

ARTICLE I

NAME

The name of this religious organization shall be the Unitarian Church of Evanston.

MISSION STATEMENT

The mission of the Unitarian Church of Evanston is to nurture the human spirit for a world made whole.

PURPOSE

The purpose of this congregation is to organize as a liberal religious community.

ARTICLE II

AFFILIATION

This congregation is a member society of the Unitarian Universalist Association of congregations and its district and area council organizations. It is the intention of this congregation to support the organizations to which it belongs by making annual financial contributions equal to its full Fair Share as determined by those organizations.

ARTICLE III

MEMBERSHIP

Section 1. Becoming a Member. Any person 16 years of age or older, or any person who has completed a "Coming of Age" curriculum as approved by the Board of Religious Education, who desires to become a member of the congregation shall, upon signing the membership book, become a member of the congregation.

Section 2. Duties of a Member. Each member shall assume a duty of responsibility to the congregation which shall include participation in congregation activities and financial support of the congregation through an annual pledge to the extent of ability.

Section 3. Voting. A member of the congregation shall be entitled to vote in person at any regular or special meeting of the congregation membership, providing the member has been a member for at least 90 days.

Section 4. Reaffirmation of Membership. Each year each member shall reaffirm membership by a written annual pledge or written statement reaffirming membership delivered to the congregation's administrative office.

Section 5. Termination of Membership. The membership of any member shall terminate upon the receipt by the Executive Operations Director of written resignation. Membership of members, who fail to reaffirm membership as provided in Section 4, shall be terminated. Such membership shall terminate on the first of the month prior to the date of the congregation's report on its membership to the Unitarian Universalist Association; provided that not more than four weeks nor less than two weeks prior to that date the Executive Operations Director shall have mailed to said member a notice advising the member of the provisions of Article III of these by-laws and the need to comply therewith in order to maintain membership. A member will be removed from the membership roll when he/she dies.

ARTICLE IV

MEETINGS OF THE CONGREGATIONAL MEMBERSHIP

Section 1. Annual Meetings. The annual meeting of the congregational membership shall be held in the month of April or May, at such time and place as may be determined by the Board of Trustees. The purpose of the annual meeting is to elect trustees and other elected leadership as described in these Bylaws, adopt an annual budget, receive and review annual reports of the officers, professional staff and committees, and attend to any other business requiring a congregational vote.

Section 2. Special Meetings. From time to time the Board of Trustees may call special meetings of the congregation, either on its own initiative or upon receipt, by the Board President, of a written request to do so. The written request must specify the purpose of the proposed meeting and be signed by no fewer than 10 percent of the congregation members who are eligible to vote pursuant to Article III. Section 3, of these bylaws. When such a written request is received and verified, the Board will, at its next regularly scheduled or specially called meeting, set a date on which the special congregational meeting will occur. That date must be no sooner than twenty-one days and no later than ninety days from the date of the Board meeting at which the petition is presented.

The majority of voting members present at every special congregational meeting shall elect a chair protem to preside at that meeting.

Section 3. Notice. Notice shall be given of every annual or special meeting of members by the Secretary of the Board of Trustees (or other person designated by the Board) by sending a true copy electronically or by mail thereof to every member of the congregation not less than two weeks prior to the date of such meeting. Such notice shall in every case specify the nature of the business to be transacted at the meeting.

Section 4. Quorum. Twenty per cent of the total number of eligible voting members of the congregation shall constitute a quorum for the transaction of business at an annual or special meeting of the congregation membership.

Section 5. Proxy Voting. For any specified meeting of the members, the Board of Trustees may authorize voting of members by written proxy on proposals to authorize the expenditure of money, borrowing of money, mortgaging, sale, or purchase of property by the congregation or absentee ballots for the election of a slate of candidates. Such proposals shall be described in a proxy statement incorporated in a resolution of the Board of Trustees. For all other proposals, only members present at a duly called meeting shall have the right to vote.

Section 6. Statements of Advocacy. Passage of a statement of advocacy by the congregation at an annual or special meeting of the congregational membership shall require a two-thirds vote of the members present at the meeting. Public reporting of a statement of advocacy that is passed by the congregation shall state either the actual numbers or the percentages of the vote supporting and opposing the statement.

ARTICLE V

BOARD OF TRUSTEES

Section 1. Qualification and Election of Trustees. The Board of Trustees shall consist of nine members of the congregation.

(a) Three Trustees shall be elected at each annual meeting of the congregational membership to serve for a term of three years or until their respective successors shall have been elected and qualified.

(b) The member of the Trustees elected as President of the Board of Trustees will serve as President for one year, and may be elected an additional year and the Board membership may temporarily increase by one.

(c) A Trustee who has served a full three year term, or a President who has served a four year term, shall be eligible for re-election for a second term. For trustees who have served two terms, a trustee shall be eligible after one year following the expiration of the second term.

Section 2. Duties of Board of Trustees. The Board of Trustees shall establish congregational policy and have general charge of the property of the congregation, the conduct of its ordinary business affairs, and the control of its administration.

