

ZION LUTHERAN CHURCH FOUNDATION BY-LAWS

RESOLUTION

BE IT RESOLVED by the congregation of the Zion Evangelical Lutheran Church, Newberg, Oregon, that a foundation be established as a part of the church to assist the church in carrying out its religious purposes and works pursuant to the following by-laws.

BY-LAWS OF ZION LUTHERAN CHURCH FOUNDATION

Article I. FOUNDATION ESTABLISHED

Zion Evangelical Lutheran Church of Newberg, Oregon (hereinafter, the Church), hereby establishes the Zion Evangelical Lutheran Foundation, (hereinafter the Foundation), as an integral part of the Church and not as an Independent entity, to control and manage the properties and funds of the Foundation for the purposes and uses herein stated in accordance with the provisions of these by-laws.

Article II. FOUNDATION PROPERTIES AND FUNDS

1. To the extent permitted by Section 501 C (3) of the Revenue Code of 1954 (or the corresponding provision of any future United States Internal Revenue Laws), the Foundation is authorized to purchase, receive or otherwise acquire, own, hold, improve, use or otherwise deal in and with real or personal property or interests therein, including stocks, bonds or other forms of security.
2. The initial properties and funds of the Foundation shall consist of all of the net assets remaining in the Zelpha Wohlgemuth and Anna Bremer estates which shall be transferred to and accepted by this Foundation.
3. The Foundation is empowered to accept such other properties whether money, real or personal property, stocks, bonds or other forms of securities, or any other type of property, as may from time to time be offered to the Foundation. All such properties and monies, hereinafter collectively referred to as the Foundation Properties and Funds.

Article III. ALLOCATION OF PROPERTIES AND FUNDS TO APPROPRIATE CATEGORIES

All properties and funds received by the Foundation shall be allocated to: (1) General Foundation Properties and Funds, (2) Donor Restricted Properties and Funds, or (3) Director Designated Properties and Funds in accordance with the written directions of the donor or transferor thereof. The Board of Directors shall determine the proper category for all Foundation properties and funds. In the absence of such a written direction, such properties and funds shall be placed in the General Foundation Properties and Funds category, unless placed in a different category in accordance with the following procedure. At any time within one (1) year from the date of the receipt of such properties or funds, the Congregation may approve the allocation of such properties or funds to a different category of properties and funds, provided that such allocation shall have first been proposed by the Board of Directors and approved by the Church Council of the Congregation.

Article IV. MANAGEMENT OF FOUNDATION PROPERTIES AND FUNDS

1. All properties and funds of this Foundation shall be kept separate and apart from the other properties and funds of the Church.
2. The Foundation Properties and Funds shall be prudently managed in accordance with good management practices.

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3. Such properties and funds shall be managed for the principal purpose of preserving the value of properties and the principal of invested funds and secondarily to generate future income which may be disbursed through grants to carry out the purposes of the Foundation and not to accumulate and increase the total value of the Foundation's properties and funds. It is intended that such management will produce continuing income in perpetuity from such properties and funds and/or replacement or reinvested properties, and funds.

4. The investment of the properties and funds of the Foundation may be entrusted to any other foundation, bank, trust company or other institution as the Board of Directors from time to time shall select.

Article V. AUTHORIZED PURPOSES AND USES FOR FOUNDATION PROPERTIES AND FUNDS

1. No part of the Foundation properties or funds shall be used to pay for the usual and customary operating expenses of the Church.

2. The Foundation properties and funds shall be used exclusively for charitable, educational, scientific and religious purposes, either directly or by contributions to organizations duly organized and operated to carry on these purposes within the meaning of section 501 (C) (3) of the Internal Revenue Code of 1954 (or the corresponding provision of any future U.S. Internal Revenue laws).

3. The Board of Director's determination of authorized purposes uses for Foundation properties and funds shall be conclusive if made in good faith.

Article VI. GRANTS FOR FOUNDATION PURPOSES

1. Types of Grants From General Foundation Properties and Funds

A. Regular Grants

(1) The Foundation may only make regular grants from the unexpended income which accrued from the General Foundation Properties and Funds during a prior fiscal year in accordance with the following procedures. Regular grants shall be made solely through the congregation in support of the life and work of the Congregation. (Not less than 10% of the annual income shall be used for benevolences outside Zion Lutheran Church.)

