

The Permanent Endowment Fund of the International Council of Community Churches

BYLAWS

March 2001

INCLUDING AMENDMENT 1 CHANGES (italicized)

August 1, 2006

ARTICLE I – AUTHORITY AND PURPOSE

- 1. Authority.** The delegates of the International Council of Community Churches (the “Delegates”) having voted at the 2000 Annual Conference to pass the *Endowment Fund of the International Council of Community Churches Resolution* (the “Resolution”) in order to establish an endowment fund for the International Council of Community Churches (the “Council”) to be known as **The Permanent Endowment Fund of the International Council of Community Churches** (the “Fund”), have thereby authorized the creation of this document, *The Permanent Endowment Fund of the International Council of Community Churches Bylaws* (the “Bylaws”) which shall be consistent with the provisions of the Resolution unless modified by the Council’s Board of Trustees (the “Board”) according to the terms of the Bylaws.
- 2. Nature and Scope of the Fund.** The Fund shall be a perpetual fund that shall be kept separate and distinct from the Council’s General Fund. A committee of endowment trustees shall administer the Fund completely independent of the General Fund. The endowment fund trustees are responsible for administering the Fund and the Board is responsible for determining how Fund earnings are to be spent with both responsibilities being described more fully elsewhere in these Bylaws. Once the Fund is established, all bequests, gifts, memorials, charitable remainder trusts, and non-cash gifts to the Fund that are accepted by either the Endowment Fund Trustees (the “Committee”) or the Board including such gifts made prior to the passage of these Bylaws, are to be placed into the Fund. The Fund’s fiscal year shall be the same as that of the Council’s.
- 3. Purpose.** The Purpose of the Fund is to enable Council members, organizations and friends to express their commitment to the Lord through gifts that will support in perpetuity the inclusive and ecumenical missions and programs of the Council according to the guidelines appearing later in this document.

ARTICLE II – COMMITTEE MEMBERSHIP

- 1. Committee Size.** The committee to manage the Fund shall be known as the Endowment Fund Trustees which shall be both racially and gender inclusive. The membership of the Committee shall consist of six (6) voting members (individually an “Endowment Trustee”, collectively the “Endowment Trustees”) and the Executive Director of the Council who shall

serve in an *ex officio* non-voting capacity. Terms of the office for the original Endowment Trustees shall be as follows:

1.1 Initial Committee's Membership Selection. For the original Endowment Trustees, two (2) shall have three (3) year terms, two (2) shall have two (2) year terms and two (2) shall have terms of one (1) year. The original Endowment Trustees will be appointed by the officers of the Council's Board of Trustees (the "Board") with assistance from the Executive Director within thirty (30) days following the 2001 annual conference of the Council.

1.2 Ongoing Committee Membership Selection. The Board will nominate two (2) candidates for Endowment Trustees at each annual conference of the Council (the "Annual Conference"). The Council's voting delegates (the "Delegates") are able to nominate additional Endowment Trustees candidates. The candidates shall be voted upon by the Delegates to elect two (2) Endowment Trustees to serve three (3) year terms.

2. Qualifications for Membership. No member of the Committee can be a concurrent member of the Board. The Endowment Trustees' backgrounds should be consistent with the goals, objectives and responsibilities inherent in managing the Endowment Fund. Recommended qualifications for Endowment Trustees, whether nominated by a) the Board Trustees or the Council delegates or b) appointed by the Council President or Acting President (the "President"), include investment, estate planning or sales/marketing experience.

3. Maximum Consecutive Length of Service. Endowment Trustees can serve no more than two (2) consecutive terms irrespective of whether those terms are full terms (three [3] years in length) or partial terms (less than three [3] years but not less than one [1] year) and irrespective of whether the Endowment Trustees are elected or appointed. Any appointment of an Endowment Trustee to serve for an unexpired term of less than one "year" as hereinafter defined is not considered to count as a "term". After a former Endowment Trustee has served in that capacity for two (2) consecutive terms, said Endowment Trustee must remain off the Committee for a minimum period of one year with a "year" being defined as the time between end of one Annual Conference and the beginning of the next Annual Conference or 365 days, whichever is less, before he/she can be again considered for election or appointment as an Endowment Trustee.

4. Officers of the Committee. A chairperson (the "Chair") and a Secretary for the Committee shall be elected by and from the six voting Endowment Trustees. The terms of the Chair and the Secretary shall be one year with each serving no more than three (3) years in their respective capacity in any six (6) year period. Elections for the Chair and Secretary shall take place annually so that their terms shall commence with one Annual Conference and continue until the following Annual Conference. The Secretary shall keep full and accurate accounts of the actions of the Committee and conduct necessary communications as requested.

