

# **ENDOWED FUND AGREEMENT**

## **Preamble**

**This Agreement is intended to memorialize and clarify: a) provisions and understanding of the current and future status of the Chuck and Becky Farrell Scholarship Endowment (hereinafter called "Farrell Fund"); and b) the intended charitable designation of the Farrell Fund to benefit student scholarships awarded by the Cal Farley's Boys Ranch Alumni Association (hereinafter called "Alumni Association"). It is also intended to obtain and confirm the consent from, and the approval and ratification of the provisions of this Agreement and all prior instructions from Chuck and Becky Farrell by, both the Alumni Association and Cal Farley's Boys Ranch Alumni Foundation, Inc., a non-profit corporation organized under the laws of the State of Texas (hereinafter called "Foundation").**

**Now, therefore, for and in consideration of the mutual covenants and benefits flowing among the parties hereto, the Farrell Fund, the Alumni Association and the Foundation do hereby enter into this Agreement.**

## **I. Establishment and Purpose**

**The Alumni Association and the Foundation hereby acknowledge and agree that the Farrell Fund currently exists and was established in 2012 and is managed and operated by the Foundation. Its purpose has been and shall continue to provide scholarships to students in accordance with the Alumni Association's Scholarship Policy. However, all parties hereto agree that from this date forward special stipulations shall apply to students enrolled in an aviation curriculum that potentially would enable the student to qualify for employment as a professional airplane/helicopter pilot. Funds permitting, students in this "aviation category" may be granted double the stipend received by other scholarship students (i.e.**

normal scholarship student \$1,000/semester) so that an Aviation Pilot Candidate may receive \$2,000/semester. This stipulation is a reflection that Chuck Farrell enjoyed a thrilling and rewarding 45 year career as a military and commercial aviator. In the event that there are no Aviation Pilot Candidate applications or an insufficient number of such candidates to utilize all funds available from the Farrell Fund for such type scholarship in any year, the Alumni Association Scholarship Committee (“Scholarship Committee”) may award normal \$1,000 scholarships to one or more deserving students consistent with the Alumni Associations Scholarship Policy.

## **II. Donor**

The Farrell Fund was established in 2012 in hopes of “giving back”, “making a difference” and “touching other lives in a positive manner”. Gifts by Chuck and Becky Farrell to the Farrell Fund total \$200,000 to date. Alumni Association and the Foundation hereby: a) acknowledge and consent to those funds together with any future gifts to the Farrell Fund made by Chuck and Becky Farrell or by others in their name and honor being, and they are subject to the provisions of this Agreement; and, b) ratify such provisions in the event they are in any way contrary to the prior management or utilization of those funds. Subsequent gifts by Chuck and Becky Farrell or made by any individual or agency in their honor shall be added to corpus of the Farrell Fund. Income earned in the Farrell Fund will be utilized to provide scholarships to students as set out above, including income generated in any prior year that has been added to the corpus of the Farrell Fund.

## **III. Investment**

All existing and future contributions to the Fund may, for investment purposes, be comingled with any other investment assets of the Foundation and reflected on Foundation’s books and records as contributions and assets of the Farrell Fund. The

**Foundation consents to and shall calculate annually the income earned on assets of the Farrell Fund. The Foundation (and/or the Alumni Association if appropriate) shall furnish to the Advisors of the Farrell Fund named below or to their successors (“Advisors”), a full accounting of the principal of the corpus and income earned by the assets in the Farrell Fund no later than 45 days after the close of the Foundation’s fiscal year or no later than 30 days after a request for a current status report on the Farrell Fund is made by the Advisors. The Foundation accounting must provide clear and precise records showing fair market value of the corpus as of the date of the accounting and also indicate the income earned monthly during such fiscal year.**

#### **IV. Administration**

**The Farrell Fund shall be retained, administered and managed by the Foundation. The income earned on the principal or corpus of the Farrell Fund, including realized capital gains, shall be used to distribute scholarship awards to students in increments of Two Thousand Dollars (\$2,000.00) or One Thousand Dollars (\$1,000.00) annually, subject to the provisions of Article II above. A candidate receiving a scholarship from the Farrell Fund may receive up to four annual scholarship increments in the amounts as prescribed in Article II above as the Scholarship Committee determines. However, the Scholarship Committee, may increase or decrease the monetary value of scholarships depending on the availability of funds. The scholarship awards shall only be taken from income earned or realized investment gains on the principal or capital value. Any investment gains realized during the funding year not assigned to scholarships shall be added to the principal or capital value of the Farrell Fund. The Foundation may only disburse the income from the Farrell Fund for distribution by the Scholarship Committee, it being the intent of the parties hereto to maintain not only the original \$200,000 gifts from Chuck and Becky Farrell but also any additional or future gifts made by them or by others in their name and**

**honor in an endowment status so long as determined practical and feasible by the Alumni Association and the Advisors. The Scholarship Committee shall select the recipients of the Farrell Fund as per the Alumni Association's Scholarship Policy. The Scholarship Committee shall notify the Advisors each year with the names of the recipients of the Farrell Fund Scholarships.**

**The Farrell Fund shall be perpetual. If the Alumni Association is dissolved voluntarily or for any reason then the assets of the Farrell Fund shall be transferred as part of the Foundation's assets that would be transferred to Cal Farley's Inc., as set forth in the By-Law's of the Foundation and the Farrell Fund assets shall be operated in the same manner as set forth in this Agreement. Similarly, if for any reason Cal Farley's Inc. is subsequently dissolved, the assets of the Farrell Fund shall pass as part of the assets of the Foundation to, and become property of, an organization qualified under Section 501 (c) (3) of the Internal Revenue Code the charitable purpose of which is similar to that of Cal Farley's Inc. as designated by a court of competent jurisdiction in Texas.**

#### **V. Advisors to the Foundation**

**Chuck Farrell and Becky Farrell (or the survivor of the two) shall be the Advisors to the Alumni Association regarding the Farrell Fund. In the event neither Chuck nor Becky Farrell is able to perform advisory duties then Kevin Farrell (the brother of Chuck Farrell) will act in their place. They shall provide oversight to the Alumni Association to ensure that the Farrell Fund is being administered as intended. They shall assist the Alumni Association in any way possible and they shall make all decisions in the future regarding termination of the Farrell Fund. Replacement and or changes of individual Advisors shall be determined by unanimous consent of the existing Advisors or by the Executive Committee of the Alumni Association in the event that no successor Advisor has been named prior to the death or incapacity of the last living Advisor.**

**VI. Amendment**

**This Agreement may be amended only in writing by the mutual consent of the Alumni Association's Board of Directors, the Foundation's Board of Directors and the Advisors during the existence of the Farrell Fund.**

**VII. Ratification**

**Notwithstanding anything to the contrary, including the existence of the Farrell Fund and the inclusion of its assets within the Foundation prior to this Agreement, the Foundation and the Alumni Association, as an incentive for future contributions to the Farrell Fund, do hereby ratify, accept and approve all provisions of this Agreement and agree to be bound by its terms.**

**Signed:**

Rebecca J. Farrell

**Advisor of the Farrell Fund**

2-21-18

**Date**

C.J. Farrell

**Advisor of the Farrell Fund**

2-21-18

**Date**

Jimmi Boatwright

**Jimmi Boatwright - Alumni Association President**

02-17-2018

**Date**

David Rattan

**David Rattan - Foundation President**

2-17-2018

**Date**