

[8-19-14]

**DIVINE REDEEMER MINISTRY
ENDOWMENT FUND
BY-LAWS**

I. NAME AND GENERAL PURPOSE

- A. The Congregation of Divine Redeemer Evangelical Lutheran Church (“DRLC”) located in Delafield, Wisconsin, hereby establishes an Endowment Fund. This fund shall be called the Divine Redeemer Ministry Endowment Fund (“Endowment Fund”). It shall be one of the funds of this congregation.
- B. This fund's purpose shall be to encourage, receive and manage gifts and bequests which will provide financial support to advance and sustain DRLC’s Christian mission, vision and faithfulness over an extended period of time.

II. ENDOWMENT FUND GOVERNING BOARD AND DUTIES

- A. The Endowment Fund shall be promoted and managed by the Divine Redeemer Ministry Endowment Fund Committee (“Endowment Fund Committee”). The individual members of the committee shall be appointed by the DRLC Board of Directors (“BOD”) and shall be responsible for carrying out all business matters associated with the Endowment Fund. The Endowment Fund Committee shall consist of five individuals who are members in good standing of DRLC. Further, non-voting standing committee members shall consist of:
 - 1. The President of the Congregation, ex-officio member;
 - 2. The Executive Pastor of the Congregation, ex-officio member;
 - 3. The Chief Financial Officer (“CFO”) or such other church officer having primary responsibility of the finances of DRLC, ex-officio member.
- B. The Endowment Fund Committee members shall be voting members of Divine Redeemer Lutheran Church who are twenty-one (21) years or older. Except as herein limited, the term of each appointed member shall be three (3) years. After the adoption of the Endowment Fund by the congregation, the Board of Directors shall appoint five (5) members to the committee — two (2) for a term of three (3) years; two (2) for a term of two (2) years; and one (1) for a term of one (1) year. No appointed member shall serve more than two full or partial consecutive terms. A former committee member may be re-elected after a lapse of twelve (12) months following completion of their second consecutive term.

An Endowment Fund Committee member may not serve concurrently on the Board of Directors.

In the event of a vacancy on the committee, the BOD shall, at its next regular meeting, upon the recommendation of the existing Endowment Fund Committee, appoint a member to fill the vacancy.

The Endowment Fund Committee shall endeavor to maintain a high degree of communication with the BOD, the DRLC staff, and members of the congregation to nurture the total life and mission of DRLC and the Endowment Fund.

- C. The Endowment Fund Committee shall meet at least quarterly to receive and administer gifts to the fund, make plans for fund distributions and make plans to promote the fund.

The Endowment Fund Committee, when it deems it unnecessary to hold a particular meeting, may by resolution cancel a meeting. Special meetings may be called on twenty-four (24) hours written or oral notice to the members of the committee by the chairperson or any two members.

A quorum shall consist of three (3) members. The affirmative vote of a majority present and voting shall carry any motion or resolution.

The Endowment Fund Committee shall organize itself with a chairperson, secretary, and a financial secretary

The chairperson shall preside at all meetings of the committee.

The financial secretary shall assist the CFO of the congregation in maintaining complete and accurate books of accounts of the Endowment Fund.

The secretary shall maintain complete and accurate minutes of all meetings of the committee and supply a copy thereof to each member, including ex-officio members, after each meeting.

- D. The CFO of the congregation shall be responsible for receipts by and disbursements from the Endowment Fund, shall maintain complete and accurate books of account and shall provide, at least annually, a written financial report of the Endowment Fund to the BOD and the voter's assembly.
- E. The Endowment Fund Committee shall maintain accounts with such financial institutions as it may by resolution authorize and determine. Documents related to management of the Endowment Fund shall be executed by the financial secretary and either the chairperson or secretary of the committee. Checks expending endowment funds shall be executed by both the CFO and either the chairperson or financial secretary of the committee.

The Endowment Fund accounts shall be set up such that all distributions must be deposited into a DRLC checking or money market account. No member of the Endowment Fund Committee is to have sole check-writing authority or similar access to any such DRLC checking or money market account.