(2) Regular grants shall not be made in support of usual and customary operational and benevolence expenses of the Church. Regular grants from income may be made only in furtherance of projects and to meet the needs of the Congregation, such as:

- (a) the acquisition or improvements of real or personal property;
- (b) the acquisition of furnishings and equipment;
- (c) the funding of special programs within the Congregation or in its mission to its community; or
- (d) to support a new program or staff member to begin or continue a program which would in time be fully supported by the Congregation.

(3) The Board of Directors shall notify the Congregation at least ninety (90) days prior to each regularly scheduled annual congregational meeting at which an annual Foundation Fund budget is to be adopted of the manner and means by which members of the Congregation may make written suggestions or proposals for regular grants during the coming year. Written suggestions from the Congregation must be received no later than sixty (60) days prior to the annual

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congregational meeting. The Board of Directors shall consider the suggestions which it has received from the congregation and from other sources and then make its recommendation for regular grants. The Board's recommended grants shall be presented to the Church Council of the Congregation. Those regular grant proposals which are approved by the Church Council of the Congregation shall thereafter be presented to the Congregation at its annual meeting, for approval by a majority vote of those present.

(4) In lieu of approving such proposed grants the Congregation itself may initiate and approve regular grants not so proposed by the Board of Directors and approved by the Church Council, provided that any such regular grant proposal was submitted to the Board of Directors at least sixty (60) days prior to the congregational meeting in accordance with the procedure set forth above and is initiated and approved by a vote of not less than three-fourths (75%) of those present at the congregational meeting.

(5) The interest on the Wohlgemuth and Bremer estates funds which accrued during 1990 shall be considered as General Foundation Properties and Funds which are available for 1991 regular grants in accordance with the recommendations of the Board with the approval of the Council.

B. Special Grants

Special grants may be made from unexpended income which accrued from the General Foundation Properties and Funds during prior years or the current year in accordance with the following guidelines. In the event that an opportunity arises that is of such importance to the congregation that the required action cannot wait for the usual grant procedures as set forth above to be implemented, the Board of Directors may recommend to the Council and the Council may approve and call a special meeting of the Congregation to approve or disapprove the action necessary to expend available Foundation funds. Such congregational action may override and negate unobligated grants previously approved at an annual meeting.

C. Grants From Director Designated Properties and Funds

The Board of Directors may establish an additional category of properties and funds known as the Director Designated Properties and Funds and may establish different terms and conditions upon which they may make grants from General Foundation Properties and Funds, provided, however, that the Church Council of the Congregation shall first approve any such terms and conditions. The purposes for which grants from the Director Designated Properties and Funds may be made shall be those suggested or requested by prospective donors, or those which in the judgment of the Board of Directors may attract suitable gifts to that fund. The terms and conditions upon which grants from any Director Designated Properties and Funds may be made and shall require that any grant therefrom can be made only when approved in accordance with the procedures for regular grants from the income of the General Foundation Properties and Funds, and in addition to such other requirements as may be imposed by the Board of Directors.

2. Use and Distribution of Donor Restricted Properties and Funds

The Board of Directors shall manage, use and/or distribute donor restricted properties and funds in accordance with the terms and conditions of the restrictions accompanying the gift, provided that the terms of such restrictions shall have been approved by the Board of Directors and the Church Council of the Congregation before the gift is accepted. (If the restrictions on the gift cease to exist, the property or funds shall be transferred to the category designated as General Foundation Properties and Funds.)

Article VI. PRINCIPAL - INCOME DETERMINATION

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In determining whether particular funds are principal or income, for purposes of these bylaws, the following principles shall be observed:

1. Dividends on shares of stock payable in the stock of any class of the corporation declaring or authorizing the same shall be treated as principal, except that any such dividends paid in lieu of periodic cash dividends or in lieu of recoupment of dividends defaulted or accumulated while the shares of stock are held in the Fund shall be income.
2. 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.
3. The proceeds of the sale of unproductive or underproductive property, liquidating dividends and rights to subscribe to stock shall be principal.

Article VII. **BOARD OF DIRECTORS**

1. Management Authority of Board

The properties, funds and affairs of this Foundation shall be managed by its Board of Directors, subject to applicable laws and the provisions of these by-laws.

2. Number and Term of Office

The Board shall consist of five (5) members, herein identified as Directors A, B, C, D and E. The pastor/pastors of the congregation shall be ex officio member(s) of the Board. The initial term of office for such directors shall be as follows: the initial term of the A Director shall run until January 31, 1992. The initial terms of the B Director, C Director, D Director and E Director shall run until January 31, 1993, 1994, 1995 and 1996, respectively. Thereafter, all directors shall be elected for five-year terms. NO Director shall serve more than two (2) consecutive terms.