5. **Quorum.** A minimum of four (4) Endowment Trustees concurrently participating in a scheduled meeting communicated in advance to all members of the Committee, whether that “meeting” be in person, by teleconference or via electronic media, shall constitute a quorum.
6. **Mid—term Replacement.** In event that an Endowment Trustee is unable or unwilling to complete his/her elected or appointed term he or she, where able, shall promptly notify the President in writing. Upon receipt of said written notification or other determination that an Endowment Trustee is unable to serve on the Committee, the President will nominate an appointee to serve as a qualified replacement Endowment Trustee within thirty (30) days. The nominee must be approved by a Board vote in order for the appointment to become effective. Said appointment will be for the duration of the unexpired term of the former Endowment Trustee.
7. **Membership Liability Considerations.** Members of the Committee shall not be liable for any losses that may be incurred upon the investments of the assets of the Fund except to the extent that 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 willful misconduct or omissions, and shall not be liable for the acts or omissions of any other member.
8. **Conflict of Interest.** 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. Members having an apparent conflict of interest with any matter relating to a Committee vote relating to the Fund shall not be witness to the Committee’s discussions on such matter nor shall such member(s) be permitted to vote on same.

ARTICLE III - COMMITTEE RESPONSIBILITIES

The Committee is solely responsible for administering the Fund which administration involves, among other things, providing for the safekeeping, management, investment and transfer of all funds and properties comprising the Fund. In so doing the Committee shall have the following responsibilities:

1. **Meetings and Minutes.** The Committee shall meet no less than quarterly each year with one such meeting being in person at each Annual Conference and the remaining meetings being conducted via telephone, email or other suitable electronic means. Minutes for each Committee meeting shall be kept by the Committee’s Secretary, distributed by the Secretary promptly to all Committee members irrespective of whether or not they attended and filed at the Council’s headquarters for future reference by Endowment Trustees and, where there is a need to know, by the Board and non-Council officials. If the elected Secretary is not able to participate in a Committee meeting, the Chair shall designate one of the members present to perform the Secretary’s duties. The time and date of all quarterly meetings shall be coordinated at least two weeks in advance with Committee members by the Chair.

2. **Investment Manager Selection.** The Committee shall select and hire an experienced, reputable professional investment manager (the Investment Manager”) to manage the Fund in accordance with the investment policies specified in Article IV of these Bylaws. The Investment Manager selected is to have a track record of successfully managing endowments for Christian organizations. The Committee is to review the investment manager’s performance prior to the Board’s winter and summer meetings.
3. **Preservation of the Principal.** The Committee is responsible for using its best efforts to protect the Fund’s principal against inflation and losses by ensuring that the investment policies in Article IV of these Bylaws are enforced.
4. **Encouragement of Gifts.** The Committee shall take reasonable steps to encourage gifts and bequests to the Fund in a manner that is unlikely to diminish the annual giving of Council members, organizations and friends to the General Fund. These reasonable steps shall include but not be limited to the creation of educational and/or descriptive literature, periodically holding programs featuring planned giving experts, writing articles in *The Christian Community*, creating gift recognition programs, writing gift solicitation letters to prospective Fund donors and, where appropriate, discreetly contacting prospective donors by telephone or in person.
5. **Acceptance of Gifts.** The Committee shall accept cash and non-cash gifts to the Fund according to the gift acceptance policies described in Article IV of these Bylaws and shall ensure the transfer of gifts into the Fund.
6. **Financial Records and Reporting.** The Committee shall cause reasonable and accurate financial records of the Fund to be maintained by the Fund’s professional investment manager. In addition, the Committee shall provide a) a detailed report on the Fund’s performance to the Board at the Board’s winter and summer meetings and b) assist the Board in creating an annual report to the Delegates, Council members, organizations and friends with such report being included in the Annual Conference’s printed program for the Delegates
7. **Recommendations on Disbursements.** *The Committee shall inform the Board prior to the Board’s first meeting at each Annual Conference of the estimated Available Earnings, if any, that will be available for disbursement from the Fund based upon its performance during the immediately preceding Investment Year (defined as July 1 through the following June 30). The Committee will further advise the Board of any restrictions that need to be considered in the expenditure of the estimated Available Earnings.*
8. **Fund Expenses.** The Committee is responsible for managing all expenses incurred in administering the Fund. Expenses are to include but not be limited to: (a) reasonable professional management fees, (b) transaction fees, (c) informational and educational expenses, (d) costs related to soliciting gifts and bequests and (e) expenses incurred in evaluating and administering non-cash gifts. Under no circumstances is an Endowment

Trustee to be compensated for services rendered although reimbursement for reasonable expenses incurred in the administration of the Fund are permissible.

