

**BYLAWS**  
**OF**  
**FAITH LUTHERAN CHURCH**  
**SEGUIN, TEXAS**

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# **BYLAWS OF FAITH LUTHERAN CHURCH SEGUIN, TEXAS**

## **C4 - MISSION STATEMENT**

C4.03.01 "Faith Lutheran Church, as a redeemed people of God, is dedicated to sharing Christ's love with each other and with our neighbors by worshipping God, serving all people, and nurturing growth in our congregation and the World."

## **C8 - MEMBERSHIP – INACTIVITY**

C8.05.e1 The Congregation Council shall have oversight of this Congregation's membership roll, the proper classification of Congregational membership, and the responsibilities under this section.

a. Members who have moved away from the geographic area served by this Congregation shall be contacted within six (6) months by mail, telephone, or electronically. It shall be communicated to them that they will remain on the membership roster for one (1) year after date of contact unless they transfer to another church before then. This communication with such members shall also include steps needed to transfer their membership to a church in their area. Removal of members from the membership roster does not apply to those in school, in the armed services, or similar temporary situations.

b. When a member who lives in the geographic area served by this Congregation has not worshiped for one year, he or she will be contacted thereafter by either a visit, phone call or by mail. Members who have not returned to worship, nor transferred their membership, nor expressed their intention concerning continued involvement with the church shall be removed from the membership roster after one (1) year from initial date of contact. When appropriate, the Congregation Council may make exceptions to this rule.

c. Members who have been dismissed, or who are definitely known to have become members of other congregations with or without transfer, will be removed from the membership roll and will have lost membership in this Congregation and all rights pertaining thereto.

d. Removal of members from the membership roster does not apply to individuals who are home-bound, in elder care, or under confining disability.

## **C9 - THE PASTOR**

C9.09.01 The pastor and his family shall live within 15 miles of the Faith Lutheran property. Exceptions can be made by Congregation Council with two-thirds majority vote of council members.

C9.09.02 If there is no Church Administrator, the Senior Pastor shall have direct oversight of all staff and shall conduct an annual review in accordance with the job description created by the Human Resources Committee, and make a

report to the Congregation Council with recommendations concerning pay and continued employment at the October meeting of the Congregational Council.

## **C10 - CONGREGATION MEETING**

C10.01.01 The power and authority of this Congregation shall be exercised through the Congregation Meeting, called and held in conformity with the provisions of the Constitution, Bylaws and continuing resolutions of this Congregation.

C10.01.02 The regular meetings of this Congregation shall be held at a time and date set by the Congregation Council.

C10.01.03 A meeting of this Congregation may, by majority vote, recess to reconvene upon call, provided that the time and place of such a reconvened meeting must be announced at a public meeting or service of this Congregation, or written notice be mailed to the voting members not less than ten (10) days in advance of the reconvened meeting.

C10.01.04 The order of business at regular meetings shall be set by the Congregation Council and published (at a minimum) on each of the two Sundays prior to the meeting.

C10.03.01 Official notice of a meeting of this Congregation and the agenda shall be in writing and shall be posted conspicuously in the place where this Congregation customarily worships. In addition, notice shall be made to the voting members not less than ten (10) days in advance of the meeting. Such notice shall state the time, the place, and the purpose of the meeting. It shall be signed by the Congregation President or by the persons who have called the meeting, in accordance with Chapter 10 of the Constitution.

C10.06.01 The current roster of voting members of this Congregation shall be available at each meeting of this Congregation. Each voting member shall have one vote and must be present at any meeting to cast that vote.

C10.07.01 A parliamentarian shall be appointed at the discretion of the Congregation President or Congregation Council.

C10.08.01 In elections of Congregation Council members, the candidates receiving the highest number of votes will be elected to the number of open positions each year. In case of a tie for the last position, there will be a run-off election between the candidates who have the same number of votes; the candidate receiving the most votes in the subsequent ballot will be declared the winner for that position.

C10.08.02 In elections for delegates to the Lutheran association convention or other meetings, in the event there are more than two candidates for a single position and no candidate receives more than 50% of the vote on the first ballot, a run-off election will be held for the two candidates receiving the most votes on the first ballot. The person receiving a majority in the subsequent ballot will be the newly elected delegate. When no more than two candidates are on the ballot for a single position, the candidate receiving the greater number of votes shall

be declared elected. Ties will be decided by a re-vote. A second tie will be decided by a flip of a coin by the Congregation President or his/her designee . Alternate candidates may be elected.

C10.08.03 Voting shall be by secret ballot unless there is only candidate per position:

- a. to elect Congregation Council members and delegates and alternate delegates to Lutheran association conventions or meetings (see C12.03 of the Constitution);
- b. to call a pastor or to terminate a pastor's call (see C9.01 and C9.06 of the Constitution);
- c. to decide the expulsion of a member from this Congregation (see C18.05 of the Constitution);
- d. to remove a member from office in this Congregation (see C12.05.02 and C12.05.03 of the Bylaws);
- e. to approve or sever membership in a Lutheran association (see C6.02 and C6.03 of the Constitution); and/or
- f. to purchase, encumber, or dispose of real property (see C5.04 and C12.06 of the Constitution).

