

CONGREGATION BETH SHALOM ENDOWMENT FUND

BYLAWS

ARTICLE I

Creation, Name, Office and Membership

Section 1. The name of the corporation is "Congregation Beth Shalom Endowment Fund" (hereinafter sometimes referred to as the "Endowment Fund").

Section 2. The sole member of the corporation shall be Congregation Beth Shalom, an Illinois not-for-profit corporation (hereinafter referred to as "CBS").

Section 3. The principal office of the Endowment Fund shall be identical to the principal office of CBS.

ARTICLE II

Purpose

The Endowment Fund has been established to secure and perpetuate the future of CBS and to create, hold, manage, invest and reinvest a perpetual fund, the income and principal from which shall be used and expended to carry on programs and to support projects of CBS as set forth in Article IX hereof.

ARTICLE III

Endowment Board

Section 1. The management of the affairs of the Endowment Fund shall be vested in its Board of Directors (the "Endowment Board").

Section 2. No person shall be eligible to serve as a Director on the Endowment Board unless such person is a Voting Member of CBS (as defined in the Bylaws of CBS), is in good standing with CBS, and is at least twenty-one (21) years of age.

Section 3. The Endowment Board shall be comprised of Designated Directors, Appointed Directors and *Ex Officio* members.

Section 3.1. The Designated Directors are those individuals presently holding the following positions on the CBS Board of Trustees (the "Board of Trustees"):

- President
- Immediate Past President
- Treasurer

- Accounts Receivable Secretary; and
- Financial Secretary

Section 3.2. The Appointed Directors comprise one (1) to three (3) individuals with beneficial background and/or experience appointed by the President of CBS and approved by the Board of Trustees. The President of CBS shall determine the number of Appointed Directors from time to time.

Section 3.3. The Executive Director of CBS and the Controller of CBS are *Ex Officio* members of the Endowment Board.

Section 3.4. At the beginning of each fiscal year of CBS, the Designated Directors and Appointed Directors shall choose, from among themselves, one (1) individual to act as Chairperson of the Endowment Board.

Section 4. In the event of the death, resignation, or removal of an Appointed Director of the Endowment Board, the vacancy may be filled by the current President of CBS subject to the second sentence in Section 6 below. This Appointed Director shall serve for the balance of the prior individual's term.

Section 4.1. If an Appointed Director has served for more than one-half of an unexpired term, that term shall be considered equal to a full term wherever length of service is referred to in these Bylaws.

Section 5. The term of an Appointed Director (other than those subject to Section 5.1) shall be two (2) years. Each two (2) year term will be concurrent with two (2) consecutive fiscal years of CBS. Appointed Directors cannot serve more than three (3) consecutive terms as an Appointed Director. Prior service as a Designated Director shall not disqualify an individual from being named as an Appointed Director.

Section 5.1 With respect to the Appointed Directors, who are selected under these Bylaws during the first year of the Endowment Board, one (1) Director shall serve a one (1) year term and the other Appointed Directors selected during the first year of the Endowment Board shall serve two (2) year terms.

Section 6. Prior to the end of any fiscal year of CBS, the President of CBS can select individuals to serve as Appointed Directors for the next two (2) years, subject to the terms of Sections 3.1 and 5.1 above. The President of CBS does not have to fill expiring terms as long as the final number of Appointed Directors satisfies the terms of Section 3.2.

Section 7. *Ex Officio* members of the Endowment Board shall have no voting rights and shall not be counted for purposes of determining a quorum, but they shall have the right to attend Endowment Board meetings and receive notices.

Section 8. If any Designated Director or *Ex Officio* member ceases to hold ~~any the~~ position which qualifies them to serve on the Endowment Board, he or she shall automatically and immediately cease to be on the Endowment Board

Section 9. The President of CBS shall have the right to remove any Endowment Board member whenever, in his or her judgment, the best interests of the CBS will be served.

ARTICLE IV

Endowment Board Responsibilities

Section 1. The members of the Endowment Board shall choose a Chairperson, by a majority vote of those who are present and voting at the first meeting of the fiscal year.

Section 2. The Chairperson, or his or her designee, shall keep a record of all decisions made by the Endowment Board and furnish an Annual Report to the Board of Trustees.

Section 3. The Chairperson will be responsible to call meetings of the Endowment Board.

Section 4. The Endowment Board may establish one or more bank accounts and/or investment accounts and may, by resolution, designate any two (2) of the Endowment Board members (excluding the *Ex Officio* members) as authorized signatories. Two (2) signatures will be required on all checks of the Endowment Fund. The Endowment Board may similarly, by resolution, designate any two (2) of the Endowment Board members (excluding the *Ex Officio* members) to execute and deliver any and all contracts, security transfers, deeds and other instruments.

