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Rev. Dr. Olaf Roynesdal, Sr. Pastor Rev. Lon Kvanli, Pastor Rev. Kermit Rye, Visitation Pastor

May 28, 2008

Dear East Side Members,

The Congregation Council is recommending changes to our Endowment Fund. In order to accomplish these changes they must be voted on by the congregation at three quarterly meetings. A  $\frac{2}{3}$  vote of those present and voting is required. The first of these quarterly meetings will be held on **Sunday, June 22, 2008 at Noon** in the sanctuary.

Prior to the June 22<sup>nd</sup> meeting a **special forum** will be hosted by the Endowment Fund Committee and the Congregation Council to answer any questions regarding these changes and to receive input from you. These will be held on June 1<sup>st</sup> in the Fellowship Hall at 9:00 am and 10:30 am (between worship services).

The current Endowment Fund was established by resolution of ESLC on February 22, 1990. The proposed changes reflect the changing needs of the congregation now and into the future. It is the hope that these changes will make the fund an attractive legacy for potential donors.

With this letter is the proposed revision to the resolution regarding the Endowment Fund. If you would like a copy of the original resolution (from 1990) you can download it at our website ([www.eastsidelc.org](http://www.eastsidelc.org) and go to "publications.") or you can pick one up at the church office. You may also call and a copy will be mailed to you. Please read this carefully and come to the forums to have ask any questions or make your recommendations.

Sincerely yours,

Rev. Dr. Olaf Roynesdal,  
Senior Pastor

*Proposed Revision to the resolution outlining the*  
**ENDOWMENT FUND**  
**EAST SIDE LUTHERAN CHURCH**  
**SIOUX FALLS, SOUTH DAKOTA**

The purpose of the East Side Lutheran Church Endowment Fund is to be a receptacle of non-recurring restricted and unrestricted gifts of money, or other appropriate assets in-kind, that when received will be duly invested into appropriate securities using licensed professional guidance, so as to earn a return of income, and to be expended in accordance with the donor's wishes. All unrestricted income produced by the fund will be allocated in equal portions determined by the Congregation Council to the following:

**Out-Reach Programs** of East Side Lutheran Church. The Congregation Council will determine the most appropriate use of these funds affecting organizations, individuals and/or missions outside the local congregation of East Side Lutheran Church.

**In-Reach Programs** of East Side Lutheran Church. The Congregation Council will determine the most appropriate use of these funds intended for use at the local congregation of East Side Lutheran Church.

The East Side Lutheran Church Endowment Fund (**ESLCEF**) will be made up of separate accounts (*sometimes referred to as funds within the larger fund*). These accounts (*funds*) are determined by the donor and must be accepted or rejected as such by the Congregation Council. Once an account (*fund*) is accepted, it can only be modified, changed or removed, in accordance with the donor's wishes or as it pertains to the dissolution of the East Side Lutheran Church Congregation. Each account (*fund*) will be given a name and have a specific purpose for which the income from the fund is to be used. An example would be: **John Q. Smith Memorial Fund** for replacement, maintenance and restoration of the church organ. [A proposed list of endowment funds is attached.]

These accounts are to be pooled into an investment portfolio with all income earned being dispersed in proportion to the percentage of the total endowment the account represents.

The Endowment COMMITTEE shall consist of (7) seven members, all of whom shall be voting members of East side 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 the annual meeting, the congregation shall elect two (2) consecutive three (3) year terms. After a lapse of one (1) year, former COMMITTEE members may be re-elected. The Nominating Committee shall nominate candidates for the COMMITTEE in the same manner as for other officers of the Congregation. In the event of a vacancy on the COMMITTEE, the Congregation Council shall appoint a member to fill the vacancy until the next congregational meeting holding elections, at which time the congregation shall elect a member to fulfill the term of the vacancy. In addition to the

duly elected members of the COMMITTEE, the lead Pastor and Church Treasurer (or other designated member of the Congregation Council) are to be considered members of the COMMITTEE with all the rights, privileges and responsibilities of an elected member.

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

A quorum shall consist of four (4) members. When only four (4) members are present, a unanimous vote shall be required to carry any motion or resolution.

