

## **Bylaws of the Bethlehem Lutheran Church Mission Endowment Fund**

*If adopted, these bylaws would replace the existing bylaws "C14.02.02 Endowment Fund"*

### **C5.05.1 Definitions**

- "Church" shall mean Bethlehem Evangelical Lutheran Church of Encinitas, CA, or its successor.
- "Fund" and "endowment fund" shall mean the Mission Endowment Fund of Bethlehem Lutheran Church of Encinitas
- "Members" and "congregation" shall mean the members of Bethlehem Lutheran Church of Encinitas
- "Gift" and "gifts" shall mean gifts and donations, or the pledge of future gifts and donations, during a donor's lifetime
- "Bequest" and "bequests" shall mean donations received through a donor's will or other testamentary instrument

### **C5.05.2 Purpose and Objective**

- A. The Mission Endowment Fund of Bethlehem Lutheran Church exists to further the work of God by supporting and expanding the mission and ministry of Bethlehem Lutheran Church. The fund exists to receive gifts from members, invest and manage those gifts, and disperse a portion of those gifts in support of the fund's purpose.
- B. The purpose of the fund is to complement and supplement the mission of Bethlehem Lutheran Church through grants that enhance the ongoing ministry of the congregation or develop new ministry and vision. While the congregation is expected to meet the church's operating budget with regular giving, the endowment fund offers another channel through which members can support ongoing ministries as well as encourage the development of new ministries.
- C. The fund shall exist so long as Bethlehem Lutheran Church continues to exist. If the congregation shall cease to exist, dissolve, disband or merge, all assets of the fund shall be dispersed in the same manner as all other assets and property of the congregation as described in the church's Constitution.

### **C5.05.3 Organization and Administration**

- A. The endowment fund shall be administered by an Endowment Fund Committee (“the committee”). The committee shall consist of five (5) members, all of whom shall be voting members of the congregation, and none of whom shall serve at the same time as a member of the Congregation Council. The senior pastor and the church treasurer shall be non-voting members of the committee. All decisions shall require the affirmative vote of at least three (3) of the five voting members.
- B. Members of the committee shall serve two-year terms and be appointed by the Congregation Council and approved by a majority vote of the congregation at its annual meeting. Three of the members shall begin their terms in even-numbered years and the other two members shall begin their terms in odd-numbered years. Members may be re-appointed, and may serve a maximum of three consecutive terms. Vacancies on the committee shall be filled by the Congregation Council for a term lasting until the next annual Congregation Meeting, at which time the vacancy must be filled by majority vote of the congregation.
- C. The committee shall meet at least four times annually. A quorum shall consist of three members. The committee may hold meetings by remote communication, including electronically and by telephone conference.
- D. The purpose of the committee shall be to:
  - 1) Develop and maintain an investment and distribution plan that is consistent with the long- term continuation of the fund.
  - 2) Educate the congregation about the fund, promote the fund, and solicit donations in an appropriate manner. The process should be coordinated with the Congregation Council and its Stewardship Committee.
  - 3) Assist donors in the process of making gifts to the fund. The committee may not accept responsibility as a medical or financial power of attorney for an individual, nor act as an administrator or trustee of an estate. However, the fund may be listed as a beneficiary of an estate and/or planned gift.
  - 4) Determine and fulfill procedures and policies for the soliciting, processing, and dispositions of monies in accordance with the donor's wishes and requirements and limitations of the fund.

#### **C5.05.4 Receipt and Handling of Funds**

- A. The committee shall have the sole power to accept or reject any gift offered to the endowment fund. Gifts may be accepted in any form the committee deems acceptable, including but not limited to cash, securities, bonds, real estate or other tangible items. The fund also may be named as a beneficiary in a will, life insurance policy, life income structure, annuity, charitable remainder trust or other investment product. If a gift is in the form of real estate or other tangible item (such as artwork, jewelry, collectibles,

furniture, etc.), the committee may, at its discretion and in a prudent manner, sell such assets and place the proceeds in the fund's chosen investment means.

