

## AMENDED TRUST AGREEMENT

### W I T N E S S E T H I H A T:

WHEREAS, Invest in Neighborhoods ("Donor") irrevocably gave The Greater Cincinnati Foundation ("GCF"), an Ohio nonprofit corporation, a sum of Two Hundred Fifty Thousand Dollars (\$250,000) for the establishment of "The Neighborhood Fund of The Greater Cincinnati Foundation" (the "Fund").

WHEREAS, GCF (i) accepted the sum of Two Hundred Fifty Thousand Dollars (\$250,000), (ii) established the Fund and (iii) entered into the Trust Agreement with the Donor on May 16, 1985.

WHEREAS, the Donor and GCF wish to completely amend and restate the Trust Agreement to ensure that the Fund continues as a component part of GCF and complies with the Internal Revenue Code of 1986, as amended and any corresponding Treasury Regulations.

#### 1. STATEMENT OF TRUST.

On May 16, 1985, **Invest in Neighborhoods, Inc.** ("IN") gave **The Greater Cincinnati Foundation** ("GCF") the sum of \$250,000, which gift, together with all additions thereto, is known and designated as **The Neighborhood Fund of The Greater Cincinnati Foundation** (the "Fund").

#### 2. PURPOSE.

Distributions from the Fund shall be used exclusively for the following purposes: to stimulate neighborhood action and coordination; to increase meaningful citizen participation; to improve the quality of neighborhood life; to promote a sense of community; to develop creativity, decision-making, and leadership; to encourage neighborhood improvement projects; to address neighborhood needs; to identify and attract needed resources and services from outside a neighborhood; to create an on-going Neighborhood Action Process which includes determining and prioritizing neighborhood needs, developing and implementing a plan to meet those needs and measuring the effectiveness of the plan; to mobilize people's talents in projects which are so responsive to community needs that the community may be willing to find ways to continue them.

#### 3. PROHIBITIONS.

The Neighborhood Fund is not intended to provide funds for:

- (a) Direct assistance to persons in need;

- (b) Employment not designed specifically to improve a community or the community action process;
- (c) Payments, other than expense reimbursements, to professional school (i.e., certified positions) or government employees working in their regular job capacity;
- (d) Efforts that do not directly relate to the purpose and intent of The Neighborhood Fund;
- (e) Organizations or purposes that have been denied charitable status by IRS (i.e., food co-ops);
- (f) Payment (compensation or expense reimbursement) to a disqualified person (a substantial contributor to The Greater Cincinnati Foundation, its manager, a member of the family of either, and local, state, or federal governmental officials), unless the payment is for personal services which are reasonable and necessary to carry out the exempt purpose of The Greater Cincinnati Foundation and are not excessive, except that no payments for compensation are allowed to government officials;
- (g) Payment to carry on propaganda, or otherwise to attempt to influence legislation through an attempt to affect the opinion of the general public or any segment thereof, and any attempt to influence legislation through communication with any member or employee of a legislative body, or with any governmental official or employee who may participate in the formulation of legislation (except technical advice or assistance provided to a governmental body or to a committee or other subdivision thereof in response to a written request by such body or subdivision as the case may be), or to raise funds for the above purpose;
- (h) Payment of any amount to carry on propaganda, or otherwise to attempt to influence administrative or policy decisions of any governmental unit including, but not limited to, school boards, zoning boards, and planning commissions, or to raise funds for these purposes;
- (i) Payment of any amount to threaten litigation, to initiate and carry on litigation, to settle any legal claim, or to retain any attorney for the purposes stated above, or to raise funds for any of the purposes stated above;
- (j) Payment of any amount to influence the outcome of any specific public election, or to carry on, directly or indirectly, procuring the registration of voters or participating in any campaign on behalf of or, against a candidate for public office in an election or a proposal submitted to the electorate in a referendum, or to raise funds for this purpose;
- (k) Payment of any amount to influence the policies and decisions of any other donor to Invest in Neighborhoods, Inc., or to raise funds for this purpose;

(l) Payment of a grant to an individual for travel, study, or other similar purpose by such individual, unless the grant constitutes a scholarship or fellowship grant within the meaning of Federal income tax laws, or a grant to an individual the purposes of which are to achieve a specific objective, produce a report or other similar product, or improve or enhance a literary, artistic, musical, scientific, teaching, or other similar capacity, skill or talent of the grantee, or a grant which constitutes a prize or award made primarily in recognition of religious, charitable, scientific, artistic, literary, or civic achievement, but only if the recipient was selected without any action on his part to enter the contest or proceedings; and, the recipient is not required to render substantial future services as a condition to receive the prize or award.

