

Endowment Committee
First United Methodist Church, Burlington, IA
By-Laws and Operating Rules

Item 1: The Endowment Fund of the First United Methodist Church of Burlington (“the Fund”), shall be a perpetual endowment fund for all gifts, bequests, and devises delivered or conveyed to the Fund to be administered as provided in this document.

The Fund shall be exclusively for the benefit of the religious, charitable, and educational purposes of the First United Methodist Church of Burlington, Iowa. No part of the assets or earnings of the Fund shall inure to the benefit of any individual. Disbursements must be in keeping with the requirements of IRS statutes governing religious, non-profit 501.c.3 organizations and donor wishes. All gifts to the Fund shall thus be considered tax-deductible to the fullest extent allowed by law. (Tax experts should be consulted in this determination.)

Contributions from sources deemed appropriate by the Committee shall be received. Donor’s restrictions, once accepted, shall be honored, as will the income and increase these restricted gifts may incur. All funds, whether restricted or unrestricted shall be comingled for purposes of investment.

Item 2: The Endowment Committee shall be those persons elected by the Burlington First United Methodist Church Charge/Church Conference or its designee. There shall be up to nine members that serve without compensation and whose terms shall be three years arranged in balanced classes identified by the year elected. Exceptions to length of term are allowed for the completion of an unexpired term or to balance Committee membership among up to three classes identified by year elected. Members shall not serve for more than two (2) consecutive terms. The Endowment Committee shall elect their officers, each with a one year term of office. Officers may succeed themselves in office as the Committee so desires.

The Chairperson of the Administrative Council shall be an ex officio member of the Endowment Committee with voice and vote. The Chairperson of the Endowment Committee, or his/her designee will be a member of the Administrative Council with voice and vote. Quorum shall consist of more than 50% of the committee.

Committee members shall be free from liability for any loss to the Fund resulting from error of judgment or mistake or any loss not caused by willful conduct.

Item 3: The Endowment Committee shall have the following duties and responsibilities:

1. To establish the conditions under which gifts, bequests, or devises shall be received. (Trustees Committee’s responsibilities in this area are transferred to the Endowment Committee.)
2. To determine the acceptability of all gifts, bequests, or devises, and to negotiate any possible restrictions or directions a donor may wish to place on his/her gifts. The Committee should propose alternative restrictions when those requested by a donor are not in keeping with Committee guidelines. All restrictions or directions shall be communicated to the Charge/Church Conference and included as part of the written record so succeeding Committees are certain to remain in compliance.
3. To maintain proper records of transactions and balances of all accounts. An annual report to the appropriate Charge/Church Conference shall be given.
4. To consider all appropriate uses of the assets and to recommend distributions of assets to the Charge/Church Conference or Ad Council.
5. To publicize and promote the Fund and its purposes, and to inform members and friends of the Church of the methods and means of giving to the Fund.
6. To solicit gifts to the Fund from time to time as a means for members and friends to leave a legacy to the Church.

Item 4: Expectations and Guidelines for the Committee’s work:

1. It is the intent and goal that the Fund will be used for purposes that provide ministries and functions over and above those that were provided for the church’s contributed budget, unless designated gifts. Emphasis shall be placed on the long-term benefit of the Church. Fund assets should not be used for regular operating expenses of the Church which are normally provided by the general budget of the Church.
2. Distributions shall normally come from the earnings, interest, and increase of managed funds and **not** invade the principal of the Fund. Any earnings, interest, or increase not distributed may be reinvested in the

Fund while remaining available for future distribution as determined by the Committee. If necessary as defined by the bylaws, distributions shall be recommended by the Committee to the Charge/Church Conference or to the Administrative Council ad interim. The Charge/Church Conference or the Administrative Council shall vote to approve or deny the recommendation.