## **C11 - DUTIES OF OFFICERS**

11.01.01 Officers of this Congregation:

- a. The Congregation President shall:
  1. call and preside at all congregational meetings.
  2. preside at meetings of the Congregational Council.
  - 3.enforce the Constitution and Bylaws of this Congregation and carry out the expressed will of this Congregation as embodied in the resolutions of the voting membership.
  4. appoint a Recording Secretary, to be ratified by Congregation Council, who shall serve during the President's term of office. The Recording Secretary shall be present at all meetings of this Congregation, the Congregation Council, and the Executive Committee and shall enter the minutes of all meetings of said groups in a permanent record book. In general, the Recording Secretary shall perform all the duties normally pertaining to that position and such additional duties as the Congregation President or Congregation Council may delegate. This may be a paid position; however, the Recording Secretary shall not be a member of the Congregation Council, or a member of any Standing Committee or Ministry Team. The Recording Secretary must be a member of Faith Lutheran Church, and must sign a confidentiality statement. If the Congregational President later chooses to dismiss the Recording

Secretary, the dismissal must be ratified by the Congregational Council.

5. appoint tellers and a parliamentarian for Congregation meetings. (See Bylaw 10.07.01).

6. endeavor to coordinate the functions, plans, and activities of this Congregation in all its parts for the total furtherance of Christ's Kingdom in our midst.

b. The Congregation Vice President, in the absence of the Congregation President, shall act for and on behalf of the Congregation President. The Congregation Vice President shall be available for whatever duties the Congregation President shall assign, as well as:

1. The Congregation Vice President or the Church Administrator, if any, shall be empowered to act with the Emergency Management Team to ensure the physical safety and security of Church property or individuals on-site in any emergency which risks imminent harm or damage to persons or property, or major disruptions to church operations.

2. chair the Human Resources Committee.

c. The Congregation Secretary shall:

1. keep the minutes and continuing resolutions of the Congregation Council and of the Congregation;

2. update and preserve the Congregation's archives.

3. serve as the Corporation Secretary when legal instruments must be signed.

d. The Congregation Treasurer shall:

1. sign or review all checks for payment of bills, salaries, and all other financial commitments of this Congregation;

2. procure and maintain adequate Directors' and Officers' insurance, Errors and Omissions insurance and a surety bond to cover employees and volunteers who handle church funds;

3. together with the Church Administrator, if any, Financial Assistant and/or contracted CPA shall:

a. be responsible for accurate recording of this Congregation's receipts and disbursements in accordance with generally accepted accounting principles;

b. be responsible for the accurate recording to the donors' records all contributions received and for sending annual

giving statements to the donors by January 31<sup>st</sup> of each year or in accordance with IRS rules;

c. be responsible for remittance of benevolence/mission support and other designated offerings;

d. be responsible for the prompt payment of salaries and bills as requested by Standing Committees, Ministry Teams, officers, staff, or pastors and within the approved budget (Programs of Christ's Ministry) and available cash flow;

e. coordinate expenditures in such a way that an adequate balance is retained for payment of salaries and regularly recurring expenses;

f. Provide a report of all monies received through worship services, special offerings, or any other source;

g. Present written financial statements (and in comparison to budget) at meetings of the Congregation Council and this Congregation;

h. annually submit end-of-year financial statements and records to the Financial Review Committee and every even year to the Audit Committee for an external audit;

i. have available for all Ministry Teams a current record of their accrued disbursements and budget (Programs of Christ's Ministry) allotment;

j. provide this Congregation with any requested financial information;

k. monitor the cash position of this Congregation and invest available funds as directed by the Congregation Council; and

l. file all required State and Federal tax forms. Arrange to borrow and/or refinance funds as directed by this Congregation in C5.04.e of the Constitution.

e. The Congregation Assistant Treasurer shall:

1. In the absence of the Treasurer, act as Treasurer in all capacities, including on the Executive Committee; and

2. Serve as Chair of the Endowment Committee.

## **C12 - CONGREGATION COUNCIL**

C12.01.01 Each member of the Congregation Council shall be a voting member of this Congregation. The Congregation Council shall consist of ten members. Spouses and immediate family members living at home may not concurrently serve on the Congregation Council or any Standing Committee.

C12.01.02 All Congregation Council members shall annually sign a conflict of interest statement to be filed with the Church Administrator, if any, or the Executive Committee.

C12.03.01 The required number of Congregation Council Members shall be elected for a two year term at each January meeting as current terms expire.

C12.03.02 Terms of office shall begin upon election and end upon election of a successor.

C12.03.03 Each year immediately after election of the new Council members, officers (President, Vice-President, Secretary, Treasurer and Assistant Treasurer) will be elected by the members of Congregation Council from among its members. These officers will also serve as the officers of this Congregation.

C12.03.04 Each year after election of the new Council members, each Council member with the exception of the Council President and the Treasurer, will be assigned as Congregation Council liaison to one of this Congregation's Ministry Teams. (See C16.01.01 of the Bylaws.)