The COMMITTEE shall elect from its membership a chairperson and a recording secretary. The chairperson, or member designated by the chairperson, shall preside at all COMMITTEE meetings.

The recording secretary shall maintain complete and accurate minutes of all meetings of the COMMITTEE and supply a copy thereof to each member of the COMMITTEE and the Congregation Council. Each member shall keep a complete copy of the minutes to be delivered to his or her successor.

In the administration of the ESLCEF, the COMMITTEE shall have the powers and authority necessary to carry out the purposes of the FUND, including the following powers and authority on behalf of East Side Lutheran Church:

- A. To retain any property in the form in which received, to convert and re-convert the ESLCEF, or any part thereof, into other kinds and forms of property, real or personal or mixed; and to invest or re-invest the ESLCEF or assets therein, or any part thereof, as they shall deem wise and prudent, including in such common or preferred stocks, bonds, debentures, mortgages, notes or other securities, investments or property whether real or personal, which they in their discretion may select or determine, and including savings deposits in any federally insured bank, credit union or savings and loan association, or in the Evangelical Lutheran Church in America Mission Loan Fund, or in any common trust fund, mutual fund, or any like fund, subject to the usual standards of prudence required of trustees of similar funds.
- B. To receive the income, profits, rents and proceeds of the ESLCEF and to collect and receipt for the same, and pay all administrative and necessary expenses in connection with it. Expenses are to be paid from the ESLCEF income.
- C. To make, execute and deliver all instruments necessary or proper for the accomplishment of the purpose of the ESLCEF or any of the foregoing powers, including deeds, bills of sale, transfers, leases, mortgages, assignments, conveyances, contracts, purchase agreements, waivers, releases and settlements.

The COMMITTEE shall report to the Congregation Council as needed and shall render a full and complete audited account of the administration of the ESLCEF annually to the Congregation.

The COMMITTEE may request other members of the congregation to serve as advisory

members and, at the expense of the ESLCEF income, may provide for such professional counseling on investments or legal matters as it deems to be in the best interest of the FUND.

No member of the COMMITTEE shall engage in any self dealing or transactions with the ESLCEF in which the member has direct or indirect financial interest and shall at all times refrain from any conduct in which his or her personal interests would conflict with the interest of the ESLCEF.

The COMMITTEE shall not be liable for any losses which may be incurred upon investments of the ESLCEF except to the extent that such losses shall have been caused by bad faith or gross negligence of the COMMITTEE members. No members shall be personally liable as long as he or she acts in good faith and with ordinary prudence in discharging the duties of the office. Each COMMITTEE member shall be liable only for his or her own willful misconduct or omissions in bad faith. No COMMITTEE member shall be liable for the acts or omissions of any other COMMITTEE member, or of any accountant, agent, attorney or custodian selected with reasonable care.

The COMMITTEE members shall serve without compensation, but may be reimbursed from the income of the ESLCEF for out of pocket expense reasonably incurred and authorized.

All assets are to be held in the name of East Side Lutheran Church Endowment Fund.

The COMMITTEE shall determine what is principal and income according to accepted accounting standards as directed under rules and regulations of the *Financial Accounting Standards Board* (FASB).

Income from the ESLCEF shall be distributed annually and such other times as deemed necessary and /or feasible to accomplish the award process. The COMMITTEE shall notify the Congregation Council of the amounts available for each account (fund) of the ESLCEF. The Congregation Council shall then make allocations in accordance to the restrictions established by the donor for each account (fund) of the ESLCEF. The Congregation Council may, at its discretion, return the proceeds earned to the ESLCEF for further investment until a suitable need exists.

The COMMITTEE shall be responsible for the promotion of the East Side Lutheran Church Endowment Fund.

All newly designated gifts made to East Side Lutheran Church that are to be included in the Endowment Fund must be of sufficient quantity and meet the standards as set forth by the Congregation Council. Once accepted by the Congregation Council, the proceeds of the gift along with all pertinent instructions therewith will be forwarded to the COMMITTEE for inclusion into the investment portfolio.

The East Side Lutheran Church Endowment Fund may not be altered or amended except by a two-thirds ( $2/3$ ) vote of the members present at three consecutive meetings of the congregation.