

AMENDED AND RESTATED
BYLAWS OF
LUTHERAN HIGH SCHOOL ASSOCIATION OF ORANGE COUNTY
A CALIFORNIA NONPROFIT RELIGIOUS CORPORATION
(AS AMENDED THROUGH SEPTEMBER 9, 2010)

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**AMENDED AND RESTATED BYLAWS OF LUTHERAN HIGH SCHOOL
ASSOCIATION OF ORANGE COUNTY
(As Amended through June 22, 2009)**

PREAMBLE

In 1959, a group of Christian men and women initiated a plan to develop a Lutheran high school in Orange County, California. In 1960, a non-profit corporation named Lutheran High School Association of Orange County (the "Association") was formed to further these efforts. In 1973, after years of effort and prayer, with and through the grace of God, Lutheran High School of Orange County (the "High School") started its teaching ministry with its first students. In 2009, the Association was blessed by the support of twenty-four Lutheran congregations and the High School was blessed by 1,318 enrolled students.

ARTICLE I

NAME

The name of the corporation is LUTHERAN HIGH SCHOOL ASSOCIATION OF ORANGE COUNTY.

ARTICLE II

OFFICES

Section 1. Principal Executive Office.

The principal executive office of the Association is hereby fixed and located at 2222 North Santiago Boulevard, Orange, California 92867. The Board of Directors is hereby granted full power and authority to change from time to time such executive office from one location to another. Any such change shall be noted on these Bylaws by the Secretary, opposite this section, or this section may be amended to state the new location.

Section 2. Other Offices.

Other offices may at any time be established by the Board of Directors at any place or places where the Association is qualified to conduct its affairs.

ARTICLE III

PURPOSES AND POWERS

Section 1. Purposes.

The Association is organized and shall be operated exclusively for religious, charitable and educational purposes (meeting the requirements for exemption provided for by California Revenue and Taxation Code Section 214), within the meaning of Section 501(c)(3) of the Internal Revenue Code of 1986, and Section 23701d of the California Revenue and Taxation Code. The

Association is a nonprofit religious corporation organized under the California Nonprofit Religious Corporation Law primarily for religious purposes. The Association was not organized for the private gain of any person.

Within the context and without limitation of the general purposes stated above, this Association was organized, and at all times thereafter has been and shall continue to be operated, to conduct, maintain, manage, operate and control that certain high school known as Lutheran High School of Orange County in or near the City of Orange, County of Orange, State of California, in which shall be offered a suitable Christian secondary education to children whose parents, guardians or friends are identified or in sympathy with the religious teachings of Lutheran churches. Through its relationship with The Lutheran Church-Missouri Synod, the Association shall respect and not act contrary to the doctrines and practices of The Lutheran Church-Missouri Synod, and shall identify with and foster the Christian education mission and ministry of The Lutheran Church-Missouri Synod. The purposes of the Association also include the acquiring and holding of real and personal property for the High School, and the erection, maintenance and use of buildings for such purpose in furtherance of the primary purposes and objects aforesaid, and for which the Association was formed.

Section 2. Powers.

In furtherance of the purposes hereinabove set forth, the Association shall have and shall exercise, subject to any limitations contained in its Articles of Incorporation, these Bylaws or applicable law, all powers of a natural person and all other rights, powers and privileges now or hereafter belonging to, or conferred upon, corporations organized under the provisions of the California Nonprofit Religious Corporation Law (California Corporations Code Section 9110 et seq.), including, without limitation, the power to do the following:

- (a) Adopt, make, use and at will alter, a corporate seal, but failure to affix such seal shall not affect the validity of any instrument;
- (b) Adopt, amend and repeal bylaws;
- (c) Qualify to conduct its activities in any other state, territory, dependency or foreign country;
- (d) Issue, purchase, redeem, receive, take or otherwise acquire, own, sell, lend, exchange, transfer or otherwise dispose of, pledge, use and otherwise deal in and with real and personal property, capital stock, bonds, debentures, notes and debt securities, and money market instruments of its own or others;
- (e) Issue memberships;
- (f) Pay pensions, and establish and carry out pension, deferred compensation, saving, thrift and other retirement, incentive and benefit plans, trusts and provisions for any or all of its directors, officers, employees and persons providing services to it or any subsidiary or related or associated

corporation, and to indemnify and purchase and maintain insurance on behalf of any fiduciary of such plans, trusts, or provisions;

- (g) Levy dues, assessments and fees;
- (h) Make donations for the public welfare or for community fund, hospital, charitable, educational, scientific, civic, religious or similar purposes;
- (i) Assume obligations, enter into contracts, including contracts of guaranty or suretyship, incur liabilities, borrow or lend money or otherwise use its credit, and secure any of its obligations, contracts or liabilities by mortgage or pledge, or otherwise encumber all or any part of its property and income;
- (j) Participate with others in any partnership, joint venture or other association, transaction or arrangement of any kind, whether or not such participation involves sharing or delegation of control with or to others;
- (k) Act as a trustee under any trust incidental to the principal objects of the Association, and receive, hold, administer, exchange and expend funds and property subject to such trust;
- (l) Carry on a business at a profit and apply any profit that results from the business activity to any activity in which it may lawfully engage; and
- (m) Receive endowments, devises, bequests, gifts and donations of all kinds of property for its own use, or in trust, in order to carry out or to assist in carrying out, the objects and purposes of the Association and to do all things and acts necessary or proper to carry out each and all of the purposes and provisions of such endowments, devises, bequests, gifts and donations with full power to mortgage, sell, lease or otherwise deal with or dispose of the same in accordance with the terms thereof.

Section 3. Dedication of Assets.