Section 3. Meetings of Board of Trustees. Regular meetings of the Board of Trustees shall be held at such times as the Board may determine. No fewer than six regular meetings shall be held during each fiscal year.

Six Trustees shall constitute a quorum for the transaction of business at regular and special meetings of the Board of Trustees. Only elected members of the Board of Trustees are eligible to vote.

Failure of an Officer or Trustee to attend three (3) consecutive regular Board meetings, without notice to the President and without reasonable cause, he/she shall automatically be retired. The

President shall declare such position vacant unless the individual requests and is granted a leave of absence by the President. Removal for cause of an Officer or Trustee shall be by majority vote of the Voting Members present and voting at a Congregational Meeting with removal of that individual specified in the call for the meeting.

Meetings of the Board of Trustees shall be open to all members of the congregation and to its professional staff (except when the Board votes to go into executive session).

Section 4. Vacancies. Vacancies occurring from time to time on the Board of Trustees may be filled by a majority vote of the then remaining Trustees, and Trustees so elected shall serve until the next annual meeting of the congregational membership. At such annual meeting the congregation membership shall fill such vacancy or vacancies for that part of the original three-year term or terms then remaining.

Section 5. Financial Review. At intervals of not more than five years, the Board of Trustees shall select a certified public accountant or other qualified person to audit who shall review the accounts of the Treasurer for the fiscal year(s) following the previous audit and who shall make a written report to the Board of Trustees. The Board of Trustees shall make this report available to all members of the congregation.

ARTICLE VI

OFFICERS

Section 1. Designation of Officers. The officers of this religious organization shall be:

President, Board of Trustees
Vice President, Board of Trustees
Secretary of the Board
Treasurer

Section 2. Election of Officers.

(a) By Board of Trustees. At a meeting of the newly elected board following the annual meeting of the congregational membership, the Board of Trustees shall elect from among its members a President and a Vice President. The Vice President and President shall each serve for a term of one year and the President may be elected to serve for a second year, ending when a successor of each has been elected and taken office. The Board of Trustees shall appoint a Secretary and a Treasurer, who must be voting members of the congregation.

Section 3. Vacancies. If a vacancy should occur in the office of President or Vice President, the Board of Trustees shall elect a successor from among its own members to serve for the remainder of the term. If a vacancy should occur in the office of the Secretary or Treasurer, the Board of

Trustees shall elect a successor from the congregational membership at large or from among its own members to serve for the remainder of the term.

Section 4. Duties of Officers.

- (a) President. The President shall preside at all meetings of the Board of Trustees, and at all meetings of the congregational membership other than special meetings as provided in Article IV. The President shall perform such other duties as may be assigned to him or her by the Board of Trustees.
- (b) Vice President. In the absence of the President for any reason, the Vice President shall act and serve in place of the President.
- (c) Secretary. The Secretary shall record and keep minutes of all meetings of the Board of Trustees and of the congregational membership, and shall otherwise perform all duties incident to the office.
- (d) Treasurer. The Treasurer is responsible for instituting good practice in the conduct of the financial affairs of the congregation, and for implementing and supervising financial controls required by the Board of Trustees. The Treasurer is responsible for a complete account of the finances of the congregation on books which shall remain the property of the congregation, and which shall be open for inspection at any time to the Officers and Trustees. The Treasurer shall render a current statement at the Annual Meeting of the congregation and at each regular meeting of the Board of Trustees or of such committee designated by the Board to receive such statement. The annual statement for the fiscal year shall be reviewed as prescribed in Article V, Section 5. The Treasurer may delegate responsibility for specific financial activities to congregation staff or members who will then report back on these activities to the Treasurer.

ARTICLE VII

RELIGIOUS EDUCATION

Section 1. Board of Religious Education.

- (a) Duties. The Board of Religious Education shall have general charge of determining the policy of the program for children and young people up through the senior year in high school and the control of its administration, subject to review and approval by the Board of Trustees. The Board of Religious Education shall be responsible for the preparation of the congregation school budget, which shall be submitted to the Board of Trustees for approval and inclusion in the annual congregation budget.
- (b) Number and Qualifications of Members. The Board of Religious Education shall consist of nine elected members.
- (c) Election. Three members shall be elected at each annual meeting of the congregational membership; to serve for a term of three years, or until their respective successors shall have been elected and qualified.

(d) Vacancies. Vacancies occurring from time to time on the Board of Religious Education may be filled by majority vote of the then remaining members of the Board, and members so elected shall serve until the next annual meeting of the congregational membership. At such annual meeting, the congregational membership shall fill such vacancies for that part of the original three-year term then remaining.

(e) Officers. At the first meeting of the new board following each annual meeting of the congregational membership, the Board of Religious Education shall choose from among its members a Chair and a Secretary.

(1) Chair. The Chair shall preside at all meetings of the Board of Religious Education. In the absence of the Chair for any reason, the Secretary of the Board of Religious Education shall chair the meeting.

