

TRUST AGREEMENT

FOUNTAIN STREET CHURCH FOUNDATION

Fountain Street Church, an ecclesiastical corporation of Grand Rapids, Michigan (the “Church”), created its Memorial Trust Fund Agreement (the “Trust”) on May 21, 1954. The Trust was amended on September 23, 1980, was amended and completely restated on June 17, 1996, and was further amended on October 15, 2007, was amended and completely restated on December 17, 2012. Pursuant to the provisions of Article VI of the Trust, the Trust is hereby amended on January 18, 2016. The Trustees of the Trust shall be determined pursuant to the terms of Article III of this agreement.

ARTICLE I. NAME AND PURPOSES

Section 1.01 Name. The name of the trust fund created by this agreement is the Fountain Street Church Foundation (the “Foundation”). The Foundation shall be administered and governed according to the terms of this agreement. The preceding notwithstanding, the Foundation shall be a part of the Church and shall not be deemed to be a separate legal entity from the Church.

Section 1.02 Purposes. Generally, unrestricted Foundation funds will not be used for operations or to supplement the operating funds of the Church. Rather, the primary purposes of the Foundation are:

- (a) To augment and further the religious principles of the Church by furnishing financial support for projects pertaining to its physical properties.
- (b) To assume responsibility for all capital repair and maintenance of the building, including procuring property and casualty insurance, security costs, and disbursements to designated funds of the Church.
- (c) To provide a receptacle for gifts made for memorial or for other purposes, where the donor wishes to make a more lasting contribution than one to the annual operating budget of the Church, and to consolidate gifts into one fund for purposes of management and investment.
- (d) To provide professional experience and competence so that the Church may realize the greatest possible benefit consistent with sound and prudent investment principles and practices.

ARTICLE II. ASSETS

Section 2.01 Assets. All assets held by the Foundation shall be invested, managed and distributed as provided in this Agreement.

Section 2.02 Additions. Assets may be added to the Foundation provided the objectives of the donor are consistent with the purposes of the Foundation. Trustees may decline a gift to the Foundation if they conclude the gift is improper or unsuitable for the Foundation or if it does not meet the requirements of Section 2.03.

Section 2.03 Restrictions. Subject to the provisions of this Agreement, the Foundation will accept unrestricted gifts and gifts that are restricted for allocation to one or more of the funds currently maintained by the Foundation to benefit seniors and parish programs, education, social action, music, art and Choice (plus such additional funds as may be established in compliance with the following provisions). Other restricted gifts may be accepted if the gift:

- (a) Has a value of at least \$50,000.
- (b) Is consistent with and enhances the mission and principles of Fountain Street Church.
- (c) Can be administered relatively simply without detriment to or conflict with other programming in the Church and without the expenditure of Church operating funds to be accomplished, such as expenditures for staffing, programming or space usage.
- (d) Does not endow or support a position that would otherwise be a part of the Church staff compensation structure, such as a salary, stipend, or benefits.

All final decisions on the restrictive nature of a gift, and its acceptance or refusal, shall be made by the Trustees in consultation with the Senior Minister, the Executive Minister and the Chair of the Governing Board. In extraordinary circumstances, the Trustees may approve exceptions to the foregoing requirements. Once a gift has been accepted, the Trustees shall make every reasonable effort to carry out reasonable instructions and limitations from the donor. In the event compliance with these instructions or restrictions becomes, in the judgment of the Trustees, impossible, impractical, or undesirable under the circumstances then existing, the Trustees shall have the right to disregard such instructions or restrictions and to use all or a portion of the gift in a manner that is as consistent with the wishes of the donor as practicable.

Section 2.04 Types of Gifts. Types of gifts that will be accepted by the Foundation and guidelines for acceptance shall be set forth in gift acceptance policies and guidelines as established by the Trustees of the Foundation and the Church Governing Board and in effect from time to time.

ARTICLE III. TRUSTEES

Section 3.01 Membership. The Foundation shall be governed by nine Trustees, each of whom shall be a member of the Church and not a member of the Governing Board or the professional staff. Three Trustees shall be appointed by the Senior Minister; three Trustees shall be appointed by the Governing Board; and three Trustees shall be selected by the Church membership. A majority of the Trustees shall constitute a quorum for the transaction of business.

Section 3.02 Terms of Office. Trustees shall serve for three years and until their successors are appointed or elected. Their terms shall be staggered so that one Trustee in each of the above categories shall be appointed or elected each year. Appointments by the Senior Minister and by the Governing Board shall be made prior to the Church's annual meeting. Elections by the membership shall be held at their annual meeting. All appointments and elections shall take effect at the conclusion of the Church's annual meeting. A Trustee who has served for two full consecutive terms shall not be eligible to serve again until three years have elapsed.