The property, assets, profits and net income of the Association are irrevocably dedicated to the religious, charitable and educational purposes of the Association set forth above (meeting the requirements for exemption provided for by California Revenue and Taxation Code Section 214), and no part of the profits or net income of the Association shall ever inure to the benefit of any director, officer or member thereof, or to the benefit of any private person, except as may be permitted of any corporation described in section 501(c)(3) of the Internal Revenue Code of 1986. Upon the dissolution or winding up of the Association, the assets remaining after payment of, or provision for payment of, all its debts and liabilities, to the extent not inconsistent with the terms of any endowment, devise, bequest, gift or donation, shall be distributed in accordance with Section 2 of Article XII below set forth below but only to an organization that is organized and operated exclusively for religious, charitable or educational purposes (meeting the requirements for exemption provided for by California Revenue and Taxation Code Section 214) and that is exempt from taxation under Section 23701 of the California Revenue and Taxation Code (or the corresponding provision of any future California revenue law) by reason of being described in

Section 23701d of such Code, and from taxation under Section 501(a) of the Internal Revenue Code of 1986 (or the corresponding provision of any future United States internal revenue law) by reason of being described in Section 501(c)(3) of such Code.

Section 4. Limitations on Powers.

(a) Notwithstanding any other provision of these Bylaws, the Association shall not carry on any activities not permitted to be carried on:

- (i) by a corporation exempt from Federal Income Tax under Section 501(c)(3) of the Internal Revenue Code of 1986 (or the corresponding provision of any future United States internal revenue law); or
- (ii) by a corporation, contributions to which are deductible under Section 170(c)(2) of the Internal Revenue Code of 1986 (or the corresponding provision of any future United States internal revenue law).

(b) No substantial part of the activities of the Association shall consist of the carrying on of propaganda or otherwise attempting to influence legislation, nor shall the Association participate or intervene in (including the publishing or distributing of statements) any political campaign on behalf of any candidate for political office.

ARTICLE IV

MEMBERS

Section 1. Determination and Rights of Members.

The Association shall have only one class of members. No member shall hold more than one membership in the Association. Except as expressly provided in or authorized by the Articles of Incorporation of the Association or these Bylaws, all memberships shall have the same rights, privileges, restrictions and conditions. Membership in the Association is personal to each member and is not transferrable, either voluntarily or by operation of law.

Section 2. Qualifications of Members.

The qualifications for membership in the Association are that only Lutheran congregations duly admitted under Section 3 of this Article IV may become voting members. The Association shall have no non-voting members.

Section 3. Admission of Members.

Applicants shall be admitted to membership as follows:

- (a) Any Lutheran congregation (one associated with The Lutheran Church-Missouri Synod, the Evangelical Lutheran Church in America or a similar

Lutheran body) may apply to become a voting member of the Association by:

- (i) Adopting a resolution to the effect that the congregation desires to become a voting member of this Association; and
 - (ii) Submitting the resolution to the Executive Director of the Association for initial approval by the Board of Directors of the Association (the “Board of Directors”) and subsequent approval by the Delegate Assembly of the Association (the “Delegate Assembly”).
- (b) Upon recommendation by the Board of Directors and approval by the Delegate Assembly, such congregation shall become a voting member (a “Member Congregation”) of the Association and shall then:
- (i) Elect or appoint its delegates in a manner prescribed by these bylaws (Article V, Section 1), and invest in such delegates power to vote on behalf of such congregation;
 - (ii) Contribute to the High School annual fees and assessments as determined by the Board of Directors;
 - (iii) Agree that the tuition reduction for its students shall be determined by the applicable Board of Directors’ policy as in effect from time to time;
 - (iv) Involve itself in the recruitment of students for the High School, including, without limitation, furnishing its mailing list to be used for distributing information regarding the Association and the High School, or promising that such congregation will distribute such information regularly;
 - (v) Encourage its congregation to support the High School by (A) praying for the High School, and (B) donating treasure, talent and time to assist the High School; and
 - (vi) Generally support and encourage the programs of the Association and the High School.
- (c) Member Congregations shall be entitled to:
- (i) Attendance by any and all congregation members at an annual meeting;
 - (ii) Vote through its delegates at meetings of the Delegate Assembly pursuant to Article VI below (A) to elect members of the Board of Directors of the Association, (B) to approve amendments to the Articles of Incorporation of the Association and these Bylaws, and

(C) on such other matters as may lawfully and properly come before such meetings;

- (iii) Cooperative discussions with the Association to help congregation members enroll their children in the High School; and
- (iv) Cooperative ministry with the High School in sharing and spreading the gospel of Jesus Christ.

Section 4. Termination of Membership

- (a) Membership in the Association by a Member Congregation may be withdrawn by such congregation's:
 - (i) adopting a resolution to the effect that such congregation desires to withdraw its membership from the Association; and
 - (ii) transmitting a copy of such resolution of withdrawal to the Executive Director of the Association.
- (b) If a Member Congregation ceases to be Lutheran (one associated with The Lutheran Church-Missouri Synod, the Evangelical Lutheran Church in America or a similar Lutheran body) it shall cease its membership in the Association.
- (c) Should any Member Congregation fail to pay its fees and assessments to the Association on a timely basis, the Board of Directors shall immediately begin ministering with such congregation. The Board of Directors may, in its sole discretion, vote to terminate such congregation's membership in the Association pursuant to the then current policies and procedures of the Association as approved by the Board of Directors.

Section 5. Fees and Assessments.

(a) No fee shall be charged for making application for membership in the Association.

(b) The annual fees and assessments payable by each Member Congregation to the Association shall be set by the Board of Directors in accordance with the funding policies adopted by the Board of Directors from time to time. If a Member Congregation finds it impossible because of unique circumstances to meet its financial obligation, such congregation shall have the right to appeal to the Board of Directors for special consideration under such circumstance; provided that any accommodation shall be at the sole discretion of the Board of Directors.