(2) Secretary of the Board of Religious Education. The Secretary shall record and keep minutes of all meetings of the Board of Religious Education, and shall otherwise perform all duties incident to the office. The Secretary shall have custody of the records of the Board of Religious Education.

Section 2. Director of Religious Education. The Director of Religious Education shall be appointed by the Board of Trustees, with the advice of the Board of Religious Education and the Senior Minister. However, when this position is to be held by a person accredited as a Minister or a Minister of Religious Education, then the Director of Religious Education shall be appointed as provided herein in Article IX and shall hold the title of Associate Minister for Religious Education.

A Letter of Agreement stipulating all conditions of employment shall be entered into by the Director of Religious Education and the Board of Trustees at the time of initial employment and may be revised, from time to time, by mutual consent.

The Director of Religious Education shall be a non-voting ex officio member of all boards and committees of the congregation except the Nominating and Recruiting Committee. The congregation, Board of Trustees, or any personnel committee appointed by the Board of Trustees shall have the right to meet for discussion of personnel matters without the presence of the Director of Religious Education. The Director of Religious Education shall be informed of the general nature of any such meeting prior to its occurrence, and of the substance of the discussion following the meeting.

ARTICLE VIII

COMMITTEES

The Board of Trustees is responsible for ensuring oversight and annual evaluation and review of goals of the Committees.

Section 1. Standing Committees. The standing committees of the congregation shall include administrative and program committees as may be established from time to time by the Board of Trustees. Committee Chairs of Standing Committees must be members of the congregation.

Section 2. Special Committees. Special committees may be established from time to time by the Board of Trustees.

Section 3. Nominating and Recruiting Committee.

- (a) The Nominating and Recruiting Committee shall consist of nine members, three of whom shall be elected by the congregation at each Annual Meeting for three-year terms.
- (b) The Nominating and Recruiting Committee shall invite suggestions from the congregational membership for candidates for the Board of Trustees, the Endowment Trustees, the Board of Religious Education, Nominating and Recruiting Committee, and when required by other standing or special committees established by the Board of Trustees. The Committee shall prepare a ballot listing each elective office to be voted upon at the Annual Meeting, together with the candidates, and shall submit it to the Executive Operations Director. The Executive Operations Director shall distribute copies of the ballot to the membership along with the meeting notice, as prescribed in Article IV, Section 3.
- (c) The Committee shall be responsible for assisting the Board of Trustees in identifying candidates to fill the positions as requested by the Board.

Section 4. Finance and Audit Committee

A Finance and Audit Committee appointed by the Board of Trustees shall consist of at least two members of the Board and the Treasurer. The Finance and Audit Committee assists the Board in its general oversight of financial reporting, internal controls and audit function.

ARTICLE IX

MINISTERS

Section 1. Senior Minister. The Senior Minister is the religious and spiritual leader of the congregation. He or she shall have freedom of the pulpit and of speech. The Senior Minister shall be responsible for all services held in the congregation's building, regardless of their nature, provided no services other than regular services, weddings, or funerals shall be held in the congregation's building without the prior approval of the Board of Trustees. It shall be the duty of the Senior Minister to bring to the attention of the Board of Trustees any matters deemed pertinent to the general interest of the congregation, and to make such

recommendations deemed proper in connection therewith; provided final decisions in matters of policy or procedure shall be made by the Board of Trustees or the congregational membership.

The Senior Minister shall be a non-voting ex officio member of all boards and committees of the congregation except the Nominating and Recruiting Committee. The congregation, Board of Trustees, or any personnel committee appointed by the Board of Trustees shall have the right to meet without the presence of the Senior Minister. The Senior Minister shall be informed of the general nature of any such meeting prior to its occurrence and of the substance of the discussion following the meeting.

The Senior Minister shall be called by a vote of the congregational membership at a regularly called meeting, and shall serve until such time as his or her ministry is terminated by a similar vote. A Letter of Agreement stipulating all conditions of employment and compensation shall be entered into by the Senior Minister and the Board of Trustees at the time of initial employment and be revised, from time to time, by mutual consent.

Section 2. Other Ministers. An Associate Minister shall have freedom of the pulpit and of speech and may be called by vote of the congregational membership at a regularly called meeting and shall serve until such time as that ministry is terminated by a similar vote. A Letter of Agreement stipulating all conditions of employment and compensation shall be entered into by any such Minister and the Board of Trustees at the time of initial employment and may be revised, from time to time, by mutual consent.

The Associate Minister shall be a non-voting ex officio member of all boards and committees of the congregation except the Nominating and Recruiting Committee. Should any such Minister be called to the position of Director of Religious Education, the duties and responsibilities shall be as set forth herein in Article VII, Section 2.

Section 3. Ministerial Search Committee

Upon notification of an immediate or future vacancy of a ministerial office, the Board shall call a Special Congregational Meeting for the purpose of electing a Ministerial Search Committee. The Board shall present a slate of seven (7) nominees. Elections shall be held in accordance with these bylaws. Subject to the approval of the Ministerial Candidate by the Congregation, the Committee shall negotiate an initial job description and employment contract with the candidate and present both to the Board for approval.