3. Election of Directors

Directors shall be elected by the Congregation of Zion Evangelical Lutheran Church, Newberg, Oregon, or any congregation with or into which such church may be merged (the "Congregation"). Election of a Director shall occur at the regular annual meeting of the Congregation which immediately precedes the commencement of the term for which a director is to be elected, or at the next regular annual meeting of the Congregation held after the commencement of the term, or at a special meeting of the Congregation held for such purpose, whether before or after the commencement of the term.

Any vacancy occurring in the Board of Directors may be filled by the affirmative vote of the majority of the Directors then in office, though less than a quorum of the Board of Directors, and approved by the Church Council of the Congregation, such interim Director to serve until the next annual or special meeting of the Congregation at which an election is held to elect a Director for the remainder of the term.

4. Eligibility

To be eligible to serve as a Director, the Director must have been an active member in good standing of the Congregation for a period of at least five (5) years prior to the commencement of the term of office of the Director. Each director must remain an active member in good standing of the congregation throughout the term of office and termination of such status for any reason shall constitute the automatic resignation of the Director from the

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Board of Directors and all other offices and positions held, effective immediately. Prior to the effective time of any resignation, each Director shall hold office until a successor shall have been duly elected and qualified.

5. Meetings of Directors

The Directors may hold their meetings, have an office and keep the books of the Foundation at such place or places in the State of Oregon, or outside the State of Oregon, as the Board of Directors may from time to time determine; provided, however, in the absence of any such determination, such meetings shall be held, an office maintained, and books kept at the office of the Church in the State of Oregon.

6. Annual Meeting

An Annual Meeting of the Board of Directors shall be held at the Church or at such other place in the State of Oregon as may be designated by the Board of Directors, on such date and at such time in February or March of each year as may be determined by the Board, for the purposes of electing Directors and Officers for the ensuing year and transacting such other business as may be brought before such meeting.

7. Regular Meetings

Regular meetings of the Board of Directors shall be scheduled from time to time, by resolution of the Board of Directors. Notice of regularly scheduled meetings shall not be required.

8. Special Meetings

Special meetings of the Board of Directors shall be held whenever called by (a) the President, (b) the Secretary, or (c) a majority of the Directors then in office. The Secretary shall cause notice of each special board meeting to be given to each Director in the manner provided in these Bylaws at least two (2) days before the meeting. Unless otherwise indicated in the notice thereof or in these Bylaws, any and all matters pertaining to the purposes of the Fund may be considered and acted upon at a Special Meeting. At any meeting at which all Directors are present, any matter pertaining to the purposes of the Fund may be considered and acted upon even though no notice of the meeting was given.

9. Quorum

Three fifths (3/5) of the Directors shall constitute a quorum. If at any meeting of the Board of Directors there be less than a quorum present, a majority of those present may reschedule the meeting for a later date. The act of a majority of the Directors, present at a meeting at which a quorum is in attendance shall constitute the act of the Board of Directors.

10. Compensation of Directors

Directors shall not receive any salary or compensation for their services as such Directors, provided, that nothing contained herein shall be construed to preclude any such person from serving the congregation in any other capacity or receiving compensation therefor.

11. Reimbursement For Incurred Expenses

The Board of Directors shall be reimbursed for any actual and necessary out-of-pocket expenses incurred in relation to the Fund.

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12. Conflict of Interest

No member of the Board of Directors shall engage in any self dealing or transaction with the Foundation in which the member of the Board of Directors has direct or indirect financial interest and shall at all times refrain from any conduct in which his/her personal interest would conflict with the interest of the Foundation.

Article VIII. **POWERS OF BOARD OF DIRECTORS**

The Board of Directors, or any successor or successors, is empowered for and on behalf and in the name of Zion Lutheran Church to exercise in its absolute discretion with reference to the Foundation the following powers in addition to all powers held by Zion Lutheran Church with reference to the Foundation, to wit.:

1. To receive the income, profits, rents and proceeds of the Foundation and to collect and receipt for the same, and pay all administrative and other expenses in connection therewith.
2. To purchase or otherwise acquire and to retain on behalf of the Foundation, whether originally a part of the Foundation properties or as subsequently acquired properties, any and all stocks, bonds, notes, or other securities, or any variety of real or personal property, including stocks or interest in investment trusts.
3. To engage in any capacity or form of business organization of any kind of character, as it may deem advisable and for the best interest of the Foundation and the purposes for which it is established.
4. To invest Foundation funds. Investments need not be diversified and may be made or retained with a view to possible increase in value. The Board of Directors may at any time render liquid the Foundation Properties or Funds, in whole or in part, and hold cash or readily marketable securities of little or no yield for such periods as they may deem advisable.
5. 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 Foundation Properties or Funds 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.
6. To borrow money only for any purpose connected with the protection, preservation, or improvement of the Foundation Properties or Funds whenever in its judgment advisable. No property of Zion Lutheran Church shall be encumbered at any time.
7. To vote in person or by general or limited proxy with respect to any shares of stock or other securities held by the Foundation, to consent, directly or through a committee or other agent, to the reorganization, consolidation, merger, dissolution or liquidation of any corporation in which the Foundation may have an 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 transaction.
8. To hold investments in the name of a nominee.
9. To pay, compromise, compound, adjust, submit to arbitration, sell or release any claims or demands related to the Foundation against others or by others against the Foundation as it shall deem advisable, including the acceptance of deeds of real property in satisfaction of bonds and mortgages, and to make payments in connection therewith which it may deem advisable.

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10. To determine whether or to what extent to maintain reserves for depreciation, obsolescence, and taxes and other liabilities and to make provisions therefore.

11. 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 of any properties or the expenditures of any income or funds or the encumbrance thereof shall be signed by the President and Secretary of the Board of Directors.

12. To employ at the expense of the Foundation such professional counseling on investments and legal matters as it deems to be for the best interest of the Foundation.

Article IX. **OFFICERS**

1. Titles and Terms of Officers, At each Annual Meeting of the Board of Directors, the Board shall elect, as Executive Officers, a President, one or more Vice Presidents, a Secretary and a Treasurer. Such officers shall be chosen from among the Directors. Each such officer shall hold office until the corresponding meeting in the next year and until a successor shall have been duly chosen and qualified, or until the officer shall have resigned or shall have been removed, in the manner provided in these Bylaws. Any vacancy in any of such offices may be filled for the unexpired portion of the term by the Board of Directors, at any regular meeting or at any special meeting called for the purpose. The offices of Secretary and Treasurer may be held by one person.

2. President Subject to the direction and control of the Board of Directors, the President shall be the Chief Executive Officer of the Foundation and shall have direct charge of and supervision over the business and operations of the Foundation. The President shall preside at any meeting of the Board of Directors the President may sign or execute, in the name of the Foundation, all promissory notes or other debt obligations, all deeds, mortgages, contracts or other undertakings or instruments except in cases where the signing or execution thereof shall have been expressly delegated by the Board of Directors to some other officer or agent of the Foundation.

3. Vice - President, The Vice Presidents shall have such powers and perform such duties as may from time to time be assigned to them, either generally or in specific instances, by the Board of Directors or the President. Any Vice President may perform any of the duties or exercise any of the powers of the President (1) at the request of the President, (2) in the absence or disability of the President, or (3) otherwise as occasion may require in the administration of the business and affairs of the Foundation. To establish the authority of a Vice President to sign or execute any contract, bond, note or other undertaking or instrument or to take any other action on behalf of the Foundation, it shall not be necessary to furnish proof of any request by, or of the absence or disability of the President.

4. Secretary, The Secretary shall keep the minutes of the meetings of the Board of Directors, in books provided for the purpose; shall see that all notices are duly given in accordance with the provisions of these Bylaws; shall perform all duties incident to the office of a secretary and such other duties as, from time to time, may be assigned by the Board of Directors.

5. Treasurer, The Treasurer shall have charge of and be responsible for all funds, securities, receipts and disbursements of the Foundation, and shall deposit, or cause to be deposited, in the name of the Foundation, all monies or other valuable effects in such banks, trust companies or other depositories as shall, from time to time, be selected by the Board of Directors; shall render to the President and to the Board of Directors, whenever requested, an account of the financial condition of the Foundation, and, in general, shall perform all duties incident to the office, of a treasurer and such other duties as may be assigned by the Board of Directors.

