

ARTICLES RESTATING THE TERMS OF THE ENDOWMENT
FUND AND THE ENDOWMENT COMMITTEE OF THE
BAYSIDE PRESBYTERIAN CHURCH, INC.
OF VIRGINIA BEACH, VIRGINIA

January 1, 2015

I. Statement of Purpose

Christian stewardship implies a responsibility to make productive use of all God's gifts to humankind – time, talents and material possessions. The Trustees of Bayside Presbyterian Church, Inc., hereby affirms that stewardship is concerned not only with current income and its use, but equally with accumulated, inherited and appreciated resources. It is the belief and commitment of the Corporation, therefore, that the mission of this church should be expanded by providing opportunities for members to support the benevolent, educational and mission work of the whole church through special gifts and planned giving. Specifically, this church desires to enlarge the scope of the congregation's work and influence by:

- a) initiating, supporting and maintaining worthy community projects;
- b) participating more fully in the many avenues for service to God and to humankind offered by our denomination, including religious fellowship, worship and education;
- c) expanding its witness to Jesus Christ; and
- d) engaging in programs designed to attend to the needs and wants of the elderly, sick, poor, young, bereaved and handicapped, whether physically or mentally.

The Endowment Fund and provisions for its administration hereinafter provided for are intended to afford opportunities for tangible expression of Christian stewardship and to provide assistance to donors through a program of giving alternatives.

II. Establishment of the Endowment Fund

1. Establishment. The Session of the Bayside Presbyterian Church established the Endowment Fund of the Bayside Presbyterian Church to finance the accomplishment of the basic purposes stated in the Statement of Purpose. By subsequent action the Session voted in July of 2014 to place the Endowment Fund assets, and the management of such assets under The Bayside Presbyterian Church, Inc.
2. Kinds of Gifts. The Endowment Fund is intended to receive gifts, bequests, devises, memorials and other contributions of all types and amounts. Donations to the Endowment Fund may be made through outright gifts (in such forms as cash, securities, royalties, art, personal and/or real property), bequests in wills, charitable remainder trusts, assignments of life insurance, and other contributions of all types and amounts. Each donation to the Endowment Funds shall be made by paying, transferring, or otherwise delivering to the Endowment Committee the item or items of property representing such donation.
3. Restricted and Unrestricted – Gifts. Gifts received into the Endowment Fund may be either “restricted” or “unrestricted”. Donors, as well as the Trustees, may “restrict” contributions for any purpose or cause that is generally consistent with the purposes and mission of the Bayside Presbyterian Church and the Presbyterian Church (USA).

III. The Endowment Committee

1. Establishment. The Endowment Committee of the Bayside Presbyterian Church, Inc. was established for the purpose of administering the Endowment Fund, including receiving, promoting,

investing, expending and managing the donations to the Fund. The Endowment Committee shall function under the general oversight of the Trustees.

2. Membership. The composition of the Endowment Committee shall be not less than five members, but this number may be changed at any time and under such terms as may be determined by a majority vote of the Trustees of the corporation in accordance with the Book of Order. The Trustees shall endeavor to reflect the diversity of the congregation in the membership of the Endowment Committee. The members shall include (i) the current Moderator of the Stewardship Ministry (or its successor ministry/committee); (ii) the current Treasurer; (iii) at least one trustee of the corporation; and (iv) not less than two at-large members of the congregation. The Moderator of the Endowment Committee shall be approved by the Trustees, and should be an Inactive Elder of Bayside Presbyterian Church. The Endowment Committee will make nominations to fill any existing or anticipated vacancies on the Committee except in the case of the Moderator of Stewardship ministry and the Treasurer who serve on the Committee.

3. Recommended Membership Qualities. Qualities that should be represented on the Endowment Committee collectively include:

- a) Knowledge of the church and the community with sensitivity to human needs;
- b) Understanding of this church's ministry, its potential for service, and its Christian mission;
- c) A high degree of integrity, prudence, and demonstrated ability to function effectively in this type of endeavor;
- d) Commitment to Christian stewardship responsibilities; and
- e) Knowledge of the field of investments and ability to provide prudent investment advice in keeping with the purposes of the Endowment Fund and gifts.