(c) Except as provided in subsection (b) of this Section 5, Memberships shall be nonassessable.

Section 6. Inspection Rights of Members.

(a) The accounting books and records and minutes of proceedings of the Delegate Assembly, the Board of Directors and committees of the Board of Directors shall be open to inspection upon the written demand on the Association of any Member Congregation at any reasonable time, for a purpose reasonably related to such person's interests as a member.

(b) Inspection pursuant to this Section 6 by a Member Congregation may be made by the Pastor Delegate of such Member Congregation or by an agent or attorney of such Member Congregation, and the right of inspection includes the right to copy and make extracts.

(c) If any record subject to inspection pursuant to this Section 6 is not maintained in written form, the Association shall at its expense make such record available in written form.

(d) Each Member Congregation shall have the right to inspect and copy or obtain a copy of the list of names, addresses and voting rights of members as prescribed by Section 9511 of the California Nonprofit Religious Corporation Law.

Section 7. Limitation on Liabilities.

(a) Except for the obligation to contribute fees and assessments pursuant to Section 5 of this Article IV, the Association expressly affirms that membership in this Association (i) is not an endorsement by any Member Congregation of the fiscal solvency of the Association, (ii) does not express or imply endorsement by any Member Congregation of the fiscal solvency of the Association or any Member Congregation's responsibility for the debts or other financial obligations of the Association, and (iii) does not cause any Member Congregation to incur or be subject to the liabilities or debts of the Association or any of its subsidiaries or affiliates.

(b) Each Member Congregation expressly affirms that membership in this Association (i) is not an endorsement by the Association of the fiscal solvency of such Member Congregation, (ii) does not express or imply endorsement by the Association of the fiscal solvency of such Member Congregation or the Association's responsibility for the debts or other financial obligations of such Member Congregation, and (iii) does not cause the Association to incur or be subject to the liabilities or debts of such Member Congregation or any of its subsidiaries or affiliates.

ARTICLE V

DELEGATES

Section 1. Delegates.

(a) Each Member Congregation shall annually select delegates (the "Delegates") determined as follows. The head pastor of such Member Congregation, or if there is no pastor the individual in charge of pastoral care at such Member Congregation, shall be one Delegate (the "Pastor Delegate"). In addition, such Member Congregation shall select in such manner as it shall determine an additional Delegate for each ten (10) students (or portion thereof)

enrolled at the High School as of the May 1st immediately preceding such selection (the “Lay Delegates”), with a maximum of nine (9) Lay Delegates from any one Member Congregation. As an example for purposes of clarity and not of limitation, a Member Congregation with 52 students would be entitled to six (6) Lay Delegates. Each Pastor Delegate shall certify that each Lay Delegate of his or her congregation is a member in Good Standing of such congregation. For purposes of these Bylaws, “Good Standing” in a congregation shall mean being at least twenty-one years of age, and a communicant and voting member of such congregation.

(b) Each Member Congregation shall designate its Pastor Delegate upon joining the Association and must promptly give notice to the Association of any change in the identity of the Pastor Delegate. The Pastor Delegate of each Member Congregation shall be the responsible party for receiving notices from the Association and shall have the obligation promptly to disseminate to all Lay Delegates of such Member Congregation any notice or other information from the Association.

(c) Prior to any meeting of the Delegate Assembly, and within three business days of any written request from the Association, each Member Congregation shall give written verification of the names and addresses of its Delegates.

Section 2. Responsibilities of the Delegates.

(a) Delegates shall be responsible for keeping their congregations informed about the activities and progress of the Association and serve as liaison between their congregations and the Association with the expressed intent of generating support and good will for the programs of the Association and the High School.

(b) At the annual meeting of the Delegate Assembly, the Delegates shall be responsible for electing those members of the Board of Directors to be elected at such meeting and to take action on such other matters as may lawfully and properly come before them. At any special meeting of the Delegate Assembly, the Delegates shall take action on such matters as may lawfully and properly come before them.

ARTICLE VI

MEETINGS OF THE DELEGATE ASSEMBLY

Section 1. Place of Meetings.

Meetings of the Delegate Assembly shall be held at the principal office of the Association or at such other place or places within or without the State of California as may be designated from time to time by resolution of the Board of Directors.

Section 2. Annual Meetings.

The Delegate Assembly shall meet annually at a time and date to be set by resolution of the Board of Directors for the purpose of electing those directors to be elected at such meeting and transacting such other business as may lawfully and properly come before the meeting.

Section 3. Special Meetings.

Special meetings of the Delegate Assembly may be called by the Board of Directors or at the written request of twenty (20) Delegates or five percent (5%) of the Member Congregations (acting through their Pastor Delegates); provided that the costs and expenses of any such meeting called by Member Congregations shall be paid by such Member Congregations.

Section 4. Notice of Meetings.

Written notice of all annual and special meetings of the Delegate Assembly shall be given not less than twenty (20) nor more than ninety (90) days before the date of the meeting to the Pastor Delegate of each Member Congregation. Whenever a notice of a meeting of the Delegate Assembly is required to be given, the Secretary shall cause notice of the meeting to be delivered by personal service, first-class mail or electronic mail to the Pastor Delegate of each Member Congregation. If notice is given by mail, it shall be sent, charges prepaid, addressed to the Pastor Delegate at his or her address appearing on the Association's records, or if it is not on those records or is not readily ascertainable, to the address of the applicable Member Congregation. Such notice shall state the date, place and hour of the meeting and, wherever practical, the general nature of the business to be transacted. Any other business which properly comes before a meeting may be transacted, notwithstanding its omission from the notice of the meeting. An affidavit of the giving of any notice in accordance with applicable laws and these Bylaws executed by the Secretary or any assistant secretary shall be prima facie evidence of the giving of such notice.