Section 5. The Endowment Board shall manage, invest, operate, deal in and with, and conserve the property of the Endowment Fund, provided, however, that the exercise of any of such powers shall not in any way conflict with the purposes of the Endowment Fund as stated in its Articles of Incorporation, and such powers shall not be exercised so as to cause the Endowment Fund to lose its qualification as an organization exempt from federal income taxation under Code Section 501(c)(3).

Section 6. The Endowment Board acknowledges that as an organization operated exclusively for charitable purposes, the management and investment of the funds held by the Endowment Fund are subject to the Uniform Prudent Management of Institutional Funds Act adopted in Illinois effective June 30, 2009 (“UPMIFA”) as amended from time to time. UPMIFA provides guidance on investment decisions and endowment expenditures for nonprofit and charitable organizations. Actions taken by the Endowment Board with respect to the investment and spending of Endowment Fund assets will be in accordance with the provisions of UPMIFA.

ARTICLE V

Indemnity

Section 1. Except to the extent caused by the gross negligence or willful misconduct of an Endowment Board member, the Endowment Fund (and CBS) shall indemnify an Endowment Board member who was or is a party, or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative by reason of the fact that he or she is or was a Board member of the Endowment Fund, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by such person in connection with such action, suit or proceeding, if such person acted in good faith and in a manner he or she reasonably believed to be in, or not opposed to, the best interests of CBS and the Endowment Fund, and, with respect to any criminal action or proceeding, had no reasonable cause to believe his or her conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner which he or she reasonably believed to be in, or not opposed to, the best interests of CBS and the Endowment Fund, or, with respect to any criminal action or proceeding, that the person had reasonable cause to believe that his or her conduct was unlawful. The foregoing indemnity shall exclude any claim or threatened, pending or completed action made or instituted by CBS or the Endowment Fund against such Endowment Board member.

Section 2. No indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable for gross negligence or willful misconduct in the performance of his or her duty to CBS and/or the Endowment Fund, unless, and only to the extent that the court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability, but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses as the court shall deem proper.

Section 3. The indemnification provided by this Article V shall not be deemed exclusive of any other rights to which those seeking indemnification may be entitled under any agreement, vote of disinterested Endowment Board members, or otherwise, both as to any action taken in his or her official capacity and as to action taken in another capacity while holding such office, and shall continue as to a person who has ceased to be an Endowment Board member, and shall inure to the benefit of the heirs, executors, personal representatives and administrators of such person.

Section 4. To the extent that an Endowment Board member has been successful, on the merits or otherwise, in the defense of any action, suit or proceeding referred to in Section 1 and 2 of this Article, or in defense of any claim, issue or matter therein, such person shall be indemnified against expenses (including attorneys' fees) actually and reasonably incurred by such person in connection therewith.

Section 5. Any indemnification under Section 1 and 2 of this Article (unless ordered by a court) shall be made by the Endowment Fund only as authorized in the specific case, upon a determination that indemnification of the Endowment Board member is proper in the circumstances because he or she has met the applicable standard of conduct set forth in Section 1 and 2 of this Article. Such determination shall be made (i) by the Board of Trustees by a majority vote of a quorum consisting of trustees who were not parties to such action, suit or proceeding, (ii) if such a quorum is not obtainable, or, even if obtainable, if a quorum of disinterested trustees so directs, by independent legal counsel in a written opinion, or (iii) by the voting members of CBS entitled to vote, if any.

Section 6. Expenses incurred in defending a civil or criminal action, suit or proceeding may be paid by the Endowment Fund in advance of the final disposition of such action, suit or proceeding, if authorized by the Board of Trustees in the specific case, upon receipt of an undertaking by or on behalf of the Endowment Board member to repay such amount, unless it shall ultimately be determined that he or she is entitled to be indemnified by the Endowment Fund as authorized in this Article.

Section 7. The Endowment Fund shall purchase and maintain insurance on behalf of any person who is or was a member of the Endowment Board against any liability asserted against such person and incurred by such person in any such capacity, or arising out of his or her status as such Endowment Board member, whether or not CBS or the Endowment Fund would have the power to indemnify such person against such liability under the provisions of this Article.

Section 8. If this Article V or any portion of it is invalidated by a court of competent jurisdiction, the Endowment Fund shall nevertheless indemnify each member of the Endowment Board to the fullest extent permitted by all portions of this Article V that have not been invalidated and to the fullest extent permitted by law.

ARTICLE VI

Committees

Section 1. The Endowment Board shall be responsible for the following duties:

- A. Coordinate the activities of the various committees of the Endowment Fund;
- B. Review the Endowment Fund's annual and long-range budgets and review subsequent adjustments to the budgets;
- C. Periodically review the investment performance of the Endowment Fund's assets and investment manager(s), where appropriate;
- D. Annually review the Investment Policy Statement, as defined in Article IX below, and distribution policy and propose changes where warranted.

