundation is agreeable to accepting such gift upon the terms and restrictions set forth in this Agreement.

NOW, THEREFORE, St. David's Episcopal Church and the Foundation hereby agree as follows:

1. The gift accompanying this Agreement shall constitute a separate Endowment Fund to be maintained by the Foundation and to be known as the Historic Church Endowment Fund.

2. All future contributions to the Foundation designated for the Historic Church Endowment Fund shall become a part of the Endowment Fund.

3. The Endowment Fund (including (i) all contributions to the Endowment Fund, (ii) all appreciation in value of the assets of the Endowment Fund and (iii) all income earned by the assets of the Endowment Fund) shall be maintained as a permanent Endowment Fund for the benefit of St. David's Episcopal Church. During each calendar year, the Foundation shall distribute to the Church an amount out of the Endowment Fund not to exceed the Distribution Amount determined in accordance with the Endowment Fund Distribution Policy of the Foundation, a copy of which is attached hereto as Exhibit "A" and made a part hereof for all purposes.

a. The Distribution Amount, or such portion thereof requested by the Vestry of the Church, shall be distributed to the Church in one or more installments to be used by the Church for restoration, preservation, or repair of the Historic Church, as defined in the Secretary of the Interior's Standards for the Treatment of Historic Properties. All work performed using the Distribution Amount or financed by loans serviced with Distributions from the Endowment Fund shall comply with the most current version of the U.S. Secretary of the Interior's Standards for the Treatment of Historic Properties with Guidelines for Applying the Standards, as administered and interpreted by the State Historic Preservation Officer designated by the governor of the State of Texas under terms of the Historic Preservation Act of 1966. Distributions from the Endowment Fund shall not be used for routine maintenance (cleaning, HVAC service, light bulbs, etc.), landscaping or landscape maintenance, utilities, or operating expenses (staff salaries, benefits, insurance, etc.).

b. Any portion of the Distribution Amount not distributed to the Church during a calendar year (the "Retained Portion") shall be retained in the Endowment Fund and shall be added to the principal of the Endowment Fund unless the Vestry of the Church requests in writing that the Retained Portion be retained by the Foundation in a separate account for future distribution to the Church. The Retained Portion shall be retained by the Foundation in a separate account and invested in accordance with the policies of the Foundation until (i) the Vestry of the Church requests in writing that the Retained Portion be added to

the principal of the Foundation, in which case the Vestry of the Church shall no longer have the right to withdraw the Retained Portion, or (ii) the Vestry of the Church requests in writing that the Retained Portion, all appreciation in value of the Retained Portion and all income earned by the Retained Portion (the "Total Retained Portion"), or any part thereof, be distributed to the Church, in which case the Foundation shall distribute, within sixty (60) days of receipt of the written notice from the Church, the requested portion of the Total Retained Portion.

4. This Endowment Fund Agreement shall be amended only by written agreement between the Church and the Foundation.

5. In the event the Foundation is ever dissolved and its assets are not transferred to a similar organization having the same purposes and activities of the Foundation, all the funds then constituting the Endowment Fund shall be distributed (i) to St. David's Episcopal Church on the same terms and restrictions set forth in this Agreement or (ii) if St. David's Episcopal Church has been dissolved or is unable or unwilling to accept the Endowment Fund on the same terms and restrictions set forth in this Agreement, to an organization that qualifies as an exempt organization under Section 501 (c) (3) of the Internal Revenue Code of 1986, as amended.

EXECUTED this ___ day of _____, 2004.

DONOR:

ST. DAVID'S EPISCOPAL CHURCH

By: _____
Senior Warden

DONEE:

ST. DAVID'S EPISCOPAL CHURCH
FOUNDATION

By: _____
Chairman of the Board

THE STATE OF TEXAS <>

COUNTY OF TRAVIS <>

This instrument was acknowledged before me on the ____ day of _____, 2004, by _____, Senior Warden of St. David's Episcopal Church, a Texas corporation, on behalf of such corporation.

(SEAL)

Notary Public, State of Texas

THE STATE OF TEXAS <>

COUNTY OF TRAVIS <>

This instrument was acknowledged before me on the ____ day of _____, 2004, by _____, Chairman of the Board of St. David's Episcopal Church Foundation, a Texas corporation, on behalf of such corporation.

(SEAL)

Notary Public, State of Texas

EXHIBIT “A”
ENDOWMENT FUND DISTRIBUTION POLICY
ST. DAVID’S EPISCOPAL CHURCH FOUNDATION

During January of each calendar year, the Board of Directors of the Foundation shall determine the “Distribution Percentage” and the “Average Asset Value” of the Endowment Fund for determining the “Distribution Amount” for the current calendar year. The Distribution Percentage shall be that percentage of the Average Asset Value of the Endowment Fund that, if distributed, would, in the sole reasonable discretion of the Board, enable the Endowment Fund to continue distributing an amount from the Endowment Fund with equal purchasing power each calendar year in the future in perpetuity, after projecting total, future expected returns on investments of the Endowment Fund and future inflation. The Average Asset Value for the calendar year in question shall be determined by dividing the sum of the net asset values of the Endowment Fund for the thirteen (13) calendar quarters ending prior to the calendar year in question by the whole number thirteen (13); provided that, if the Endowment Fund has been in existence for fewer than thirteen (13) calendar quarters, the Average Asset Value for the calendar year in question shall be determined by dividing the sum of the net asset values of the Endowment Fund for the full calendar quarters that the Endowment Fund has been in existence by the number of full calendar quarters that the Endowment Fund has been in existence. The net asset value of the Endowment Fund for a calendar quarter shall be the fair market value of the assets of the Endowment Fund less accrued but unpaid liabilities of the Endowment Fund as of the last business day of such calendar quarter. Each publicly traded security shall be valued at its closing price on the valuation date in question. The determination of the fair market value of all other assets of the Endowment Fund on the valuation date in question shall be made by the Board of Directors of the Foundation. The Distribution Amount shall be an amount equal to the Distribution Percentage times the Average Asset Value of the Endowment Fund.