

Reformation Evangelical Lutheran Church
of
Upper Providence, Pennsylvania

By-Laws of the Endowment Trust Fund

Adopted on January 30, 2000, Amended January, 2007

Article 1 – Objective

Section 1 - The Endowment Trust Fund (the Fund) is designed to support the mission Mission Statement of Reformation Evangelical Lutheran Church (RELC) through the following Objectives:

- A. To provide a separately established fund for designated money and property held for the benefit of RELC.
- B. To generate maximum return on investments of the Fund within stated investment guidelines.
- C. To provide a source of monies for outreach programs, program ministry and capital improvements, as well as for further investment in order to grow the Fund.
- D. To encourage additional contributions to the Fund.

Article II – Fiscal Year

Section 1 -The fiscal year of the Fund shall begin January 1 and end December 31.

Article III – Administration

Section 1 - Allocation of the Fund

- A. The Fund shall be managed in total and consist of four accounts:
 - 1. Investment Account;
 - 2. Program Account;
 - 3. Capital Improvement Account;
 - 4. Outreach Ministry Account
- B. Total Return shall be allocated annually to each account as outlined in Article V, Section 1 E.

Section 2 - Trustees

- A. There shall be five Trustees of the Fund to be appointed ~~elected~~ by the Congregation Council.
- B. No more than one Trustee shall be a member of the Congregation Council.
- C. The clergy under call to Reformation pastor shall serve as an ex-officio member. They shall have voice but no vote.

- D. Each Trustee, with the exception of the clergy under call pastor, may serve two full terms. A term shall be five years. Tenures shall be arranged so that one term expires annually.
- E. If a Trustee resigns or the his/her position is declared vacant, the Congregation Council shall appoint a Trustee to complete the balance of that term. If the time remaining in an unexpired term is 31 months or longer, it shall be deemed to be a full term. After serving two full terms, at least one year must pass before an individual is eligible to serve again as a Trustee of the Fund.
- F. The Trustees shall be bonded by a company selected by the Congregation Council and any cost incurred shall be paid from the Fund included in the insurance costs for the church.
- G. The Congregation shall indemnify each Trustee against any and all claims, losses, damages, expenses and liability arising from the Trustees' actions or failure to act unless the same be judicially determined to be the result of the Trustees' gross negligence or willful misconduct.
- H. To be eligible for appointment election as a Trustee, the candidate must be a voting member of RELC.

Section 3 - Operation and Maintenance of the Fund

- A. The Fund is independent of all other funds of RELC.
- B. The Fund may receive contributions directly from sources as indicated in Article VI. It may receive transfers from the RELC General Fund.
- C. The Trustees shall maintain accounting records of the Fund in the same manner as other church funds and be included during any audit of the church's financials provide an annual audit. The Trustees shall make an annual report to the congregation ~~and to the Congregation Council.~~ Financial reports and meeting minutes shall be made available to the Congregation Council- sent to the Congregation Council quarterly.
- D. The Trustees shall provide the church bookkeeper with an accurate and timely record of all investment transactions to the Operations Manager.
- E. Two Trustees shall be required to execute any orders to buy or sell after said orders have been approved by a majority of the Trustees as defined in Article VIII, Section 2.

Article IV – Investment Responsibility

Section 1 -The Trustees of the fund shall be entrusted with fiduciary responsibility for the fund and will be guided by the following:

- A. The investment objective shall be to prudently and conservatively grow the Fund.
- B. The investment vehicles and fund allocation shall be as follows:
 - 1. Secured Risk Investments: At least 50% of the Fund Balance must be invested in:
 - a. United States Government securities