Section 4. Quorum and Plurality of Call

The minister shall be called upon recommendation of the Ministerial Search Committee by a minimum 80% of the voting members of the society present at any meeting legally called for this purpose; quorum for such a meeting is to be constituted by forty percent (40%) of the voting members.

Section 5. Dismissal and Termination of Call

The Minister shall give at least ninety (90) days notice in writing to the Board of his/her resignation or retirement. Dismissal of a Minister shall be at a Special Congregational Meeting called for that purpose. This meeting shall be called by the Board only upon the written request signed by at least twenty percent (20%) of the voting members. Notice of the meeting shall be

only by letter sent to the Congregation. No notice shall be placed in the official Congregation newsletter or read from the pulpit. The Minister shall be invited to speak at this meeting. A quorum for such a meeting is to be constituted by forty percent (40%) of the voting members. Dismissal shall be by a minimum 80% vote of voting members present and voting. The Minister's compensation shall continue for a minimum of ninety (90) days after the date of dismissal in exchange for such service to the Congregation, consistent with the duties of the minister set out herein, as may be directed by the Board.

ARTICLE X

ANNUAL BUDGET

The congregational membership shall adopt an annual budget at the Annual Meeting. A copy of the proposed annual budget shall be made available to all members of the congregation not less than one week before such meeting.

During each fiscal year, and without notice to the congregational membership, the Board of Trustees may:

- (a) reallocate funds within the budget at any one time to a maximum of 5 percent of the yearly budget approved by vote of the congregation,
- (b) authorize expenditures over the course of the budget year that will cause expenditures to exceed the budget by a maximum of 2.5 percent of the yearly budget approved by vote of the congregation.

The Board may authorize additional reallocations and expenditures only after notification to the congregational membership at least two weeks prior to the date of the Board meeting when such authorization will be given.

ARTICLE XI

FISCAL YEAR

The fiscal year of the congregational organization shall commence July 1 of each year, and shall terminate June 30 of the following year.

ARTICLE XII

ENDOWMENT FUND

The Unitarian Church of Evanston Endowment Fund is a separate legal entity, established in trust by virtue of the Endowment Fund Agreement document, as may be properly amended from time to time, which is an appendix to these by-laws. The Endowment Fund Agreement will comply

with these by-laws, except in the instance when its own restrictions are greater than those of the by-laws.

Distributions from the Endowment Fund shall be made in accordance with the Endowment Fund Agreement at the written request of the President of the Board of Trustees, provided that such request is approved by a majority of the Board of Trustees. The distribution request shall not exceed (except as allowed by the Fund Agreement), when combined with all other such requests granted or made or still pending in that calendar year, five percent (5%) of the fair market value of the general unrestricted fund as of the December 31st immediately preceding the date of the distribution.

All books and records of the Endowment Fund Committee shall be available for inspection by a member of the Board of Trustees, following approval of such inspection by a majority of the Board of Trustees, and shall be audited at the request of the Board of Trustees at least once every three (3) years by a certified public accountant or any other appropriate person selected by the Board of Trustees.

ARTICLE XIII

INCLUSION

This religious organization affirms and promotes the full participation of all persons in all our activities, including membership, employment, the calling of religious professionals, and programming, without regard to race, color, gender, physical or mental challenge, affectional or sexual orientation, age, class, income, or national origin.

ARTICLE XIV

ORDINATION

To be ordained by the Congregation, a person shall apply to the Board of Trustees, who shall appoint an ordination committee, which shall include a minister and a member of the Board. The committee may recommend the candidate to the Board for ordination and shall assist the ordinand in the process of ordination. Any candidate for ordination must be in preliminary Fellowship with the Unitarian Universalist Association of Congregations.

ARTICLE XV

AMENDMENTS

These by-laws or any of the provisions hereof may be altered, amended or repealed by a two-thirds vote of the members of the congregation present in person at an annual or special meeting of the congregational membership at which a quorum is present. Only those proposed changes to

these by-laws may be voted upon which have been submitted in writing, at least 30 days before the date of such meeting, to the members authorized to vote.

Article XVI

INDEMNIFICATION

A duly elected or appointed officer, trustee, employee, or agent of the Congregation shall not be personally liable to the Congregation or to its Members for monetary damages for breach of fiduciary duty, except for liability resulting from: (1) any intentional breach of duty or loyalty to the Congregation or its members, or (2) acts or omissions which involve intentional misconduct or a knowing violation of the law. The Congregation shall indemnify any person and his/her estate and personal representative against all liability and expense incurred by reason of the person being or having been duly elected or appointed as an officer, trustee, employee or agent of the Congregation.

Article XVII

REAL PROPERTY

At any meeting of the Board or any congregational meeting where the sale, encumbrance, or acquisition by the Congregation of real property or improvements thereon is to be discussed, notice of the same shall be published in the official Congregation newsletter at least thirty (30) days prior to said meeting, and read from the pulpit at least two (2) consecutive Sundays immediately preceding the meeting. Any action requiring the sale, encumbrance, or acquisition by the Congregation of real property shall require a two-thirds (2/3) vote of those voting members present and voting at a congregational meeting with such action in its call.