C12.05.01 The duties of the Congregation Council shall be to:

a. lead this Congregation in defining and fulfilling its mission, do long-range planning, set goals and priorities, and evaluate its activities in light of its mission and goals;

b. seek to involve all participants of this Congregation in worship, learning, witness, service, and support;

c. oversee and provide for the administration of this Congregation to enable it to perform its functions and fulfill its mission;

d. maintain supportive relationships with the pastor(s) and staff and help them annually to evaluate the fulfillment of their calling or employment;

e. The Senior Pastor shall review all staff under his supervision and

f. be examples individually and corporately of the style of life and ministry expected of all baptized persons;

g. promote a congregational climate of peace and goodwill, and, as differences and conflicts arise, endeavor to foster mutual understandings;

h. arrange for pastoral service during the sickness or absence of the pastor;

i. explore and implement cooperation with other Lutheran bodies and with other denominations; and

j. seek out and encourage qualified persons to prepare for the ministry of the Gospel.

C12.05.02 Any Council Member of this Congregation who willfully neglects the duties of the Member's office or has been convicted of, or placed on deferred adjudication by any Court of Law for an offense involving theft, fraud, moral turpitude or misappropriation of property or any felony offense may be removed

by a two-thirds majority vote of the voting members present and voting in a meeting of this Congregation with a quorum present (see Section C10.04 of the Constitution).

C12.05.03 The Congregation Council may hire a Church Administrator to serve this Congregation by providing overall direction and executing the decisions of Council and the Committees regarding the property, legal, financial, and business affairs of the Church, and providing leadership to and supervision of staff and volunteers involved in church administration.

a. The Congregation Council will have the authority to hire or terminate a Church Administrator by at least a two-thirds majority ballot vote of Council members present and voting at a regular or special called meeting of the Congregation Council.

b. Specific duties, responsibilities, and authority delegated to the Church Administrator shall be detailed in a job description prepared and recommended by the Human Resources Committee and approved by the Congregation Council. The job description may be amended from time to time by the Human Resources Committee with any recommended amendments submitted to the Congregation Council for approval.

c. The Church Administrator and all paid non-Called staff shall be at-will employees who may be hired or terminated at will by the Senior Pastor who shall immediately report such actions to the Congregational Council.

C12.05.04 It shall be the specific functions of the Congregation Council to:

a. serve as the point of liaison between the pastor(s) and the various Ministry Teams in planning the total work of this Congregation;

b. settle disagreements between the Committees and / or Ministry Teams that cannot be resolved by the affected Committee / Team members

c. present to this Congregation, at its January meeting, a report on the prior year's activities, a plan of activity for the coming year, as well as long-range plans for the development of Programs for Christ's Ministries. The Congregation Council may hold an annual meeting, including both the current and most recent outgoing members, to insure continuity of long-range planning;

d. prepare the agenda for this Congregation's meetings;

e. set the dates and times for this Congregation's meetings;

f. appoint the Nominating Committee and any other Standing Committees or Task Force members as required and at the time required by these Bylaws;

g. prepare and submit an annual budget (Programs of Christ's Ministry) to this Congregation as determined in consultation with the Budget Committee;

h. authorize expenditures that exceed the overall approved budget (Programs of Christ's Ministry) as indicated in C12.06 c of the Constitution;

i. the President, Vice President, Treasurer and Assistant Treasurer shall serve as authorized signers on bank and investment accounts owned by the church.

C12.05.05 The Congregation Council is a decision-making body and also serves as a forum where the activities of all Standing Committees and Ministry Teams may be discussed, evaluated, and coordinated, and where all such activities may be integrated into an overall congregational program. The Congregation Council shall be available at all times, however, for any additional functions which this Congregation may wish to confer upon it.

C12.10.01 The Congregation Council shall meet at least ten (10) times yearly with the time, place, and agenda of the meeting clearly posted. Any Council Member who misses three (3) meetings of the Congregation Council in one year is subject to removal upon vote in favor of removal by a two-thirds majority of the Congregation Council members present and voting at a regular or special called Congregation Council meeting.

C12.10.02 The Congregation Council shall keep a final set of minutes for each meeting, and such minutes shall be the property of this Congregation and available to any Congregation voting member upon request.

### **C13 - EXECUTIVE COMMITTEE**

C13.04.01 The Executive Committee, by majority vote, shall set the agenda for the meetings of the Congregation Council.

C13.04.02 The Executive Committee shall be responsible, within the existing structure of this Congregation, for coordinating the day-to-day activities of the church and resolving areas of conflict that may arise among the Committees, and in consultation, as appropriate, with responsible Committees.

C13.04.03 The Executive Committee shall be responsible to execute contracts on behalf of this Congregation as authorized by this Congregation or the Congregation Council unless another person is directed by the Congregation Council to do so.

C13.04.04 The Executive Committee shall review the performance and the job description of the pastor(s) annually.

### **C15 - STANDING COMMITTEES AND TASK FORCES**

C15.01.01 The Nominating Committee, consisting of at least five (5) voting members of this Congregation shall be appointed by the Congregation Council at their first meeting after the January congregational meeting. Members of the Nominating Committee who are currently members of this Congregation for a minimum of five (5) years. At least two (2) of the members, if possible, shall be outgoing members of the Congregation Council. The chair of the Nominating Committee shall be appointed at the same meeting. Appointment shall be for a term of one (1) year with members eligible to serve not more than two (2) consecutive terms. A member may be eligible to serve again on this Committee after a one-

year period of separation from service to this Committee has occurred. The pastor(s) may serve as advisory member(s) with no vote.