9. **Use of Legal Counsel.** The Committee shall have the authority, upon consulting with and obtaining the approval of the Council President, to seek the advice of legal counsel in matters coming before it with such reasonable expenses being paid for out of the Fund's Available Earnings (see definition in Article VI 2).
10. **Assistance to Member Churches and Centers.** The Committee is responsible for providing advice on an as requested basis about readily available information resources to Council member churches and centers interested in establishing their own endowment funds.
11. **Changes to the Bylaws.** From time to time, as appropriate and necessary, the Committee shall recommend to the Board that changes be made to these Bylaws. These recommended changes may be voted upon by the Board as specified in Article VII of these Bylaws

ARTICLE IV – GIFT ACCEPTANCE POLICY

1. **Nature of Gifts.** Gifts to the Fund shall be received in the following forms:
 - a) Gifts – liquid (cash and marketable securities)
 - b) Gifts -- non-liquid (real estate, art, gems, etc.)
 - c) Deferred Gifts -- (life insurance, gifts by will or trust, charitable gift annuities, charitable gift remainder trusts, etc.)
2. **Non-liquid Gifts.** Gifts of cash, securities and insurance are preferred but under proper conditions, non-liquid gifts of real estate, gems, art and collectibles may be accepted. All non-liquid gifts made to the Fund may be converted into cash according to the direction of the Endowment Trustees. In the event of a gift of real estate, a licensed authority must perform a Phase I environmental impact study at the expense of the donor(s) before the gift can be considered. Gifts of art, gems, collectibles and real estate are to be accompanied by an appraisal conducted by an authority recognized by the U.S. Internal Revenue Service with such appraisal being paid for by the donor(s).
3. **Gift Fund Designations.**
 - a) Unrestricted, Non-designated Fund: This fund is for undesignated contributions. The interest on such gifts, subject to the distribution of proceeds requirements in these Bylaws are used to supplement the General Fund to help meet the Council's operational needs. There are no minimum amounts for these contributions.
 - b) Unrestricted, designated funds: These funds are designed to meet a variety of specific Council needs. With the exception of the Holding Fund, a minimum of \$5,000 in gifts is required to establish any of the following funds. There is no minimum contribution for any of these funds.
 - (i) *Holding Fund* (This fund is a temporary repository for contributions to unrestricted, designated funds that do not have the minimum \$5,000 required to be established in order for the fund to cover administrative expenses. Once the

cumulative amount of gifts to a given unrestricted, designated fund reaches \$5,000 or more, any gifts in the Holding Fund earmarked for the qualifying fund are to be transferred to it. The interest of gifts in the Holding Fund are to accrue to each gift and are not eligible for disbursement until the gifts are transferred to another unrestricted, designated fund.

- (ii) *Operating Expense Fund* (Supports increased and improved services to member churches and centers.)
- (iii) *Capital Expense Fund* (Helps defray the Council headquarters' physical plant expenses.)
- (iv) Other unrestricted designated funds as authorized by the Board

- c) Unrestricted Funds: The Unrestricted, Non-designated Fund and the unrestricted, designated funds shall be collectively referred to as the Unrestricted Funds.
- d) Named Funds: Donors can elect to create a new fund, upon approval by the Board, with a minimum gift of \$25,000 to the Council for the Council's use or for use by a Council-approved organization. Such funds can be named by the donor(s) (named in celebration of or in memory of an individual(s) or entity) and as such are to be referred to as "Named Funds". The donor(s) can elect to restrict the usage of their Named Funds as long as the Board approves the restricted use. Donors may specify the amount to be annually expended from their Named Fund including the principal. A Named Fund must not decrease to a value of less than \$10,000. If the value of a Named Fund becomes less than \$10,000, the Committee may direct the remaining principal and interest to a restricted, designated fund having similar objectives or to the Unrestricted, Non-designated Fund if no compatible restricted, designated fund can be identified.