ARTICLE XVIII

DISSOLUTION

Should this congregation cease to function and the membership vote to disband, any assets of the society will be transferred to the Unitarian Universalist Association for its general purposes, this transfer to be made in full compliance with whatever laws are applicable.

**Second Amendment and Restatement of
Unitarian Church of Evanston Endowment Fund Agreement**

This Second Amendment and Restatement of the Unitarian Church of Evanston Endowment Fund Agreement is made as of the 13th day of November, 2005, by and between the Unitarian Church of Evanston Board of Trustees and the Trustees of the Endowment Fund.

Recitals

Whereas, the Unitarian Church of Evanston, an Illinois not for profit corporation, previously created the Unitarian Church of Evanston Endowment fund for the religious purposes hereinafter set forth;

Whereas, the Unitarian Church of Evanston last amended and restated the Unitarian Church of Evanston Endowment Fund Agreement as of May 31, 1999; and

Whereas, the Unitarian Church of Evanston desires to further amend and restate the Unitarian Church of Evanston Endowment Fund Agreement upon the terms and conditions hereinafter set forth and has approved this Second Amendment and Restatement by the affirmative vote of eighty-five percent (85%) of those voting members of the Unitarian Church of Evanston who attended a duly called congregational meeting on October 30, 2005;

Now, therefore, it is agreed in consideration of the mutual promises hereinafter contained that the Unitarian Church of Evanston Endowment Fund is hereby created as hereinafter set forth:

**ARTICLE I
NAME**

This fund is named the "Unitarian Church of Evanston Endowment Fund," and is sometimes referred to hereinafter as the "Endowment Fund."

**ARTICLE II
PURPOSE**

The Unitarian Church of Evanston Endowment Fund has been established to provide for a variety of opportunities for special giving to the Unitarian Church of Evanston, and to serve those who would like to make an enduring gift of any size to the church in the name of individuals, couples, or families. The purpose of the Endowment Fund is to build a strong and lasting financial foundation that will nourish the Unitarian Church of Evanston, its religious life and programs, and to maintain it as a vital place in the community. This Endowment Fund is established in full recognition of its supplementary nature; i.e., its commitment and responsibility to members and friends to this congregation.

ARTICLE III CONTRIBUTIONS

The Endowment Fund Trustees are authorized to receive contributions of money and property to this Endowment Fund from any source, and such money and property and the income therefrom shall be held and administered by the Endowment Fund Trustees as herein provided. A gift, bequest or devise of money or property may be received and accepted even if it is conditioned or limited for a particular purpose or purposes, provided, however, that such conditions or limitations shall not require disposition thereof for other than the charitable purposes set forth in this Endowment Fund for the benefit of the Unitarian Church of Evanston, shall not jeopardize the federal income tax exemption of this Endowment Fund, and shall not prevent a termination of the Endowment Fund hereunder by complete distribution of the principal and income of the Endowment Fund pursuant to Section 7 of Article IV following. Prior to accepting or rejecting any conditioned or restricted contribution, the Endowment Fund Trustees shall consult with the Church Board of Trustees and the Church ministers, but the Endowment Fund Trustees shall at all times have the sole authority to accept or reject any such conditioned or restricted contribution. The Endowment Fund Trustees shall separate (a) unrestricted funds from conditioned or restricted contributions and (b) conditioned or restricted contributions from other incompatibly conditioned or restricted contributions, either by investing such funds separately or by investing the funds in a common pool and keeping detailed accounting records reflecting contributions, appropriate allocable investment gains or losses and distributions relative to such separate funds. All assets shall be held in the name of the Unitarian Church of Evanston Endowment Fund.

ARTICLE IV DISTRIBUTIONS

Section 1. With respect to the general unrestricted fund of the Endowment Fund, the President of the Board of Trustees, following the approval by a majority of the Board of Trustees, may annually submit written requests to the Endowment Fund Trustees for a portion of the funds in the general unrestricted fund of the Endowment Fund, provided that such request shall not, when combined with all such requests granted or made or still pending in that year, exceed five percent (5%) of the fair market value of the general unrestricted fund as of the December 31st immediately preceding the date of the distribution (except as otherwise provided in Section 5 and 7 of this Article IV). Within thirty (30) days of receiving each such request, the Endowment Fund Trustees shall determine, in their good faith judgment, whether the request is consistent with the permitted purposes of the Endowment Fund as specified in Section 2 of this Article IV. If the request is found to be consistent with these Endowment Fund purposes, the Endowment Fund Trustees shall deliver a check for the requested funds from the unrestricted fund within thirty (30) days of their receipt of the request. If the request is found to be inconsistent with these Endowment Fund purposes, the Endowment Fund Trustees shall so inform the President of the Board of Trustees in writing within said thirty (30) day period, together with their reasons for finding the request inconsistent. If the Board of Trustees continues to believe that its request is appropriate, the Board of Trustees and the Endowment Fund Trustees shall work in good faith to resolve their disagreement promptly, but if it is not resolved within thirty (30) days, the Board of Trustees may present the question to the congregation of the Unitarian Church of Evanston for a decision at a duly called congregational meeting. A request for distribution that is denied by the

Endowment Fund Trustees, based upon their determination that the request is inconsistent with the Endowment Fund purposes, shall be made to the Board of Trustees with the approval of two-thirds (2/3) of those voting members of the Unitarian Church of Evanston who attend such congregational meeting.