- b. United States Government backed securities
 - c. Insured Certificates of Deposit
 - d. FDIC insured checking or savings accounts
 - e. Corporate Bonds
- 2. Limited Risk Investments: Up to 50% of the Fund Balance may be invested in:
 - a. Mutual funds
 - b. Money Market Funds
- 3. Prudent Risk Investments: If prudent risk investments are selected, no more than 20% of the Fund Balance may be invested in:
 - a. Stocks on the New York, American Stock and NASDAQ Exchanges
 - b. Real Estate to be used for church purposes as opposed to investment purposes.
- C. No single investment may exceed 20% of the Fund Balance.
- D. The Trustees shall have access to short- and long-range planning of the congregation to help in determining investment liquidity needs.
- E. The Trustees shall, with Congregation Council approval, have the discretion of employing an investment advisor who will serve in an advisory capacity only and who shall be prohibited from exercising discretion as to investment decisions. The investment advisor must provide investment reports on a quarterly basis. The Trustees shall establish criteria for the selection of the investment advisor. To avoid the appearance of impropriety, no investment advisor shall have a family, personal or business association with any Trustee if receiving remuneration for services. Any Trustee shall ~~can~~ refrain from voting if a conflict of interest exists. Any cost incurred in the employment of an investment advisor will be paid from a source determined by the Congregation Council. ~~the Fund.~~

Article V – Use of Funds

Section 1 - Definition of Terms:

- A. Fund Balance – the net total of all assets less liabilities.
- B. Asset Cost – the cost of an asset when purchased by the Fund or the market value of the asset upon the designated date of a gift received by the Fund.
- C. Total Return – the amount generated from interest, dividends and realized capital gains or losses as determined by mutual funds or the sale of assets as fixed on September 30 of the current year and accumulated during the previous twelve months less any expenses by the Fund.
- D. Accounts
 - 1. Investment Account – that portion of the Fund designed to promote the preservation and growth of the Fund Balance. The principal of the Investment Account cannot be used to provide monies.

2. Program Account – that portion of the Fund designed to provide monies to develop and support programs of RELC consistent with the mission statement.
 3. Capital Improvement Account – that portion of the Fund designed to provide monies for capital outlay of RELC consistent with the mission statement.
 4. Outreach Ministry Account – that portion of the Fund designed to enable RELC to foster and support community, national and international charitable projects beyond the regular budgeted current benevolence giving of RELC.
- E. Annual Distribution –
1. 20% of the Total Return shall be retained in the Investment Account.
 2. 80% of the calculated Total Return shall be made available, regardless of the balance in any account, as follows:
 - a. One-sixth to the Program Account
 - b. One-sixth to the Capital Improvement Account.
 - c. Two-thirds to the Outreach Ministry Account.
 3. At the end of the third quarter, the trustees shall report the Total return for the past 12 months and the portion of that return that accrues to each of the accounts. They shall also report the total amount available for distribution from the Program, Capital Improvement and Outreach Accounts.
- F. Account Balance Reserve Report - A report reflecting the reserve balance of each account will be maintained.

Section 2 - Application of Funds.

- A. Program Account - Congregational Council shall approve new programs and send requests to the Trustees for payment. Any portion, or all, of the Program Account may be drawn from the Account at any time. The Account may be drawn to zero in a given year. If the Total Return is negative, the Program Account will participate in that loss based upon the distribution defined in Article V Section 1 E for purposes of establishing the pro-rata Annual Distribution, but the balance may not go below zero. In this instance, no draw may be made until the Program Account is rebuilt to a positive balance. Any unused portion of the Annual Distribution will be retained in the balance of the Program Account.
- B. Capital Improvement Account - Congregational Council shall approve capital improvements and send requests to the Trustees for payment. Any portion or all of the Capital Improvement Account may be drawn from the Account at any time. The Account may be drawn to zero in a given year. If the Total Return is negative, the Capital Improvement Account will participate in that loss based upon the distribution defined in Article V Section 1 E for purposes of establishing the pro-rata Annual Distribution, but the balance may not go below zero. In this instance, no draw may be made until the Capital Improvement Account is rebuilt to a positive balance. Any unused portion of the Annual Distribution will be retained in the balance of the Program Account.

- C. Outreach Ministry Account - The Congregational Council shall approve charitable contributions and send requests to the Trustees for payment. Any portion of the Annual Distribution unused will be retained in the balance of the Outreach Ministry Reserve Account
- D. The Trustees shall be given 30 days notice of a withdrawal request to allow for the adequate time to execute necessary sales of assets to meet the request.
- E. The trustees, in their annual report to the congregation will include the total return on the investments as of the end of the third quarter, the amount available for distribution from the Program, Capital Improvements and Outreach accounts, and the distributions approved by the Congregation Council from each account.

