

**PACIFIC SPIRIT UNITED CHURCH
CONGREGATIONAL RESTRICTIONS IN RESPECT OF THE LEGACY FUND**

WHEREAS:

- A. Pacific Spirit United Church ("Pacific Spirit") is the result of the amalgamation of Ryerson United Church ("Ryerson") and Dunbar Heights United Church ("Dunbar Heights");
- B. Pacific Spirit is the beneficial owner of \$5,000,000 (the "Sale Proceeds") being a significant portion of the proceeds of sale of property at 3525 West 24th Avenue and 3949 and 3969 Collingwood Street, Vancouver (collectively the "W24th & Collingwood Properties"), which properties were beneficially owned by Dunbar Heights prior to amalgamation;
- C. During the negotiations leading to the amalgamation of Ryerson and Dunbar Heights it was agreed that a major portion of the proceeds of sale of the W24th & Collingwood Properties would be used by Pacific Spirit to support its future ministry;
- D. It is considered desirable that the Sale Proceeds be placed in a Fund (the "Legacy Fund") and that such Legacy Fund and all income and capital gains therefrom be governed by this Declaration; and
- E. The Council of Pacific Spirit has approved this Declaration for adoption by the Congregation.

THEREFORE, PACIFIC SPIRIT HEREBY DECLARES that as and from the Effective Date the Legacy Fund shall be operated subject to the following terms and conditions:

1. In this Declaration:

"Annual Distribution Amount" means the amount from the Legacy Fund to be distributed to Pacific Spirit in a fiscal year determined by the Council in accordance with section 4 or calculated by the Trustees in accordance with section 6;

"Congregation" means the congregation of Pacific Spirit;

"Council" means the Council of Pacific Spirit;

"Distribution Rate" at any time means the percentage rate last determined by the Council pursuant to section 5;

"Effective Date" means the date upon which this Declaration is approved by the Congregation;

"Trustees" means the trustees described in section 3.

2. The Legacy Fund shall consist of:

(a) the Sale Proceeds; and

(b) any additional moneys added to the Legacy Fund with the approval of Council and the Congregation; and

(c) all income and capital gains earned thereon; less

(d) all distributions from the Legacy Fund made in accordance with sections 7 and 8.

3. Monies held in the Legacy Fund are vested in the Trustees of Pacific Spirit appointed from time to time by the Congregation in accordance with the United Church Manual.

4. In each of the 2021, 2022 and 2023 fiscal years the Council will determine the dollar amount which will be distributed from the Legacy Fund in that year, which amount may not exceed \$150,000 in each of those years, and will in each case forthwith advise the Trustees of this determination.

5. Commencing in 2023, the Council shall from time to time, but not more often than annually,

(a) determine the percentage Distribution Rate to be used by the Trustees to calculate the amount of the Legacy Fund to be distributed annually from the Legacy Fund in fiscal years following the fiscal year in which that determination is made, and

(b) forthwith advise the Trustees in writing of this determination.

The Council must not establish a Distribution Rate which is greater than the average annual percentage rate of return on investment of the Legacy Fund in the preceding 3 fiscal years (as reported by the investment manager, net of management fees) plus 1%. In determining the Distribution Rate, Council will consider the current financial needs of ministry, and the current and cumulative return on investment of the Legacy Fund, with a view to maintaining significant asset value of the Legacy Fund to support future spending.

6. The Trustees shall, within 30 days following each fiscal year end of Pacific Spirit, calculate the Annual Distribution Amount for the fiscal year in which the calculation is made by applying the Distribution Rate then in effect to the average of the month-end values of the Legacy Fund in the preceding fiscal year
7. The Trustees shall in each fiscal year pay, or cause to be paid, to the operating account of Pacific Spirit the Annual Distribution Amount for that fiscal year
 - (a) in such portions and at such frequency as directed in writing by the Treasurer of Pacific Spirit, or
 - (b) in the absence of such direction, a quarter of such amount on or about the last day of each of March, June, September and December.
8. The Trustees shall not distribute any other amounts from the Legacy Fund, in addition to amounts specified in section 7, unless such distribution is approved by Council and the Congregation by resolutions duly adopted.
9. Distributions from the Legacy Fund shall be made without regard to whether the particular distribution is from income (including capital gains) or capital (including capital gains), or both, of the Legacy Fund.
10. The Trustees shall be permitted to make loans from the Legacy Fund to Pacific Spirit at a rate of interest, if any, agreed by the Trustees and Pacific Spirit (by its Council), and for a finite period of time, provided that the Trustees are satisfied that Pacific Spirit is likely to be able and willing to repay on time the principal amount of the loan plus all outstanding interest, if any.
11. The Trustees or the Treasurer of Pacific Spirit shall report to the annual general meeting of Pacific Spirit the current status of the Legacy Fund giving adequate detail of all investments held on the report date, and listing all disbursements made during the last completed fiscal year.
12. The Trustees shall, from time to time upon request, report to the Council on the current value of the Legacy Fund.
13. This Declaration may be amended by resolution approved by the Council and adopted at a duly constituted meeting of the Congregation.
14. As and from the Effective Date this Declaration shall have full force and effect.

* * * END OF DECLARATION * * *

This Declaration was approved by the Congregation of Pacific Spirit United Church at a congregational meeting held on _____, 2020.