C15.01.02 For each position, the Nominating Committee shall strive to nominate more than one candidates. Through consultation with the pastor(s), the Nominating Committee shall investigate the willingness to serve and eligibility of all candidates for:

- a. Congregation Council as listed in C12.01.01 and C12.03.01 of the Bylaws.
- b. Delegates and alternates to Lutheran association conventions.

C15.01.03 The selections of the Nominating Committee shall be made known to this Congregation at least two (2) weeks before the meeting at which the election is to take place.

C15.01.04 Following the publication of the Nominating Committee's list, any voting member of this Congregation may submit to the Committee additional names for inclusion on the list, and such names shall be placed in nomination by the Committee along with the candidates already chosen, provided:

- a. That such names shall be submitted at least three (3) weeks before the date of the election meeting;
- b. That the Nominating Committee, through consultation with the pastor(s) shall have investigated the status of the proposed candidates and found them eligible for office and willing to serve.

C15.01.05 The Nominating Committee, at least two (2) weeks before the date of the election meeting, shall publish on the church bulletin board and in the church bulletin and/or newsletter the candidates listed in C15.01.02 of the Bylaws.

C15.01.06 Any Nominating Committee Member who accepts a nomination for any of the positions in C15.01.02 of the Bylaws must resign as a member of the Nominating Committee.

C15.02.01 The Financial Review Committee, consisting of at least four qualified voting members of this Congregation other than the Treasurer and Church Administrator shall be appointed by the Congregation Council. The Council shall name one of the Audit Committee Members as Chair. Appointment shall be for a term of two (2) years with members eligible to serve not more than two (2) consecutive terms. A member may be eligible to serve again on this Committee after a one year period of separation from service to this Committee has occurred. Unless this Congregation authorizes an external audit, the Audit Committee shall audit the financial records of this Congregation. There should be an external audit every 5 years and at the departure of the pastor. The Audit Committee or external auditor shall submit the Audit Committee's or auditor's report at the January semi-annual meeting of this Congregation. Any pastor(s) called or under contract by this Congregation shall not serve as either advisory or voting member(s) of the Audit Committee.

C15.02.02 For financial purposes, the fiscal year of this Congregation is the calendar year.

C15.03.01 A Call Committee of at least seven (7) voting members of this Congregation shall be appointed by the Congregation Council. The Committee Members' term of office will terminate at the installation of the newly called pastor. The Call Committee shall elect the Chair of the Committee.

4C15.04.01 The Human Resources Committee shall consist of the Council Vice President, who shall serve as Chair of the Committee, and six voting members of the church appointed by the Congregation Council. Appointment to said Committee shall be for a term of two (2) years with members eligible to serve not more than two (2) consecutive terms. A member may be eligible to serve again on this Committee after a one-year period of separation from service to this Committee has occurred.

C15.04.02 The Human Resources Committee shall create and/or review a job description for each salaried position annually. The Human Resources Committee shall also review benefit plans and health insurance and make recommendations to the Congregational Council by November 1 each year.

## **C16 - MINISTRY TEAMS**

C16.01.01 Each year after election of the new Council members, each council member will be assigned as Congregation Council liaison to one of the following Congregation Ministry Teams:

a. Fellowship and Social Concerns. The purpose of this Ministry Team is to encourage and plan activities that enable our membership to grow closer to each other and provide an opportunity for those who do not have a relationship with Jesus to be among Christians in a fun setting. This Ministry Team also shares the Gospel and ministers to people locally by identifying the needs and social concerns within the community and the congregation.

b. Evangelism and Outreach. The purpose of this Ministry Team is to assist the congregation in following Christ's command to "go and make disciples" by being His witness in the community as well as around the world. This is accomplished as we regularly pray for the lost, build authentic relations with people far from God and actively share our faith with those who don't know Christ. We also support and/or implement mission activities in the community and around the world.

c. Preschool. The purpose of this Ministry Team is to support and enhance the ministry of Faith Lutheran Preschool and to plan activities that encourage the spiritual lives of the families that attend our preschool ministry.

d. Property Management. The purpose of this Ministry Team is to provide proper maintenance and care for all property owned by the Congregation. Routine inspection is essential to our work so that proper upkeep can be planned and major renovations can be adequately anticipated.

e. Stewardship. The purpose of this Ministry Team is to encourage thankful and regular giving to the Lord's work through the participation of all members by their giving of time, talents, and resources in the ministry of Christ's Church.

f. Worship and Music. The purpose of this Ministry Team is to work with the Pastor and the music leaders to plan and design worship services that will help the congregation experience their relationship with God, grow in the knowledge of God, and help them live more faithfully as a Christian community.

g. Children's Ministry. The purpose of this Ministry Team is to evaluate, enrich, and support programs while exploring new materials, plans, and ideas for the spiritual growth of our members through Christian Education.

h. Youth Ministry. The purpose of this Ministry Team is to reach youth with the Gospel of Jesus Christ and build disciples for Christ, equipping them to share their faith with others.

