

**APPENDIX I TO THE BYLAWS
ST. JOHN’S EVANGELICAL LUTHERAN CHURCH
Endowment Fund**

Res 08-206 & Res 08-207 Approved by Voters, 28 Sep 08

I. NAME

St. John’s Evangelical Lutheran Church of Napa, California shall have the: ST. JOHN’S LUTHERAN ENDOWMENT FUND (hereafter referred to as “The Endowment”).

II. GENERAL PURPOSE

A. The Endowment's purpose shall be to receive, to manage and to distribute funding to support and implement the mission and vision of St. John’s Evangelical Lutheran Church.

1. Mission Statement – *Leading people into a growing relationship with Jesus Christ, His followers and His world.*
2. Vision – Leading people **up**, Leading people **in**, Leading people **out**

B. Dimension I – Leading People Up: Growing Intimacy with Jesus Christ

Worship & Spiritual Growth Endowment

1. Start-up funding for new staff and/or programs
2. Enrichment seminars and/or guest speakers
3. Training Bible study, Sunday School, VBS and Confirmation teachers & leaders
4. Enhancement of music programs

Scholarship Endowment

1. Congregation's members attending Synodical colleges, seminaries, and universities
2. Congregation's staff – called, contracted or hired - for enhancement, improvement and enrichment of skills above and beyond those considered basic
3. Tuition assistance for students of St. John’s Lutheran preschool and elementary school (commonly known as the Eagle Endowment)

C. Dimension II – Leading People In: Growing Community with His Followers

Growth & Support Endowment

1. Human care ministry
2. Funding for special retreats
3. Counseling support
4. Assisting called workers in purchase of primary residence through equity sharing

D. Dimension III – Leading People Out: Growing Relationships with People of the World

Mission Endowment

1. Service outreach opportunities in our community
2. Mission outreach in ethnic contexts
3. Mission trips, servant events, etc. in other geographic areas

4. Missionary sponsorship

E. Dimension IV – Supporting the Mission and Vision

Capital Endowment

1. New building projects or property acquisition
2. Remodeling and renovating church & school property
3. Obtaining new equipment necessary for enabling/improving the ministry of St. John's Evangelical Lutheran Church
4. Special projects to enhance the technology of our church & school

Future Ministries Endowment

Supporting future ministries yet unknown to us but only to God

- F. The St. John's Lutheran Endowment Committee, hereafter referred to as "The Committee," shall make, at least annually, recommendations to the Board of Directors for distribution of the income and/or principal of The Endowment for the approved uses, projects and programs as stipulated in Section II. above. The purpose of Board of Directors review and approval is to confirm alignment between Endowment Fund disbursements and the congregation's overall ministry strategy at that point in time. The Committee shall distribute a list of approved uses, projects and programs to the members of the congregation.
 1. ***Undesignated Gifts and Bequests*** - Both the principal and income from undesignated gifts and bequests to The Endowment are to be used for the uses, projects and programs recommended by The Committee and approved by the Board of Directors provided that the uses, projects and programs are consistent with the Statement of Purpose in Section II. above. In the initial years of a new congregational program or project, which is normally funded by the operating budget, the income and principal of The Endowment may be used on a proportionally decreasing basis so that by the third year, if not sooner, the new program or project is fully supported by the operating budget. Otherwise, none of the income or principal from undesignated gifts shall be distributed to the congregation's budget.
 2. ***Designated Gifts and Bequests*** - Gifts and bequests may be given by the donor with special terms or conditions as to the use of the gift and/or of the income providing that such designated use is consistent with the stated Purpose of The Endowment (Section II.). The Committee, shall submit to The Board of Directors its recommendation on the acceptability of such a gift or bequest. The Board of Directors will review and approve the appropriateness of such designation.
 - a. Distribution of principal and/or income will be in accordance with the donor intent as stipulated in the terms or conditions of the gift or bequest.
 - b. ***Unforeseen Circumstances Provision*** – If the program(s) or purpose(s) for which the donor designates the gift no longer exists, and/or are no longer relevant to the mission and purpose of St. John's Evangelical Lutheran Church, and/or are no longer needed for the purpose(s) originally designated by the donor at the time these funds become available for their charitable purpose(s), the remainder funds shall be used for purposes as similar as possible to the original intent of the donor, as determined by the Board of Directors.