Section 2. Distributions of funds from the Endowment Fund from the general unrestricted fund shall only be used by the Unitarian Church of Evanston for one or more of the following purposes:

- a) Supporting special church projects not anticipated in or provided for by the operating budget.
- b) Supporting the communities in which the Unitarian Church of Evanston resides and operates including spiritual, educational and economic needs.
- c) Enhancing, repairing, supplementing or improving the Unitarian Church of Evanston's building and property, including both real and personal property.
- d) Scholarships and grants to Unitarian Church of Evanston members and staff for education and training.
- e) Supporting the wider mission of Unitarian Universalism.

Section 3. With respect to any and all conditioned or restricted funds within the Endowment Fund, the Endowment Fund Trustees shall follow the same procedure with respect to distributions as provided for the general unrestricted fund in Section 1 of this Article IV, except to the extent that the conditions or restrictions require, permit or suggest a difference in procedure (including a greater or lesser annual distribution amount than permitted for the general unrestricted fund), with such determination as to the amount and manner of any distribution from any conditioned or restricted funds to be made solely by the Endowment Fund Trustees and shall not be subject to override by congregational approval in the manner provided in Section 1 of this Article IV. All distributions from any conditioned or restricted funds shall only be used by the Unitarian Church of Evanston for a purpose or purposes consistent with the terms of said conditioned or restricted funds.

Section 4. Notwithstanding anything contained in Section 1 and 3 of this Article IV to the contrary, in any calendar year in which the Endowment Fund Trustees approve for distribution from the conditioned or restricted funds within the Endowment Fund an amount which in the aggregate is equal to or greater than five percent (5%) of the fair market value of the entire Endowment Fund, the Endowment Fund Trustees may, by written notice to the Board of Trustees, reduce or eliminate entirely the amount that would otherwise be distributable from the general unrestricted fund as provided in Section 1 of this Article. In all instances, the Endowment Fund Trustees shall attempt, to the greatest extent they deem appropriate, to fulfill the funding requests made by the President of the Board of Trustees from conditioned or restricted funds within the Endowment Fund rather than from the general unrestricted fund.

Section 5. The Unitarian Church of Evanston retains the right to withdraw at any time and from time to time so much or all of the principal of the general unrestricted fund in excess of the amount determined by the Endowment Fund Trustees under Section 1 of this Article IV as requested in writing by the President of the Church Board of Trustees, provided that such

withdrawal request must be approved by eighty-five percent (85%) of the Church Board of Trustees and by eighty-five percent (85%) of those voting members of the Unitarian Church of Evanston who attend a duly called congregational meeting.

Section 6. Notwithstanding Sections 3 and 4 of this Article IV to the contrary, the Endowment Fund Trustees, except pursuant to the terms of Article IV, Section 7, shall make no distributions, and no withdrawals shall be made in violation of any conditions or limitations directed by a donor in his or her gift, bequest or devise regarding the use of principal or any income therefrom, provided that such conditions or limitations shall not violate the provisions in Article II regarding contributions to this Endowment Fund.

Section 7. This Endowment Fund, including both general unrestricted and conditioned funds, may be terminated at any time by direction of eighty-five percent (85%) of those voting members of the Unitarian Church of Evanston who attend two duly called congregational meetings scheduled not less than ten (10) months or more than thirteen (13) months apart. Upon termination, the Endowment Fund Trustees shall distribute all of the principal and undistributed income to the Unitarian Church of Evanston. If said Church is not then in existence, the Endowment Fund Trustees may terminate this Endowment Fund by distributing all of the principal and undistributed income to the Unitarian Universalist Association or its successor. No distribution, however, upon any termination of this fund shall be made to any organization which is not exempt from taxation under Section 501 (c) (3) of the Internal Revenue Code of 1954 (hereinafter referred to as the "Code"), as amended, or any successor section thereto. In the event that neither of the organizations named above qualifies for a distribution at termination of the fund, then the Endowment Fund Trustees shall make such distribution, in such amounts or shares as they shall determine, to one or more organizations which are exempt from taxation under Section 501 (c) (3) of the Code. No distributions of principal and/or income at termination of this Endowment Fund shall be subject to any conditions or limitations directed by a donor, if the Endowment Fund Trustees, in their discretion, determines such conditions or limitations are not in the best interest of this Endowment Fund. The decisions of the Endowment Fund Trustees in the exercise of this discretion shall be binding on all persons.

