

	<u>Endowment Bylaws as Amended May, 2016</u>	<u>Proposed Endowment Bylaws</u>	<u>Explanation of proposed changes</u>
Article I - Name, office and membership	Congregation Beth Shalom is the sole member of the CBS Endowment Fund	Same	No Change
Article II - Purpose	To perpetuate the future of CBS programs and projects through the investment and use of income and principal of the endowment	Same	No Change
Article III - Endowment Board	CBS Board of Directors appoint Endowment Board = same CBS Board of Directors (Section 3). CBS President appoints Executive Committee (Article VI) to oversee operations consisting of President, Immediate Past President, Executive Director (non-voting) and 3 additional Appointed Members to manage daily operations of Endowment for <u>no more than 2 terms</u> of 2 years each.	Endowment Board to consist of Designated Directors = President, Immediate Past President, the Finance committee officers (i.e. Treasurer, Financial Secretary & Accounts Receivable Secretary); plus CBS President has option to select 1-3 additional Appointed Directors with <i>beneficial background and/or experience</i> ; plus Ex Officio Members (non-voting) = CBS Executive Director and CBS Controller; all of whom choose a Chairperson amongst them. Term for Designated and Appointed Directors = <u>no more than 3</u> consecutive terms of 2 years each	The current Endowment Board Executive Committee will now become the Endowment Board plus Designated Directors and can be expanded as CBS President will have new authority to select 1-3 Appointed Directors with <i>beneficial background and/or experience</i> to serve on Board. CBS Controller added as a non-voting Ex-Officio Board member.

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Article IV - Officers / Endowment Board Responsibilities	CBS President = Endowment Board President. Endowment Board elects Secretary and Treasurer, and other officers as the Endowment Board deems necessary.	CBS President may now select 1-3 CBS members with skills, knowledge and expertise background to also serve on Endowment Board. Endowment Board annually selects Chairperson by majority vote. UPMIFA (Uniform Prudent Management of Institutional Funds Act) fiduciary responsibilities and distribution language added to acknowledge required compliance with fiduciary state law mandates since June 30, 2009.	Same CBS officers will be responsible for Endowment operations as before. However, they may be assisted by Appointed Directors named by CBS President to bring more <i>expertise and/or beneficial experience</i> to the Endowment Board and to establish that Endowment Board will be independent from the CBS Board of Trustees who acted as the CBS Endowment Board of Trustees because of their fiduciary responsibilities to minimize unnecessary investment risk and maintain the long term perpetuity of the Endowment which, from time to time, may have priorities that conflict with the fiduciary responsibilities of the CBS BOT focused on annual budgetary needs and current operations.
Article V - Indemnity	CBS Endowment Board shall indemnify Endowment Board members from fiduciary liability provided they act in good faith and may purchase insurance to cover indemnification costs	Except in cases of gross negligence or willful misconduct CBS Endowment Board shall indemnify members and shall purchase insurance to cover potential indemnification costs.	Errors and omissions insurance now required to be purchased.