(m) Payment of a grant to an organization other than (i) a church or a convention or association of churches, (ii) an educational organization which normally maintains a regular faculty and curriculum and normally has a regularly enrolled body of pupils or students in attendance where its educational activities are regularly carried on, (iii) a hospital or a medical research organization directly engaged in the continuous active conduct of medical research in conjunction with a hospital, (iv) an organization organized and operated exclusively to receive, hold, invest, and administer property, or to make expenditures to or for a college or university, (v) a State, a Territory, a possession of the United States, or any political subdivision of the foregoing, or the United States, or the District of Columbia, but only if the contribution or gift is made exclusively for public purposes, (vi) a corporation, trust, or community chest, fund, or foundation which normally receives a substantial part of its support from a governmental unit or from direct or indirect contributions from the general public, (vii) an organization which normally receives more than one-third of its support in each taxable year from any combination of gifts, grants, contributions, or membership fees, and gross receipts from admissions, sales of merchandise, performance of services, or furnishing of facilities in an activity which is not an unrelated trade or business, from persons other than disqualified persons and normally receives not more than one-third of its support from gross investment income, (viii) an organization which is organized and operated exclusively for the benefit of, to perform the functions of, or to carry out the purposes of one or more specified organizations in (i) through (vii), is operated, supervised, or controlled by one or more of these organizations, and is not controlled directly or indirectly by one or more disqualified persons (with respect to The Neighborhood Fund);

(n) Payment for any purpose other than religious, charitable, scientific, literary, or educational or for the prevention of cruelty to children or animals.

#### **4. DEFINITIONS.**

For purposes of this agreement, the terms "neighborhood," "neighborhood council," and "eligible neighborhood" are defined as follows:

(a) Neighborhood: a district located within the corporate limits of the City of Cincinnati, Ohio, the geographical boundaries of which districts are defined by the group seeking to term itself neighborhood.

(b) Neighborhood council: (i) an organization incorporated under the not-for-profit laws of the State of Ohio; (ii) membership in which is open to any person and any resident interested in the neighborhood which a council purports to represent, provided however: (1) the term "person" includes business entities having their principle offices in the neighborhood, including but not limited to unincorporated businesses, i.e., partnerships and sole proprietorships (2) which business entities may be members of the neighborhood council representing such neighborhood under the terms provided in that neighborhood council's current Code of Regulations or Bylaws. And (3) council bylaws may restrict voting privileges of natural persons to those over age 17; (iii) the purposes of which organization are to maintain or improve the quality of life in that neighborhood; (iv) which organization is recognized by the Board of Trustees of IN (the "Board"); and (v) which has contributed at least \$2,000 to the Fund and fulfilled such further requirements as established by the Board and approved by the Members of IN ("Members"). Any organization having met all of the above requirements of subsection 4(b) once shall always be considered to have met the fourth and fifth requirements thereof so long as it continues to meet the first, second, and third requirements thereof. All organizations which were funded by the City of Cincinnati under Project SNAP shall be considered to have fulfilled the obligations of subsections 4(b)(i), (ii), (iii), and (iv).

(c) Eligible neighborhood: a neighborhood whose neighborhood council shall have completely fulfilled all requirements established by the Board and approved by the Members, including, without limitation, a contribution of at least \$5,440 to the Fund.

## **5. GRANT GUIDELINES.**

(a) The Board will be responsible for ensuring that grant proposals from each neighborhood council are reviewed and a determination made that: (i) the council requesting the funds is eligible to receive them; (ii) the purposes for which the council wishes to spend the funds are consistent with the Purposes (Section 2) and do not come within any of the Prohibitions (Section 3) of the Fund; (iii) the amount requested by the council is in fact available from the Fund. After the Board's determination that (i), (ii) and (iii) above are satisfied, the Board shall recommend that GCF provide grant distributions to the qualifying neighborhood council.

(b) In fulfilling its responsibilities set forth in Section 5(a), the Board will receive assistance from its neighborhood advisory committee. The members of this committee shall be predominantly neighborhood representatives chosen annually, although it may include several representatives of other donors to the Fund.

