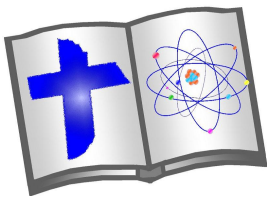


By-laws for



Martin

Luther High School

Endowment Fund

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Established January 2010

“...Helping **Young People** lead *active Christian* lives and *Excel* academically
through *Christian* training and nurturing.”

By-Laws

Martin Luther High School Endowment Fund

I NAME AND GENERAL PURPOSE

- A. The Martin Luther High School Association shall have an Endowment. This fund shall be called the Martin Luther High School Endowment Fund (hereinafter referred to as the Fund). It shall be one of the funds of this school.
- B. This Fund's purpose shall be to receive gifts and bequests and to use them for the further growth of the mission and the ministry of Martin Luther High School, Northrop, MN.

II DURATION

The Martin Luther High School Endowment shall continue in existence and be used as herein provided, unless earlier revoked, so long as Martin Luther High School shall continue to exist. Otherwise, the Endowment shall be dispersed as all other property of the school according to Article X, of the Martin Luther High School Association Constitution.

III FUND CATEGORIES, RECEIPTS AND DISTRIBUTIONS

Individuals who desire to support the Fund should designate their gift to: "Martin Luther High School of Northrop, MN for the Martin Luther High School Endowment Fund." Specified categories to which donors may make gifts or bequests for religious, charitable or educational purposes are as follows:

A. Unrestricted Funds

All undesignated gifts and bequests shall go into this category. Fund uses include mission and ministry projects and programs approved by the Endowment Committee.

- a. Distributions from this fund are to occur as needed. The net income (after expenses) and principal from undesignated gifts and bequests to the Endowment are to be used for the uses, projects and programs recommended by the Endowment Fund Committee and approved by the Board of Directors. A simple majority approval is required for income distributions and two-thirds approval is required for principal distributions.

B. Endowment Restricted Funds

- a. Restricted fund categories within the Endowment Fund are:
 - 1. Religion
 - 2. Student Tuition Aid
 - 3. Building Maintenance and Improvement
 - 4. Curriculum

5. Technology
6. Athletics
7. Fine Arts
8. Faculty Enrichment
9. Marketing Martin Luther High School

b. The net income of the Endowment Fund shall be allocated to each fund (restricted and unrestricted) in proportion to each fund's average account balance. Income distributions from these funds may occur annually. Up to ninety-five percent of the net income (after expenses) earned by the principal may be distributed. The income from these funds is to be used for the uses, projects and programs recommended by the Endowment Fund Committee and approved by the Board of Directors. Any net income not distributed from each fund shall accumulate and be eligible to be disbursed as income in the future from the fund that earned it. Distributions of principal from the restricted funds are not permitted.

c. The Endowment Fund Committee shall report, at least annually, to the Delegate Assembly of the distribution of the income of the Endowment and the designated uses, projects and programs.

d. Acceptance of requests by donors to make a contribution to a new unlisted category shall require an affirmative vote of two-thirds of the members of the Endowment Fund Committee and approval by the Board of Directors and shall be in an amount not less than \$1,000.

e. Named Fund: A "Named Fund" is part of a restricted fund category that carries the name designated by the donor. The Named Fund category requires a minimum contribution of \$25,000.

C. Donor Restricted Funds

The Donor Restricted Funds category shall require a \$25,000 minimum contribution. The donor defines how the gift is to be used, how interest/earnings and principal are to be distributed and over what time period the distributions are to take place.

a. Gifts and bequests may be given by the donor with special terms or conditions as to the use of the gift and/or of the income providing that such designated use is consistent with the stated Purpose of the Endowment. The Endowment Fund Committee shall submit at the next Board of Directors meeting its recommendation on the acceptability of such a gift or bequest. Acceptance of Donor Restricted Funds shall require an affirmative vote of two-thirds of the members of the Endowment Fund Committee and approval by the Board of Directors and shall be in an amount not less than \$25,000.

IV FISCAL YEAR

- A. For tax, accounting, distribution, or other purposes, the fiscal year of Martin Luther High School shall be the Fiscal year of the Endowment Fund.
- B. At the Spring Delegate Assembly meeting an itemized written statement accurately reflecting the position of the Endowment Fund's income and principal accounts, the receipts, disbursements and changes for the previous fiscal year shall be submitted by the Financial Secretary to the Delegate Assembly.
- C. The Fund shall be subject to the annual internal Financial Review of all high school funds and accounts.
- D. An Annual Report shall be provided by the Development Director to all Martin Luther High School Association Congregations and Martin Luther High School constituents.