Section 5. Quorum for Meetings.

(a) A quorum at any meeting shall consist of the presence in person at such meeting of one-third ($\frac{1}{3}$) of the Delegates with at least one-third ($\frac{1}{3}$) of the Member Congregations being represented by at least one Delegate. The Delegates present at a duly called and held meeting at which a quorum is initially present may continue to do business notwithstanding the loss of a quorum at the meeting due to a withdrawal of Delegates from the meeting, provided that any action taken after the loss of a quorum must be approved by at least a majority of the Delegates required to constitute a quorum.

(b) In the absence of a quorum, any meeting of the Delegate Assembly may be adjourned from time to time by the vote of a majority of the Delegates present in person at the meeting, but no other business shall be transacted at such meeting.

(c) When a meeting is adjourned for lack of a sufficient number of Delegates at the meeting or otherwise, it shall not be necessary to give any notice of the time and place of the adjourned meeting or of the business to be transacted at such meeting other than by announcement at the meeting at which the adjournment is taken of the time and place of the adjournment meeting. However, if after the adjournment a new record date is fixed for notice or voting, a notice of the adjourned meeting shall be given to each Delegate who, on the record date for notice of the meeting, is entitled to vote at the meeting. A meeting shall not be adjourned for more than forty-five (45) days.

Section 6. Voting.

At an annual or special meeting of the Delegate Assembly, each Delegate present in person at such meeting shall be entitled to one vote. Voting shall be by written ballot for the election of directors and may be by acclamation or by ballot on other matters. Voting by proxy or absentee ballot shall not be permitted. Cumulative voting for the election of directors shall not be permitted. The candidates for each Director Category (as defined in Section 2(a) of Article VII below) receiving the highest number of votes cast up to the number of directors to be elected in such Director Category shall be elected, provided that, if such process would result in the violation of the Maximum Representation Limit (as defined in Section 2(a) of Article VII below) for any congregation (the "Limited Congregation"), the individual from the Limited Congregation receiving the lowest number of votes cast as a Lay Director who would otherwise have been elected as a director shall be ineligible to serve as a director and shall not be elected and instead the individual receiving the highest number of votes cast for such Director Category who is not a member of the Limited Congregation, was not otherwise elected and whose election would not violate the Maximum Representation Limit for his or her congregation shall be elected, and if the Maximum Representation Limit for the Limited Congregation would still be violated, such process shall be repeated, commencing with those individuals of the Limited Congregation who would otherwise have been elected Lay Directors being rendered ineligible and not elected, in the order of their respective vote totals (lowest to highest), followed by those individuals of the Limited Congregation who would otherwise have been elected Educator Directors being rendered ineligible and not elected, in the order of their respective vote totals (lowest to highest), followed by the Pastor Director of the Limited Congregation being rendered ineligible and not elected, until the Maximum Representation Limit for the Limited Congregation is not violated, with each ineligible individual for a Director Category being replaced by the individual receiving the highest number of votes cast for such Director Category who is not a member of the Limited Congregation, was not otherwise elected and whose election would not violate the Maximum Representation Limit for his or her congregation, and such individual shall be deemed elected for all purposes. A majority of all votes cast shall be required for approval of any other matter before the Delegate Assembly; provided, however, decisions on matters set forth in the proviso to Section 1(c) of Article VII below (the "Super-Majority Matters") shall require the affirmative vote of at least two-thirds of the Delegates present in person at the meeting and provided, further, that any amendment of the Articles of Incorporation of the Association or these Bylaws shall be approved as set forth in Article XIII below.

Section 7. Conduct of Meetings.

(a) Meetings of the Delegate Assembly shall be presided over by the Chair of the Board, or in his or her absence, by the Vice Chair of the Board, or in his or her absence, if a separate President has been appointed, by the President or, in his or her absence, if a separate Vice President has been appointed, by the Vice President or, in the absence of all of these persons, by a chair chosen by a majority of the Delegates, present in person. The Secretary of the Association shall act as secretary of all meetings of the Delegate Assembly, provided that, in his or her absence, the presiding officer shall appoint another person to act as secretary of the meeting.

(b) Meetings of the Delegate Assembly shall be governed by the chair of such meeting, who may elect to follow Robert's Rule of Order, as such rules may be revised from time

to time, insofar as such rules are not inconsistent with or in conflict with these Bylaws, with the Articles of Incorporation of the Association, or with any provision of applicable law.

Section 8. Inspectors of Election.

(a) In advance of any meeting of the Delegate Assembly, the Board of Directors may appoint inspectors of election to act at such meeting and any adjournment thereof. If inspectors of election are not so appointed, or if any persons so appointed fail to appear or refuse to act, the chair of such meeting may, and on the request of any Delegate shall, appoint inspectors of election (or persons to replace those who so fail or refuse) at the meeting. The number of inspectors shall be either one or three. If appointed at a meeting at the request of one or more Delegates, the majority of Delegates present in person at such meeting shall determine whether one or three inspectors are to be appointed.

(b) The inspectors of election shall determine the number of Delegates present in person at the meeting, the existence of a quorum, receive votes, ballots or consents, hear and determine all challenges and questions in any way arising in connection with the right to vote, count and tabulate all votes, ballots or consents, determine when the polls shall close, determine the result and do such acts as may be proper to conduct the election or vote with fairness to all Delegates.

(c) The inspectors of election shall perform their duties impartially, in good faith, to the best of their ability and as expeditiously as is practical. If there are three inspectors of election, the decision, act or certificate of a majority is effective in all respects as the decision, act or certificate of all. Any report or certificate made by the inspectors of election is prima facie evidence of the facts stated therein.

Section 9. Written Ballot of Delegates Without a Meeting.