Section 2. The Endowment Board may from time to time create committees as it deems necessary to carry out its functions.

ARTICLE VII

Meetings

Section 1. The Endowment Board shall meet regularly at least twice during each fiscal year, and at such dates and times as shall be designated by the Chairperson.

Section 2. Except as otherwise provided herein, a majority of the voting members of the Endowment Board shall constitute a quorum.

Section 3. Except as otherwise provided herein, the vote of a majority of the members of the Endowment Board present and voting at a duly called meeting shall be required to authorize and constitute action by the Endowment Board. The voting at all meetings of the Endowment Board shall be by voice or hand, provided however, that at the discretion of the Chairperson or at the request of twenty percent (20%) of the members of the Endowment Board present, the voting shall be by written secret ballot, except where otherwise provided for in these Bylaws. For purposes of these Bylaws, "present and voting" means those physically present at the meeting when a matter is called for a vote,

except as provided in Section 5 below. No proxies shall be recognized at any such meeting of the Endowment Board.

Section 4. The most current version of Robert's Rules of Order shall govern the manner of conducting Endowment Fund meetings and committee meetings when these Bylaws do not apply.

Section 5. Members of the Endowment Board, or any committee, may participate in and act at any meeting of the Endowment Board, or committee, by means of a conference call or other similar interactive technology, including, but not limited to electronic transmission, Internet usage, or remote communication, so long as all persons participating in the meeting can communicate with each other, and such participation shall constitute presence in person at such meeting.

Section 6. The Endowment Board shall meet with and report to the CBS Board of Trustees no less than twice during each fiscal year.

ARTICLE VIII

Gifts to the Endowment Fund

Section 1. Gifts, pledges, contributions of cash, securities, life insurance policies, and any other kinds of property or interest in property (real or personal) intended for the Endowment Fund may be made to or in the name of the "Congregation Beth Shalom Endowment Fund" or in the name of "Congregation Beth Shalom". Any such assets or property received by CBS shall be turned over to the Endowment Fund and shall be held and administered by the Endowment Board in accordance with the provisions of these Bylaws.

Section 2. The Endowment Board may accept or reject, or by resolution may authorize any agent or agents of the Endowment Fund to accept or reject, on behalf of the Endowment Fund, any contribution, gift, bequest, or devise for the general purposes or for any restricted purpose of the Endowment Fund, for any reason.

ARTICLE IX

Distributions from the Endowment Fund

Section 1. Definitions:

- A. "Designated Gift" means a bequest, gift or contribution made for a specific purpose pursuant to a will or trust or a Gifting Letter.
- B. "Non-designated Gift" means a gift or contribution which is not designated for a specific purpose and is not subject to a Gifting Letter.

- C. “Gifting Letter” means a document which specifically sets forth the purpose of a gift or contribution and restricts its use or deployment.
- D. “Net Asset Value” means the entire market value of an account or fund minus the liabilities, if any.
- E. “Investment Policy Statement” or “IPS” means the investment policy statement adopted by the Endowment Board as amended from time to time by the Endowment Board setting forth the principles to be followed by the Endowment Board in investing and making annual distributions.

Section 2. A Designated Gift shall be used and expended in accordance with the directions or wishes of the donor. Distributions from a fund established or earmarked for a Designated Gift shall be made in accordance with the IPS.

Section 3. A Non-Designated Gift and shall be used and expended by the Endowment Board for any purpose germane to the operations of CBS as may be determined by the Endowment Board from time-to-time so long as the expenditure is in compliance with the IPS.

Section 4. A final decision by the Endowment Board in connection with the following matters shall require the approval of (i) two-thirds (2/3rd) of the members of the Endowment Board present and voting and (ii) seventy-five percent (75%) of the voting congregation members of CBS present at a meeting called for such vote:

- A. that a specific program funded by a Designated Gift either (1) is no longer deemed to be economically feasible, (2) is no longer deemed culturally or educationally desirable, or (3) is over-funded;
- B. the redeployment of the funds specified in subsection (A) of this Section 4, it being understood that redeployment of funds shall be subject to the following requirements: (i) the Designated Gift shall continue to carry the donor’s family name; (ii) shall require the donor’s consent if the donor is living, or if not living, then a member or members (as appropriate under the circumstances) of the donor’s immediate family; and (iii) a reasonable effort shall be made to contact the donor or a member or members (as appropriate under the circumstances) of the donor’s immediate family, to seek or offer suggestions for redeployment of the funds. Any Designated Gift shall be deemed to include this section as a term or condition for acceptance of the gift; and
- C. the distribution of the Net Asset Value in excess of amounts specified in the IPS for Non-designated Gifts;

Section 5. Any distributions from a fund established or earmarked for a Designated Gift shall not exceed fifty percent (50%) of the Net Asset Value of such Designated Gift.