4. Church Staff Involvement. While no minister or program staff member of Bayside Presbyterian Church shall be eligible to serve with voice or as a voting member of the Endowment Committee, members of the Committee may regard them as a resource for advice and consultation.

IV. Powers and Responsibilities of the Endowment Committee

1. Powers and Responsibilities. The Endowment Committee shall have the following powers and duties, subject to the approval by the Session in accordance with the Book of Order:

- a) To assume full responsibility for the sale, exchange, investment, reinvestment, transfer and general management of assets of the Endowment Fund, and opening and closing of accounts as it deems appropriate to achieve the general purpose;
- b) To appoint other officers and agents as deemed necessary for transactions of the business and affairs of the Endowment Fund, and to pay reasonable compensation to such persons (subject to the limitation of Article VI);
- c) To adopt operating rules, investment policies and regulations consistent with the basic principles set forth herein, and to make additions to and changes in such rules, which may be reviewed by the Trustees;
- d) To decline as a donation to the Endowment Fund any item or property that it deems inadvisable or improper to accept because of the type of the property or the terms of the gift, subject to the provisions established;

- e) To retain one or more independent fiduciaries to invest and/or administer part(s) of the Endowment Fund, if deemed in the best interests of the Church;
- f) To promote and seek in appropriate ways gifts and/or donations to the Endowment Fund;
- g) To encourage communication and involvement with mission and other stewardship activities;
- h) To assume the level of responsibility granted for investment, reinvestment, transfer and general management of other funds (both restricted and unrestricted) when and if the Session should elect to delegate such stewardship to the Endowment Committee; and
- i) To review funds and approved disbursements for consistency with the original intent of the donor.

2. Etheridge Fund. At the stated meeting of November 11, 2001, Session assigned responsibility for investment of the bequest of Edna E. Etheridge to the Endowment Committee. Under the terms of the will the bequest is "...to be held in separate restricted memorial fund in my name to encourage faithful living through Bible study, special preaching, worship, teaching, and other education opportunities as provided by recognized Christian leaders and teachers recommended by the senior pastor and approved by the Session of Bayside Presbyterian Church for the glory of God and the strengthening of the Church. It is my intention that this fund not be used in the normal operations of Bayside Presbyterian Church or its capital improvements or benevolences but rather such Fund is to be used to provide for additional and unique activities as described above." Expenditures from this fund may be from corpus or earned income.

V. Meetings

- 1. Regular Meetings. The Endowment Committee shall hold regular meetings not less frequently than quarterly at such time and place as the Committee shall determine. Notice to members of all meetings of the Endowment Committee shall be required.
- 2. Special Meetings. The Moderator of the Endowment Fund, or three (3) members of the Endowment Committee, may call a special meeting of the Committee at any time. All members of the Committee shall be notified at least 72 hours before the time of such meeting is scheduled.
- 3. Quorum and Committee Action. The presence in person and/or by telephone conference call of a majority of the Endowment Committee shall constitute a quorum at any meeting. The affirmative vote of a majority of the Committee shall constitute the action of the Committee.
- 4. Voting. Each member of the Endowment Committee shall, at every meeting of the Committee, be entitled to one vote in person upon each subject properly submitted to vote. No member shall be entitled to vote by proxy at any such meeting of the Committee.

VI. Basic Principles Concerning Use of the Endowment Fund

- 1. General Use of the Fund. The principle and income from the Endowment Fund may not, except as herein provided, be used for the operations of the Church or for its regularly budgeted programs (except for benevolences), but rather for an extension of its programs and an enlargement of its Christian concern, as set forth in the Statement of Purpose.
- 2. Additionally, at times major capital expenditures may be required to support the overall mission of the church. In such cases limited funds may be borrowed from the Fund to help support the renovation, preservation and/or expansion of the Church physical plant. Use of the Fund corpus should only occur for purposes fully congruent with the "Statement of Purpose" described above. The assets in part or in total may be borrowed for such capital improvements. However, a repayment schedule must be implemented and diligent effort expended to repay

the borrowed funds. Any borrowing from the Endowment Fund, regardless of purpose, must be supported by a repayment schedule submitted at the time a loan is requested.