(a) Whenever the Delegates are to vote for directors or on any proposal for action which could be taken at any annual or special meeting of the Delegate Assembly, the Delegates may, in the discretion of the Board of Directors, vote by written ballot without a meeting pursuant to this Section 9.

(b) A written ballot shall be mailed to each Pastor Delegate for distribution to all Delegates of his or her Member Congregation.

(c) The written ballot shall set forth the time by which the ballot must be received in order to be counted and the minimum number of written ballots which must be returned to meet the quorum requirement.

(d) If the vote is for other than directors or officers, the written ballot shall set forth:

(i) The proposal to be voted on, and for this purpose related proposals may be grouped as a single proposal for the written ballot;

- (ii) Offer the Delegate a choice between approval and disapproval on each of such proposals; and
- (iii) Specify that the proposal must be approved by a majority, or in the case of any Super-Majority Matter, two-thirds, of the written ballots voting on the proposal, provided that sufficient written ballots are returned to meet the quorum requirement.

(e) Approval by written ballot shall be valid only when the number of votes cast by ballot within the time period specified equals or exceeds the quorum required to be present in person at a meeting authorizing the action, and the number of approvals equals or exceeds the number of votes that would be required to approve at a meeting at which the total number of votes cast was the same as the number of votes cast by ballot.

ARTICLE VII

BOARD OF DIRECTORS

Section 1. Duties and Powers.

(a) The Board of Directors shall be the governing body of the Association. The Board of Directors shall manage the activities and affairs of the Association and have the full authority to act thereon, except as limited by applicable law, the Articles of Incorporation of the Association or these Bylaws.

(b) Subject to any limitations of applicable law or the Articles of Incorporation of the Association, the Board of Directors shall manage and carry out the fiduciary responsibility vested in it by these Bylaws and in so doing shall have all the rights, powers and authority of the board of directors of a corporation.

(c) Notwithstanding any other provision of these Bylaws, the Board of Directors is vested with the power to:

- (i) conduct, manage, administer and delegate the affairs of the Association; hold all monies and property, real, personal and mixed, however acquired, and use, manage and conduct the same under the direction and for the use and benefit of this organization; accept or reject gifts, grants, bequests, legacies and devises; acquire, sell, transfer and convey, mortgage and pledge all real and personal property, and authorize capital indebtedness for the Association; provide proper bond for the officials who are charged with the handling of the funds of the Association; provide for the financial needs of the Association and administer its funds; approve a budget and tuition rates annually or as changes are made; and appoint such committees as may from time to time be deemed necessary;
- (ii) determine policies of the High School, and maintain a manual of such policies;

- (iii) report its actions at each annual meeting of the Delegate Assembly and prepare the agenda for each meeting of the Delegate Assembly;
- (iv) issue checks, drafts and other orders for the payment of money, notes or other evidence of indebtedness and receive the same on behalf of the Association, with such signature or endorsement authority as the Board of Directors determines;
- (v) authorize any officer or officers, agent or agents, to enter into any contract or execute any instrument in the name, and on behalf, of the Association;
- (vi) adopt appropriate policies for the investment and management of funds, for the conduct of audits, for the acceptance and management of planned gifts, for the grant and allocation of the Association's funds;
- (vii) elect persons to the various posts as provided in these Bylaws;
- (viii) pursuant to policies and procedures adopted by the Board of Directors, directly or through authority delegated to the Executive Director, call ordained and commissioned ministers who are on the active membership roster of The Lutheran Church-Missouri Synod to be instructors and administrators of the High School and terminate any such calls;
- (ix) dispose of any assets of the Association; and
- (x) approve self-dealing transactions in accordance with state and federal laws;

provided, that the Association limits and restricts the powers of the Board of Directors by reserving to the Delegate Assembly (subject, in the case of (C) below, to Section 2 of Article XII below) the right to approve matters in the following areas:

- (A) the amendment or repeal of the Articles of Incorporation or the Bylaws of the Association;
- (B) authorizing major funding campaigns within Member Congregations; and
- (C) dissolution of the Association.

Section 2. Composition.

The Board of Directors shall consist of seventeen (17) persons, fifteen (15) of whom shall be elected by the Delegate Assembly and two (2) of whom shall be designated by the Board of Directors.

- (a) Delegate Elected Directors. Fifteen (15) members of the Board of Directors shall be elected by the Delegate Assembly (the “Delegate Elected Directors”). Three (3) Delegate Elected Directors shall be ordained Lutheran pastors (“Pastor Directors”), three (3) Delegate Elected Directors shall be non-ordained educators whose names appear on the active membership roster of The Lutheran Church-Missouri Synod (“Educator Directors”), and nine (9) Delegate Elected Directors shall be lay people (“Lay Directors”). No more than three (3) Delegate Elected Directors from one congregation may hold office at one time (the “Maximum Representation Limit”). No more than one pastor and four (4) laypersons who are members of any congregation not affiliated with The Lutheran Church-Missouri Synod may serve as Delegate Elected Directors at the same time. Any member in Good Standing of a congregation that is a Member Congregation shall be eligible to serve as a Delegate Elected Director, with the exception of the Educator Director, who may be a member in good standing of any congregation affiliated with the Lutheran Church - Missouri Synod, whether or not such congregation is a member of the Association. One Pastor Director, one Educator Director, and three (3) Lay Directors shall be elected each year. The categories of Pastor Director, Educator Director and Lay Director are referred to in these Bylaws as “Director Categories”.
- (b) Board Designated Directors. Two (2) members of the Board of Directors shall be designated by resolution of the Board of Directors at its last meeting before the Delegate Assembly (the “Board Designated Directors”). Any member in Good Standing of a Member Congregation or of a Christian congregation (the status of a congregation as a Christian congregation shall be determined in the sole discretion of the Board of Directors) which is not a Member Congregation shall be eligible to serve as a Board Designated Director. At the first meeting at which the Board of Directors designates Board Designated Directors, one shall be designated to serve an initial term of two (2) years and one an initial term of three (3) years.