- B. The committee may accept gifts and bequests which are restricted as to their uses and purposes, and shall distribute the income and/or principal in accordance with the directions of the donor, provided such restrictions and directions are consistent with the purposes and objectives of the fund as described in these bylaws. A gift or bequest may be restricted as to its use only if the amount of the bequest is at least \$2,500 (two thousand five hundred dollars). All gifts and bequests less than \$2,500 shall be accepted as undesignated contributions to the general endowment fund with the committee as sole determinant of its purpose, subject to the purpose and mission described in these bylaws.
- C. The committee shall invest and reinvest the assets of the fund in both a fiscally prudent and socially responsible manner to produce income to be used to carry out the mission of the fund, while at the same time preserving principal. The committee shall have sole authority and responsibility to designate an entity through which the fund shall be invested and managed. The committee shall make quarterly reports to the Congregation Council of the status of the endowment fund and any actions taken by the committee. The endowment committee also shall make a written report to the congregation, distributed at the annual Congregation Meeting, on the current status of the fund and on the committee's activities the preceding year.
- D. No member of the committee shall engage in any activity intended to result in personal benefit, and shall at all times refrain from any conduct in which the interests of the committee member, or of a member of his/her immediate family, would conflict with the interests of the fund.
- E. Members of the committee shall not be liable for any losses which may be incurred upon the investments of the assets of the fund except to the extent such losses are the result of the member's bad faith or gross negligence. No member shall be personally liable as long as he or she acts in good faith and without gross negligence in discharging his or her duties. Each committee member shall be liable only for his/her willful or gross misconduct or omissions, and shall not be liable for the acts or omissions of any other member, or of any accountant, attorney, agent, investment advisor, or other professional selected with reasonable care.
- F. The members of the committee shall not engage in any activity or make any distribution that would jeopardize or cause the loss of tax-exempt status or violate any statutory or regulatory requirements for Bethlehem Lutheran Church or the Endowment Fund.
- G. Committee members shall not receive any compensation, but may be reimbursed from fund income for expenses reasonably incurred.
- H. Any and all designated gifts and bequests that exist in the fund as of the date these bylaws are adopted shall continue to be maintained as to their purpose. Investment income shall be apportioned to any such existing gifts in proportion to the percentage

each gift contributes to the total value of the endowment fund. Any designated gifts made after the date these bylaws are adopted shall also receive investment income in proportion to its percentage of the overall endowment fund.

- I. The fiscal year for the endowment fund shall be the same as that of the church. If any investment income received during a fiscal year is not distributed as grants, all unspent income shall be reinvested in the endowment fund.

#### **C5.05.5 Distributions**

- A. The endowment committee shall recommend to the Congregation Council the distributions to be made from the fund, taking into consideration the recent investment returns of the fund, new gifts added to the fund, pending requests for grants, and other such factors as the committee deems relevant. The committee shall not be obligated to make any distributions. The Congregation Council has sole authority to approve or reject the recommended distributions by the endowment fund committee. However, no distributions from the fund may be made by action of the Congregation Council without a prior recommendation from the committee.
- B. The committee may not approve expenditure of more than five percent (5%) of a fund's capital, except if the directives and restrictions of a gift or bequest require an expenditure greater than this limitation, or if the expenditure is approved by a majority vote of the congregation at a duly called and conducted congregation meeting.
- C. The church Treasurer shall execute all checks or other documents relevant to the fund's investments and distributions.
- D. The endowment fund shall have the following categories of gifts and bequests:
  - 1) General endowment fund: An undesignated category in which the earnings are available for distribution at the discretion of the endowment committee consistent with the mission and objectives set forth in these bylaws.
  - 2) Mission fund: Gifts to be distributed in support of mission work defined by geography (community, state, nation or world) or by nature of service (e.g., care of missionaries, education in other cultures, social/economic projects, etc.)
  - 3) Scholarship fund: Scholarships for college and seminary students, and/or for continuing education for members of the congregation.
  - 4) Special ministries fund: Gifts intended to create or support programs that are complementary to, but separate from, the ongoing programs of the church supported through the annual budget. Special ministries may be defined by a specific program or by category of programs (e.g., youth, hunger, music, Christian education, etc.).

- E. As part of publicizing the endowment fund, the committee shall establish a procedure for receiving and evaluating requests from church members for grants from the fund.
- F. Gifts, bequests and distributions (with the exception of grants for college, seminary or continuing-education tuition) are not intended to benefit any individual members or staff of Bethlehem Lutheran Church or persons related to or employed by any church members or staff. It is acceptable that an individual member of the congregation, or a relative of a member, may be involved in an organization or activity that receives proceeds from the endowment fund. However, it is unacceptable that such a member or relative would receive any benefit, financial or otherwise, from the granting of such proceeds from the endowment fund.