



## NEBRASKA UNITED METHODIST FOUNDATION INVESTMENT MANAGEMENT AGREEMENT

This Agreement is entered into this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_\_, between \_\_\_\_\_ (“the Owner”), whose mailing address is \_\_\_\_\_ and whose Federal Tax ID Number is \_\_\_\_\_ and the Nebraska United Methodist Foundation, a Nebraska non-profit corporation (“the Foundation”), whose mailing address is 100 West Fletcher Avenue, Suite 100, Lincoln, Nebraska 68521.

WHEREAS, the Owner is a church, agency, or organization controlled by, affiliated, or formerly associated with the Great Plains United Methodist Conference of the United Methodist Church (“the Conference”),

WHEREAS, the Foundation is a United Methodist Foundation serving the Conference, *historically* created pursuant to the provisions of Paragraph 2513 of The Book of Discipline of the United Methodist Church,

NOW, THEREFORE, the parties agree as follows:

### ARTICLE I – NAME, PURPOSE, AND TERMINATION

- 1.1 Name – The name of this account shall be the \_\_\_\_\_
- 1.2 Managed Property– The Owner establishes this Investment Management Agreement (the “Agreement”) by transferring to the Foundation the property described on the attached Inventory of Property. The Owner may transfer to this account additional property acceptable to the Foundation. The property held from time to time in this account (the “Managed Property”) shall be administered as provided in this Agreement.
- 1.3 Purpose – The purpose of this Agreement is for the Foundation to provide investment management for the Owner’s funds.
- 1.4 Amendment – This Agreement may be amended or modified in whole or in part only by an instrument signed by the Owner and the Foundation.
- 1.5 Exempt Purpose – Notwithstanding any other provision, the Foundation, in the management of the Managed Property, shall not conduct any activities not permitted by an organization exempt under Section 501(c)(3) of the Internal Revenue Code (the “Code”) and its regulations (“Regulations”) as they now exist or as they may be amended, or by an organization to which contributions are deductible under Section 170(C) of such Code and Regulations as they now exist or as they may be amended.
- 1.6 Termination of Agreement – The Foundation or the Owner may terminate this Agreement by giving the other party thirty (30) days written notice. If the Owner gives the Foundation written notification of its intent to terminate this Agreement, the withdrawal and return of the Managed Property shall occur as indicated in Attachment A. Upon the Foundation making delivery of the Managed Property to the Owner, the Foundation shall have no further responsibility under this Agreement.

## ARTICLE II – INVESTMENT AND POWERS

- 2.1 Foundation Powers – The Foundation will have the power to sell, transfer, or otherwise dispose of the Managed Property in its sole discretion, subject to the terms of this Agreement and consistent with applicable Foundation policies. The Foundation may invest and reinvest the Managed Property in securities, investment pools, investment trusts, and other property without restriction, subject to the terms of this Agreement and consistent with applicable Foundation policies. The Foundation will have those powers given to it by Nebraska Statutes or other applicable law not inconsistent with the provisions of this Agreement. The Foundation shall not be subject to the Nebraska Uniform Prudent Management of Institutional Funds Act or any related rules, regulations, statutes, or laws.
- 2.2 Investment Responsibility – The Foundation shall manage the investments in the Owner’s account and is authorized to do the following at its sole discretion:
- a. Select and monitor the performance of managers, consultants, brokers, and custodians who will invest the Managed Property in accordance with the Foundation's policies as may be adopted from time to time;
  - b. Transfer the Managed Property to such managers and brokers as the Foundation shall deem appropriate;
  - c. Establish and revise from time to time its policies related to investment of assets; and
  - d. Take all steps necessary to accomplish the purposes of this Agreement.
- 2.3 Investment of Managed Property – The Foundation shall invest the Managed Property as indicated on Attachment A. The Foundation may commingle the assets of the Managed Property with other assets that the Foundation holds as agent in order to enhance and improve the earned income from the Managed Property.
- 2.4 Accountings – The Foundation shall provide quarterly reports (based on the calendar year) to the Owner’s Board of Trustees (or other Board or Committee designated by the Owner) of the assets, income, and expenditures of the Managed Property.

## ARTICLE III – DISTRIBUTION AND ALLOCATION OF INCOME

The Foundation shall hold, manage, invest and reinvest the Managed Property as herein provided and shall collect and reinvest the income therefrom in accordance with instructions set forth on Attachment A. The Foundation shall make distributions from its funds in accordance with policies established by its Investment Committee.