Section 3. Fees and Compensation.

Directors shall not receive compensation for their services as such. Directors may, however, be reimbursed for reasonable out-of-pocket expenses incurred by them in the performance of their duties as directors.

Section 4. Qualifications for Membership on the Board of Directors.

In addition to the qualifications set forth in Section 2 of this Article VII, the qualifications for directors shall be developed by the Nominations Committee from time to time; provided that each director shall be in Good Standing in a congregation, and duly qualified for his or her applicable Director Category.

Section 5. Manner of Nomination and Designation of Directors; Resignations, Removals and Vacancies.

(a) The Nominations Committee shall annually provide to the Board of Directors for its approval a slate of qualified individuals as nominees for the Board of Directors who have agreed to serve if elected or designated. The Board of Directors shall accept or reject each of such nominees and may further modify the slate by adding one or more other qualified individuals as nominees to the Board of Directors who have agreed to serve if elected or designated. From this Board of Directors' approved slate of nominees, the Board of Directors shall designate the Board Designated Directors pursuant to Section 2(b) of this Article VII and shall designate a slate of nominees qualified to be Delegated Elected Directors to stand for election as Delegate Elected Directors pursuant to Section 2(a) of this Article VII and Section 6 of Article VI of these Bylaws. At any Delegate Assembly at which there is an election of members of the Board of Directors, any Delegate may nominate additional qualified individuals, up to the number of directors to be elected at such Delegate Assembly, as nominees for election as Delegate Elected Directors, provided such candidates have agreed to serve if elected.

(b) Any director may resign effective upon giving written notice to the Chair of the Board, the Secretary or the Board of Directors, unless the notice specifies a later time for the effectiveness of such resignation. If the resignation is effective at a future time, a successor may be elected to take office when the resignation becomes effective. The Board of Directors may declare vacant the office of a director:

- (i) who has been declared of unsound mind by an order of court or convicted of a felony;
- (ii) who has failed to attend three consecutive meetings of the Board of Directors;
- (iii) (A) who is no longer in Good Standing in a congregation, (B) who no longer meets the qualifications for such director's applicable Director Category or (C) whose change of congregation would cause a violation of the Maximum Representation Limit; or
- (iv) as otherwise permitted by applicable law.

(c) A vacancy on the Board of Directors may be filled by the Board of Directors at its next regular meeting. If the vacant position is that of a Pastor Director it shall be filled by an ordained Lutheran pastor, if of an Educator Director, by a non-ordained educator whose name appears on the active membership roster of The Lutheran Church-Missouri Synod, and if of a Lay Director, by a lay person. Any replacement director selected by the Board of Directors to fill a vacancy shall serve until the next annual meeting of the Delegate Assembly, at which time the Delegates shall elect a director of the appropriate Director Category to fill the remaining term, if any, associated with such vacancy.

Section 6. Term of Office.

Except for directors elected to fill a vacancy under Section 5(c) of this Article VII and as provided for the initial terms of the initial Board Designated Directors in Section 2 of this Article VII, each member of the Board of Directors shall serve for a three-year term and may be re-elected for not more than one additional consecutive three-year term. With respect to any individual originally elected to fill a vacancy, if the original term served by such individual was two or more years, such individual may be re-elected for not more than one additional consecutive three-year term, and if the original term served by such individual was less than two years, such individual may be re-elected for not more than two additional consecutive three-year terms. Individuals who have served the maximum number of consecutive elected terms on the Board of Directors shall be ineligible to serve on the Board of Directors for a period of eleven (11) months following the end of their most recent service on the Board of Directors; and thereafter will be eligible to serve again.

Section 7. Meetings.

Meetings of the Board of Directors shall be held at such times and at such places as the Chair of the Board or, in the absence of a Chair of the Board, the Vice Chair, may determine, but in no event fewer than four (4) times during each fiscal year of the Association. Notice of such regular meetings shall be given pursuant to the provisions of these Bylaws.

Section 8. Action without a Meeting.

Actions may be taken without a meeting of the Board of Directors if members unanimously consent thereto in writing. Such consents shall be filed with the minutes of the proceedings of the Board of Directors, and shall have the same force and effect as an action taken at regularly noticed meetings of the Board of Directors.

Section 9. Special Meetings.

Special meetings of the Board of Directors may be called for any purpose at any time by the Chair or Vice Chair of the Board by giving written notice to the Secretary or any three directors by delivering written notice to the Chair or Vice Chair of the Board or the Secretary. Notice of special meetings shall be given pursuant to the provisions of these Bylaws for notice of regular meetings.

Section 10. Notice and Place of Meetings.

Meetings of the Board of Directors shall be held at the place designated in the notice of the meeting. Whenever a notice of a meeting of the Board of Directors is required to be given, the Secretary shall cause notice of the meeting to be delivered personally, by telephone (including a voice messaging system), by first-class mail or by electronic mail to each director. If notice is given by mail, it shall be sent, charges prepaid, addressed to the director at his or her address appearing on the Association's records, or if it is not on these records or is not readily ascertainable, at the place where the regular meetings of the Board of Directors are held. If notice is given by electronic mail, it shall be sent to the director at his or her electronic mail address appearing on the Association's records. **Each director, by agreeing to serve as such, consents**

to the use of electronic mail for notices and other communications under these Bylaws and shall provide the Association with his or her current electronic mail address. If such notice is mailed, it shall be mailed at least four days before the date of the meeting, and if given personally, by telephone or by electronic mail, it shall be given not fewer than forty-eight (48) hours before the time of the meeting. Such notice shall state the date, place and hour of the meeting and, whenever practical, the general nature of the business to be transacted. Such notice, however, need not include the purpose or agenda of the meeting to be effective. Any business that properly comes before a meeting may be transacted, notwithstanding its omission from the notice of the meeting.

