

## APPENDIX B

### RESOLUTION TO IMPLEMENT THE ENDOWMENT FUND:

“WHEREAS, Christian stewardship involves the faithful management of all the gifts God has given to humankind -- time, talents, the created ~~world~~world, and money, including accumulated, ~~inherited~~inherited, and appreciated resources; and

WHEREAS, Christians can give to the work of the church through bequests in wills, charitable remainder and other trusts, charitable gift annuities, assignment of life insurance, and transfers of property (cash, stocks, bonds, real estate); and

WHEREAS, it is the desire of the congregation to encourage, receive and administer these gifts in a manner consistent with the loyalty and devotion to their Lord expressed by the grantors and in accord with the policies of this congregation:

THEREFORE BE IT RESOLVED, that this congregation, in annual meeting assembled on December 13, 1987, approve and establish on the records of the church a new and separate fund to be known as THE ENDOWMENT FUND (hereafter called the “FUND”) of the First Evangelical Lutheran Church, 1551 South 70th Street, Lincoln, Nebraska; into which shall be placed bequests in wills, charitable remainder and other trusts, charitable gift annuities, assignment of life insurance, and transfers of property (cash, stocks, bonds, real estate) given to the FUND~~S~~. Any undesignated bequest to FLC shall be distributed 10% to the Endowment Fund with the remainder distributed by a majority vote of the FLC Church Council.

BE IT FURTHER RESOLVED, that the purpose of this FUND is to enhance the mission of First Evangelical Lutheran Church apart from the general operation of the congregation; that no portion of the income generated by the FUND shall be used for the annual operating budget of the congregation; that all principal amounts will be retained and only the income expended.;

BE IT ~~FURTHER RESOLVED;~~FURTHER RESOLVED that the Endowment Fund Board of directors (hereinafter called the “BOARD”) shall be the custodian of the ~~FUND;~~FUND.

BE IT ~~FURTHER RESOLVED;~~FURTHER RESOLVED that the following Plan of Operation sets forth the administration and management of the FUND:;

#### 1. THE BOARD

“The BOARD shall consist of five directors, all of whom shall be voting members of First Evangelical Lutheran Church. Except as herein limited, the term of each director shall be three (3) years. Upon adoption of this resolution by the congregation, it shall elect five (5) directors to the BOARD: 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. Thereafter, at each annual meeting, the congregation shall elect the necessary number for a term of three years. Members shall be eligible for reelection ~~To an additional~~additional three--year term--. After a lapse of one (1) year, former BOARD directors may be reelected. Either the president or vice president of the Congregation Council shall be an advisory non-voting member of the BOARD. The ~~Congregation Council~~Nominating Committee

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shall nominate for the BOARD in the same manner used for nominating Congregational Council members. Nominations may also be ~~made~~ made from the floor at the annual meeting. In the event of a vacancy on the BOARD, the

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~~vacancy on the BOARD, the~~ Congregation~~al~~ Council shall appoint a director to fill the vacancy until the next annual meeting of the congregation, at which time the congregation shall elect a director to ~~fulfill~~ the term of the vacancy.

The BOARD shall meet at least quarterly, or more frequently as deemed by it in the best interest of the FUND.

A quorum shall consist of three (3) directors. A majority present and voting shall carry any motion or resolution.

The BOARD shall elect from its membership a chairperson, ~~financial secretary, and treasurer~~ and recording secretary. The chairperson, or member designated by the chairperson, shall preside at all BOARD meetings. The chairperson ~~or secretary~~ shall ~~esign~~ sign all disbursement checks.

The recording secretary shall maintain complete and accurate minutes of all meetings of the BOARD and supply a copy thereof to each director of the BOARD. Each director shall keep a complete copy of ~~minutes~~ the minutes to be delivered to his or her successor. The secretary shall also supply a copy of the minutes to the Congregation Council ~~after they have been approved at an Endowment Board Meeting.~~

The ~~financial secretary, treasurer~~ shall ~~assist the congregation's treasurer by maintaining~~ maintain complete and accurate books of accounts for the FUND and shall sign ~~checks and all other~~ necessary documents on behalf of the congregation in furtherance of the purposes of the FUND. The books shall be ~~audited~~ reviewed annually by ~~a certified public accountant or other appropriate person who is not a member of the BOARD, the Audit Committee or congregation's accountant.~~

The BOARD shall report on ~~a quarterly~~ an as requested basis to the Congregation Council and, at each annual ~~or special~~ meeting of the, congregation, ~~shall render a full and complete audited account of the administration of the FUND during the preceding year.~~

The BOARD may request other members of the congregation to serve as advisory members and, at the expense of Endowment Fund income, may provide for such professional counseling on investments or legal matters as it deems to be in the best interest of the FUND.

Directors of the BOARD shall not be liable for any losses which may be incurred upon the investment of the assets of the FUND except to the extent such losses shall have been caused by bad faith or gross negligence. No director shall be personally liable as long as he/she acts in good faith and with ordinary prudence. Each director shall be liable only for his/her own willful misconduct or ~~omissions, and~~ omissions and shall not be liable for the acts of omissions of any other director.

