

Summary of the Holly Grove Endowment Fund Bylaws

(for the benefit of learning about the endowment, not to be part of the official bylaws)

1. The Endowment will be a permanently restricted Fund in order to administer bequests, estates, insurance, and other gifts for the purpose of advancing the Kingdom of God. It may not be borrowed against or liquidated for other purposes except in the case of a catastrophic event in the life of the congregation.
2. The purpose of the fund is to support the mission of Holly Grove Lutheran Church (to provide worship, Christian education, and respond in loving action to a needy world) by providing funding for ministries additional to and apart from the regular budget of the congregation.
3. There will be an endowment fund committee of 5 people nominated by the Council and ratified by the congregation who oversee the fund. They will employ a professional fund manager to manage the fund. They will review applications and make recommendations for disbursements. They will also provide marketing efforts to make members aware of the fund. The Council will ratify their disbursement decisions. The committee retains the sole right to select a fund manager.
4. The Council will nominate members to the committee and the congregation will vote on them. Members of the committee will serve a three year term and may be re-elected. If someone resigns, the council can name a replacement until the next congregational meeting.
5. The endowment will be managed separately from the operating funds of Holly Grove. The endowment task force recommends the initial investment be made with the ELCA Foundation.
6. The committee must keep records that the finance committee will review.
7. Donors may choose to restrict their gift. In this case, the money will be managed with the general endowment, but income will be distributed as restricted. A restricted endowment will only be accepted if it meets the criteria of the endowment agreement and fits the mission of Holly Grove Lutheran Church. For instance, a donor may establish an endowment to care for the music program at Holly Grove. Earnings could be used to purchase music, musical instruments, care for the organ. It takes a gift of \$20,000 or more to establish a restricted endowment. A signed agreement will need to be on file, signed by the donor and the Council President. (restricted endowment agreements will be written with the maximum of flexibility to guard against changing times and circumstances.—for instance, an endowment simply for the care of the church van would not be desired since in the future the church may not own a van.)
8. The endowment committee has authority to hold money and sell real property as well as securities in the operation of the fund. Furthermore, they may employ (pay) a firm to manage the money in the endowment. Under no circumstances may the fund committee be the investment manager.
9. The donors best interest will always be the number one priority of the committee.
10. The committee has the right to accept or refuse gifts based upon what is best for Holly

Grove.

11. The bylaws state that the fund will be managed passively (to avoid market timing). It also states certain investments that are prohibited, such as futures, margin buying, and venture capital. Investments will be made with the priority being long-term growth. (no more than 60% invested in equities, no less than 20% in equities. No more than 80% in fixed income securities, no less than 40%.
12. The distribution percentage shall be 4% using a three year trailing average. This percentage may be changed as conditions warrant, though this method is used so that in bad years, a distribution is still made.