

ST. JAMES LUTHERAN CHURCH  
GETTYSBURG, PENNSYLVANIA

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Subject Endowment Fund  
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Committee Finance/Stewardship

Church Funds/Endowment Fund

**AMENDMENT TO RESOLUTION ESTABLISHING  
ST. JAMES LUTHERAN CHURCH ENDOWMENT FUND**

St. James Lutheran Church  
Gettysburg, PA

WHEREAS, the congregation of St. James Lutheran Church adopted a resolution establishing an endowment fund on March 24, 1996 and now desires to amend the previous resolution in its entirety as hereinafter set forth;

WHEREAS, Christian stewardship involves the faithful management of all the gifts God has given to humankind – the created world, the gospel, life, time, abilities, money, including accumulated, inherited and appreciated resources;

WHEREAS, the Scriptural principle of proportionate giving, to return to the Lord a portion of the gifts God has first given to his beloved children, is both a privilege and an appropriate response in all times and circumstances;

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

AND WHEREAS, it is the desire of St. James Lutheran Church to encourage, receive and administer these gifts in a manner consistent with the loyalty and devotion to our Lord expressed by the donors and in accord with the policies of this congregation.

THEREFORE, IT IS RESOLVED that this congregation in annual meeting assembled on February 13, 1997, approve and establish on the records of the church a separate fund to be known as the St. James Lutheran Church Endowment Fund (hereafter called the “Fund”) of St. James Lutheran Church, Gettysburg, PA.

IT IS FURTHER RESOLVED that the purpose of this Fund is to establish a capital fund for the long-term support of St. James Lutheran Church and its mission.

IT IS FURTHER RESOLVED that the Endowment Fund shall consist of gifts made outside the regular contributions to the existing funds of the church and shall be segregated and used for the specific purpose designated by the donor if so designated.

IT IS FURTHER RESOLVED that the St. James Lutheran Church Endowment Committee (hereinafter called the “Committee”) shall be the custodian of the Fund.

IT IS FURTHER RESOLVED, that the following Plan of Operation sets forth the administration and management of the Fund:

I. Membership

- A. The committee shall consist of five members, all of whom shall be voting members of St. James Lutheran Church. Except as herein limited, the term of each member shall be three (3) years. Upon adoption of this resolution by the congregation, it shall elect 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. Thereafter, at each annual meeting, the congregation shall elect the necessary number for a term of three (3) years. The term of an elected member shall commence immediately after the Congregational meeting in which the member is elected.
- B. No member shall serve more than two consecutive three (3) year terms. After a lapse of one (1) year, former Committee members may be re-elected
- C. The pastors and the president of the congregation council or the president's designee (who shall be a member of congregation council) shall be advisory members of the Committee.
- D. The congregation council shall nominate members of the Committee and report at the annual congregational meeting in the same manner as for other offices and committees.
- E. In the event of a vacancy on the Committee, the congregation council shall appoint a member to fill the vacancy until the next annual meeting of the congregation at which time the congregation shall elect a member to fulfill the term of the vacancy.

II. Duties

- A. The Committee shall meet at least quarterly, or more frequently as deemed by it in the best interest of the Fund.
- B. A quorum shall consist of three members. When only three members are present a unanimous vote shall be required to carry any motion or resolution.
- C. The Committee shall elect from its membership a chairperson, recording secretary and financial secretary. The chairperson, or member designated by the chairperson, shall preside at all committee meetings.
- D. The recording secretary of the Committee shall maintain complete and accurate minutes of all meetings and supply a copy thereof to each member of the Committee. The recording secretary shall also supply a copy of the minutes to the congregation council.
- E. The financial secretary of the Committee shall work with the congregation's treasurer in maintaining and coordinating complete and accurate accounts for the Fund. The financial secretary of the Committee shall prepare a quarterly performance evaluation report and a year-end report to the congregation's treasurer to be included in the treasurer's report to congregation council. The report should include a balance sheet and statement of activities and any other information the Committee feels relevant.
- F. The books shall be audited annually by a certified public accountant or other appropriate person who is not a member of the Committee.
- G. The Committee may request other members of the congregation to serve as advisory members and, at the expense of 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.