Section 3.03 Vacancies. A vacancy occurring in the Trustees appointed by the Senior Minister shall be filled by the Senior Minister for the unexpired term. A vacancy in the Trustees appointed by the Governing Board shall be filled by the Governing Board for the unexpired term. A vacancy occurring in the Trustees elected by the Church Members shall be filled by appointment of the Trustees until the next annual meeting of the Church at which time the vacancy shall be filled by election for the unexpired portion of the term.

Section 3.04 Ex-Officio Members. The Chair of the Governing Board shall appoint a member of the Governing Board and a member of the Staff to attend meetings of the Trustees ex-officio. No ex-officio member shall vote on any Foundation business.

Section 3.05 Removal of Trustee. A Trustee may be removed for cause by a concurrent two-thirds vote of each of the Governing Board and the Foundation Board. The Trustee subject to removal shall be given fifteen days written notice of the time, place and purpose of these meetings, which may be regularly scheduled meetings, and the Trustee shall have an opportunity to appear and be heard prior to any vote on the question of removal. Any fractional remainder shall be counted as a whole in determining a two-thirds majority.

Section 3.06 Organization. The Trustees shall hold an organizational meeting within sixty days from the date of the annual meeting of the Church. At that meeting the Trustees shall elect a Chair and a Secretary to hold office for one year and until their successors are elected. The Secretary shall notify the Governing Board of the names of the new officers elected at the organization meeting. The Governing Board shall rely upon any communication signed by either or both of these officers as representing an authorized and official communication from the Trustees.

Section 3.07 Meetings. The Trustees shall hold regular meetings at such intervals as shall be determined by them. In addition, meetings may be called by the Chair or Secretary or any three Trustees. The Chair, upon request of the Governing Board, shall call a meeting to consider such business as may be presented by the Governing Board.

Section 3.08 Reimbursement for Expenses. Trustees shall receive no compensation for serving but they shall be reimbursed for reasonable expenses incurred in the performance of their duties.

Section 3.09 Liability. In the absence of fraud or bad faith, no Trustee shall be liable personally for any act or failure to act in connection with the Foundation.

ARTICLE IV.

Section 4.01 Annual Budget. The Trustees shall adopt an annual budget for the calendar year no later than January 31st of that year. The annual budget shall contemplate any anticipated receipts and expenses, including, but not limited to, insurance costs, utilities, maintenance and upkeep of the Church. Upon approval by the Trustees, the annual budget shall be provided to the Governing Board for informational purposes. To the extent the annual budget for any given year includes expenditures which total five percent (5%) or less of the average fair market value of the Foundation assets as of December 31 of each of the preceding three calendar years, such expenditures shall be explicitly permitted. If the budgeted expenditures exceed that amount, the approval of the Governing Board shall be required prior to making any disbursements for the budgeted expenditures unless prior Governing Board approval has been provided for such expenditures. The Trustees (and the Governing Board) shall be mindful of the fact that there may be certain designated funds which contain distribution requirements that may not be entirely consistent with the distribution restrictions described in this Section; any such fund shall be exempt from the restrictions set forth in this paragraph. However, the Trustees shall include and shall specifically describe any such funds in the annual budget.

ARTICLE V. ADMINISTRATIVE POWERS OF THE TRUSTEES

Section 5.01 Statement of Powers. During the existence of this Trust, the Trustees shall have the following powers, in addition to and not in limitation of common law and statutory powers.

Section 5.02 Retention. The Trustees may retain any property, real or personal, which they may receive as the Trustees, even though such property (by reason of its character, amount, proportion to the total trust estate or otherwise) would not be considered appropriate for a trustee apart from this provision.

Section 5.03 Sale. The Trustees may sell, exchange, give options upon, partition or otherwise dispose of any property which they may hold from time to time, at public or private sale or otherwise for cash or other consideration or on credit, and upon such terms and for such consideration as they shall think fit, and may transfer and convey such property free of trust.

Section 5.04 Investments. The Trustees shall adopt an Investment Policy Statement to govern investments by the investment manager; said Investment Policy Statement shall be reviewed periodically, subject to change by a two-thirds majority of the Trustees, to insure sound investment principles and protection of the assets of the Foundation against undue risk. The Trustees may invest and reinvest the trust estate from time to time in any property, real or personal, including (without limiting the generality of the foregoing language) common trust funds, securities of domestic and foreign corporations and investment trusts, bonds, preferred

stocks, common stocks, tax exempt securities, mortgages, mortgage participations, and policies of insurance, even though such investment (by reason of its character, amount, proportion to the total trust estate or otherwise) would not be considered appropriate for a trustee apart from this provision, and even though such investment causes a greater proportion of the total Trust assets to be invested in investments of one type or of one company than would be considered appropriate for a trustee apart from this provision, as well as mutual funds or similar investment vehicles that hold any of the permitted investments.