III. DURATION

The Endowment shall continue in existence and be used as hereinabove provided, unless earlier revoked, so long as St. John's Evangelical Lutheran Church shall continue to exist. Otherwise, The Endowment shall be dispersed as all other property of the church in accordance with the constitution and bylaws of St. John's Evangelical Lutheran Church.

IV. GOVERNING BODY AND OFFICERS

- A. The Committee operating under the Board of Directors shall promote and manage The Endowment. The Committee shall consist of no fewer than seven members:
1. St. John's lead pastor;
 2. St. John's business administrator;
 3. Treasurer of the congregation who would also be the treasurer of The Endowment;
 4. Four other members of the congregation, appointed by the Board of Directors, for two-year terms and subject to re-appointment except for initial appointment as described below:
 - a. Two members will serve for one (1) year;
 - b. Two members will serve for two (2) years;
 - e. As their term of service expires, newly-appointed members will serve the full two-year terms.
 5. The Board of Directors will appoint replacements to fill vacancies on the Committee. An appointee will complete the term of service of the former Committee member he/she replaces.
 6. The Committee will elect its own chairman and secretary.
 7. The Committee may ask other members of the congregation to serve as advisory members and may employ, at the expense of The Endowment income, such professional counseling on investments and legal matters as it deems to be in the best interest of The Endowment.
- B. In developing a list of candidates to serve on The Committee, Board of Directors shall prayerfully focus on individuals who:
1. Are respected and active (attend worship and Bible study regularly and involved in a ministry area of the congregation) voting members of St. John's Evangelical Lutheran Church;
 2. Know, are committed to and are in agreement with the mission, vision and values of St. John's Evangelical Lutheran Church;
 3. Understand and embrace the value and importance of promoting Biblical financial stewardship in the Church, evidenced by faithfully living out said stewardship principles in their own lives;
 4. Are willing and available to attend occasional training related to Biblical financial stewardship, endowments and planned and deferred giving such as The Lutheran Church--Missouri Synod (LCMS) Foundation's *Lifetime Plan for Giving*;

5. Have no personal and/or professional conflict(s) of interest. For example, this includes (but is not necessarily limited to) attorneys, bankers, insurance agents who may stand to personally and/or professionally benefit from gifts to and/or investments associated with The Endowment;
 6. Generally have some degree of comfort with meeting, discussing, promoting and/or presenting Biblical financial stewardship, endowment and giving-related topics to individuals on occasion;
 7. Are able to maintain strict confidentiality.
- C. No member of The Committee shall engage in any self-dealing or transactions with The Endowment in which the member of The Committee has direct or indirect financial interest and shall at all times refrain from any conduct in which his/her personal interests would conflict with the interest of The Endowment.
- D. The chairman, or the member designated by the chairman, shall preside at all meetings of The Committee.
- E. The secretary, elected by The Committee, shall maintain complete and accurate minutes of all the meetings of The Committee and supply a copy thereof to each member. Each member shall keep a complete copy of minutes to be delivered to his or her successor.
- F. The Committee may recommend that the assets of The Endowment be delivered to the LCMS Foundation, Lutheran Church Extension Fund--Missouri Synod, California-Nevada-Hawaii District Church Extension Fund or to any other qualified investment management institution for investment management. Any agreement entered into for the management of The Endowment shall be valid only if approved by a two-thirds (2/3) majority of the voting members present at a duly called and constituted meeting of the Voters' Assembly.

