

ST. PAUL LUTHERAN SCHOOL ENDOWMENT FUND BYLAWS

I. SUBJECT.

St. Paul Lutheran Church and School shall have a School Endowment Fund. The Fund shall be called the St. Paul Lutheran School Endowment Fund. The Fund shall be administered by a committee (hereinafter called the "Fund Committee"). The Fund Committee shall be called the St. Paul Lutheran School Endowment Fund Committee.

II. PURPOSE

A. General. The Fund's purpose shall be to receive and administer gifts and bequests and to apply such funds and assets in accordance with the terms of these Bylaws. All funds and other assets received by and for the Fund shall be segregated from other funds and assets of St. Paul Lutheran Church and School and shall not be used for normal operating expenses or general budgetary items of the congregation or school. Subject to the terms of Section II.B., below, in general, the Fund shall distribute funding for school financial aid and for school improvements:

The financial aid dimension shall focus on:

1. Youth attending St. Paul Lutheran School needing financial help for required fees. An application form approved by the Board of Education- Lutheran School will be used to help determine the need.
2. Youth attending Martin Lutheran High School who are members of St. Paul Lutheran Church or who attended St. Paul Lutheran School and need financial help. An application form approved by the Board of Education- Lutheran School will be used to help determine the need.
3. School staff (called, contracted, or hired) for enhancement, improvement and enrichment of skills above and beyond those considered basic.

The Board of Education- Lutheran School will manage and have oversight of the school financial aid program.

The improvement dimension shall focus on:

1. Providing funds necessary for enabling or improving a unique ministry of St. Paul Lutheran School.
2. Obtaining new equipment.
3. Remodeling and renovating existing property.
4. Building of new property.
5. Acquisition of new property.

B. Specific.

1. In the event that a donor of a gift or bequest to the Fund designates (a "Designation"), in writing, special terms, conditions, limitations or directions as to the investment or application of the substance of the gift, or the use or accumulation of the income thereon, the Fund Committee shall review said designation under the terms set forth below.

a. In the event the Fund Committee determines that such designation is not appropriate to the purpose, administration and use of the Fund, the Fund Committee shall so notify the donor, in writing. If, within 30 days after such notification (the "Notification Period"), the donor does not provide the Fund Committee, in writing, with a new Designation or a statement (a "Nondesignation Statement") that the gift or bequest is not subject to any specific designation, such gift or bequest shall not be received or accepted into the Fund, and shall be returned, promptly, to the donor. If the donor specifies a new Designation, in writing, within the Notification Period, the same procedure shall be followed with respect to the new Designation. If the donor provides a Nondesignation Statement within the Notification Period, such gift or bequest shall be accepted and received into the Fund.

b. In the event the Fund Committee determines that such a Designation is appropriate to the purpose, administration, and use of the Fund, then such gift or bequest shall be accepted and received into the Fund subject to the terms of the Designation.

2. The income of the Fund is to be administered as determined by the Fund Committee and shall be applied to the uses, projects and programs recommended by the Fund Committee and submitted to the Budget & Finance Committee, provided that said uses, projects and programs shall be consistent with the general purpose for which the Fund has been established. Final approval for expenditures pertaining to the improvement dimension are needed from the Council of Deacons. School Endowment funds shall not be used for normal operating expenses or general budgetary items of the congregation or school, but may with action taken by the Board of Budget & Finance and approval of the Board of Education- Lutheran School be used to decrease a large congregational operating debt at the end of a fiscal year (following the procedures previously taken by the congregation).

3. Subject to the other terms of these Bylaws, the Fund Committee shall review the needs of the school with the Board of Education- Lutheran School and if deemed necessary make recommendations, at least annually, to the Board of Budget & Finance for the distribution of the income of the Fund. Final approval for expenditures pertaining to the improvement dimension are needed from the Council of Deacons.

III. THE COMMITTEE.

A. The Fund Committee shall promote and manage the Fund. Any agreement entered into for the management of the Fund, or any portion thereof, shall be valid only if approved by a simple majority of the Council of Deacons. The Fund Committee shall meet as needed, but at least once per year. Special meetings of the Fund Committee may be called on 5 day notice to members of the Fund Committee by the Chairman, the School Administrator, or any two of its members.

B. The Fund Committee shall consist of ten members. The members shall be appointed by the Board of Education-Lutheran School and shared annually at a Congregational Assembly meeting. Replacement of members who are unable to serve a full term shall be appointed at a duly constituted meeting of the Board of Education-Lutheran School. Fund Committee members may serve in another position of the congregation. The Committee shall be composed of 2 members of the Board of Education-Lutheran School, 2 school faculty members, 2 members of the PTL Executive Board, 2 members-at-large, a Pastor, and the School Principal. The Committee shall elect from its membership a Chairman, a Treasurer and a Secretary. Members of the Committee shall not receive monetary compensation for their services, but shall be reimbursed for any actual or necessary out-of-pocket expenses incurred in the administration of the Fund, upon presentation and acceptance of appropriate receipts and other proof.

C. A quorum shall consist of six (6) members. The affirmative vote of a majority present and voting shall carry any motion or resolution.

D. The Fund Committee shall establish such written rules and regulations as may be necessary for the conduct of its business and which are consistent with the terms of these Bylaws. It shall adopt standards and goals to guide in the expenditure of the income from the Fund, and which are consistent with the terms of these Bylaws.

