

St. Mark's Lutheran Church

Endowment Fund Bylaws

Asheville, NC
Approved date

Purpose

The Endowment Fund ("the Fund") is an account that can hold funds from both current and estate gifts, from which distributions are made for ministry. This document describes how St. Mark's Evangelical Lutheran Church defines ministry, and outlines the overall management of the Fund. Ideally, the principal of the Fund grows over time, primarily from additional gifts, but also from investment returns, as distributions are made from the fund.

Operation

1. Endowment Board
2. Investment Policy
3. Distribution Policy

Endowment Board ("the Board")

1. The Board will be comprised of 7 voting members including the pastor of the congregation. The Congregation Treasurer shall be a non-voting member of the Board.
2. Voting members of the Board, with the exception of the pastor, will each serve 3 year terms staggered to allow two member terms to expire each year.
3. No member may serve consecutive 3 year terms.
4. After a lapse of 3 years, a former Board member may be re-elected.
5. Any member of the congregation may nominate a candidate for the Board.
6. Board members will be elected during the Annual Congregation Meeting.
7. If there is a vacancy on the Board, it will remain vacant until the next scheduled Annual Congregation Meeting.
8. The Board will meet at least quarterly.
9. A quorum shall consist of at least 4 members, and can carry any motion or resolution with a majority vote.
10. The Board will elect from its membership a chairperson/secretary.
11. The Board will report to the Congregation Council at least quarterly.
12. The financial records of the Fund must be audited at least annually, by a Church Audit Committee.

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13. Members of the Board will not be held liable for any investment losses, but will be held liable for his or her own willful misconduct.
14. Members of the Board will not be able to provide services to the Fund for a fee.
15. Members of the Board will not be able to engage in transactions with the Fund in which he or she has a direct or indirect financial interest.
16. The Chair of Board, the Church Treasurer and another Board member will serve as the signers for transactions.
17. These Endowment By-laws will be reviewed every 3 years. The next review date will be in 2021.

Investment Policy

18. The Fund may be held in the ELCA Endowment Fund Pooled Trust – Fund A, the ELCA Mission Investment Fund, a state bank, a federal bank, a FINRA registered broker-dealer, or trust company.
19. The Board may manage investments on its own and/or with professional, outside advice. Investment options include mutual funds, stocks and bonds, exchange traded funds, money market securities, government securities and other options subject to the following limitations.
20. The Fund will be diversified by both asset class and within asset class to limit risk. The Board shall periodically review the overall asset allocation to ensure appropriate diversification. Equity investments should be a minimum of 30% and a maximum of 70%, with a target of 50% of the Fund assets. Fixed income investments should be a minimum of 30% and a maximum of 70% with a target of 50% of fund assets. Equity investments may be chosen from the NYSE, the AMEX, regional exchanges and the NASDAQ markets. No single security shall exceed 5% of the total portfolio at the time of purchase. Fixed income investments from a single issuer (with the exception of the U.S. Government or fully guaranteed agencies) shall not exceed 5% of the total portfolio at the time of purchase. For investment grade bond portfolios, the average portfolio quality shall exceed a Standard and Poor's "BBB" rating. The following transactions and assets are prohibited: commodity trading, including futures contracts, short selling, option trading, private placements and non-marketable securities.

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Distribution Policy

21. Every year, the Board will distribute 5% of the average Fund balance for the last 5 years. Fund balance is defined as the account balance as of December 31 of the previous year, which includes all interest, dividends, realized/unrealized capital gains from the previous year.
 - a. The full distribution amount is provided to the Congregation Council during the first quarter of that year.
 - b. The distributed funds are not to be allocated to regular budgeted expenses or debt service.

22. Should the Endowment Board determine that the congregation is in dire need of the assets in the Endowment Fund, or has an emergency of such a nature that the future of the congregation is at stake, and the only recourse is to use the Endowment Fund assets, the Endowment Board may, upon a two-thirds majority vote, recommend such authorizing action to the Congregation Council for a recommendation to the entire congregation. Two-thirds majority vote at a properly called congregation meeting will then be necessary for approval.

23. In the event our congregation ceases to exist either through merger or dissolution, disposition or transfer of the Fund shall be at the discretion of the Congregation Council in conformity with the Congregation Constitution and Bylaws, and in consultation with the Bishop of our synod of the Evangelical Lutheran Church in America to which this congregation belongs.

Resource

ELCA Foundation: 800-638-3522 elca.org/foundation