- H. Members of the Committee shall not be liable for any losses which may be incurred upon the investments of the assets of the Fund except to the extent such losses shall have been caused by bad faith or gross negligence. No member shall be personally liable as long as he/she acts in good faith and with ordinary prudence. Each member shall be liable only for his/her own willful misconduct or omissions, and shall not be liable for the acts or omissions of any other member. No member 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 his/her personal interests would conflict with the interest of the Fund.
  - I. All assets are to be held in the name of St. James Lutheran Church Endowment Fund.
  - J. Recommendations to hold, sell, exchange, rent, transfer, convert, invest, reinvest, and in 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 Committee with subsequent execution by two delegated members of the Committee.
- III. Endowment Fund Investment Policies, Objectives, Guidelines and Restrictions
- A. The primary investment strategy shall be the realization of total investment return from the assets invested. Preservation of capital and long-term growth of capital shall be of primary importance. Of secondary importance shall be liquidity and a strategy of balance of income and growth. Of lesser importance is the generation of high current income and aggressive growth of capital.
  - B. The Endowment Fund shall maintain a minimum of 2% of the total assets in cash or cash equivalents.
  - C. It shall be the policy of the Endowment Fund to invest all of the assets in liquid securities or other liquid forms of investment that can be marketed quickly and efficiently with a minimum impact on the resulting market price.
  - D. The Endowment Fund assets may be invested in the following forms of investment:
    - 1. Cash equivalents defined as U.S. Treasury bills, money market funds, commercial paper, repurchase agreements, and certificates of deposit.
    - 2. Fixed income securities defined as U.S. Government and Agency securities, corporate notes and bonds, mortgage-backed bonds, preferred stock, fixed income securities of foreign governments and corporations, and the ELCA Mission Investment Fund.
    - 3. Equity securities defined as U.S. Government and Agency securities, common stocks, convertible notes and bonds, convertible preferred stocks, American depository receipts of non-U.S. companies, stocks (ordinary shares) of non-U.S. companies, and real estate investment trusts.
    - 4. Mutual Funds that invest solely in those investments listed above.
  - E. The assets of the Endowment Fund shall not be invested in non-authorized investments and specifically shall not be invested in guaranteed investment contracts, limited partnerships, real estate investments (other than real estate investment trusts), venture-capital investments, commodities and futures contracts, private placements, options, personal loans to church members and staff, and derivatives nor shall the Fund engage in a pattern of short selling or purchase investments on the margin.

- F. The following shall represent preferred asset allocation guidelines but shall not limit the Endowment Committee's right to vary the allocation given market conditions and other factors:
  - 1. Equity investment 70%.
  - 2. Fixed income investments 15%.
  - 3. Cash and cash equivalents 10%.
  - 4. ELCA Mission Investment Fund 5%.
- G. No securities of any one company shall exceed 5% of the total market value of the Endowment Fund at any time and no more than 15% of the total assets shall be invested in any one industry except for the utilities industry.
- H. 80% of the fixed income investments shall be invested in securities with minimum quality ratings (by Standard and Poor or its equivalent) of A or above. The minimum quality ratings shall be BBB and no more than 20% of the fixed income investments shall be invested in securities at this rating.
- I. The maximum maturity for any single fixed income security shall be 15 years.
- J. The Endowment Committee shall attempt to invest in a socially conscientious manner taking into account the mission and principles of St. James Lutheran Church.

#### IV. Distribution of Income and Principal of the Fund

- A. The undesignated portion of the Fund as of December 31 of each year will be maintained at a level equal to six (6) months of budgeted expenses of St. James as of December 31 of the same year. If the undesignated portion of the Fund is below that figure in a given year, no distributions will be made except via paragraph C or D. If the undesignated portion of the Fund exceeds that figure, the excess will be distributed according to the formula in paragraph B.
- B. The use of the undesignated bequests and gifts placed in the Fund will be split 60/40, with 60% to be earmarked by the congregation council for the congregation's needs including capital improvements, new programming, and support of the operating budget, and 40% to be used for the support of local, national, and global missions through the Mission Fund Committee.
- C. If the congregation council desires to withdraw a portion of the principal and/or income of the Fund in any given year for the mission of the church, it shall have the right to do so without congregational approval, provided the total withdrawal in any calendar year does not exceed 7% of the combined income and principal balance of the Fund as of the previous December 31.
- D. Withdrawals from the Fund in excess of the amount set forth in the previous paragraph must be approved by a two-thirds vote of members present at a congregational meeting called for this purpose.
- E. Undesignated bequests and gifts will be added to the Fund after a 10% tithe has been placed in the Mission Fund. The congregation council may, at its discretion, retain in the general checking account a portion of any bequest or gift that exceeds \$10,000 for the purpose of preventing cash flow problems in the daily operation of St. James.

#### V. Amending the Resolution

Any amendment to this resolution 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.

#### VI. Disposition or Transfer of the Fund

In the event St. James Lutheran Church 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 approved congregational constitution and in consultation with the bishop of the synod to which this congregation belongs at such time.

- VII. Resolutions approved by Congregation Council concerning the Fund
- A. That the Endowment Funds of \$104,002.77 as of 7/31/03 be moved to a Community Banks Money Market Fund earning 2% with the intent to dollar cost average into an investment portfolio over the next 12 months.
  - B. That the 1996 loan to the Building Fund in the amount of \$20,000.00 be forgiven unless or until the Congregation Council decides to repay it.
  - C. That Endowment Funds shall be funds that are permanently restricted by the donor in writing or by decision of the Congregation Council. After funds are deemed Endowment, withdraw of those funds is governed by the *Amendment to Resolution Establishing St. James Lutheran Church Endowment Fund*, Section C.