3. The corpus (principal) of the Fund shall not be invaded except when the following procedure is undertaken:
 - a. Expenditure of up to twenty-five percent (25%) of the principal may occur upon the recommendation of two-thirds of Committee members present at any meeting and a vote of two-thirds of a regular or specially-authorized Charge/Church Conference subsequently called.
 - b. Expenditure in excess of twenty-five percent (25%) of the principal requires a two-thirds vote of the Committee members present at any meeting and a vote of two-thirds of two regular or specially-authorized Charge/Church Conferences held not less than thirty days apart.
4. Upon receiving gifts, devises, or bequests of real or personal property, the Committee shall instruct asset managers to sell or otherwise convert to cash such receipts and to invest those funds in the assets of the Fund. Retention of such real or personal property in the form received may happen with an affirmative vote of the Charge/Church Conference or the Administrative Council ad interim. Under no circumstances shall real or personal property be held or utilized in conflict with the tax-exempt standing of the Church.
5. The Committee may exercise the power of attorney for the Church for the transfer of securities provided that securities so held and dealt with shall, at all times and in all respects, be held for the account of the Fund and subject to control and direction of the Committee.
6. The Committee shall hold and possess such other powers and duties as shall be incident to or inherent in the aforesaid duties, and not inconsistent therewith, and assume other responsibilities as determined by the Charge/Church Conference.

Item 5: The Committee may seek professional assistance and pay therefor, a reasonable and proper compensation from the Fund's assets for services rendered.

Item 6: Amendment of these Operating Rules shall be the purview of the Charge/Church Conference. The Committee may recommend amendments as it deems prudent. Adoption is by a majority of Charge/Church Conference members present and voting, unless the amendment pertains to an item requiring a super-majority (2/3 vote). In that case, a super-majority of the Charge/Church Conference attendees is likewise required.

Item 7: If the church corporation is dissolved, all Fund assets shall be transferred to the Iowa United Methodist Foundation to be used for religious purposes as determined by the Committee prior to transfer or by the donors as applicable.

Operating Rules

Item 4.2 from Bylaws

1. Distributions shall normally come from the earnings, interest, and increase of managed funds and **not** invade the principal of the Fund. Any earnings, interest, or increase not distributed may be reinvested in the Fund while remaining available for future distribution as determined by the Committee. If necessary as defined by the bylaws, distributions shall be recommended by the Committee to the Charge/Church Conference or to the Administrative Council ad interim. The Charge/Church Conference or the Administrative Council shall vote to approve or deny the recommendation.
2. Distribution of the earnings, interest, and increase of managed funds shall occur annually excluding 30% which becomes part of the principal. This distribution shall be deposited in the Benevolence Fund of the Church at the disposal of the designated Committee or Agency to be used at said Committee or Agency's discretion. Committee may suspend distribution or set a lower percentage in any year growth of assets do not cover distribution. An Ad Council vote adjust the percentage of distribution upon recommendation of the endowment committee. In years when growth of assets is higher than the distribution, the excess is added to the principal as a hedge against inflation.

3.

30% re-deposited Remaining amount % of earnings	Grow the Principle Purpose	Endowment Responsible Committee
30%	Capital Improvements	Trustees
20%	Children, Youth, Camperships, Puppets	Christian Education
10%	Mission projects, trips, Supplies	Missions
10%	Emerging Ministries	Administrative Council
10%	Music—Choir/Bells	Music Leaders
10%	Scholarships	UMM
10%	Hospitality Functions	UMW

Thus, endowment fund (if it had \$1.1 million returns an average of 6% in a given year the disbursements would look like this: a return of \$66,000.)

\$19,800 would stay in endowment to be re-deposited to principal.

\$46,200 would be distributed according to the percentage of distribution

John D.

*Jim Carolyn M M, CS, Ed, W
Mickey, Judy Margaret O.*

OPERATING RULES
FIRST UNITED METHODIST CHURCH ENDOWMENT COMMITTEE
BURLINGTON, IOWA

ITEM 1

The First United Methodist Church Endowment Fund, hereinafter called the "FUND", shall be a perpetual endowment fund for all gifts, bequests and devises delivered or conveyed to the Fund, to be administered as hereinafter provided.

ITEM 2

The Endowment Committee shall consist of those persons elected by the First United Methodist Church Charge Conference, consisting of at least nine (9) but not more than twelve (12) members. Committee members shall serve for a term of three (3) years unless they resign at an earlier date or as removed by the Charge Conference, except that the initially elected members shall serve for such period as the Charge Conference shall designate in order to have continuity on the Committee. Committee members may resign by giving written notice to the senior pastor. The Administrative Council shall have the right to appoint a successor member in between meetings of the Charge Conference. No member shall serve for more than two (2) consecutive terms. The chair of the Administrative Council will be an ex-officio member of the Endowment Committee and the Chairperson of the Endowment Committee will be a voting member of the Administrative Council. The chair of the Endowment Committee will be elected each year by the Charge Conference. Other officers may be elected by the Endowment Committee as needed.