C16.01.02 The Council liaison for each Ministry Team shall be responsible for providing support for the Team's goals and objectives for the year in conjunction with the annual budget (Programs of Christ's Ministry) and Congregation Council's annual plan identified in C12.05.04, monitor its progress, and report at each Congregation Council meeting.

C16.01.03 The time and frequency of Ministry Team meetings shall be at the discretion of the Congregation Council, except that, for good and sufficient reason, the Executive Committee may call a meeting of any Ministry Team. Meetings thus called shall be classified as special meetings, and each team member involved shall be provided three (3) days' notice of the date, time and purpose of such a meeting.

C16.02.01 The Congregation Council shall select the members of each Ministry Team. Any Team Member is subject to removal from that Team upon vote in favor of said removal by a majority of said Team Members and ratified by a majority vote of the Congregation Council.

C16.03.01 Each Ministry Team shall initiate and carry out such activities and programs within this Congregation as will enable it to effectively perform the functions and duties assigned to it by the Constitution, Bylaws, and continuing resolutions, or by specific resolution of this Congregation or Congregation Council.

- C16.03.02 Each Ministry Team shall appoint one of its members to serve as Chair of the Team. The Chair of each Team may preside at the meetings of the Team. The Chair of the Team may also attend any meeting of the Congregation Council when there is an action item to present. When a Team Chair attends a Congregation Council meeting, the Team Chair shall have voice but no vote at such Congregation Council meeting. If the Team Chair is unable to preside at Team meetings or attend Congregation Council meetings if needed, he/she may appoint a designee.
- C16.03.03 Each Ministry Team shall submit a check request or request for reimbursement to the Treasurer, Church Administrator, or his/her appointee for disbursement of funds as set aside by budget (Programs of Christ's Ministry) appropriation provided that this Congregation or Congregation Council may, at its discretion, restrict such expenditures to conform to the actual financial condition of this Congregation at any given time.
- C16.03.04 Each Ministry Team shall keep a final set of minutes for each of its meetings. Such minutes shall be the property of this Congregation and filed with the Church Office within one week of their approval. Copies of the minutes from each Ministry Team meeting will be made available to all Council members at each Council meeting and shall be available on request by any Congregation voting member.
- C16.03.05 Each Ministry Team shall submit a report of its activities at the January meeting of this Congregation, and on such other occasions as this Congregation shall require. Such reports shall include specific recommendations (if any) for congregational action and/or approval.

**Effective Date:**

## **EXHIBIT A**

### **“THE FAITH LUTHERAN CHURCH ENDOWMENT FUND and ENDOWMENT FUND COMMITTEE” with REVISIONS**

## **ENDOWMENT FUND**

1. The Resolution and Declaration Creating "The Faith Lutheran Church Endowment Fund" was accepted by Faith Lutheran Church (this Congregation) in January 1993. The purpose of the Endowment Fund is to provide an effective method of management and distribution of special gifts made by benefactors of this Congregation to perpetuate the work of the church for generations to come. Assets specifically designated for The Faith Lutheran Church Endowment Fund (The Fund) shall be placed in the Faith Lutheran Church Endowment Fund Account and deposited with the Congregation Treasurer.

2. Any dissolution of the corporate entity known as Faith Lutheran Church (as opposed to a reorganization or restructuring) will automatically terminate The Fund and the undesignated principal and undesignated income of The Fund will, upon dissolution, be distributed to tax exempt charitable organizations chosen by the Congregation Council and ratified by this Congregation at a Special Called Meeting of this Congregation, in accordance with the Constitution (C10.02). No recipient of funds shall have the power to anticipate, encumber, or transfer their interest in these funds in any manner.
3. At the time a gift is presented to The Fund, the donor may make specific designations as to the gift/principal and/or the growth/income derived from that gift/principal. The Committee (see part II), upon Executive Committee approval, may elect to accept, reject or redirect any designated gift. Designated principal and/or income will be kept in a separate fund within The Fund and shall be administered and distributed in accordance with the terms and conditions set by the donor.
4. Undesignated principal, growth/income shall use a Spending Plan of Four (4%) Percent of The Fund Balance as of September 30, of each calendar year. The distribution shall occur in the next Calendar Year(s). The distribution of funds shall be used for purposes that are in harmony with the philosophy of the congregation of Faith Lutheran Church, as determined in Section V. As to undesignated funds, neither principal nor growth/income shall be used for normally budgeted operating expenses of the church, except in the case of dire emergency and upon approval of sixty (60%) percent majority ballot vote of the Voting Members present and voting, at a meeting of this Congregation with a quorum present (see Section C10.04 of the Constitution) specially called for this purpose.

## **ENDOWMENT FUND COMMITTEE – Structure**

The Faith Lutheran Church Endowment Fund Committee (herein called The Committee) is hereby established as follows:

1. The Committee shall consist of The Congregation Assistant Treasurer, who shall serve as the Chairperson, and five (5) elected members, all of whom shall be Voting Members of Faith Lutheran Church. The term of each member shall be two (2) years. Thereafter at each January semi-Annual Meeting, this Congregation shall elect the necessary number of members for a term of two (2) years. No member shall serve more than three (3) consecutive terms. A partial term shall not be counted for this purpose. A former committee member may be re-elected after a lapse of one (1) year after the completion of his/her third term.
2. In the event of a vacancy on The Committee, the Executive Committee by majority vote shall forthwith elect a member to fill the vacancy until the next semi-annual meeting of this Congregation, at which time this Congregation shall elect a member

to fill the vacancy for the remainder of the term. In the event the vacancy is not filled within forty-five (45) days after it occurs, this Congregation may fill it at a special meeting called for that purpose.