4. Gift Notification and Recording. All gifts accepted and received by the Council shall be acknowledged and recorded as follows:

- a) All notifications of gifts to the Fund shall be sent to the Council headquarters to the attention of the Endowment Fund Trustees.
- b) The Council's Associate for Administration will record the gifts and send a letter of acknowledgement and thanks to the donors.
- c) The Associate for Administration will forward the gift notification to the Chair of the Endowment Fund Trustees.

5. Gift Qualification and Acceptance Process. The Committee must approve all qualifying gifts to the Council before they can be accepted into the Fund. A qualifying gift is one that the donor(s) intend to be used on behalf of the Council in perpetuity. Non-liquid gifts may be converted to cash for the purpose of being included in the Fund. The Board has the option to not convert an accepted non-liquid gift to cash if that gift, for example, is deemed to have considerable historical value to the Council. The Committee has the authority to decline gifts that have excessive restrictions as well as those that represent a potential financial liability to the Council. However, if the Committee is unable to decide whether or not to accept a gift, then the Board will make the decision. Once an accepted gift that is either liquid or has been converted to cash, the Endowment Fund Trustee responsible for receiving, recording and

transferring such gifts to the Investment Manager will do so and document the transaction in the Fund records.

6. **Expiration of Gift Restrictions.** In event that a donor's stated purpose for a gift that becomes a separate named fund become no longer possible to fulfill or that the purpose is no longer consistent with the Council's policies, then the Committee is empowered to make changes in the named fund's restrictions or where that is not feasible, to close the named fund and reallocate its investments to other portions of the Fund without having to engage in court action. It is understood that where possible, such changes in named fund restrictions will be made in consultation with the donor or the donor's estate. In such event, donors may restrict the use of their named fund to an alternate Council use that is similar to their original intent as long as the alternate use is approved by the Board.
7. **Confidentiality.** All donor gifts to the Fund are to be held in strictest confidence by the Committee and the Board unless the donor specifies otherwise.

ARTICLE V. INVESTMENT OF THE ENDOWMENT FUND

1. **Unrestricted Funds.** Donors are encouraged to make gifts to the Fund on an unrestricted basis.
2. **Investment Policy.** Investments in stocks and/or bonds shall only be made in socially responsible organizations. The Fund's investments shall be a mixture of low-risk financial instruments (such as bonds) and high yield securities (such as "blue chip" stocks). The Investment Manager is to comply with the Uniform Management of Institutional Funds Act.
3. **Investment Goal.** The annual goal of the Investment Manager is to produce earnings equal to or greater than 5% of the principal after reinvesting sufficient earnings to protect the principal from inflation and after expending a portion of the earnings to pay for the Investment Manager's expenses.

ARTICLE VI - USE (DISBURSEMENT) OF THE ENDOWMENT FUND

1. **Protection of the Principal.** The principal of endowment gifts is not to be spent. The sole exception is that donors of Named Funds can specify that the principal be spent. With respect to unrestricted, undesignated use funds and unrestricted, designated use funds, in event of a crisis all or part of the principal can be spent but only after being approved by two separate three fourths majority votes with the first being by the Board and the second by the Delegates.
2. **Available Earnings.** *Earnings (includes Fund dividends reinvested in the Fund) from Unrestricted Funds and designated (restricted) funds can only be distributed when the assets equal or exceed \$100,000 and \$10,000 respectively at the conclusion of an Investment Year (July 1 through June 30). In addition, earnings from funds that meet the*

minimum investment amounts must also exceed the rate of inflation for the Investment Year with said rate being calculated based upon the change in the U.S. Bureau of Labor Statistics' Consumer Price Index- Urban (CPI-U) over the course of the Investment Year.

Earnings that exceed the inflation rate as defined above by the CPI-U are called Available Earnings. The amount of Available Earnings for distribution from eligible funds within the Endowment Fund (excluding Named Funds) are capped at a maximum of 5% of the eligible fund(s)' invested assets as of the end of an Investment Year. If the earnings from funds other than Named Funds are less than the inflation rate for that Investment Year, then the earnings shall remain in the Endowment Fund and no distributions from the applicable funds will be made.

3. Excess Available Earnings. Any Available Earnings in excess of five percent (5%) are to be reinvested into their respective fund's principal with the understanding that all or a part of these excess Available Earnings can be disbursed according to applicable fund restrictions if three-fourths of the Board so votes.

4. Calculation and Timing of Available Earnings Determination. The amount of Available Earnings, if any, to be distributed in any given Council budget year will be calculated by the Committee in accordance with the provisions of **Article VI, Paragraph 5** below.