V. FISCAL YEAR

For tax, accounting, distribution, or other purposes, the fiscal year of St. John's Evangelical Lutheran Church shall be the Fiscal year of The Endowment.

VI. DUTIES OF THE COMMITTEE

- A. Meet at least on a quarterly basis.
- B. Establish, within the limitations of these bylaws, such written rules, policies, guidelines and regulations as may be necessary for the conduct of its business, including, but not limited to:
1. Determining timing, frequency and process for accepting disbursement requests;
 2. Developing its process for making recommendations to the Board of Directors;
 3. Disbursing income and principal from The Endowment;
 4. Managing, accounting and reporting of all activities/status of The Endowment;
 5. Promoting The Endowment; and
 6. Educating people about planned giving opportunities.

- C. Inform the members of the congregation at least annually of the purpose of The Endowment, and periodically arrange for members of the congregation to meet with professional counselors in the areas of charitable giving, wills, bequests, insurance, etc.
- D. Receive on behalf of The Endowment gifts and contributions from any individual, family, firm or corporation, in money, in securities, or in any other form of property, including, by way of explanation and not in limitation, direct gifts for the purpose of The Endowment, gifts in memory of any deceased person or in appreciation or recognition of any living person, gifts in the form of a devise or bequest under will or trust instrument, and gifts or proceeds or portions of proceeds of insurance, annuity, or endowment policies or contracts.
- E. Acknowledge and receipt gifts in a manner that will permit the donor to claim a federal income, gift and estate tax charitable deduction.
- F. Manage accounts with such financial institutions as it may by resolution authorize and determine. All checks and other documents transferring or expending any funds or assets in The Endowment shall be executed by the treasurer and chairman of The Committee. Some or all of the assets of The Endowment may be invested with the LCMS Foundation, Lutheran Church Extension Fund--Missouri Synod, California-Nevada-Hawaii District Church Extension Fund or in any other investment that The Committee deems appropriate provided the Voters Assembly has previously approved an agreement with the qualified investment management firm as stipulated in IV. F. above.
- G. Make recommendations, in accordance with its written policies and procedures, no less often than annually for the distribution of income and/or principal from The Endowment. The Board of Directors may accept, amend, or reject the recommendation of The Committee.
 - 1. The Committee may disburse, with Board of Directors approval, up to 5% of the average value of The Endowment each fiscal year. For this purpose, the average value is calculated based upon the aggregate value of all funds in The Endowment, excluding designated funds having their own distribution percentages as set forth in special conditions by the donor, for the four (4) quarters leading up to and including 31 December of the previous year.
 - 2. The Committee will also make additional fiscal year disbursements in accordance with any specific distribution percentages set forth by donors of designated funds. (Ref II.F.2.a. above)
 - 3. The total annual disbursement may include income and principal. However, the total annual disbursement must never cause the actual value of The Endowment to fall below \$500,000.
- H. Keep complete and accurate books of account and employ such professional help as it deems necessary in this task.
- I. Maintain separate identification and recording of all transactions with respect to any designated gift(s).

- J. Hold all funds and property in The Endowment as separate, distinct and independent from the funds and property otherwise belonging to the church. However, The Committee shall in no event be required to make physical segregation of the assets of The Endowment in order to conform to the directions of any individual donors, but may establish separate accounts in its accounting records.
- K. Submit to the congregation, within three months after the close of each of The Endowment's fiscal years, and at such other time(s) as is deemed convenient, an itemized written statement accurately reflecting the position of The Endowment's income and corpus accounts as of a date reasonably close to the date the statement is submitted, and the receipts, disbursements and changes therein since The Endowment's inception or the previous accounting, as the case may be. The report may be presented to voters meeting in assembly or made available to the congregation via any other means deemed appropriate by the Board of Directors.
- L. Provide all new members of The Committee a copy of these Bylaws to become acquainted with the function and purposes of The Endowment.