## ARTICLE IV – FEES FOR MANAGEMENT SERVICES

The Foundation (1) shall be reimbursed for actual expenses incurred in the liquidation or other administration of non-cash assets, and (2) shall receive a reasonable sum for defraying overhead and supervision costs incurred in the administration of the investment accounts, including investment fees. Fees shall be reviewed and set by the Foundation’s Board of Directors as deemed necessary to offset administrative costs, including investment fees. Such fees shall not exceed the average of fees charged by other foundations which are members of the National Association of United Methodist Foundations. A detailed explanation of possible administrative fees that may be incurred, including investment fees, is attached hereto and referenced herein.

ARTICLE V – LIMITATION OF LIABILITY AND INDEMNIFICATION

- 5.1 Duties and Liability of the Foundation – The Foundation shall serve the Owner with the ordinary skill and diligence of an agent and shall not be limited or bound by rules applying to trusts and other fiduciary relationships. Acts and omissions by the Foundation shall be solely for the Owner’s account and risk, and the Foundation shall be liable only for losses caused by its gross negligence or willful misconduct. The Foundation is not responsible for the Owner’s expenditures of Managed Property withdrawn by the Owner.
- 5.2 Indemnification – The Foundation shall not be liable for the results of following directions from the Owner. The Foundation shall have authority not to execute any transaction that it believes would either violate applicable statutes or regulations or subject the Managed Property to liability or loss. The Owner agrees that the periodic accountings provided by the Foundation notify the Owner sufficiently of the account’s activities and relieve the Foundation and the Managed Property from any other regulatory requirements.

ARTICLE VI – MISCELLANEOUS

- 6.1 Governing Law – All questions relating to the validity, interpretation, construction, operation or effect of this Agreement shall be governed by the laws of the State of Nebraska, without regard to any conflict of laws provisions thereof.
- 6.2 Place of Administration – The principal place of administration of this Agreement shall be selected by the Foundation.
- 6.3 Binding on Successors – This Agreement shall be binding upon and inure to the benefit of the parties’ successors and assigns.
- 6.4 Complete Agreement – This instrument constitutes the entire agreement between the parties and supersedes any prior written or oral agreement.

UPON SIGNED RECEIPT of this Agreement, the Foundation, in testimony whereof the Owner and the Foundation have caused this instrument to be executed, shall sign and return one copy to the Owner for the Owner’s records.

“OWNER”

\_\_\_\_\_

*Signature*

\_\_\_\_\_

*Printed Name*

\_\_\_\_\_

*Title*

“FOUNDATION”

The Nebraska United Methodist Foundation

\_\_\_\_\_

*Signature*

\_\_\_\_\_

*Printed Name*

\_\_\_\_\_

*Title*

**ATTACHMENT A**  
**To Investment Management Agreement**

**Inventory of Property**

Property being delivered to the Foundation is described as follows:

\_\_\_\_\_ **Check** in the amount of \$ \_\_\_\_\_  
\_\_\_\_\_ **Stock:** \_\_\_\_\_ shares of \_\_\_\_\_  
\_\_\_\_\_ **Mutual Fund:** \_\_\_\_\_ shares of \_\_\_\_\_  
\_\_\_\_\_ **Other:** \_\_\_\_\_

**Investment of Owner Property**

The Owner wishes the Managed Property to be invested in any one the Funds, or any combination of the Fixed Income Fund and Equities Fund, that are maintained by the Foundation in the following percentages:

\_\_\_\_\_ % Fixed Income Fund (100% fixed income securities)  
\_\_\_\_\_ % Conservative Fund (25% equities; 75% fixed income securities)  
\_\_\_\_\_ % Balanced Fund (50% equities; 50% fixed income securities)  
\_\_\_\_\_ % Long-Term Growth Fund (75% equities; 25% fixed income securities)  
\_\_\_\_\_ % Equities Fund (100% equities)  
  
**100** %

**Distributions to Owner**

The Foundation shall make distributions to the Owner as follows (**SELECT ONE – A, B, or C**):

**A.** \_\_\_\_\_ The **Annual Foundation Dividend Rate**<sup>1</sup>, as determined by the Foundation's Board of Directors, shall be distributed automatically at:

\_\_\_\_\_ Quarter end    \_\_\_\_\_ Semi-annually    \_\_\_\_\_ Annually.