All funds and property of the Endowment Fund shall be kept and maintained separate, distinct and independent from the funds and property otherwise belonging to Divine Redeemer Lutheran Church. The congregation shall not be allowed to borrow against the Endowment Fund or use the fund as collateral for a loan.

The Endowment Fund Committee may ask other members of the congregation to serve as advisory members and may employ, at the expense of the Endowment Fund, such professional counseling on investments, accounting, marketing, and legal matters as it deems to be in the best interest of the Endowment Fund.

- F. The Endowment Fund Committee shall from time to time review whether the committee members should be covered by a corporate fidelity bond, in a principal amount to be determined by the Endowment Fund Committee. Any such bond shall be at the expense of the Endowment Fund.
- G. No member of the Endowment Fund Committee shall engage in any self-dealing or transactions with the fund in which the member has direct or indirect financial interest and shall at all times refrain from any conduct in which their personal interests would conflict with the interest of the Endowment Fund.
- H. The Endowment Fund Committee shall adopt means for acknowledging the receipt of gifts and contributions in a manner that will permit the donor to claim federal income, gift and estate tax charitable contribution deductions.
- I. The Endowment Fund Committee may periodically arrange for members of the congregation to meet with the gift planning counselors or other professional counselors in the area of charitable giving, wills, bequests, insurance, etc.
- J. The Endowment Fund Committee is responsible to the BOD.

III. DURATION

The Endowment Fund shall continue in existence and be used as provided herein, so long as Divine Redeemer Lutheran Church shall continue to exist. If DRLC should cease to exist, the BOD shall fulfill all Endowment Fund commitments previously approved, including the directives of any restricted gifts, and the remaining balance of Endowment Fund assets (if any) shall be dispersed to religious or charitable organizations. If such remaining assets have not been designated for a religious or charitable organization, then the assets constituting the fund when Divine Redeemer Lutheran Church ceases to exist

shall become the property of the South Wisconsin District of the Lutheran Church Missouri Synod or its successors. In any event, the successor must qualify as an exempt organization under the Internal Revenue Code.

IV. TYPES OF GIFTS ACCEPTED

- A. How to Contribute to the Fund. Individuals who desire to support the Endowment Fund should designate their gift or bequest to: **The Divine Redeemer Ministry Endowment Fund.**

This will ensure that gifts will be administered according to the terms of the Endowment Fund, whether they are made during an individual's life, or made following the death through a bequest or gift in a will, or trust, or through a beneficiary designation of some or all of the proceeds of a life insurance policy, annuity, or retirement plan.

- B. The Endowment Fund Committee shall adopt procedures for review and acceptance of the assets that a donor desires to give. Gifts of cash or publicly traded securities will almost always be acceptable. However, gifts of operating businesses, partial interests in property, gifts encumbered by debt, gifts of property both real and personal, which may have title or environmental problems, or gifts of property which may not be marketable within a reasonable time considering the expense of owning the property may not be acceptable. In addition, certain types of property may cause adverse federal or state income tax problems for the endowment and may not be acceptable.

If the Endowment Fund Committee determines that an asset, which a donor desires to give to the Fund, is not acceptable, it will immediately explain the reasons to the donor or donor's representative with any suggestions or alternatives for making the asset acceptable. If the donor requests, the Endowment Fund Committee will forward a summary of the gift and its concerns to the BOD for review.

Some property may cause unexpected tax or other consequences to the donor. The congregation is not responsible for advising donors of the tax or other consequences of any gift. Donors are advised to consult with their own attorney, tax advisor and other professional advisors about the consequences of a gift in their circumstances. This Endowment Fund will abide by the requirements of the Internal Revenue Code and its regulations.

