

Lakeside Presbyterian Church Endowment Fund Resolution

ADOPTED NOVEMBER 19, 1997

AMENDED JULY 9, 2014

ARTICLE 1 – STATEMENT OF PURPOSE AND DEFINITIONS

1.01 Statement of Purpose

Now to him who by the power at work within us is able to accomplish abundantly far more than all we can risk or imagine, to him be glory in the church and in Christ Jesus to all generations, forever and ever. Amen. (Ephesians 3:20-21)

As each generation in the life of the church passes the Christian faith to succeeding generations, it shares not only what we believe but how we shall live. In order that later generations at Lakeside Presbyterian Church may continue to benefit from the faithful stewardship of previous generations, we create the Endowment Fund of Lakeside Presbyterian Church (hereinafter called the Fund). This Fund provides an opportunity to give or bequeath money or property to the church for perpetual use, separate from the operating budget. Earnings will support the mission and the ministry of Lakeside Presbyterian Church and honor the instructions of the donor.

1.02 Definitions

As used in this resolution, the following terms and phrases shall have the definitions assigned to them below:

- a) Church. Shall mean specifically Lakeside Presbyterian Church, Inc., its successors or assigns.
- b) Endowment Fund (or Fund). Shall specifically include contributions of any kind including gifts, devises, or bequests. The Fund will specifically exclude any special purpose funds maintained by the Session outside the Endowment Fund (i.e. Fifth Sunday Benevolence Fund).
- c) Income. Money that the Fund receives as current investment return.
- d) Gifts. All money, personal or real property received by the Fund from any source other than investment returns.
- e) Investment Return. The change in the value of an investment over an accounting period due to interest, dividends, gains, and losses.
- f) Principal. The value of the Endowment Fund less Spendable Funds.
- g) Spendable Basis. The average of the Principal “Ending Value at Market” as of December 31, for the most recent three years.
- h) Spendable Funds. The Spendable Basis multiplied by the Take Rate.
- i) Session. Shall mean specifically the Session of Lakeside Presbyterian Church, Inc., its successors or assigns.
- j) Take Rate. Four percent (0.04).

ARTICLE II – ENDOWMENT COMMITTEE

2.01 Formation of the Committee.

The Session commissioned an Endowment Study Committee in 1997 to study how best to meet the purpose stated above. The result of this commission was the formation of the Endowment Fund and the Endowment Committee as defined herein.

2.02 Composition of the Committee.

A Committee consisting of six (6) members of Lakeside Presbyterian Church who are not active Elders or Deacons will administer the Fund. The membership of this Committee shall consist of (6) members at

large to be elected by the congregation. The terms of two members shall expire each year, and each member shall serve three (3) years concurrently with the terms of Elders. No member shall serve more than two consecutive terms, and after a lapse of two (2) years, the congregation may reelect former Committee members. The Committee member's experience and interests should be consistent with the goals, objectives and responsibilities inherent in managing the Fund.

2.03 Quorum.

A quorum shall consist of a majority of the membership, and four affirmative votes are required to carry any motion.

2.04 Officers of the Committee.

A chairperson shall be elected from within the Committee to structure and facilitate the meetings, and to prepare an annual summary of the Committee's major actions and issues for inclusion in the Church's annual report. A secretary shall be elected from within the Committee to prepare minutes of the Committee's meetings and actions, and conduct necessary communications as requested. A treasurer shall be elected from within the Committee to keep full and accurate records of the financial accounts and prepare periodic financial reports. In addition, the Church's Pastor shall be an ex officio non-voting member.

2.05 Nominations.

The Endowment Committee shall recommend nominees to replace retiring members to the Church Nominating Committee.

ARTICLE III – COMMITTEE RESPONSIBILITIES

3.01 General Communications.

The Committee shall promote Church member awareness of the options, mechanisms, and benefits of gifts, devises, and bequests to the Fund as follows:

- a) Maintain current information/knowledge of trends in endowments in general and the Presbyterian Church Endowment trends in particular.
- b) Provide up-to-date and historical information through Lakeside Life, brochures and other informational materials.
- c) Recommend to the Session programs to promote overall awareness of issues related to estate planning.

3.02 Periodic Reporting.

The Committee shall provide written reports as follows:

- a) Quarterly reports to the Session on the financial status, activities of the Fund, and the amount of the Fund Principal.
- b) Annual reports to the congregation on the major actions and issues covered during the year, as well as the financial status and activities of the Fund.