Section 6. Notwithstanding anything herein contained to the contrary, Article IX, Section 4, shall never be amended to provide that more than fifty percent (50%) of the principal may be distributed from a designated fund during the lifetime of said fund without the approval of the Endowment Board and at least seventy-five percent (75%) of the voting congregation members of CBS present at a meeting called for such vote.

ARTICLE X

Investment of the Endowment Board's Assets

Section 1. Funds and property of the Endowment Fund shall be segregated, invested and held separate from CBS synagogue funds.

Section 2. Investment and reinvestment of the assets of the Endowment Fund shall be under the supervision of the Endowment Board. The Endowment Board, at the expense and out of the income of the Endowment Fund, may employ agents or advisors to assist it in the investment and reinvestment of such assets and to maintain custody thereof.

Section 3. All funds of the Endowment Fund, not otherwise distributed in accordance with these Bylaws, shall be deposited from time to time to the credit of the Endowment Fund in such banks, trust companies, investment firms, or other depositories as the Endowment Board may designate by resolution.

ARTICLE XI

Fiscal Year

The fiscal year of the Endowment Fund shall be the same as the fiscal year of CBS.

ARTICLE XII

Dissolution of Endowment Fund

In the event CBS shall cease to exist as a separate synagogue entity, all funds and other property accumulated in the Endowment Fund shall be paid or delivered to any Conservative Jewish successor congregation located in Cook County or Lake County, Illinois. If there is no such successor congregation, then the same shall be paid or delivered to any Conservative Jewish congregation located in Cook County or Lake County, Illinois as determined by the Endowment Board. If there is no Conservative

Jewish congregation located in Cook County or Lake County, Illinois, then all funds and other property accumulated in the Endowment Fund shall be paid or delivered to the Jewish Federation of Metropolitan Chicago, or its successor in interest. Notwithstanding the foregoing, no distribution shall be made pursuant to the provisions of this Article XII to any organization which does not benefit the Jewish community or to any organization which is not described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended.

ARTICLE XIII Conflict of Interest

No member of CBS shall profit from the Endowment Fund's investment activities.

ARTICLE XIV Adoption

These Bylaws shall be adopted:

Section 1. If approved by a majority of those voting members present and voting of the Board of Trustees; and

Section 2. If approved by two-thirds (2/3rd) of the voting members of CBS, who are in good standing and present and voting at a meeting of the members of CBS at which a quorum is present.

ARTICLE XV Amendments

Section 1. These Bylaws, or any portion hereof, may be amended in the following manner:

- A. A proposal to amend or suspend one (1) or more articles of these Bylaws or to introduce new articles to it may be recommended by the Endowment Board or may be recommended by a petition signed by not less than fifty (50) voting members in good standing of CBS. If proposed by not less than fifty (50) voting members of CBS, the Endowment Board shall recommend to the Board of Trustees whether to adopt, modify or reject the proposal. This recommendation shall be made at the next regularly scheduled meeting of the Board of Trustees after submission to the Endowment Board at which time it will be considered by the Board of Trustees. Within thirty (30) days after consideration of the proposed amendment by the Board of Trustees, a meeting of the members of CBS shall be called to consider and vote on such proposal. The notice of such meeting shall include a copy of the proposal.

- B. Amendments to these Bylaws may also be introduced by any member of the Board of Trustees for consideration at its next regularly scheduled meeting. The procedure for consideration by the Endowment Board and the Board of Trustees specified in Section 1(A) shall be followed.
- C. Upon approval of two-thirds (2/3rd) of the members of the Board of Trustees present and voting, it shall recommend adoption of such matter at the annual meeting of the CBS congregation or at a special meeting of the CBS congregation which may be called by the Board of Trustees for such purpose.
- D. At such CBS congregation meeting, a report shall be submitted with respect to the recommendation of the Board of Trustees as to the action to be taken.
- E. The amendment to the Bylaws shall be adopted if approved by seventy-five percent (75%) of the voting members of the CBS congregation who are in good standing and present and voting at a meeting of the members of the CBS congregation at which a quorum is present.

Section 2. A proposal for amendment or suspension which has been rejected by the CBS congregation may not be resubmitted for the consideration of the CBS congregation unless twelve (12) months have elapsed since the time of such rejection.

ARTICLE XVI
Miscellaneous

Section 1. The Endowment Fund shall keep correct books and records of account, minutes of the proceedings of the Endowment Board and its committees. All books and records of Endowment Fund fund shall be kept at CBS and may be inspected by any voting member of CBS in good standing or his agent or attorney, upon reasonable written notice to the President and stating any proper purpose and at any reasonable time.

Section 2. The effective date of these Bylaws is _____, 2019.

Section 3. If required by the Endowment Board, any Endowment Board member or officer shall be bonded in such amount and with such surety as the Endowment Board shall determine; the cost of the same to be paid for by the Endowment Fund.