ITEM 3

The Endowment Committee shall have the following duties and responsibilities:

- A. To establish the conditions under which gifts, bequests, or devises shall be received, including but not limited to pledge arrangement whereby donors may contribute to the Fund by installments and to do such things as reasonably appropriate to promote awareness and contributions to the Fund.
- B. To direct investment and reinvestment of the Fund assets in such a manner as the committee deems advisable and in the best interest of the Fund.
- C. To consider all appropriate uses of the assets and to recommend to the Charge Conference distribution of assets of the Fund.
- D. The Endowment Fund shall be operated exclusively to benefit the religious, charitable and educational purposes of the First United Methodist Church of Burlington, and no part of the net earnings of the Fund shall inure to the benefit of any individual, or be used to influence, or attempt to influence legislation, it being the intent of the parties that the Endowment Fund shall at all times meet requirements of the Internal Revenue Service as a tax-exempt organization and that contributions thereto be deductible for tax purposes to the extent permitted and allowed by provisions of the Internal Revenue Code and Treasury Department Regulations.
- E. The Committee may accept contributions from any source deemed appropriate. Bequests, transfers and gifts which are restricted as to use shall be so used and restricted, the net income therefrom applied in accordance with such designation, restrictions and instructions to the extent consistent with the purposes of the trust Fund. If donor restrictions are subsequently deemed inappropriate to conditions in which the Fund should function, the Committee may recommend approval of alternative restrictions consistent as possible with the donor's intent. Upon approval by the Charge Conference, the alternative restrictions shall thereupon be applicable. For purposes of investment and administration, the Committee may co-mingle such restricted funds with

the remainder of the Endowment Fund and treat such restricted funds as an undivided proportional holding of the total Fund property.

F. It is the intent and goal of the Fund that it not be used for regular operating expenses of First United Methodist Church of Burlington but be used for other purposes which will provide long-term benefit for the church. Expenditures shall be in accordance with the following:

- (1) Any expenditure of income shall be made upon recommendation by the Endowment Committee and approval by Charge Conference.
- (2) Expenditure of up to twenty-five percent (25%) of the principal may be made upon recommendation by 2/3s of the Committee members in attendance at a meeting and 2/3s vote of Charge Conference members in attendance at a meeting.
- (3) Any expenditure of principal in excess of twenty-five percent (25%) shall require a 2/3s vote of the Endowment Committee in attendance at a meeting and 2/3s vote of Charge Conference members in attendance at two separate meetings, not less than 30 days apart.
- (4) Any net income of the Fund which has not been expended may be reinvested by the Endowment Committee. "Net income" as used herein shall mean the net income of the Endowment Fund after deduction of proper expenses of conducting, managing and carrying on the Endowment Fund as determined by generally accepted accounting principles. Should any question arise as to whether increases in value, stock dividends, stock splits or other incremental values shall constitute income or principal, the committee shall determine such questions upon facts, circumstances and information available to it and the decision of the committee thereto shall be final. Any re-invested income funds shall retain their status as net income for purposes of distribution in accordance with this Item F.

ITEM 4

The Committee shall have the following specific powers and authorities:

- A. Receive and administer all bequests made to the local church which are assigned to the Committee and/or designated by donors as endowment funds.
- B. To establish the conditions under which gifts, devises and bequests of funds or other property shall be received by the Endowment Fund.
- C. To publicize and promote the Endowment Fund and its purposes, and to inform the members and friends of the Church of the methods and means of giving to the Endowment Fund.
- D. To solicit gifts for the Endowment Fund and counsel, upon request, with prospective donors to the Endowment Fund, and to assist legal and financial advisors of such donors in carrying out the wishes and desires of such donors.
- E. To sell or otherwise convert to cash any gifts, devises or bequests of real or personal property, and to invest such funds in the assets of the Endowment Fund; provided, however, that in its discretion, the Endowment Fund Committee may retain real or personal property in the form in which it was received by the Endowment Fund, but in no event shall any such action be taken by the Endowment Fund Committee which would result in the Endowment Fund Committee engaging in any business or other activity which would endanger the tax-exempt status of the Church.
- F. To invest the Fund property in such manner as the Committee may deem advisable and in the best interests of the Fund estate without reference to any present or future laws governing the investment of trust funds, and without being limited to any particular class or kind of investments, the date of redemption or the productivity or yield thereof. It is the intent that the Committee shall exercise their sole and sound discretion to keep the funds invested in such manner and in such securities, properties or values as the Committee deem in the best interests of the trust Fund and the

First United Methodist Church of Burlington
beneficiary.