Section 5.05 Improvements and Leases. The Trustees may improve any real estate held in the Trust on such terms as they think fit.

Section 5.06 Borrowing. The Trustees may borrow money, execute promissory notes as a part of such loans, and secure the obligations by mortgage or pledge of any of the Trust's assets.

Section 5.07 Compromise. The Trustees may renew or compromise, upon such terms as they think fit, any claims, including taxes, either in favor or against the Trust.

Section 5.08 Administration. The Trustees may employ such brokers, bankers, custodians, investment counsel, attorneys, accountants, and other agents, and delegate to them such of the duties, rights and powers of the trustees (including, among others, the right to vote on shares of stock held by the Trustees) for such periods as they think fit. This shall include the power to appoint a person or qualified corporation to act as the Trustee with respect to specified Trust assets located in any jurisdiction.

Section 5.09 Reorganization. The Trustees may participate in any merger, reorganization or consolidation affecting the Trust assets, and in connection therewith may exchange any property held by them for other property.

Section 5.10 Depository. The Trustees may keep any or all of the Trust assets at any place or places in Michigan or elsewhere in the United States or abroad, or with a depository or custodian at such place or places.

Section 5.11 Apportionment Between Income and Principal. The Trustees shall determine whether and to what extent receipts shall be considered to be principal or to be income, and whether and to what extent disbursements shall be charges against principal or against income. Without limiting the generality of the preceding sentence, this shall include the power to apportion any receipt or disbursement between principal and income and to determine what part, if any, of the actual income received on any wasting investment or on any security purchased or acquired at a premium shall be retained and added to principal to prevent a reduction of principal upon exhaustion or maturity thereof.

Section 5.12 Self-Dealing. Any Trustee in the exercise of administrative powers may deal with himself or herself on a fair, arms-length basis, having in mind that any potential benefit from the transaction should inure to the Trust and not to the Trustee individually.

Section 5.13 Conflict of Interest. At any meeting of the Foundation Board, any Trustee who has a personal financial interest in the action being discussed or taken by the Foundation Board shall promptly notify the Foundation Board and recuse himself or herself from the discussion of that matter and from vote on the proposed action.

(a) This recusal shall be reflected in the minutes of the meeting.

(b) The recused Trustee shall be counted for the purpose of determining whether a quorum is present, but shall not be counted for the purpose of determining the majority necessary to approve the proposed action.

Section 5.14 Limitation on Powers. Notwithstanding the foregoing:

(a) The Trustees shall have the powers hereinafter conferred upon them, except any power that would disqualify this Trust as a tax-exempt charitable trust.

(b) The Trustees shall not engage in any act of self-dealing as defined in Section 4941(d) of the Internal Revenue Code of 1986, as amended (the "Code"), retain any excess business holdings as defined in Section 4943(c) of the Code, make any investments that would subject the Trust to tax under Section 4944 of the Code, or make any taxable expenditures as defined in Section 4945 of the Code. The income of the Trust for each taxable year shall be distributed at such time and in such manner as not to subject the Trust to tax under Section 4942 of the Code.

ARTICLE VI. MISCELLANEOUS

Section 6.01 Accounting. The Trustees shall keep an account of all financial matters of the Trust. Within 90 days prior to the end of each calendar year, the Trustees shall send to the Governing Board, the Senior Minister, and to any other persons designated by the Governing Board, a statement of all the receipts, disbursements and investments for the preceding year and a statement of all the Trust assets in the Trustees' possession. Nothing in this paragraph shall prevent the Trustees from filing an accounting with a court of competent jurisdiction at any time. Reasonable attorney fees, expenses and other charges incident to any such judicial proceeding may be charged to the Trust.

Section 6.02 Amendment. This agreement may be amended at any time by concurrent action of two-thirds of the Trustees and two-thirds of the Governing Board.

Section 6.03 Registration Exemption. This Trust shall be exempt from registration as permitted by State law.

Section 6.04 Michigan Law to Govern. This agreement shall be governed by and interpreted according to the laws of the State of Michigan.

Signed on the above date by the Church and the Foundation

FOUNTAIN STREET CHURCH

By: _____
Gary Eberle
Chair of the Governing Board

FOUNTAIN STREET CHURCH FOUNDATION

By: _____
Earle "Win" Irwin
Chair of the Foundation

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