- C. The Endowment Fund may accept two types of gifts described as follows:
1. Unrestricted Gifts — Gifts regardless of amount that are not specifically restricted by the donor as described in C.2. shall be Unrestricted Gifts. These gifts will be added to the corpus of the Endowment Fund and are to be used for the purposes, projects and programs set forth in the accompanying Distribution Policy (Appendix A to this Agreement). None of the income or corpus of the Endowment Fund shall be used for the congregation's operational budget, except as may be directed by the terms of a donor restricted gift.
 2. Restricted Gifts — The Endowment Fund Committee is authorized to accept donor restricted gifts. Donors may designate such Restricted Gifts approved by the Endowment Fund Committee to specific missions and ministries consistent with the purposes set forth at Section I.B of this Agreement. Donor Restricted Gifts may be made using a form of Designated Fund Agreement provided by the Endowment Fund or other gift instrument provided by the donor and approved by the Endowment Fund Committee.

All funds from Restricted Gifts are to be deposited and maintained in sub-accounts of the Endowment Fund or separate endowment fund accounts. A Restricted Gift of \$50,000 or greater is required to establish a separate endowment fund account. Due to the complex nature of administration, it is not practical to individually manage Restricted Gifts below this threshold amount.

V. FISCAL YEAR

- A. For tax, accounting, distribution or other purposes, the fiscal year of Divine Redeemer Lutheran Church shall be the fiscal year of the Endowment Fund.
- B. Within three (3) months after the close of each of the Fund's fiscal years, and at other time(s) as is deemed convenient, an itemized, written statement should be prepared. It must accurately reflect the position of the Fund's income and corpus accounts, and should indicate the receipts, disbursements and changes therein since the Fund's inception or the previous accounting, as the case may be. The statement shall then be submitted to the BOD and the voter's assembly.

VI. DISTRIBUTIONS TO SUPPORT THE PURPOSE OF THE ENDOWMENT FUND

- A. The Divine Redeemer Ministry Endowment Fund Distribution Policy (“Distribution Policy”) is set forth as Appendix A hereto. The Endowment Fund Committee shall be responsible for distributions of both the Unrestricted Funds and Restricted Funds, and all distributions shall be made in accordance with the terms and procedures specified in this Distribution Policy. As the Distribution Policy is an integral part of this agreement, any amendment has to be authorized by the Voters' Assembly or Board of Directors as provided for in Section VIII of this Agreement.
- B. As more fully described in the Distribution Policy, the DRLC staff will be responsible for evaluating and making distribution recommendations to the Endowment Fund Committee. The Endowment Fund Committee shall review the staff recommendations and may, at its discretion, make modifications before submitting final disbursement recommendations to the BOD for approval.
- C. If restricted funds are dedicated to a purpose that becomes obsolete or are significantly overfunded for their purpose, and this obsolescence or overfunding is not just of a temporary nature, the Voters' Assembly may redesignate such funds; the new restriction shall be as close as possible and reasonable to the original donor intentions and shall be made by a two-thirds (2/3) majority of DRLC voting members present at a duly called voter’s meeting.

VII. POWERS

The Endowment Fund Committee shall have the following powers and authority;

- A. Sales and Distribution. To sell all or any part of the property of whatsoever kind which at any time may constitute a part of any trust within the Endowment Fund that may hereby be established, at such times, for cash or on credit, with or without security, in such manner and at such prices, either at public or private sale, which shall seem advisable and proper, and to execute good and sufficient deeds and bills of sale thereof.
- B. Leases. To lease all or any property held by the Endowment Fund and fix the duration of the term, irrespective of the provisions of any statute or of the termination of any trust; to mortgage, pledge, collect, convert, redeem, exchange or otherwise dispose of any securities or other property at any time held by the Endowment Fund Committee.
- C. Investment. To change investments and properties and to invest and reinvest all or any part of the corpus of any trust hereby established in such securities, investments, or other property which seems advisable and proper without restrictions as to investments that are otherwise imposed by the laws of the State of Wisconsin. The Endowment Fund Committee shall be guided by its concept of

the policy 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 recommended that the Endowment Fund Committee adopt and implement an Investment Policy for the Endowment Fund to provide consistency and oversight for the assets of the Endowment Fund.

To retain investment consultants and invest in common funds of 501(c)(3) community foundations for investment purposes.