VII. POWERS

The provisions of this Article shall govern the management of The Endowment:

- A. The property constituting the corpus of The Endowment shall be invested and reinvested in any kind of property, (whether real or personal, tangible or intangible, and/or domestic or foreign), including, but not limited to, securities, real estate, oil, gas, and other natural resources and/or accounts or certificates of banks or other lending institutions, and each investment shall be managed and protected in accordance with the principles herein established. In exercising the authority granted in this Section, the decisions with respect to investment shall be guided by the concept of a prudent investor whose investment purpose includes both income and capital appreciation and shall not otherwise be restricted by any law, rule or custom (i) requiring safety of corpus as a primary consideration, (ii) regarding investment in income producing property, or (iii) requiring diversification of investments. It is further understood that any part or all of The Endowment may be invested with the LCMS Foundation, in obligations of the Lutheran Church Extension Fund--Missouri Synod, California-Nevada-Hawaii District Church Extension Fund or in any other investment provided the Voters Assembly has previously approved an agreement with the qualified investment management firm as stipulated in IV. F. above. In amplification, but not limitation, of the foregoing, authority is granted:
 - 1. To acquire interests in property by purchase, lease, rental or other method; to sell, option, exchange, redeem or convert any property interests; and to rent or lease property of The Endowment;
 - 2. To exercise all rights and privileges accruing to a holder of securities, including all voting, conversion, subscription, and preemptive rights; to deposit any securities with, delegate discretionary power to, and participate, cooperate and contract with, as a member or otherwise, any protective committee or security holders; and to effectuate any merger, consolidation, dissolution, reorganization or financial adjustment of the issuer of any securities and/or any transfer, demise, or encumbrance of any of its properties;

3. To manage and/or develop any real property owned, leased or otherwise held by The Endowment; to erect, repair, remodel, reconstruct, demolish or remove buildings or other improvements on it; to partition or subdivide it; to dedicate all or any part of it to public or semi-public use, and to grant easement or other charges with respect to it;
4. To abandon any property interest deemed worthless or of insignificant value;
5. To borrow money from any source, to encumber property of The Endowment and to repay any loan due by The Endowment provided it incurs no acquisition indebtedness;
6. To foreclose any mortgage, lien, or other encumbrance, and to purchase the encumbered property, whether through foreclosure or private arrangement;
7. To establish and maintain, out of income, depreciation, depletion and/or amortization reserves;
8. To maintain a portion or all of the property constituting The Endowment in liquid or nearly liquid form, even though little or no income is earned thereon;
9. To use income or corpus funds (irrespective of their derivation) for any purpose of The Endowment and with respect to any property of The Endowment (irrespective of the income, of any, it produces) even if such funds are derived from the sale of or income from other property of The Endowment or from a loan (from income or an outside source) using such other property as security.

B. Without limiting the authority otherwise conferred, the additional authority is hereby granted to be exercised as is believed to be in the best interest of The Endowment:

1. To accept and receipt for any inter vivo, testamentary or other transfer of property to The Endowment;
2. To hold property, and to negotiate and execute documents on behalf of The Endowment;
3. To allocate between income and corpus in equitable proportions, any money or other property received, and any loss or expenditure incurred;
4. To vote, or refrain from voting, securities having voting privileges, and to give any type of proxy (with or without directions) to vote the same;
5. To make division and distribution of property held in The Endowment (whenever directed to do so) either in kind or in cash, or partly in kind and partly in cash and for such purpose to set values upon any property of The Endowment;
6. To protect The Endowment and its property by insurance against damage, loss or liability;
7. To establish checking account(s) in which may be deposited income and/or corpus cash; and
8. To employ, at the expense of The Endowment, attorneys, investment counsel, brokers, custodians of assets, and other agents and employees.

VIII. AMENDMENTS

Any amendment which will change, alter or amend these Bylaws shall be adopted only if approved in accordance with the constitution and bylaws of St. John's Evangelical Lutheran Church.