3. The Congregation Council shall nominate candidates for The Committee and report its slate of nominees at the January semi-Annual Meeting. The Congregation Council may, but is not required to, offer more nominations than committee vacancies to be filled. Nominations may also be made from the floor. Voting Members of this Congregation at the January semi-Annual Meeting may vote for as many persons as there are vacancies to be filled by that election. The votes may not be cumulated. The person or persons receiving the greater number of affirmative votes at the January semi-Annual Meeting shall be elected to fill the vacancy or vacancies.
4. The Committee shall elect from its membership a vice-chairperson, a financial secretary and a recording secretary.
5. The Committee shall meet at least quarterly at a location and a time fixed by resolution of The Committee and more frequently as it may be deemed by it for the best interests of The Fund. Special meetings may be called on seventy-two (72) hours written or oral notice to the members of The Committee by the chairperson or any three members. No notice other than recording of the resolution of the board fixing the time of the regular meetings need to be given the members. Each member is charged with knowledge of the contents of the Minutes Book. If all members are present, consent in writing to the minutes by a member of The Committee shall constitute his/her approval of the action reflected in the minutes and taken at the meeting and shall have the same force and effect as though he/she had been present and voting at the meeting reflected by the minutes.
6. A quorum shall consist of four (4) members. Any motion or resolution having to do with the pledging or mortgaging of The Fund assets, the guaranty of any debt, the borrowing of money, or the lending of money shall require five (5) members present and the majority voting for its passage. The affirmative vote shall carry the motion or resolution. After affirmation, it shall be directed to The Executive Committee, prior to final approval and action by the Congregation Council.
7. The Congregation Council shall establish written rules and regulations as may be necessary for the conduct of The Endowment's business. It shall use a Spending Plan of Four (4%) Percent of The Fund Balance as of September 30, of each calendar year for the following Calendar Year(s). Absent adopted standards and goals to the contrary, The Committee, upon approval of The Executive Committee, shall conduct its business in accordance with standards for trust management and investment as set out in Section 113.056 of the Texas Trust Code, as presently enacted, or as it may be amended in the future.
8. The chairperson, or in his/her absence, the vice-chairperson, shall preside at all Committee meetings.

9. No member of The Committee shall engage in any self-dealing or transactions with The Fund in which the member of The Committee 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. All Committee members shall annually sign a Conflict of Interest Statement to be filed with the Church Administrator, if any, or Executive Committee.
10. A member of The Committee who is absent from two (2) consecutive meetings shall be consulted by the President of this Congregation; if a member is absent from two (2) consecutive regular meetings without valid excuse, The Executive Committee may declare the position vacant.
11. If, in the judgment of the Executive Committee, a member of The Committee is no longer able to serve satisfactorily on The Committee, he/she may be removed from office by majority vote of the members present at a duly called Executive Committee meeting. Before the vote, all parties, including all members of The Committee, shall have the opportunity of being heard. The Committee member who is requested to appear before the Executive Committee shall be advised, in writing, no less than ten (10) days prior to the hearing. The written notice shall include the time and place of the hearing and shall specify the exact reason for possible removal from office. If that person fails to appear at the time and place without valid excuse, the Executive Committee may proceed with the hearing, may reach its conclusions in the absence of that person, and may proceed to vote on removal.
12. The Committee members shall not be liable for any losses which may be incurred upon the investments of the assets of the Endowment Fund except to the extent such losses shall have been caused by bad faith and/or gross negligence. No member shall be personally liable unless he/she acts in bad faith and/or with gross negligence. Each member shall be liable only for his/her own willful misconduct or omissions, and shall not be liable for the acts and/or omissions of any other member.

## **ENDOWMENT FUND COMMITTEE – Duties**

1. The Committee shall solicit and research recommendations and shall make recommendations, according to the Plan of Distribution and Spending Plan of Four (4%) Percent of The Fund Balance as of September 30, of each calendar year, to the Executive Committee; and upon approval of the Executive Committee, it shall make a recommendation to the Congregation Council pertaining to the distribution. After that event, the Congregation Council shall make the recommendations to this Congregation and, upon a majority vote at the December semi-Annual Meeting, the distribution shall occur. This Congregation may approve or disapprove the recommendations, and may approve or disapprove recommendations presented by motion during the meeting.