Section 11. Action at a Meeting; Quorum and Required Vote.

A majority of the total number of directors then in office shall constitute a quorum for the transaction of business, except as expressly provided otherwise in the Articles of Incorporation of the Association, these Bylaws or by resolution of the Board of Directors. The Board of Directors shall not conduct business by proxy or mail written ballot. A majority of those present in person at a duly held meeting with a quorum may perform any act or make any decision vested in the Board of Directors, unless a greater number, or the same number after disqualifying one or more directors from voting, is required by applicable law or the Articles of Incorporation of the Association or these Bylaws, and may continue to transact business notwithstanding the withdrawal of enough directors to leave less than a quorum.

Section 12. Meetings by Conference Telephone and Similar Communications Equipment.

Members of the Board of Directors may participate in any meeting of the Board of Directors or any committee thereof through use of conference telephone, electronic video screen communications equipment, voice over internet communications equipment or similar communications equipment, so long as all directors participating in such meeting can hear one another. Participation in a meeting in this manner shall constitute presence in person at such meeting.

Section 13. Waiver of Notice.

Notice of a meeting need not be given to a director who provides a waiver of notice or consent to holding the meeting or an approval of the minutes thereof in writing, whether before or after the meeting, or who attends the meeting without protesting, prior thereto or at its commencement, the lack of notice to that director. These waivers, consents and approvals shall be filed with the corporate records of the Association or made a part of the minutes of the meetings.

Section 14. Adjournment.

A majority of the directors present in person, whether or not a quorum is present, may adjourn any meeting to another time or place. Notice of the adjournment to another time or place shall be given a reasonable time prior to the time of the continuation of the adjourned meeting to the directors who were not present in person at the time of the adjournment.

ARTICLE VIII

COMMITTEES

Section 1. Appointment of Standing and Special Committees.

The Board of Directors shall create the Standing Committees specified herein, and may create such other standing or special committees, and may delegate to each committee such authority to act on behalf of the Board of Directors, to the extent permitted by law, as the Board of Directors deems appropriate. All committees of the Board of Directors shall serve at the pleasure of the Board of Directors, and shall have such powers, functions, and responsibilities as shall be conferred by these Bylaws or by resolutions of the Board of Directors. Each committee shall report, at each regular meeting of the Board of Directors, all actions taken by the committee since the last regular meeting of the Board of Directors.

Section 2. Composition.

All committees must include at least three (3) directors, and a majority of the members of each committee shall be directors. All committee members and committee chairs shall be appointed by the Board of Directors. Unless stated otherwise in these Bylaws, or determined otherwise by the Board of Directors, or in conflict with applicable law, the Executive Director shall be a non-voting advisory member of all committees of the Board of Directors, other than the Audit Committee.

Section 3. Term of Office.

Committee members shall serve one-year terms. Each committee shall disband immediately prior to the annual meeting of the Delegate Assembly and shall be reformed by the Board of Directors as soon as practical following the annual meeting of the Delegate Assembly.

Section 4. Quorum and Voting.

(a) The presence of a majority of committee members shall constitute a quorum. A majority of those present in person at a duly held meeting with a quorum may perform any act or make any decision vested in the committee, unless a greater number, or the same number after disqualifying one or more members from voting, is required by applicable law or the Association's Articles of Incorporation or these Bylaws, and may continue to transact business notwithstanding the withdrawal of enough members to leave less than a quorum. A quorum for the Executive Committee shall consist of one-half plus one of the committee members eligible to vote.

(b) With respect to decisions exercised within the authority delegated by the Board of Directors to legally bind the Association, (i) a majority of the committee members must vote in favor of the action, and (ii) a majority of directors in attendance must be in the majority.

Section 5. Standing Committees.

The following shall be Standing Committees of the Board of Directors, with such members and functions as are described in these Bylaws or as otherwise designated by resolution of the Board of Directors:

(a) Audit Committee. The Audit Committee shall consist of at least three (3) directors, and shall not include the Executive Director or the Chief Financial Officer of the Association. The Audit Committee may include non-directors with requisite expertise to assist the Audit Committee in the discharge of its duties; provided that all actions or recommendations of the Audit Committee shall be approved by a majority of the members that are directors. Audit Committee members may not receive compensation in excess of what that member would receive as a director and may not have a material financial interest in any entity that does business with the Association. The Audit Committee shall make recommendations to the Board of Directors with respect to the engagement or discharge of the Association's independent auditors, and shall review with the independent auditors the plans, scope and results of their engagement.

(b) Nominations Committee. The Nominations Committee shall consist of at least three (3) directors, one of whom shall be the Chair of the Board. The Nominations Committee shall develop criteria for the selection and screening of new directors. The Nominations Committee shall annually develop a slate of nominees to be elected directors by the Delegate Assembly and designated directors by the Board of Directors.

Section 6. Executive Committee.

The Executive Committee may be formed in the discretion of the Board of Directors. If formed, it shall consist of at least three (3) directors, including the Chair of the Board and the Vice Chair. At least one member of the Executive Committee shall not be an officer of the Association. The Executive Committee shall set the agenda for the Board of Directors and, to the extent allowed by law and not otherwise restricted by resolution of the Board of Directors from time to time, shall have all the authority of the Board of Directors. The Executive Committee shall, in the event that it acts on behalf of the Board of Directors, report to the Board of Directors on all actions authorized or approved by it since the previous meeting of the Board of Directors.

Section 7. Committee Restrictions.

No Committee shall do any of the following without express authority from the Board of Directors:

(a) Fill vacancies on the Board of Directors or any committee which has the authority of the Board of Directors;

(b) Amend or repeal any resolution approved by the Board of Directors (unless specifically provided for in such resolution); or

(c) Create committees of the Board of Directors or appoint any members thereof.