The first distribution shall be made shortly after the end of the quarter ending in:

\_\_\_\_\_ March    \_\_\_\_\_ June    \_\_\_\_\_ September    \_\_\_\_\_ December

**B.** \_\_\_\_\_ The **Owner's Selected Percentage Distribution Rate** of \_\_\_\_\_ % shall be distributed automatically at:

\_\_\_\_\_ Quarter end    \_\_\_\_\_ Semi-annually    \_\_\_\_\_ Annually.

The first distribution shall be made shortly after the end of the quarter ending in:

\_\_\_\_\_ March    \_\_\_\_\_ June    \_\_\_\_\_ September    \_\_\_\_\_ December

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<sup>1</sup> The distribution rate is currently 4.5%. Rate is determined annually.

C. \_\_\_\_\_ **Distributions to the Owner shall be made upon written request** of the designated Owner officer(s) whose name(s) and/or title(s) have been provided to the Foundation. When titles alone are provided, the person(s) making the request should include their title when signing such request.

**Return of Managed Property to Owner**

Upon the termination of this Agreement, the principal of the Managed Property (**SELECT ONE**):

\_\_\_\_\_ may be withdrawn, in whole or in part, along with all earnings, by written notification to the Foundation by the designated Owner officer(s) whose name(s) and title(s) have been provided to the Foundation, *less* any outstanding fees for management services as described in the Investment Management Agreement.

\_\_\_\_\_ may not be withdrawn by the Owner (Managed Property is to remain invested at the Foundation in perpetuity).

**Reports and Distributions**

The Owner wishes quarterly reports to be:

\_\_\_\_\_ **Mailed (Quarterly only, received around the 15<sup>th</sup> of the month)** (complete section below)

\_\_\_\_\_ **Accessed Online (Available monthly, around the 5<sup>th</sup> business day)** (complete Attachment B)

Distribution checks and mailed quarterly reports should be sent to:

\_\_\_\_\_

*Name*

\_\_\_\_\_

*Address*

\_\_\_\_\_

*City, State & Zip Code*

\_\_\_\_\_

*Telephone Number*

Distributions may be requested by the following Owner officer(s) (name and/or title):

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Number of signatures required for distributions: \_\_\_\_\_



## ATTACHMENT

### Foundation Fees and Expenses

Fees and expenses associated with the Foundation's investment, accounting, and fund administration services are as follows:

#### **Accounting and Administration Fee**

The Foundation assesses an annual accounting and administrative fee of one percent (1%) on the balance of all accounts that fall under \$500,000. The fee on balances of \$500,000 to \$750,000 is three-fourths of one percent (.75%), and on balances of \$750,000 or more is one-half percent (.50%). The accounting and administrative fee is deducted monthly (1/12 of the annual amount) from each account. The accounting and administrative fee helps underwrite all Foundation services (e.g., Gift and Estate Planning Workshops, Brochures, Donor Consultations, Endowment Fund Development, and other Foundation services, **all provided at no cost** to congregations and the Conference).

The Foundation's fee structure is comparable to other United Methodist Foundations and is much less than what comparable services would cost if participants were to contract elsewhere for the total package of account administration and investment management services.

#### **Investment Costs**

The investment costs include all costs associated with the holdings of the Funds and investment advisory services. Investment costs are charged directly to the Funds and are not assessed at the Foundation level. The average total investment cost for each of the Funds is 0.40 percent. In those instances when fund managers other than the Foundation's managers of record may be given authority to manage a portion of the Foundation's assets, then the fee of such authorized managers shall be the only management fee charged to such assets. The Foundation Board of Directors evaluates and measures the performance of all fund managers on an ongoing basis.

The Foundation strives to minimize costs. All accounts, including those owned by the Foundation, share pro rata in the investment costs.

#### **Custodial Costs**

There are no costs for custodial services.

#### **Participant Transaction Expenses**

Participants in the Foundation's Investment Funds pay **no** transaction fees, charges or expenses to make deposits in, or withdraw assets from, the Funds. There are no commissions, no front or back end surrender fees, and no penalties for early withdrawals. Deposits and withdrawals, of any amount, can be made at any time.