5. Disbursement Process. *In September of each year the Committee will calculate according to above Article VI Paragraph 2 what, if any, earnings (includes Fund dividends reinvested in the Fund) were realized by the Fund during the previous Investment Year. The Committee will then communicate in writing by no later than that September 30th what Available Earnings, if any, can be distributed during the following calendar year. The calculations used to determine the performance of each fund within the Endowment Fund and, if applicable, their respective Available Earnings, will accompany the above communication. The Committee will arrange for the Available Earnings to be transferred from the Fund to the Council's General Fund so that such transfer occurs in January of the first Council budget year following the Investment Year in which the Available Earnings were realized. The Board will then determine how, where and when disbursements of the deposited Available Earnings will be made keeping in mind that it must comply with restrictions on the use of Available Earnings attributable to designated funds.*

6. Disbursements Related to the Operation of the Endowment Program. The Investment Manager's fees shall be deducted prior to the calculation of Available Earnings. A reasonable amount of the Fund's unrestricted gift Available Earnings will be used to help the Committee educate Council members, organizations and friends about the endowment program and to solicit gifts to the Fund. *A "reasonable amount" of Available Earnings from Unrestricted Funds to be allocated to support Endowment Fund activities is deemed to be 10% of the Available Earnings or \$2,500, whichever is less, from a given Investment Year.*

7. Unrestricted Available Earnings from the Fund may also be used to defray reasonable legal expenses associated with the Fund, travel expenses, audit expenses and donor recognition programs.

8. Disbursement Limits Applicable to Unrestricted Fund and Operating Expense Fund Gifts. The collective disbursements of Available Earnings from the unrestricted use portion of the Fund and the Operating Expenses Fund cannot in any one year exceed 50% of the annual operating (General Fund) gifts made to the Council by member churches, centers and others in that year. Any Available Earnings from these two portions of the Fund that are in excess of 50% of the General Fund gifts are to be reinvested in their respective portions of the Fund and can only be disbursed by three-fourths majority votes of the Board (first) and then the Delegates.

ARTICLE VII – BYLAWS AMENDMENTS

- 1. Restrictions on Modifying the Bylaws.** The Board shall have the power to make, amend and repeal resolutions to these Bylaws of the Fund with a three-fourths majority vote with the exception of this Article VII and Article VI paragraphs 1, 2, 3, 4, 5 and 8 which refer to protection of principal (1), the definition of available earnings (2), the disposition of excess Available Earnings (3), the calculation of Available Earnings (4), the disbursement process (5) and the disbursement limits applicable to Unrestricted Fund and Operating Fund gifts (8). To change this Article VII or any of the above-referenced paragraphs in Article VI, in addition to a three-fourths majority vote by the Board, a three-fourths majority vote by the Delegates is required.
- 2. Advance Notification of Amendments and Changes.** All amendments and changes to this resolution shall be reported to Council member churches and centers for comments at least forty-five (45) days before the Board takes its vote.
- 3. Documentation of Bylaws Changes.** Changes to the Bylaws are to take the form of written Amendments thereto and are to be promptly added to all known existing copies of the Bylaws. In the event of either of the following: (a) the number of separate amendments occurring over a period of time reaches three or (b) an extensive set of changes is made to the Bylaws at one time, then a new set of Bylaws incorporating the changes shall be created. Said revised Bylaws shall bear the date of the last set of changes incorporated into the document.
- 4. Reporting of Amendment Changes.** Any changes to these Bylaws approved by the Board and, where appropriate, by the Delegates, must be promptly, clearly and fully reported to Council members via *The Christian Community* or whatever Council newsletter may replace it.

ARTICLE VIII - MISCELLANEOUS

- 1. Board Review of Fund Records.** The Board will ensure that the Fund's records are reviewed no more infrequently than annually by a qualified party who is to be appointed by the Board. This person must not be someone who is currently serving on the Committee. The results of this review will be presented to the Board and distributed by the Board as appropriate.
- 2. Dissolution and Merger Provisions.** If at any time the Council is merged with another organization, all terms and provisions with regard to the Fund are applicable to the new organization. In the event of the dissolution of the Council, after all obligations have been satisfied, all assets shall be distributed to religious and charitable organizations with objectives consistent with those of the Council as determined by the Board.
- 3. Applicable Laws.** Notwithstanding the foregoing, the powers of these Bylaws shall be limited to and consistent with those powers provided under the laws of the State of Illinois and any applicable federal statutes.