ARTICLE V POWER

Section 1. Subject to Article VI, the Endowment Fund Trustees shall have the following powers and discretions, and any others that may be granted by the Illinois Statutes in such cases made and provided, except to the extent inconsistent herewith:

- a) To retain any property or undivided interest in property received by the Endowment Fund Trustees, regardless of any lack of diversification, risk, or nonproductivity;
- b) To invest and reinvest the Endowment Fund estate in any property or undivided interests in property in accordance with the Illinois Prudent Person Rule;
- c) To sell any Endowment Fund property for cash or on such terms as is reasonably prudent, and to exchange any fund property for other property;
- d) To employ attorneys, auditors, depositaries, proxies and agents with or without discretionary powers;

- e) To compromise and settle with respect to foreclosures, reorganizations or other changes affecting the Endowment Fund property;
- f) To hold securities and other assets in the name of the Endowment Fund;
- g) To make allocations as between income and principal, and in doing so, the Endowment Fund Trustees shall be governed by the Illinois Principal and Income Act;
- h) To do all other acts to accomplish the proper management, investment and distribution of the Endowment Fund.

Section 2. No person paying or delivering any property to the Endowment Fund Trustees need see to its application.

Section 3. The Endowment Fund Committee shall be entitled to reimbursement for expenses, but shall serve as Endowment Fund Committee members without compensation.

Section 4. No Endowment Fund Trustee shall be required to furnish any bond or any surety on a bond. No Endowment Fund Trustee shall be responsible or liable for any acts or omissions of any other then acting Endowment Fund Trustee, any predecessor, or a custodian, agent, depository, or counsel selected with reasonable care. Endowment Fund Trustees shall not be liable for any losses that may be incurred upon the investment of assets of the Endowment Fund except to the extent that such losses have been caused by bad faith or gross negligence. No Endowment Fund Trustee shall be personally liable as long as said Endowment Fund Trustee acts in good faith and with ordinary prudence. No member of the Endowment Fund Committee shall have any direct or indirect financial interest in the assets of the Endowment Fund and any member who as an individual or as part of a business or professional firm is involved in the business transactions or professional services of the Unitarian Church of Evanston shall disclose this relationship and shall not participate in any vote taken with respect to such transaction or service. Committee members shall refrain at all times from conduct and/or decisions in which their personal financial interests would conflict with the best interests of the Endowment Fund.

Section 5. The Endowment Fund Trustees shall submit in writing a detailed annual written report of the Endowment Fund to the Board of Trustees on or before March 15th of each year, provided, however, in reporting contributions designated as anonymous, the Endowment Fund Trustees shall comply with the contributor's request. In addition, on or before January 15th of each year, the Endowment Fund Trustees shall report in writing to the Board of Trustees (a) the calendar year end balance in each of the general unrestricted fund and all conditioned or restricted funds and (b) the amount determined by the Endowment Fund Trustees for distribution to the Church from the Endowment Fund in the current calendar year from each of the general unrestricted fund and from any conditioned or restricted fund.

Section 6. All books and records of the Endowment Fund Committee shall be available for inspection by a member of the Board of Trustees, following approval of such inspection by a majority of the Board of Trustees, and shall be audited at the request of the Board of Trustees at least once every three (3) years by a certified public accountant or any other appropriate person

selected by the Board of Trustees. The auditor shall be instructed to submit a prompt written report concurrently to the Endowment Fund Committee and the Board of Trustees.

Section 7. The Endowment Fund Trustees shall act by a vote of a majority of their trustees, and all actions taken will be with a written record. The Endowment Fund Committee, whenever acting on matters permitted or directed to be taken by the entire Endowment Fund Committee, shall act by a vote of the majority of the members of the Endowment Fund Committee, and all such actions taken will be with a written record.

ARTICLE VI **PROHIBITIONS**

The Endowment Fund Trustees may not, to the extent provided in Section 4947 of the Code:

(a) engage in any act of self-dealing as defined in Section 4941 (d) of the Code; (b) make any taxable expenditure as defined in Section 4945 (d) of the Code; (c) retain excess business holdings as defined in Section 4943 (c) of the Code; or (d) make any investment which jeopardizes the Endowment Fund's charitable purposes, as defined in Section 4944 of the Code. The Endowment Fund Trustees shall make distributions at such times and in such manner as not to subject the Endowment Fund to tax under Section 4942. References to Code Sections in this Endowment Fund Agreement shall include the corresponding provisions of any federal tax law enacted after the date of this Endowment Fund Agreement.

Also, no part of the income or principal of this Endowment Fund shall inure or be payable to or for the benefit of any private shareholder or individual, and no substantial part of the activities of this Endowment Fund shall be the carrying on of propaganda, or otherwise attempting, to influence legislation. No part of the activities of this Endowment Fund shall be the participation in, or intervention in (including the publishing or distributing of statements) any political campaign on behalf of any candidate for public office. This Endowment Fund is neither a trust indenture nor a foundation.