V. ENDOWMENT FUND COMMITTEE

- A. There shall be an Endowment Fund Committee (hereinafter referred to as the Committee) operating under the Board of Directors who shall promote and manage the Endowment Fund.
 - a. Members
The committee shall have seven voting members: The Vice-Chairman of the Board of Directors, the Treasurer of the Board of Directors, the Principal, the Director of Development, the Parent/Teacher League Vice-President and two members at large from Martin Luther High School Association Congregations (to be elected by the Delegate Assembly at the summer meeting).
 - b. Term
The term of the school officers will follow their elected terms, as set by the Constitution, which starts July 1st. The elected members shall serve 3-year terms. The elected members can serve two consecutive terms and after a 12-month absence from the committee are again eligible for re-election. If a member is unable to complete a term, the Board of Directors shall appoint a replacement to complete the term. If any school officers are unable to complete their term the Board of Directors shall appoint a replacement to complete the term.
 - c. Accountability
The Committee shall be accountable directly to the members of Martin Luther High School Board of Directors.
 - d. Quorum
A quorum shall consist of four voting members. A majority present and voting shall carry any motion or resolution, except a recommendation to invade the principal of the Unrestricted Fund which requires a two-thirds majority vote.

e. Advisory Members

The committee may request others to serve as advisory members at the expense of the Fund and may provide for such professional counseling on investments, accounting or legal matters as it deems to be in the best interest of the Fund.

f. Officers

The Officers of the Endowment Committee shall be the Chairman, Treasurer, Financial Secretary and Recording Secretary. The committee shall elect the Financial Secretary and Recording Secretary for a one-year term at the first committee meeting following the schools annual meeting of the Board of Directors. In the event either Secretary is unable to complete a term of office, the remaining members of the Committee shall elect a successor to serve until the next annual election.

1) Chairperson

The chairperson shall be selected annually by the Committee members and shall preside at all meetings of the Endowment Fund Committee. The two members at large and the Treasurer are not eligible to be the Chairperson.

2) Treasurer

The Treasurer of the school shall also be the treasurer of the Fund and shall be covered appropriately by a corporate fidelity bond.

3) Financial Secretary

The Financial Secretary shall assist the Treasurer in maintaining complete and accurate books of accounts in the Fund and present an itemized written statement to the Spring Delegate Assembly.

4) Recording Secretary

The Recording Secretary shall maintain complete and accurate minutes of all the meetings of the Endowment Fund Committee and supply a copy to each member. Each member shall keep a complete copy of minutes to be delivered to his or her successor.

B. In order to properly manage the fund, the Committee shall maintain accounts with a reputable investment such as, but not limited to, the Lutheran Church-Missouri Synod Foundation. The treasurer and chairperson of the Committee shall execute all checks and other documents transferring or expending any funds or assets in the Fund.

C. The Committee shall meet at least on a quarterly basis.

D. The Committee shall establish such written rules and regulations as may be necessary for the conduct of its business. It shall adopt standards and goals to guide in the expenditure of the income from the Fund, which it may amend, all within the stated purposes of the Fund.

E. The Committee shall maintain complete and accurate books of account and may employ such professional help, as it deems necessary in this task.

- F. 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.

VI DUTIES

- A. The Endowment Fund Committee shall, at least annually, render a full and complete account of the administration of the Fund during the preceding year.
- B. The Endowment Fund Committee shall adopt procedures for review and acceptance of the assets that a donor desires to give. Gifts of cash or publicly traded securities will almost always be acceptable. However, gifts of operating businesses, partial interests in property, gifts encumbered by debt, gifts of property which may have title or environmental problems, or gifts of property which may not be marketable within a reasonable time considering the expense of owning the property may not be acceptable. In addition, certain types of property may cause adverse federal or state income tax problems for the endowment and may not be acceptable. If the Endowment Fund Committee determines that an asset, which a donor desires to give to the Fund, is not acceptable, it will immediately explain the reasons to the donor with any suggestions or alternatives for making the asset acceptable.

Some property may cause unexpected tax or other consequences to the donor. The school is not responsible for advising donors of the tax or other consequences of any gift. Donors are advised to consult with their own attorney, tax advisor and other professional advisors about the consequences of a gift in their circumstances. This Endowment Fund will abide by the requirements of the Internal Revenue Code and its regulations.