- D. Retention of Assets. To retain in the Endowment Fund Committee's absolute discretion and for such period of time as shall seem advisable, any and all investments and other properties transferred to the Endowment Fund, without liability for any loss incurred by reason of the retention of such investments or properties.
- E. Dealing with Securities. To enforce any bonds, mortgages or other obligations or liens held hereunder; to vote personally or by proxy any shares of stock which may at any time be held by the Endowment Fund hereunder, and similarly to exercise by attorney any rights appurtenant to any other securities or other property at any time held by the Endowment Fund hereunder; to consent to the reorganization, consolidation, merger, liquidation, readjustment of, or other change in any corporation, company or association, or to the sale or lease of the property thereof or any part thereof, any of the securities or other property of which may at the time be held hereunder, and to do any act or exercise any power with reference thereto that may be legally exercised by any person owning similar property in his own right, including the exercise of options, deposit, or exchange of securities, entrance into voting trusts, making of agreements or subscriptions which the Endowment Fund Committee deem necessary or advisable in connection therewith, all without applying to any court for permission so to do, and to hold and redeem or sell or otherwise dispose of any securities of other property which may be acquired; to cause to be registered in the Fund's name, or in the name of a nominee or nominees, without qualification or description, any securities at any time held in any trust hereby established.
- F. Deposits. To invest the Endowment Fund property in accordance with the prudent investor standard, including the power to invest in commercial and savings accounts, money market certificates and funds, cash management accounts, any kind of property or any kind of interest therein (whether real or personal, tangible or Intangible, and/or domestic or foreign) including, but not limited to, real estate, oil, gas, and other natural resources, common and preferred stocks, bonds, U.S. governmental obligations, mutual funds, mutual funds which are under the management or control of the corporate fiduciary (and its affiliated entities), notes, debentures, and common trust funds, including the power to deposit cash

funds of the Endowment Fund in the commercial or savings departments of the corporate fiduciary (if any) or of any other bank or trust company or in any other depository.

- G. Principal and Income. To allocate to principal and not to income all dividends paid in stock of the paying corporation and all subscription rights, and except as otherwise expressly provided for herein, to allocate other receipts and disbursements between principal and income in accordance with sound principles of accounting.
- H. Division of Property. The Endowment Fund assets may be pooled and allocated for investment purposes to allow for ease of administration. To divide the Endowment Fund, determining values and designating particular assets for the categories of gifts received by the Endowment Fund, to assign like or unlike properties to different categories, to create or hold undivided interests in any property of the Endowment Fund, and to make distributions and payments in cash or in kind or in both.
- I. Execution of Instruments. In connection with the exercise of the powers granted herein, to execute all deeds, mortgages, notes, leases, security agreements, bills of sale, contracts, and all other instruments in writing which the Endowment Fund Committee shall deem necessary and proper.
- J. General Powers. To enter upon such contracts and agreements, and to make such compromises or settlements or debts, claims, or controversies as the Endowment Fund Committee may deem necessary or advisable; to submit to arbitration any matter or difference; to perform all other acts which are deemed necessary or advisable for the complete administration of the Endowment Fund, including the exercise of all powers provided by applicable law.
- K. Insurance. The Endowment Fund Committee may protect the Fund and its property by insurance against damage, loss or liability.
- L. Retention of Powers. All powers and authorities of the Endowment Fund Committee stated herein shall, except as expressly delegated to the Voter's Assembly, be exercised by the BOD.

VIII. AMENDMENTS

Any amendment to these By-Laws that will change, alter or amend the purposes for which the Fund is established shall be adopted only if approved by a two-thirds (2/3) majority of DRLC voting members present at a duly called and constituted meeting of the voter's assembly.

The approved ministry categories for Uses of Unrestricted Funds as set forth in Appendix A can also be amended by a two-thirds (2/3) majority of the BOD.

These By-Laws were adopted by Divine Redeemer Lutheran Church at a duly called Voter's Assembly on the _____ day of _____, 20____.

Congregational President

Congregational Secretary