3. Expenditures of Funds. Effective January 1, 2010 the Endowment Fund and all unrestricted funds under the stewardship of the Endowment Committee shall disburse from such funds consistent with the Spending Rate set out in these Articles. Such disbursements require the approval of a majority of the Endowment Committee and approval by the Trustees.

4. Expenditures for Operating Purposes. In exceptional or unusual circumstances the Endowment Committee may lend funds from the Endowment Fund for operating purposes of the Church by an affirmative vote of a majority of the members of the Endowment Committee and a concurring vote of two-thirds (2/3) of the Trustees.

5. Spending Rate. The Session adopted a “total return” approach over a majority of market cycles. In recognition of these facts, the Endowment Committee will consider the Endowment’s total return from ordinary income, net realized capital gains and unrealized capital gains. When distributions are made, they will be withdrawn from a fund under the Endowment Committee’s supervision regardless of the portion that is from capital gains, ordinary income or corpus. The Spending Rate will be set by the Endowment Committee annually based on a review of the investment performance over the prior three years. The definition of income, for purposes of funds under the stewardship of the Endowment Committee, shall be the Spending Rate.

6. Distribution of Restricted Funds. The Endowment Committee will attempt to administer all Restricted Funds as consistently as possible with Unrestricted Funds to avoid undue complexity in managing the Church’s assets. Effective January 1, 2010, the definition of “income” for all such funds shall be the same as the Spending Rate. Unless restricted prior to acceptance from a donor or by actions of the Session, it will be the policy of the Endowment Committee to treat, as consistently as possible, the investment of Restricted Funds and distributions from Restricted Funds to the management of and expenditures from Unrestricted Funds.

7. Reporting. At least once per year, the Endowment Committee shall submit reports of its activities to the president of the corporation, for distribution to the Trustees. The Committee’s activities shall be included in the annual report to the congregation. The Endowment Fund will be subject to all reviews and audits conducted on the books of the Church.

8. Questions Involving. If the Endowment Committee shall question the acceptability of a gift, bequest, devise, or other contributions, the matter shall be referred for appropriate action to the Trustees..

9. Restricted Gifts. Restricted gifts, bequests, devises, memorials or other contributions shall be maintained and administered by the Endowment Committee in strict accordance with the donor’s wishes. Before accepting any restricted gift, the Endowment Committee may confer with the donor to determine that the gift has economic potential for achieving its restricted purpose. Some unrestricted funds may be made restricted by actions of the Trustees as in the case of the Endowment Fund.

10. Restrictive Conditions. After a donation has been accepted, no donor shall have the right without the approval of Trustees to add any new restriction to any gift made to the Endowment Fund.

11. Use of Counsel. All prospective donors shall be urged to seek their own counsel in matters of estate planning, taxes, and planned giving. It is not the function of the Endowment Committee to interpret the law or to give legal advice.

12. Revocation of Gifts. No donor shall have the right at any time to revoke any gift made to the Endowment Fund.

13. Compensation. No fee or other compensation shall be paid to any member of the Endowment Committee for his/her services on behalf of the Committee; however, a member shall be entitled to be reimbursed for any expenses incurred in activities related to the Endowment Fund.

14. Confidentiality. Donors shall be encouraged to notify the Endowment Committee of all relevant Will provisions and/or other planned gifts. The Endowment Committee shall keep all information concerning Wills and/or other planned gifts in confidence unless permission is granted by the donor or counsel to release such information.

VII. Amendments

These articles may be amended, in whole or in part, by a vote of three-fourths (3/4) of the members of the Trustees of the Bayside Presbyterian Church, Inc. present at a regular or special meeting called for such purposes. No such amendments shall effect or result in a revocation or termination of these Articles until all funds are disbursed in accordance with these Articles.

VIII. Effective Date

These Articles were first adopted by the Sessions on November 8, 1992 and modified at various times are hereby amended and restated as of January 1, 2015.