

**NORTHWEST WASHINGTON SYNOD
POLICIES and PROCEDURES
FOR**

GLORIA DEI ENDOWMENT FUND

Adopted by Synod Council February 1, 1997

Revised July 19, 1997

I. PURPOSE OF THE FUND

The Northwest Washington Synod (the "Synod") of the Evangelical Lutheran Church in America ("ELCA") established the Gloria Dei Endowment Fund (the "Fund") in April 1990 to preserve and invest the proceeds from the sale of the property of the former Gloria Dei Lutheran Church, Bellevue, Washington.

II. HISTORY OF THE FUND

The original contribution of \$278,000 to this fund is from the proceeds of the sale of property formerly owned by Gloria Dei Lutheran Church. The resolution of the Gloria Dei Council which authorized the contribution specified that the principal of the contribution is to be preserved and invested in the ELCA Loan Fund and the income from the fund be used by the Northwest Washington Synod.

The income from the fund is to be used (A) to strengthen the parish ministry in the areas of sabbaticals for parish pastors, evangelism and parish outreach, parish education and support for mission congregations and (B) to support social ministries of the Synod and the ELCA in extraordinary situations. No less than 60% of the annual income is to be used for the purposes described under (A) above.

These policies and procedures are written to preserve the intent of the governing board at the time of the original contribution.

III. FUND MANAGEMENT

A. GLORIA DEI ENDOWMENT FUND COMMITTEE

Apart from the investment functions, the management and oversight of the Fund shall be responsibility of the Gloria Dei Endowment Fund Committee (the "Committee").

The Committee shall consist of three members, who shall be appointed by the Synod Council. One member shall serve an initial term of one year, one member shall serve an initial term of two years, and one member shall serve an initial term of three years. Thereafter each term shall be for three years. Members of the Committee shall not serve more than two consecutive three-year terms. After a lapse

of one year, former committee members may be reappointed. In the event of a vacancy on the Committee, the Synod Council shall appoint a member to fill the unexpired term.

The Synod Bishop and Synod Treasurer shall be ex-officio members of the Committee.

Members of the Committee shall not receive any compensation, but may be reimbursed from Fund income or Synod budget for expenses reasonably incurred.

The Committee shall meet at least semi-annually, and minutes of the meeting shall be maintained and submitted to the Synod Council.

The Committee shall be responsible for the promotion of the fund and the distribution of funds.

The Committee shall periodically review these Policies and Procedures and make recommendations for revisions to the Synod Council.

B. PROMOTION OF THE FUND

The committee shall provide information about the fund in the form of brochures, newsletters, and other informational data to individuals and congregations within the synod.

Promotion costs for the Fund shall be paid from investment income of the Fund, except that such costs may be paid from the operating budget of the Synod upon Synod Council approval.

C. ACCEPTANCE OF ADDITIONAL GIFTS

In accordance with the Synod's Financial policies, additional gifts may be added to the principal of the fund, provided the donor agrees to accept all policies and procedures of the Fund.

IV. INVESTMENT

The Endowment Investment Committee shall have the investment responsibility for this Fund, with the advice and consent of the Treasurer.

All funds shall be invested and managed following the general standards of conduct required under the Uniform Prudent Investor Act, or such law as approved in the State of Washington to direct the decisions of fiduciaries.

The primary investment objectives shall be the preservation of capital to maintain the current purchasing power of income, and the

accumulation of income.

In order to continue to enhance mission and ministry of the Evangelical Lutheran Church in America, serious consideration should be given to maintaining a portion of the portfolio in the ELCA Mission Investment Fund or other investment programs of the ELCA.

Non-monetary gifts which require an acceptable administration effort and which produce net income resulting in a reasonable rate of return to the Fund in relation to the rates of return available from other investments may be retained if they fit within the investment guidelines established for this fund by the Endowment Investment Committee.

V. ADMINISTRATION

The Fund shall not be a separate entity, but shall be a restricted fund of the Synod.

The accounting for the Fund shall be maintained centrally in the same manner as the other financial records of the Synod.

The Fund shall be audited as part of the Synod's annual audit.

Receipt of funds, disbursement, or any other activity that would jeopardize or cause the loss of tax exempt status of or violate any regulatory requirement for the Synod is prohibited.

VI. DISTRIBUTION

A. DISBURSEMENT

No portion of the principal or income generated by the principal of the Fund shall be used for the annual operating budget of the Synod.

Available income will be determined as 5% of the Fund's three-year average annual principal balance based on the end of the Synod's fiscal year. The remainder of income and capital appreciation, after administrative and promotion costs, is to be added to the Fund's principal in order to preserve the purchasing power of the Fund's earnings.

The available income shall be for the exclusive purposes stated in Section II of this agreement.

Unexpended available income at the end of any fiscal year of the Fund is to remain as income until expended in a subsequent year. The total of unexpended income shall not at any time exceed the total available income of the Fund for the three prior fiscal years of the Fund.

In the event that payment of available income as determined above would reduce the principal sum below \$278,000, the amount available for distribution would be reduced so that a minimum market value of \$278,000 is maintained at all times.

B. EXPENDITURE PROCESS

The Committee, through the Synod office, shall provide written criteria for grants and grant application forms to all who request them.

At least semi-annually, the Committee shall meet to review the grant applications and to authorize grants for the expenditure of income for the following fiscal year. The written grant authorization of the Committee will be submitted to the Synod Council for its approval.

The following guidelines are applicable in considering grant applications:

- a. Provide seed money for the development of new Synodical ministries.
- b. Not to sustain on-going ministries
- c. Authorize grants for 1, 2 or 3 year terms, reducing the amount of the grant for each succeeding year in excess of 1.

Once approved by the Synod Council, funds shall be distributed as specified in the approved grant.

VII. FUND DISSOLUTION

It is intended that the Fund shall be perpetual. However, it is recognized that the passage of time and changing circumstances may not make it possible to use the Fund for purposes for which it was originally intended. Should that situation develop, the Synod Council may authorize other uses of the income and principal consistent with the charitable and religious purposes of the Synod, and consistent with federal and state law while at the same time preserving the principal of those gifts designated by the donors to be perpetual.

VIII. AMENDMENT

These Policies and Procedures may be amended by vote of two-thirds of the members present at a duly constituted meeting of the Synod Council.