

BYLAWS  
FOR THE ENDOWMENT FUND  
OF THE  
LA CANADA FLINTRIDGE EDUCATIONAL FOUNDATION

As amended by the Board of Directors of La Canada Flintridge Educational Foundation on February 19, 2009.

1. The Endowment Fund. A general Endowment Fund shall be established by the La Canada Flintridge Educational Foundation (the "Foundation").
2. Objectives. The Endowment Fund's objectives are the same as those of the Foundation. The development of the Endowment Fund is intended not to limit the growth of the Foundation's Annual Campaign. The purpose of the Endowment Fund is to enhance the long-term stability of the Foundation and increase the amount of the Foundation's annual gift to the La Canada Unified School District.
3. Trustees' Responsibilities. Administration of the Endowment Fund shall be conducted by a board of trustees (the "Endowment Trustees") which shall consist of from five to nine members, with the precise number determined by resolution of the Endowment Trustees. The responsibilities of the Endowment Trustees will include overseeing the investment of the assets of the Endowment Fund, record-keeping with respect to such assets, disbursing those amounts authorized by the Board of Directors of the Foundation in accordance with these Bylaws and such other responsibilities as are determined from time to time by the Board of Directors of the Foundation. The Endowment Trustees shall have the right to delegate the performance of some or all of these responsibilities to a committee (the "Endowment Committee") appointed by the Board of Directors of the Foundation for that purpose. The Endowment Trustees shall also have the right to engage one or more third party investment managers ("Third Party Managers") to manage the investment of the Endowment Fund and the right to establish an agency endowment fund with a nonprofit community foundation or similar organization (a "Community Foundation"), provided, in each case, that the Endowment Trustees retain the right to withdraw the Endowment Fund from any such Third Party Manager or Community Foundation, subject to any articles of incorporation or other governing documents of any Community Foundation.
4. Selection of Trustees. A majority of the Endowment Trustees at all times shall be current or past members of the Board of Directors of the Foundation. Each member of the Endowment Trustees shall serve for five calendar years, with staggered terms so that no more than three new Endowment Trustees are elected in any year (in addition to any Endowment Trustees elected in any year to complete the unexpired term of any Endowment Trustee who departs prior to the expiration of his or her term). At least three Endowment Trustees must have legal, investment management or financial advisory experience. No Endowment Trustee may serve more than five consecutive years. A person can be elected again as an Endowment Trustee after a one year absence. In the event of a vacancy or anticipated vacancy with respect to a member of the Endowment Trustees, the Endowment Trustees shall consider potential successors to fill any such vacancy and, upon the selection of suitable potential successors, shall submit to the Board

of Directors of the Foundation a list of potential successors to fill the vacancy. The Board of Directors of the Foundation shall elect a new Endowment Trustee from that list at the next succeeding regularly scheduled meeting of the Board of Directors, and the term of the Endowment Trustee thus elected will commence immediately in the event of a current vacancy, or at such time as the next vacancy arises, in the event of an anticipated vacancy. The Board of Directors of the Foundation, by majority vote, may remove an Endowment Trustee during his or her term. If an Endowment Trustee is removed or resigns, the other Endowment Trustees shall consider potential successors to fill any such vacancy and, upon the selection of suitable potential successors, shall submit to the Board of Directors of the Foundation a list of potential successors, and the Board of Directors of the Foundation shall elect a new Endowment Trustee from that list at the next succeeding regularly scheduled meeting of the Board of Directors. Any Endowment Trustee elected to fill a vacancy with respect to an uncompleted term shall serve the remainder of the former Endowment Trustee's uncompleted term.

5. Investment. The Endowment Fund's assets will be invested in a prudent manner with the goal of achieving moderate current income and growth in capital over time. The Endowment Trustees on an annual basis shall review the investment policies of the Endowment Fund (or the investment policies of any Third Party Manager or Community Foundation, as applicable) and the investment performance of the Endowment Fund for consistency with the foregoing goals; and, in connection with herewith, the Endowment Trustees shall cause to be prepared and shall review at least annually a report summarizing the investment performance of the Endowment Fund. If the Endowment Trustees retain direct responsibility for investment of the Endowment Fund (i.e., in the absence of a Third Party Manager or the creation of any agency endowment fund with a Community Foundation), the Endowment Fund's assets can be invested in savings accounts or mutual funds which have been investigated and found appropriate by the Endowment Trustees. In the event that the Endowment Trustees elect to cause the Endowment Fund to be invested by a Third Party Manager or elect to create an agency endowment fund with a Community Foundation, the assets may be invested by the Third Party Manager or Community Foundation in any investments permitted by the management agreement, agency endowment instrument or similar agreement with such Third Party Manager or Community Foundation approved by the Endowment Trustees. No Endowment Trustee, no Endowment Committee member and no member of the Board of Directors of the Foundation shall receive any commission or other compensation as a direct result of investment of the assets of the Endowment Fund or any portion thereof.
6. Transfers of Funds to Foundation. In the second calendar quarter of each year, the Endowment Trustees shall make a determination as to the amount of funds to be transferred to the Foundation for inclusion in the Foundation's annual gift to the La Canada Unified School District, and any such transfer shall be completed by the end of such second calendar quarter. The amount of the transfer in any calendar year may not exceed the lesser of (i) five percent (5%) of the market value of the assets of the Endowment Fund as determined using the average balance of the Endowment Fund over the prior sixteen (16) quarters and (ii) five percent (5%) of the market value of the assets of the Endowment Fund as of the end of the calendar quarter immediately preceding the

date of such transfer. Subject to the foregoing limitations, the Endowment Trustees shall have full discretion to determine the amount of any transfer based on such factors as the Endowment Trustees deem appropriate, including, without limitation, the long term goal of preserving and growing the principal amount of the Endowment Fund, the funding needs of the La Canada Unified School District and the fundraising performance of the Foundation's annual fundraising campaign in the year of any such transfer. Both the timing and the amount of transfers from the assets of the Endowment Fund may be varied from the foregoing requirements as and to the extent necessary to comply with the terms of the applicable gift instrument governing a specific gift of assets to the Endowment Fund.

7. Review of Financial Records. The Directors of the Foundation shall cause the financial condition and records of the Endowment Fund to be reviewed from time to time, either by qualified members of the Board of Directors of the Foundation or by independent accountants. Such review may be conducted at any time, but must be conducted no less frequently than within 15 months from the most recent review.
8. Effectiveness and Amendment of Bylaws. These Bylaws for the Endowment Fund will go into effect with a two-thirds majority vote of the Board of Directors of the Foundation. These Bylaws can be amended by a two-thirds majority of a quorum of the members of the Board of Directors of the Foundation; provided, however, that amendment of Section 6 of these Bylaws shall require a two-thirds vote of all the members of the Board of Directors then in office.

#### CERTIFICATE OF SECRETARY

The undersigned hereby certifies that he is the duly elected and acting Secretary of the La Cañada Flintridge Educational Foundation, a California nonprofit corporation, and that the foregoing Bylaws constitute a true and correct copy of the Bylaws of said corporation as adopted by the Board of Directors at a meeting held on February 19, 2009 and in effect on the date hereof.

IN WITNESS WHEREOF, the undersigned has executed this Certificate this \_\_\_\_ day of \_\_\_\_\_, 2009.

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Tom Schumacher, Secretary