2. The Congregation Treasurer shall maintain accounts with banks and brokerage firms as The Committee may by resolution authorize and determine. All checks and other documents transferring or expending any funds or assets in The Fund shall be executed by the Congregation Treasurer and the Financial Secretary of The Committee.
3. The members of The Committee, at the expense of The Fund, shall provide a corporate fidelity bond in a principal amount to be determined from time to time by the Executive Committee. At its discretion, and upon approval of the Executive Committee, The Committee may employ, at the expense of The Fund, such professional counseling on investments and legal matters as it deems to be for the best interest of The Fund. It is also empowered to employ a corporate trustee / trustees to invest assets of The Fund under customary agency relationships and to delegate to it in the name of Faith Lutheran Church any powers with reference to investments held by The Committee and the Congregation Treasurer. After The Fund reaches a (September 30) balance of \$400,000.00; The Fund shall employ two (2) or more trustees to invest the assets of The Fund.
4. The Committee shall report, in writing, to the Executive Committee a week before the next regular Congregation Council meeting following The Committee's regular quarterly meeting. The report to the Congregation Council shall cover the preceding quarter. The Committee shall present to this Congregation, annually at the December semi-Annual Meeting, a report covering the preceding calendar year. The report shall contain a total of all receipts and disbursements for the period and a list of all assets in The Fund as of the end of the period. The report shall be comprehensive (specifically as to whether receipts and disbursements are designated) and shall contain all information believed by The Committee to be important. The report shall be signed by the chairperson, or in his/her absence, the financial secretary or vice-chairperson. The Committee shall maintain complete and accurate book of accounts in accordance with standard accounting procedures and may employ such professional help as it deems necessary in this connection. It shall keep the records so to be reviewed annually, in the same manner as other financial records of this Congregation are reviewed and audited (see Bylaws C15.02.01).
5. The recording secretary shall maintain complete and accurate minutes of all the meetings of The Committee and supply a copy thereof to each member within seven (7) days after the meeting.
6. If The Committee determines at any time that the continuation of The Fund is inappropriate, it shall communicate this information to the Congregation Council. The Congregation Council will present this information to this Congregation. At that time, by 60% majority vote of Voting Members present and voting, assuming that a quorum exists and that the meeting is properly called, this Congregation may terminate this Fund. If the decision is to terminate The Fund, assets within The Fund will be distributed as though a dissolution of the corporate entity known as Faith Lutheran Church shall have occurred (see I-2).

## ENDOWMENT FUND COMMITTEE – Powers

1. The Committee, upon approval of the Executive Committee, or any successor or successors, is hereby authorized to have and exercise in its absolute discretion with reference to The Fund for and on behalf of and in the name of Faith Lutheran Church the following powers in addition to all powers held by Faith Lutheran Church with reference to The Fund, to-wit:
  - a. To receive the capital gains, interest and dividend income, profits, rents, and proceeds of The Fund, and to collect and receipt for the same, and pay all administrative and other necessary expenses in connection with it.
  - b. To accept or reject or redirect designated funds, whether such designation is as to principal or earnings, and, if accepted, which designated funds and/or designated earnings shall be disbursed as directed by the approved agreement between The Committee and the donor or the donors executor, administrator, heir, assign, or successor.
  - c. To purchase or otherwise acquire, and to retain, whether originally a part of The Fund or subsequently acquired, any and all stocks, bonds, notes, or other securities, or any variety of real or personal property including stocks or interests in investment trusts, and engage in any capacity or form of business organization of any kind or character, as it may deem advisable and for the best interest of The Fund and the purposes for which it is established. Investments need not be diversified and may be made or retained with a view to a possible increase in value. The Committee may at any time render liquid The Fund, in whole or in part, and hold cash or readily marketable securities of little or no yield for such period as they may deem advisable.
  - d. To sell, lease, pledge, mortgage, transfer, exchange, convert or otherwise dispose of, or grant options with respect to, any and all property at any time forming a part of The Fund, in such manner, at such time or times, for such purposes, for such prices and upon such terms, credits, and conditions as it may deem advisable. Any lease by The Committee may extend beyond the duration of The Fund.
  - e. To borrow money for any purpose connected with the protection, preservation, or improvement of The Fund whenever in its judgment advisable.
  - f. To vote in person or by general or limited proxy with respect to any shares of stock or other securities held in The Fund, to consent, directly or through a committee or other agent, to the reorganization, consolidation, merger, dissolution or liquidation of any corporation in which The Fund may have any interest, or to the sale, lease, pledge, or mortgage of any property by or to any such corporation; and to make any payments to take any step which it may deem necessary or proper to enable it to obtain the benefit of any such transaction.
  - g. To hold investments in the name of a nominee.
  - h. To pay, compromise, compound, adjust, submit to arbitration, sell or release any claims or demands related to The Fund against others or of others against The Fund as it shall deem advisable, including the acceptance of deeds of real

property in satisfaction of bonds and mortgages, and to make any payments in connection therewith which it may deem advisable.