(c) The Board may from time to time establish additional criteria and guidelines for recommending grants from the Fund.

(d) Decisions of GCF with respect to grants shall be final as to neighborhood councils applying for grants. The Board shall communicate annually to GCF the list of neighborhoods it recommends to receive grant awards.

(e) The Board shall establish its own internal rules and operating procedures, which shall not be subject to review by the Governing Board of The Greater Cincinnati Foundation.

## 6. DISTRIBUTION.

Distributions from the Fund shall be made annually in January or February of each year to IN. Annual distributions of income and principal shall be consistent to GCF's spending policy, which is currently equal to five percent of the Fund's average quarterly market value computed over the twenty calendar quarters preceding the year of distribution inclusive of grants, administration, and investment management fees.

IN shall manage the annual distributions from the Fund as follows:

- (i) A distribution shall be divided among the member neighborhood councils, including one share to IN.
- (ii) Provided, however, that only those neighborhood councils which represent eligible neighborhoods (as the term "eligible neighborhood(s)" is defined under the terms of this Trust Agreement) shall receive a full share.
- (iii) Furthermore, those neighborhood councils which have made some principal contribution but are not yet an eligible neighborhood as of December 31 of the year prior to the annual January distribution from the Fund to IN, shall receive a partial share, the numerator of which is the amount of the principal contributed as of December 31 and the denominator of which is \$5,440, which shall be paid to the principal of the Fund and credited to their outstanding principal balance. For example, a neighborhood council has contributed \$3,000. Its partial share is  $\$3,000/\$5,440$ . The number of eligible neighborhoods and IN is 50. The amount to be distributed is  $\$800,000 \times 5\% = \$40,000$ . A full share is  $\$40,000$  divided by 50 =  $\$800.00$ . The partial share is  $\$300/\$544 \times \$800 = \$441.18$ . That amount is paid to the principal of the Fund and credited to the neighborhood council's outstanding principal balance, which becomes  $\$3,000 + \$441.18 = \$3,441.18$ .
- (iv) IN shall make the distributions of shares to the neighborhood councils no later than March 15.
- (v) Each neighborhood council which receives a distribution shall provide a report to IN, no later than January 31 of the year following a distribution. Such report shall detail how the distribution monies were used, including providing such reports and verifications of expenditures as IN requires from time to time.
- (vi) IN shall provide such guidance as is needed to neighborhood councils to ensure that distributions are not used by neighborhood

councils to fund any prohibited activity as set forth in Section 3 (PROHIBITIONS) of this Trust Agreement, including, but not limited to, rejecting any expenditure listed in a report submitted to IN, that IN, in its sole discretion, determines is a prohibited activity under Section 3.

- (vii) If a neighborhood council, which has received a distribution from the prior year, fails to comply with the reporting requirement as set forth in (v) or (vi) above by the January 31 date (including, but not limited to, submitting an expenditure that is prohibited, submitting a report after January 31, or failing to submit a report altogether), then such non-compliant neighborhood council shall forfeit its claim to a share of the distribution to be made by IN for the current year and such share shall be allocated among the remaining neighborhood councils and IN as set forth in this Section 6. A non-compliant neighborhood council shall be eligible to receive a distribution in the next distribution cycle.

## **7. POWER TO AMEND.**

The Trust is irrevocable and not subject to amendment except that The Governing Board of GCF shall have the power to amend this Trust Agreement to make the Trust Agreement comply with the requirements of the Internal Revenue Code ("IRC") (and the regulations promulgated thereunder) in order to achieve the objectives of the Trust Agreement or to accommodate any changes to the IRC (or the regulations promulgated thereunder).

## **8. TRUSTEE.**

The Board may recommend a trustee to hold the Fund. Such trustee shall hold and administer the Fund in accordance with the terms of the Resolution and Declaration of Trust which created GCF, as amended now or hereafter. However, GCF shall have the right to replace the trustee at any time.

## **9. FINAL DISTRIBUTION.**

In the event that Governing Board of GCF or the Board concludes that the purposes of the Fund (1) no longer exist or (2) are no longer are best served by continuing the Fund as a restricted fund of GCF, the Governing Board of GCF will consider distributing the principal of the Fund to an organization, recommended by the Board. The organization must be exempt under Section 501 (c) (3) of the Internal Revenue Code of 1986, as amended, the purposes of which organization are not inconsistent with purposes set forth in this Trust Agreement.