3.03 Oversight.

Overseeing the Fund includes, but is not limited to the following responsibilities:

- a) Set guidelines and policies and review the performance of a qualified investment manager.
- b) Consult with those interested in making gifts to the Fund.
- c) Review proposed contributions, gifts and bequests from all sources and provide recommendations to the Session on what constitutes "acceptable" gifts.
- d) Review requests (written are preferred) and provide recommendations to the Session on all expenditures from the Fund.
- e) Determine the need for and the roles and responsibilities of outside professional help as may be required to ensure compliance with IRS regulations.

- f) Recommend options to the Session in case of consolidation or merger of the Church or dissolution of the Fund.

ARTICLE IV – INVESTMENT OF THE ENDOWMENT FUND

4.01 Investment of the Fund.

Having established an Endowment Committee, the Session shall delegate the management of the Fund to the Committee. The Fund shall be conservatively managed with the objective of maintaining an investment portfolio that generates a balanced return of interest, dividends, and appreciation. In order to invade the value of the Principal for any purpose, the conditions detailed in Article 5.04 must be met.

4.02 Management of the Fund.

The Fund shall be managed according to the following guidelines:

- a) Liquid Gifts. Assets received by the Fund are preferred to be in liquid form (i.e. cash, stocks, bonds, negotiable securities).
- b) Non-Liquid Gifts. While not encouraged, non-liquid assets (i.e. real estate, artwork, personal property, etc.) may be accepted by the Fund if they can be readily turned into cash. It is preferred that individuals willing to donate non-liquid gifts arrange for their sale, and donate the proceeds from the sale to the Fund.
- c) Declined Gifts. The Session shall have the authority to decline gifts which have restrictions, are designated for unacceptable purposes, or the receipt or disposition of which would place an undue burden on the Church.

4.03 Acceptable Investment Vehicles.

At the direction of the Committee, the assets of the Fund shall be invested with a qualified investment manager such as:

- a) The Investment Management Service of The Presbyterian Church (USA) Foundation.
- b) A bank trust department.
- c) An investment firm.

4.04 Conflicts of Interest.

To avoid any perceived or actual conflict of interest between the personal affairs of any Church member or Committee member, and the work of the Committee in investing assets of the Fund, the following restrictions shall be in place:

- a) No assets from the Fund shall be invested with any Church members or their immediate relatives.
- b) No assets from the Fund shall be invested with the employer of any current member of the Endowment Committee.
- c) No member of the Committee shall have significant financial interest in the Fund's qualified investment managers.

ARTICLE V – USE OF MONEY FROM THE ENDOWMENT FUND

5.01 Amount and Timing of Spendable Funds.

Each January, regardless of the value of the Fund, after receipt of the December 31 report from the investment manager, the Endowment Committee shall calculate the Spendable Basis, and then multiply that figure times the Take Rate to arrive at the Spendable Funds for the coming year. Unspent Spendable Funds can be carried over from year to year.

5.02 Prohibited Uses of Spendable Funds.

Generally speaking, the Endowment Fund is not intended to be used to support the basic daily operation of the Church. Endowment Funds shall not be spent on recurring expenses contained in the operating budget, including but not limited to debt service, payroll, or perishable supplies.

5.03 Uses of Spendable Funds.

The Endowment Committee has the responsibility to review funding requests from Session committees on a timely basis and provide a comprehensive list of the requests received along with any recommendations to the Session. The following items represent examples of projects and programs that can be supported by the Fund:

- a) At least a tithe of Spendable Funds shall be allocated to special mission causes separate from the operating budget. Special consideration will be given to mission projects that can involve the congregation.
- b) Matching funds for special Church projects.
- c) Capital acquisitions and improvements.

5.04 Invasion of the Principal shall be discouraged.

A request for invasion of Principal will be announced two (2) months in advance of a congregational meeting held to consider the request. Any such invasion of Principal can only be done upon the approval of the congregation at a meeting specifically called for that purpose, at which a quorum of the congregation is present as determined by the Clerk of Session. Invasion of Principal will require two-thirds (2/3) vote of the congregation present at the meeting.

ARTICLE VI – AMENDMENTS

6.01 Amendment Procedure.

A suggested amendment to this resolution can be brought to the Endowment Committee for consideration at its next regular meeting or at a special called meeting announced at least three (3) weeks in advance. Copies of the proposed amendment shall be distributed to the members at least two (2) weeks in advance of the meeting. The amendment can be approved by a quorum with sufficient affirmative votes as defined in 2.03. All proposed amendments would then be presented to the Session for final approval. Copies of the amendment shall be provided to members of the Session at least two weeks prior to the meeting at which the matter is to be considered. The amendment will require a two-thirds (2/3) vote of the entire Session.

Adopted by the Session of Lakeside Presbyterian Church on this 9th day of July, 2014.