ARTICLE VII **AMENDMENTS**

This Endowment Fund is intended to qualify as a charitable fund for religious purposes, exempt from income taxation as a supporting fund operated for religious purposes under the Code. The Endowment Fund Trustees may amend this Endowment Fund Agreement in whole or in part or any contribution hereto which is in any way restricted or conditioned, and in particular may amend this Endowment Fund Agreement or any contribution hereto which is in any way restricted or conditioned in order to maintain the tax exempt status of the Endowment Fund under the Code and other applicable legislation and regulations, to comply with any federal or state law governing tax exempt status and fund powers and administration, and for any other purposes deemed appropriate by the Endowment Fund Trustees, subject to the prohibitions in Article VI. However, before it shall be effective, any amendment must be approved by eighty-five percent (85%) of those voting members of the Unitarian Church of Evanston who attend a duly called congregational meeting.

Any amendment to this Article VII itself, of any successor article to this Article VII, shall be valid only if and to the extent that such amendment further restricts Endowment Fund Trustees' power to amend this Endowment Fund Agreement.

ARTICLE VIII
**RESIGNATION AND APPOINTMENT OF THE ENDOWMENT FUND TRUSTEES
AND ENDOWMENT FUND COMMITTEE MEMBERS**

Section 1. At all times during the existence of this Endowment Fund there shall be three (3) endowment committee members acting. Each Endowment Fund Trustee shall hold a three (3) year term of office.

The Endowment Fund Trustees together with such additional persons as said trustees may appoint, as hereinafter provided, shall constitute the Endowment Fund Committee. The Endowment Fund Trustees by majority vote may, at any time and from time to time, appoint one or more ancillary voting members to the Endowment Fund Committee. Ancillary voting members of the Endowment Fund Committee shall hold a one (1) year term of office and shall fully participate in and vote on all actions of the Endowment Fund Committee. The activities of the Endowment Fund Committee shall include (a) Endowment Fund development and fundraising initiatives and campaigns and (b) such other activities pertaining to the Endowment Fund which are not specifically reserved to be conducted solely by the Endowment Fund Trustees. The Endowment Fund Trustees shall at all times have sole, complete and exclusive control of all of the following responsibilities and activities of the Endowment Fund subject to the terms of this Agreement:

- a) Acceptance and receipt of contributions and legal control of all accounts and assets of the Endowment Fund.
- b) All investment and reinvestment decisions.
- c) The amount or amounts which may be distributed by the Endowment Fund in any given year from either the general unrestricted fund or from any conditioned or restricted fund.
- d) Control of the books and records of the Endowment Fund.
- e) Appointment of ancillary voting members to the Endowment Fund Committee.
- f) Annual accounting of the Endowment Fund to the Board of Trustees.
- g) Any and all matters specifically reserved to the Endowment Fund Trustees by the terms of this Endowment fund Agreement.

Section 2. Any Endowment Fund Trustee acting under this Endowment Fund Agreement may resign by written instrument delivered to a member of the Board of Trustees. Any ancillary voting member of the Endowment Fund Committee may resign by written instrument delivered to an Endowment Fund Trustee.

Section 3. Any Endowment Fund Trustee may be removed from his or her office at any time by a vote of seventy-five percent (75%) of those voting members of the Unitarian Church of Evanston attending a duly called congregational meeting.

Section 4. Upon the expiration of a an Endowment Fund Trustee's term of office or if a member resigns or is removed from office, an Endowment Fund Trustee shall be elected to fill such vacancy by a vote of seventy-five percent (75%) of those voting members of the Unitarian Church of Evanston attending a duly called congregational meeting. If at any time there are less than three (3) Endowment Fund Trustees acting, for whatever reason, the President of the Church

Board of Trustees may appoint one or more interim Endowment Fund Trustees so that there are three (3) Endowment Fund Trustees then acting until such a vote may be taken. Any interim Endowment Fund Trustee while acting shall have all of the rights, powers and obligations given to the Endowment Fund Trustees hereunder.

Section 5. Any succeeding Endowment Fund Trustee, upon his or her acceptance of office by written instrument signed and acknowledged, shall have the same powers, rights and duties as the original Endowment Fund Trustees of this Endowment Fund, except to the extent that such have been modified by the terms of this Agreement.

ARTICLE IX
INTERPRETATION

The validity and construction of this Endowment Fund Agreement and all rights, discretions, powers, and duties granted in this Endowment Fund Agreement shall be governed by the laws of the State of Illinois.

The Endowment Fund Trustees do hereby accept this Endowment Fund Agreement and agree to hold, manage and administer the Endowment Fund in accordance with the terms of this Agreement.

The Endowment Fund Trustees and the President of the Unitarian Church of Evanston Board of Trustees have signed his or her name hereto this Second Amended and Restated Endowment Fund Agreement as of the 13th day of November, 2005.

Unitarian Church of Evanston
Board of Trustees

By: _____

President

Unitarian Church of Evanston
Endowment Fund Trustees:

Richard Berman

James Strickler

Sandra Danforth