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Article VI - Committees	President shall appoint an <u>Executive Committee</u> consisting of the President, Immediate Past President, Executive Director (non-voting) and <u>3 Appointed Members</u> to serve <u>no more than 2 consecutive</u> terms of 2 years each in their position. Executive Committee coordinates activities and makes recommendations to the Board	Substitutes the prior <u>3 Appointed Members</u> with the 3 Finance Committee officers of CBS who will now be known as <u>Designated Directors</u> in addition to the President and Immediate Past President. The CBS President may now also add 1-3 additional <u>Appointed Directors with beneficial experience and/or expertise</u> all of whom can serve <u>no more than 3 consecutive</u> terms of 2 years each in their position. CBS Controller added as an additional non-voting Ex-Officio Endowment Board member.	Former Endowment Board <u>Executive Committee</u> will now become the core of the Endowment Board as Designated Directors ; All 3 Finance Committee members specifically noted as Designated Members with new Presidential option to add 1-3 additional Appointed Directors with beneficial experience and/or expertise all serving in their position for <u>no more than 3 consecutive</u> 2-yr terms instead of <u>no more than 2 consecutive</u> 2-yr terms.
Article VII - Meetings	Endowment Executive Committee to meet no less than 2x per year and make recommendations to CBS Board. Special meetings can be called by President or at request of 6 members of the Endowment Board	Endowment Board to meet no less than 2x per year and report to the CBS Board no less than 2x per year. Endowment Chairperson schedules meetings. Conference calls and other technological meetings can constitute a quorum	Newly configured Endowment Board reports to CBS BOT instead of making recommendations to CBS BOT (who presently act as the Endowment Board). Electronic meetings and voting added for additional flexibility.
Article VII - Gifts to Endowment	Gifts to CBS intended for Endowment will be turned over to Endowment	Same, but clarifying that gifts can be rejected by the Endowment Board.	Essentially no change

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Article VIII - Distribution of Interest and Principal	<p>Designated donor gifts are restricted in use as to time and purpose and based on the donor's wishes, <u>generally expressed</u> in a gifting letter . Redeployment of donor designated gifts requires the consent of the donor plus 2/3 vote of Endowment Board plus approval of 75% of voting CBS congregation members. All other gifts are considered non-designated donor gifts which are not restricted except to not invade principal which requires a 2/3 vote of Endowment Board plus 75% of voting CBS congregation members.</p>	<p>Designated donor gifts are restricted as to time and purpose and based on the donor's wishes , <u>required</u> to be in a gifting letter and subject to the parameters of the Investment Policy Statement (IPS). Redeployment of donor designated gifts continues to require the consent of the donor plus 2/3 vote of Endowment Board plus 75% of voting CBS congregation members. All other gifts non-designated gifts which are not restricted except for invasion of principal which requires a 2/3 vote of Endowment Board plus 75% of voting CBS congregation members. <u>as long as in compliance with Investment Policy Statement</u> .</p>	<p>Designated donor gifts are now <u>required</u> to be in a gifting letter <u>and in compliance with the Endowment Board's Investment Policy Statement (IPS)</u>. Non-designated gifts (other gifts), are also required to be in <u>compliance with the Investment Policy Statement</u> but wording to <i>not invade principal</i> has been eliminated. _The IPS substitutes a distribution policy for both designated and undesignated gifts that will now be based on s a fair market value moving average rate of return concept over a reasonable period of time, i.e the last 12 quarters, instead of an <i>invasion of principal concept</i> which can result in potential disruptive effects of annual distributions tied to shrot term financial market volatility, providing more year to year predictability of distributions while prudently managing the perpetuity of long term portfolio earnings and principal appreciation.</p>
Article X - Investment of Endowment Board Assets	<p>Endowment funds to be segregated separate from CBS funds</p>	<p>Same</p>	<p>No Change</p>

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Article XI - Fiscal Year	Same as CBS fiscal year	Same	No Change
Article XII - Dissolution of Endowment	Upon dissolution of CBS, Endowment funds would then be distributed to a Conservative Congregation in Cook or Lake County; and if none, then United Synagogue of America	Funds would then be paid to a Conservative Congregation in Cook or Lake County; and if none, then Jewish United Fund	JUF as successor instead of United Synagogue
Article XIII - Conflict of Interest	No member shall profit from Investment Fund's activities	Same	No Change
Article XIV - Adoption	Endowment bylaw adoption by majority of CBS Board of Trustees voting and present and by 2/3 of voting CBS congregation members present with a quorum.	Same	No Change
Article XV - Amendments	Requires 2/3 vote of BOT + 75% of voting CBS congregation members present with a quorum	Same	No Change
Article XVI - Miscellaneous	Books and records to be held at CBS and made available to all CBS members in good standing.	Same	No Change