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6. Assistant Officers, The Board of Directors may appoint one or more Assistant Secretaries and one or more Assistant Treasurers. Each Assistant Secretary and each Assistant Treasurer shall hold office for such period as the Board of Directors may prescribe. Any Assistant Secretary may perform any of the duties or exercise any of the powers of the Secretary or otherwise as occasion may require in the administration of the business and affairs of the Foundation. Any Assistant Treasurer may perform any of the duties or exercise any of the powers of the Treasurer at the request or in the absence or disability of the Treasurer or otherwise as occasion may require in the administration of the business and affairs of the Fund. Each Assistant Secretary and each Assistant Treasurer shall perform such other duties and/or exercise such other powers, if any, as the Board of Directors may prescribe. To establish the authority of an Assistant Secretary or an Assistant Treasurer to take any action on behalf of the Foundation in place of the Secretary or the Treasurer, as the case may be, it shall not be necessary to furnish proof of any request by, or of the absence or disability of, the Secretary or Treasurer or any other Assistant Secretary or Assistant Treasurer, respectively.

7. Other Officers, The Board of Directors may elect such other officers as it may deem desirable, including honorary officers. Each such officer shall hold office for such period, have such authority and perform such duties as the Board of Directors may prescribe.

8. Officers Holding Two or More Offices, Any two or more offices may be held by the same person except that the person holding the office of Secretary or Assistant Secretary shall not hold any other office with the exception of Treasurer or Assistant Treasurer.

9. Compensation, No officer shall receive any salary or other compensation for services as such officer provided, however, that nothing contained herein shall be construed to preclude any such person from serving the Foundation in any other capacity, or receiving compensation therefor.

10. Removal, Any officer of the Foundation may be removed from office at any time with or without cause, by a vote of three-fifths (3/5) of the entire Board of Directors at any regular meeting or at any special meeting called for that purpose.

Article X. REPORTS AND AUDITS

1. An annual fiscal year Foundation budget setting forth the amount of income received during the prior fiscal year and the manner in which the Board recommends that such funds be used for specific grants shall be submitted to the Council prior to the annual congregational meeting.

2. An annual Foundation report shall be prepared which indicates how authorized grants for the prior fiscal year have been disbursed and the results thereof.

3. A semi-annual Foundation report shall be prepared for submission to the Congregation at their semi-annual meeting which indicates how authorized grants have been disbursed during the current year and the results thereof.

4. The books, records, and accounts of the Foundation shall be audited annually by a Certified Public Accountant who shall prepare a written audit report. That report shall be promptly given to the Council.

Article XI. MISCELLANEOUS

1. Fiscal Year, The fiscal year of the Foundation shall be the calendar year ending on December 31 of each year.

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2. Notice and Waiver of Notice, Whenever any notice is required to be given under the provisions of these Bylaws, such notice shall be deemed to be sufficient if given in person, by telegraph or telephone or by depositing the same in a post office box in a sealed prepaid wrapper addressed to the person entitled thereto at their post office address, as it appears on the books of the Foundation; and such notice shall be deemed to have been given on the day of such mailing. A waiver of notice, signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be deemed equivalent thereto.

3. Resignations, Any Director or Officer may resign at any time. Such resignations shall be made in writing and shall take effect at the time specified therein, or, if no time be specified, at the time of its receipt by the President or Secretary. The acceptance of a resignation shall not be necessary to make it effective, unless expressly so provided in the resignation.

4. Action Without a Meeting of Directors or Committees, Any action which may be taken at a meeting of the Board of Directors or any committee may be taken without a meeting if a consent in writing, setting forth the action to be taken, shall be signed by all of the Directors, or all of the members of the committee, as the case may be.

5. Depositories, All monies of the Foundation shall be deposited from time to time to the credit of the Foundation in such banks, trust companies, or other depositories as the Board of Directors may from time to time designate, upon such terms and conditions as shall be fixed by the Board of Directors. The Board of Directors may from time to time authorize the opening and keeping, with any such depository as it may designate, of general and special bank accounts, and may make such special rules and regulations with respect thereto as it may deem expedient and consistent with the provisions of these Bylaws.

Article XII AMENDMENT OF BYLAWS

The Board of Directors, by an affirmative majority vote at any of its regular or special meetings, may recommend that these Bylaws be altered, amended, or repealed provided written notice of such action is given to the Church Council. The Bylaws may only be altered, amended or repealed by the same vote of the Congregation required to approve a regular grant from the General Foundation Properties and Funds.

CERTIFICATE OF ENACTMENT

The undersigned President and Secretary of the **ZION EVANGELICAL LUTHERAN CHURCH**, an Oregon non-profit corporation, each for himself, hereby certify that the foregoing Resolution enacting the within Bylaws was duly adopted by a vote of the Congregation of said corporation held at the Church on the 27th day of January, 1991, effective on January 27, 1991, and that the written bylaws become effective on that date.

IN WITNESS WHEREOF we have executed this document.

President

Secretary