- C. Means for formally acknowledging the receipt of each gift and contribution shall be established and maintained in a way that permits the donor to claim a charitable tax deduction.
- D. All funds and properties in the Endowment Fund shall be kept and maintained separate, distinct and independent from the funds and property otherwise belonging to Martin Luther High School. However, the Endowment Fund Committee shall in no event be required to make physical segregation of the assets of the Fund in order to conform to the directions of any individual donors, but may establish separate accounts in its accounting records.
- E. The Endowment Fund Committee is to inform the members of the Martin Luther High School Association at least annually of the purpose of the Endowment, and may periodically arrange for members of the school to meet with professional counselors in the areas of charitable giving, wills, bequests, insurance, etc.
- F. All new members of the Endowment Fund Committee are to receive a copy of the Bylaws to become acquainted with the function and purposes of the Endowment.

VIII POWERS

The provisions of this Article shall govern the management of the Fund, whether administered by the Committee, or whether the Fund is delivered to another investment entity for management and administration:

- A. The property constituting the principal of the Fund shall be invested and reinvested in any kind of property, (whether real or personal, tangible or intangible, and/or domestic or foreign), including, but not limited to, securities, real estate, oil, gas, and other natural resources and/or accounts or certificates of banks or other lending institutions, and each investment shall be managed and protected in accordance with the principles herein established. In exercising the authority granted in this Section, the decisions with respect to investment shall be guided by the concept of a prudent investor whose investment purpose includes both income and capital appreciation and shall not otherwise be restricted by any law, rule or custom (1) requiring safety of principal as a primary consideration, (2) regarding investment in income producing property, or (3) requiring diversification of investments. In amplification, but not limitation, of the foregoing, authority is granted:
- a. To acquire interests in property by purchase, lease, rental or other method; to sell, option, exchange, redeem or convert any property interests; and to rent or lease property of the Fund;
 - b. To exercise all rights and privileges accruing to a holder of securities, including all voting, conversion, subscription, and preemptive rights; to deposit any securities with, delegate discretionary power to, and participate, cooperate and contract with, as a member or otherwise, any protective committee or security holders; and to effectuate any merger, consolidation, dissolution, reorganization or financial adjustment of the issuer of any securities and/or any transfer, demise, or encumbrance of any of its properties;
 - c. To manage and/or develop any real property owned, leased or otherwise held by the Fund; to erect, repair, remodel, reconstruct, demolish or remove buildings or other improvements on it; to partition or subdivide it; to dedicate all or any part of it to public or semi-public use, and to grant easement or other charges with respect to it;
 - d. To abandon any property interest deemed worthless or of insignificant value;
 - e. To borrow money from any source, to encumber property of the Fund and to repay any loan due by the Fund provided it incurs no acquisition indebtedness;
 - f. To foreclose any mortgage, lien, or other encumbrance, and to purchase the encumbered property, whether through foreclosure or private arrangement;
 - g. To establish and maintain, out of income, depreciation, depletion and/or amortization reserves;
 - h. To maintain a portion or all of the property constituting the Fund in liquid or nearly liquid form, even though little or no income is earned thereon;
 - i. To use income or principal funds (irrespective of their derivation) for any purpose of the Fund and with respect to any property of the Fund (irrespective of the income, of any, it produces) even if such funds are derived from the sale

of or income from other property of the Fund or from a loan (from income or an outside source) using such other property as security.

- B. Without limiting the authority otherwise conferred, the additional authority is hereby granted to be exercised as is believed to be in the best interest of the Fund:
- a. To accept and receipt for any monetary gifts, memorials, bequests, or other transfer of property to the Fund;
 - b. To hold property, and to negotiate and execute documents on behalf of the Fund;
 - c. To allocate between income and principal in equitable proportions, any money or other property received, and any loss or expenditure incurred;
 - d. To vote, or refrain from voting, securities having voting privileges, and to give any type of proxy (with or without directions) to vote the same;
 - e. To make division and distribution of property held in the Fund (whenever directed to do so) either in kind or in cash, or partly in kind and partly in cash and for such purpose to set values upon any property of the Fund;
 - f. To protect the Fund and its property by insurance against damage, loss or liability;
 - g. To establish checking account(s) in which may be deposited income and/or principal cash; and
 - h. To employ, at the expense of the Fund, attorneys, investment counsel, brokers, custodians of assets, and other agents and employees.

IX AMENDMENTS

Any amendment, which will change, alter or amend these Bylaws, shall be adopted only if approved by two-thirds majority of the Board of Directors of Martin Luther High School.