E. The Fund Committee shall maintain accounts with such financial institutions as it may by resolution authorize and determine and which are consistent with the terms of these Bylaws. Any transactions needing a signature within the School Endowment Fund may be signed by the School Administrator or the Treasurer of the School Endowment Fund Committee in accordance with the wishes of the School Endowment Fund Committee- this includes direct payments to St. Paul Lutheran Church or Martin Luther High School for financial aid. All other checks and other documents transferring or expending any funds or assets in the Fund (for the improvement dimension) shall be executed by both the Treasurer and the School Administrator (requires double signatures).

F. The Fund Committee may ask other members of the congregation to serve as advisory members and may employ, at the expense of the Fund income, such professional counseling on investments and legal matters as it deems to be in the best interest of the Fund, and which are consistent with the terms of these Bylaws.

G. No members of the Fund Committee shall engage in any self-dealing or transactions with the Fund in which the member of the Fund 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.

H. The Fund Committee shall review any Designation from a donor placing restriction, conditions, limitations or directions as to the investment or application of the substance of a gift or bequest or on the use or accumulation of the income thereon. After said review, the Fund Committee shall make a determination as to whether such Designation is, or is not, appropriate to the purpose, administration and use of the Fund. In any event that such determination is negative, the Fund Committee shall follow the procedures in Section II.B.1.a.. In the event that said determination is positive, the Fund Committee shall accept such gift or bequest subject to the terms of the Designation.

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

J. The secretary shall maintain complete and accurate minutes of all the meetings of the Fund Committee and supply a copy thereof to each member. Each member shall keep a complete copy of minutes to be delivered to his or her successor. The Fund Committee is to submit all reports generated by any investment firms as well as all reports (quarterly reports, minutes of committee meetings, etc.) to the Budget & Finance Committee.

K. The chairman, or the member designated by the chairman, shall preside at all meetings of the Fund Committee.

IV. FISCAL YEAR.

A. For tax, accounting, distribution, or other purposes, the fiscal year of St. Paul's Lutheran Church and School shall be the fiscal year of the Fund.

B. Within one month after the close of each of the Fund's fiscal years, and at such other time(s) as is deemed convenient, an itemized written statement accurately reflecting the position of the Fund's income and corpus accounts as of a date reasonably close to the date the statement is submitted, and the receipts, disbursements and changes therein since the Fund's inception or the previous accounting, as the case may be, shall be submitted by the Fund Committee to the Budget & Finance Committee, the Council of Deacons, and the Congregational Assembly.

V. DUTIES.

A. The Fund Committee shall manage and invest the funds received by and into the Fund; collect and deposit income therefrom; make distributions in accordance with the terms of these Bylaws; and pay expenses which are necessary and related to such administration.

B. The Fund Committee shall, at least quarterly, render a full and complete account of the administration of the Fund to the Budget & Finance Committee, the Council of Deacons, and the Congregational Assembly..

C. Subject to the terms of Section II.B., above, gifts and contributions from any individual, firm or corporation, in money, in securities, or in any other form of property, including, by way of explanation and not in limitation, direct gifts for the purpose of the Fund, gifts in memory of any deceased person or in appreciation or recognition of any living person, gifts in the form of a devise or bequest under Will or trust

instrument, and gifts or proceeds or portions of proceeds of insurance, annuity, or endowment policies or contracts, may be received by the Fund at any time.

D. Means for acknowledging the receipt of each gift and contribution shall be established and maintained, including, whenever feasible, a designation of the value ascribed to each gift.

E. All funds and property of the Fund shall be kept and maintained separate, distinct and independent from the funds and property otherwise belonging to the church and school.

F. The Fund Committee is to inform the members of the congregation of the purpose of the Fund and establish a program for promoting the Fund.

G. All new members of the Fund Committee shall be provided with a copy of the Fund Bylaws to become acquainted with the function and purpose of the Fund.

VI. POWERS

The provisions of this Article shall govern the management of the Fund:

A. Subject to the terms of Section II.B. , the property constituting the corpus 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 principals 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 (i) requiring safety of corpus as a primary consideration (a minimum of 50% of the investments in funds such as CD's or Money Market Funds), (ii) regarding investment in income producing property, or (iii) 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 building 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 repay any loan due by the Fund;

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 corpus 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 inter vivos, testamentary or other transfer of property to the Fund;

b. to hold property, and to negotiate and execute documents on behalf of the Fund, in the name of the Fund or in the name of a nominee(s) without disclosing any fiduciary relationship to anyone;

c. to allocate between income and corpus (in cases where reasonable doubt of the applicable law exists) 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 corpus cash; and

h. to employ, at the expense of the Fund, attorneys, investment counsel, brokers, custodians of assets, and other agents and employees.

VII. DURATION.

The St. Paul Lutheran School Endowment shall continue in existence and be used as herein above provided, unless earlier revoked, so long as St. Paul Lutheran School shall continue to exist. In the event that St. Paul Lutheran School is closed, the remaining assets of the Fund shall be distributed to the general treasury of St. Paul Lutheran Church. In the event that St. Paul Lutheran Church is closed, disbanded, dissolved, or otherwise terminated at the same time as the school, the remaining assets shall be dispersed according to Article XII of the Constitution of St. Paul Lutheran Church.

VIII. AMENDMENTS.

Any amendment to these Bylaws which will change, alter or amend the general purpose for which the Fund is established shall be adopted only if presented by the Fund Committee to the Budget & Finance Committee and approved by a two-thirds majority of the Council of Deacons.

COMMITTEE RULES AND REGULATIONS

All expenditures (bills, etc.) that need to be paid pertaining to the improvement dimension are to be handled as follows: submit bills, etc. to the church treasurer along with the funds necessary from the School Endowment Fund to cover the expenditures (made payable to St. Paul Lutheran Church). 6/18/02