No director shall engage in any ~~self-dealing~~ self-dealing or transactions with the FUND in which the director 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 FUND.

All assets are to be held in the name of the First Evangelical Lutheran Church Endowment Fund.

All recommendations to hold, sell, exchange, rent, lease, transfer, convert, invest, reinvest, and

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all other respects to manage and control the assets of the FUND, including stocks, bonds, debentures, mortgages, notes, or other securities, as in their judgment and discretion they deem wise and prudent, are to be made by the BOARD in accordance with an investment policy approved by the Congregation Council.

## 2. DISTRIBUTION OF INCOME

“The BOARD shall determine what is principal and income according to accepted accounting procedures and the investment policy.

Approximately \$25,000 presently in the endowment account of First Evangelical Lutheran Church shall be transferred to the First Evangelical Lutheran Church Endowment Fund on December 13, 1987, after which the income generated from the investment of the principal shall be expended as provided in this plan or operation.

Income from the FUND shall be distributed by the Board annually and such other times as deemed necessary and/or feasible to accomplish the following purposes:

A minimum of 10% for scholarships or grants to members of First Evangelical Lutheran Church or others approved by the Congregation Council or the congregation for the purpose of attending college, seminary, nursing or medical school; for church-related camping or leadership conferences; or such other training which enables members of this congregation to grow in Christian faith and service to God’s people.

A minimum of 10% for outreach into the community, including, but not limited to, grants to ELCA colleges, seminaries, social service agencies, ~~institutions~~institutions, and agencies to which this congregation relates, and to special programs designed for those persons in our parish area who are in spiritual and/or economic need.

A minimum of 10% for missions of the Evangelical Lutheran Church in America at home and overseas, including, but not limited to, grants to the Evangelical Lutheran Church in America for new mission development in North America, professional leadership, educational ministries, world mission and ecumenism, TV evangelism, and capital financing.

And for causes and programs, which at the discretion of the BOARD, are consistent with the FUND purpose.

## 3. AMENDING THE RESOLUTION

“BE IT FURTHER RESOLVED, that any amendment to this resolution, which will change, alter, or amend the purpose for which the FUND is established shall be adopted by a two-thirds vote of the members present at an annual meeting of the congregation or at a special meeting called specifically for the purpose of amending this resolution.”

#### 4. DISPOSITION OR TRANSFER OF FUND

“BE IT FURTHER RESOLVED, that in the event First Evangelical Lutheran Church ceases to exist either through merger or dissolution, deposition or transfer of the FUND shall be at the discretion of the Congregation Council in conformity with the approved congregational constitution and in consultation with the bishop of the synod to which this congregation belongs at such time. Consultation with the Evangelical Lutheran Church in America may be desirable for continuation of Endowment Fund obligations.”

#### 5. ADOPTION OF RESOLUTION

“This resolution, recommended by the Church Council and accepted by the congregation at a legally called congregational meeting, is hereby adopted.

First Evangelical Lutheran Church By /s/ Andy Kuhn

and /s/ Carlene Falos

Dated this 13th day of ~~December~~December 1987.”

#### **ENDOWMENT BOARD INVESTMENT POLICY**

*Amended: July 10, 2018*

*Approved by the congregation at the annual meeting on January 26, 2003, as an amendment to the Congregational Resolution implementing the Endowment Fund which was approved by the congregation on December 13, 1987.*

The First Lutheran Church Congregation Council will review the First Lutheran Church Endowment Board’s Investment Policy as it relates to the First Lutheran Church Endowment Fund at least annually. The purpose of such reviews will be, among other things, to evaluate the performance of the Fund in light of its investment objectives, to consider whether changes in the investment policies or restrictions might help the Fund meet its investment objectives in the future, and to evaluate the impact the Fund is having in meeting its distributive function.

##### A. Investment Objective

The purpose of the Endowment Fund is to grow the portfolio such that the annual distributions do not expend any of the principal of the fund and the portfolio meets a socially responsible investment strategy.

##### B. Income Distribution

It shall be the policy of the Endowment Board to distribute up to 6% of the preceding ~~three~~three-year average balance, while never expending the principal of the fund; for the

purposes described in the resolution passed by First Lutheran Church congregation on December 13, 1987. (See Appendix B, Section 2).

C. Gifts

The Fund shall sell upon receipt of all securities and real estate received, except when such investments are compatible with the Board's Investment Policy.

D. Investment Manager

The Endowment Board has determined that the endowment funds investment portfolio has reached a point whereby it is prudent to hire an investment manager (Approved by Congregation Council, Dec. 19, 2017). The Board will use appropriate means to advertise, evaluate and select an investment manager. The investment manager chosen would have to be approved by the Congregation Council. The investment manager would be held accountable by the Endowment Board to adhere to the investment manager policy guideline, unless the Board agrees that the manager's own guidelines align with the intent of the document. *(See Investment Manager Policy Guideline at <http://www.flclincn.org/wordpress/wp-content/uploads/2018/07/Invest-Policy-Guideline-FLC-Endow-May-2018.pdf>).*