- i. To determine whether and to what extent to maintain reserves for depreciation, obsolescence, and taxes and other liabilities and to make provisions therefore.
  - j. To execute and deliver any and all instruments in writing which it may deem advisable to carry out any of the foregoing powers. All documents relating to the transfer or expenditures of any income or assets in The Fund or encumbrance thereof shall be signed by the chairperson and vice-chairperson or the financial secretary of The Committee. No party to any such instrument in writing signed by these persons shall be obligated to inquire into its validity, or be bound to see the application by The Committee of any money or other property paid or delivered to it pursuant to the terms of any such instrument.
  - k. To retain any business interest, as shareholder, security holder, creditor, partner, proprietor, or otherwise, even though it may constitute all or a large portion of The Fund, to participate in the conduct of any business and take or delegate to others the discretionary power to take any action with respect to its management which an individual could take as owner of the business, including the voting of stock, and the determination of all questions of policy; to execute partnership agreements and amendments thereto; to participate in any incorporation, reorganization, merger, consolidation, recapitalization, liquidation, or dissolution of any business or any change in its nature; to invest additional capital in, subscribe to or buy additional stock or securities of, or make secured, unsecured, or subordinated loans of any business without independent investigation; to elect or employ, as directors, officers, employees, or agents of any business, and compensate, any persons including a director, officer, or agent of trustee; to deal with and act for any business in any capacity; and to sell or liquidate any interest in any business.
2. Members of The Committee shall not receive monetary compensation for services but shall be reimbursed for any actual and necessary out-of-pocket expenses incurred in relation to The Fund, as approved by the Executive Committee.
  3. For the purpose of determining income and principal, stock dividends paid in stock or in cash shall be income.
  4. Rents, royalties, and cash dividends received from wasting assets (including without limitation cash dividends paid by oil, coal, lumber, or mining companies), extraordinary cash dividends other than liquidating dividends, and dividends payable in the stock of a corporation other than the corporation declaring or authorizing the same shall be income.
  5. The proceeds of the sale of unproductive and/or underproductive property, liquidating dividends and rights to subscribe to stock shall be principal.
  6. No sinking fund shall be created as to any security received or purchased at a premium or at a price in excess of the call or redemption price.
  7. All assets are to be held in the name of Faith Lutheran Church, Seguin, Texas

8. Any single investment of an amount greater than \$25,000.00 must be approved or rejected by the Executive Committee on or before fifteen (15) days from the date of the written request. If no action is taken by the Executive Committee, The Committee may proceed as if the recommendation is approved.
9. Neither principal nor income of the Endowment Fund is intended to be used as a source of personal and/or corporate loans or grants to members of The Committee, Pastors, employees or members of Faith Lutheran Church, except those consistent with the purpose and objectives in accordance with the distribution plan.

## CONCLUSION

The Committee, upon approval of The Executive Committee and the Congregation Council is empowered to administer and expend such other funds as may be given to Faith Lutheran Church and designated for deposit in The Fund under all of the powers, authority, restrictions, and for the uses and purposes, all provided herein.

**For advice and assistance in specific situations, the services of legal counsel, your accountant and/or financial consultant should be sought when considering this and/or any other gifts to Faith Lutheran Church, Seguin, TX**

## EXHIBIT B

1. **PURPOSE:** The William F. Lange Scholarship Fund was established in 2012 to honor the memory of the Founding and longtime Pastor of Faith Lutheran Church, Seguin.
2. **ADMINISTRATION:** In keeping with the wishes of the family and friends of Pastor Lange and with what was indicated at the time, it is an endowed fund to be administered by Faith Lutheran Church of Seguin. It is separate from the regular Faith Endowment. It is to be administered following the Constitution of Faith Lutheran Church and under the umbrella of the Congregation Council. All actions, other than decisions on investments, must receive approval of the Congregation Council. The Congregation Council may add to or change the rules and regulations with the approval of the Congregation.
3. **LANGE SCHOLARSHIP COMMITTEE:** The fund is to be administered by a special advisory committee elected by the Congregation at its annual meeting. The committee shall consist of seven members nominated by the Congregation Council. Nominated committee members shall be carefully selected on the basis

of their ability to oversee the management of assets and their interest in helping individuals to enter the Lutheran ministry and shall be active voting members of Faith Lutheran Church. Committee members shall serve for three year staggered terms and are limited to two (2) consecutive terms and then there must be a one year separation before they can again serve. One half of a term shall be considered a term. At the first election, two persons shall be selected for a one – year term, and two for two years and three for three years. A drawing shall be held for the terms.

The Scholarship Committee shall have the following duties:

- A. Oversee the investment of funds with the advice of a professional;
- B. Investments should be with limited risk and a goal of averaging five percent annually;
- C. Prepare a budget;
- D. Promote the Fund;
- E. Seek qualified applicants;
- F. Select recipients of scholarships;
- G. Funds should be given to the recipients, not the Seminary;
- H. Require an annual written report from recipients;
- I. Prepare and present a report to the Congregation annually;
- J. Candidates will be selected first locally, then from Texas and finally nationally;
- K. Recipients from Faith must have been members for two years;
- L. Seminaries attended must be accredited and recognized by the LCMC;
- M. Business shall be conducted following ROBERTS RULES OF ORDER;
- N. In order to encourage gifts and support, the first scholarship(s) in the amount of \$2,000 should be awarded for the 2016 – 17 academic year and taken from what is currently in the Fund: and
- O. The remaining funds shall be invested as soon as possible.

#### **4. ACCOUNTING:**

- A. Accounting should be according to standard accounting procedures.
- B. All contributions will be added to the principal.
- C. Scholarships should come from earnings, but not limited to earnings. If necessary, principal may be used.
- D. If Faith Lutheran leaves the LCMC, the Fund should remain with Faith.
- E. If the Faith Congregation should dissolve, the disposition of the William F. Lange Scholarship Fund should be determined by a vote of the Congregation.