Article VI – Contributions to the Fund

Section 1 - The Fund, when specifically named as a beneficiary, is empowered to accept further gifts which will be accepted as follows:

- A. Any gift by way of a will, a designation as beneficiary under a life insurance policy, a trust, or otherwise, shall be placed under the fiduciary responsibility of the Fund as specified by the donor in accordance with the designations as outlined in Article I, Objective. If there is no designation as to purpose, any such gift shall be added to the principal of the Fund to be divided between three sub-accounts of the Fund in an allocation of 2/3 to the Investment Account, 1/6 to the Program Account and 1/6 to the Capital Improvement Account.
- B. The Trustees are authorized to accept a gift in the form of cash, real or personal property (including stocks, bonds or other securities) and it shall have the right to decline any gift. If there is no designation as to purpose, any such gift shall be added to the principal of the Fund to be divided between three sub-accounts of the Fund in an allocation of 2/3 to the Investment Account, 1/6 to the Program Account and 1/6 to the Capital Improvement Account.
- C. The Trustees will accept additions to the Fund from the Congregation Council which may be generated either through a surplus of the general operating fund or through a donation to the general fund of the Congregation. If there is no designation as to purpose, any such gift shall be added to the principal of the Fund to be divided between three sub-accounts of the Fund in an allocation of 2/3 to the Investment Account, 1/6 to the Program Account and 1/6 to the Capital Improvement Account.

Article VII – Investment Instruments

Section 1 - The Trustees shall have the responsibility of the keeping of the instruments of investment in street name with a registered broker or in a safe deposit box in the name of the congregation.

Article VIII – Meetings

Section 1 - The Trustees shall meet at a regularly scheduled time at least once a quarter.

Section 2 – A quorum of four Trustees shall be required for the legal transaction of business. The vote of three trustees will be considered a majority.

Section 3 - Special meetings of the Trustees may be called by the ~~pastor-clergy under call~~, the chairperson or by three Trustees petitioning for such a meeting.

Article IX – Officers

Section 1 - The Trustees, when appointed by Congregation Council, shall elect one of their members to serve as chairperson, one of their members to serve as vice-chairperson, one member to serve as secretary, and one member to serve as treasurer. Officers will be elected annually by the Trustees at the regular ~~first fourth~~ quarterly meeting.

Section 2 - A member's office as Trustee of the Fund shall at once be declared vacant if the member (a) ceases to be a voting member of this congregation, (b) is absent from three successive regular meetings without excuse, or (c) fails to perform ~~the his/her~~ responsibilities as a Trustee of the Fund.

Article X – Duties of Officers

Section 1 - The chairperson shall preside at all meetings of the Fund Trustees, and shall have general supervision over the work of the trustees

Section 2 - The vice-chairperson shall preside at any meetings in the event of the chairperson's inability to do so.

Section 3 - The secretary shall keep accurate records of all business transacted at meetings and shall handle all correspondence. The secretary shall submit a copy of the minutes of each meeting to the church office ~~for distribution as required and~~ for filing.

Section 4 - The treasurer shall be responsible for submitting quarterly financial reports to the Trustees and executing investment transactions.

Article XI – Amendments

Section 1 - These By-laws may be changed only in accordance with the following manner:

- A. Amendments may be recommended by a majority vote of the Trustees of the Fund or by the Congregation Council. If the proposed amendment originates with the Congregation Council, or if the proposed amendment of the Trustees is amended, the Council will seek the advice and counsel of the Trustees. The Trustees will

respond within 30 days before such proposed amendment is sent to the congregation.

- B. Before any proposed amendment is sent to the congregation, the proposed amendment shall be approved by a 2/3 vote of all members of Council then in office, at a legally called meeting of the Council.
- C. Following the favorable vote of the Congregation Council, the proposed amendments shall be ~~made available mailed~~ to the congregation at least 30 days prior to a congregational meeting at which approval will be voted on.
- D. A 2/3 vote of the members present and voting at a legally called congregational meeting will be required for approval of the amendment(s).
- E. Either the Congregation Council or the Trustees may call for a congregational meeting in accordance with the procedures set forth in the Constitution and By-Laws of RELC.