- G. With regard to all assets assigned to the Endowment Fund by the Charge Conference, the Committee may sell, lease or exchange property and investments of the Fund estate for such consideration, upon such terms and upon such credit as the Committee deem proper and appropriate and may care for, maintain and improve real estate and execute deeds, assignments, transfers, leases, contracts, releases and any and all other instruments relating to the Fund property whether or not such instruments may extend to a date beyond the probable duration of the Endowment Fund.
- H. The Committee may hold securities in "bearer" name or in "street" name and may cause the same to be held in the name of a nominee without the necessity of disclosing the fiduciary relationship; may execute powers of attorney for the transfer of securities provided that securities so held and dealt with shall, at all times and in all respects, be held for the account of the Endowment Fund and subject to control and direction of the Committee.
- I. The Committee may at all times exercise all powers of owners of property constituting a part of the Fund estate; may participate in any reorganization, recapitalization, consolidation, or merger, and may give proxies which may be discretionary for voting or acting for and on behalf of the Committee; may compromise, arbitrate and settle any claim in favor of or against the Fund estate.
- J. To hold and possess such other powers and duties as shall be incident to or inherent in the aforesaid powers and duties, and not inconsistent therewith, and assume other responsibility as determined by the Charge Conference.
- K. The Committee shall keep proper records, books, and accounts and shall annually furnish an accounting to Charge Conference. Committee shall not be required to make or file any inventory, account or report to any court.

- L. The Committee members shall not be entitled to compensation for their services.
- M. The Committee members shall be liable only for their own acts or omissions exercised in bad faith, and no bond shall be required of the Committee members for the faithful performance of their duties.
- N. Any person, firm, corporation or association dealing with the Committee need not inquire into the validity or the accounts of the Committee, or see to the application of the funds or of anything paid or transferred to the Committee.

ITEM 5

If the church corporation is dissolved, all Fund assets shall be distributed to Iowa Conference United Methodist Church, to be used for religious purposes. Should Iowa Conference United Methodist Church no longer be in existence, Fund assets shall be distributed in accordance with the provisions of Section 501(c)(3), Internal Revenue Code of 1954, as amended, and should any assets not be distributed as hereinbefore provided, such assets shall be delivered to the Iowa District Court of Des Moines County, Iowa for distribution to any organization or organizations as the Court shall determine which are organized and operated exclusively for religious or other charitable purposes.

ITEM 6

The Committee members shall be free from liability for any loss to the Fund resulting from error of judgment or mistake or any loss not caused by willful conduct.

ITEM 7

The Committee may seek professional assistance and pay therefor a reasonable and proper compensation for services rendered.

ITEM 8

The Committee shall report annually concerning the performance and the growth of the Fund to the Charge Conference, particularly Fund income which, unless otherwise restricted by the donor, shall be available for appropriation. At such time, to the extent that net income hasn't previously been allocated and expended, the Committee shall make recommendations to the Charge Conference as to disposition of distributable income.

ITEM 9

The Committee may form such committees as deemed necessary or appropriate for the ongoing operation of the Fund and fulfillment of Fund purposes.

ITEM 10

Amendment of the Operating Rules may be approved by recommendation by the Committee at any meeting called for that purpose. If the Committee recommends any amendment, the proposed amendment shall be submitted to the Charge Conference and shall be effective upon approval by a majority of the members present, except that if the amendment involves any decision requiring a super majority, such amendment cannot be effective without approval by the

Charge Conference of an equal super majority of the members present.

Dated this ____ day of _____, 1999.

FIRST UNITED METHODIST CHURCH
ENDOWMENT COMMITTEE

By: _____

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