ARTICLE IX

OFFICERS

Section 1. Officers.

At the Board of Directors' meeting immediately prior to the annual Delegate Assembly, the Board of Directors shall elect from the then existing Delegate Elected Directors, the following officers: a Chair of the Board, a Vice Chair, and a Secretary. Unless otherwise determined by the Board of Directors, the Chair of the Board shall also serve as the President of the Association and the Vice Chair as the Vice President of the Association. The officers of the Association also include an Executive Director and a Chief Financial Officer. Any number of offices may be held by the same person, except that the Secretary may not serve concurrently as either the Chair of the Board or the President (if one is designated separate from the Chair of the Board) and the Chief Financial Officer may not serve concurrently as the Executive Director. The Association may also have such other officers as the Board of Directors may from time to time establish in order to conduct the business of the Association. Each officer of the Association shall have such authority and perform such duties as provided in these Bylaws or as the Board of Directors may from time to time prescribe. Such authority may be general or confined to specific instances and, unless so authorized by the Board of Directors, no officer, agent or employee of the Association shall have any power or authority to bind the Association by any contract or engagement or to pledge its credit or to render it liable for any purpose or any amount, except for contracts or commitments in the regular course of business of the Association executed by an officer within the scope of his or her authority, provided that compensation of officers, including the Executive Director and the Chief Financial Officer, and all contracts relating thereto, shall be approved by the Board of Directors.

Section 2. Election and Removal of Officers.

The officers of the Association shall be elected by the Board of Directors and each shall serve at the pleasure of, and may be removed by, the Board of Directors, subject to the rights, if any, of an officer under any contract of employment.

Section 3. Subordinate Officers.

The Board of Directors may appoint, and may authorize the Chair of the Board or the President to appoint, any other officers that the business of the Association may require, each of whom shall have the title, hold office for the period, have the authority and perform the duties specified in these Bylaws or determined from time to time by the Board of Directors.

Section 4. Resignation of Officers.

Any officer may resign at any time by giving written notice to the Association. Any resignation shall take effect on the date of the receipt of that notice or at any later time specified in that notice. Unless otherwise specified in that notice, the acceptance of the resignation shall not be necessary to make it effective. Any resignation is without prejudice to the rights, if any, of the Association under any contract to which the officer is a party.

Section 5. Vacancies in Offices.

A vacancy in any office because of death, resignation, removal, disqualification, failure to be re-elected as a member of the Board of Directors, or any other cause shall be filled by the Board of Directors, although the President may appoint a person to act as that officer in the interval of time reasonably required before a regular election can be held or a regular appointment made.

Section 6. Responsibilities of Officers.

(a) Chair of the Board. The Chair of the Board shall preside at the meetings of the Board of Directors and the Executive Committee, if one be formed, and exercise and perform such other powers and duties as may be from time to time assigned to him or her by the Board of Directors or prescribed by these Bylaws.

(b) Vice Chair. The Vice Chair shall, in the absence of the Chair of the Board, preside at all meetings of the Board of Directors and the Executive Committee, if one be formed. The Vice Chair shall have such other powers and duties as may be from time to time assigned to him or her by the Board of Directors or these Bylaws.

(c) President. If a separate President be appointed, he or she shall have such powers and duties as may be from time to time assigned to him or her by the Board of Directors or these Bylaws.

(d) Vice President. If a separate Vice President be appointed, he or she shall have such powers and duties as may be from time to time assigned to him or her by the Board of Directors or these Bylaws.

(e) Secretary. The Secretary shall keep or cause to be kept, at the principal office or such other place as the Board of Directors may direct, a book of minutes of all meetings and actions of the Board of Directors, its committees and the Delegate Assembly, with the time and place of holding, whether regular or special, and, if special, how authorized, the notice given, the names of those present at such meetings, the number of Delegates present at meetings of the Delegate Assembly and the proceedings of such meetings. The Secretary shall keep at the Association's principal office the original or a copy of the Articles of Incorporation of the Association and these Bylaws, each as amended to date. The Secretary shall give, or cause to be given, notice of all meetings of the Delegate Assembly and of the Board of Directors required by these Bylaws to be given. The Secretary shall keep the seal of the Association in safe custody. The Secretary shall have such other powers and perform such other duties as may be from time to time assigned to him or her by the Board of Directors, the Chair of the Board or these Bylaws.

(f) Executive Director. Subject to such supervisory powers as may be given by the Board of Directors to the Chair of the Board of Directors, if any, the Executive Director shall be the chief executive officer and general manager of the Association, and, subject to the control of the Board of Directors, shall generally supervise, direct and control the business and the affairs of the Association. The Executive Director shall have such other powers and perform such other duties as may be from time to time assigned to him or her by the Board of Directors, the Chair of

the Board or these Bylaws. Unless excused, the Executive Director shall attend all meetings of the Board of Directors.

(g) Chief Financial Officer.

- (i) The Chief Financial Officer shall keep and maintain, or cause to be kept and maintained, adequate and correct books and records of accounts of the properties and business transactions of the Association, including accounts of its assets, liabilities, receipts, disbursements, gains, losses, capital, retained earnings and other matters customarily included in financial statements.
- (ii) The Chief Financial Officer shall deposit all money and other valuables in the name and to the credit of the Association with such depositories as may be designated by the Board of Directors, shall disburse the funds of the Association as may be ordered by the Board of Directors; shall render to the Chair of the Board or the Directors, whenever requested, an account of all of his transactions as Chief Financial Officer and of the financial condition of the Association; and shall have other powers and perform such other duties as may be from time to time assigned to him or her by the Board of Directors, the Chair of the Board or these Bylaws.
- (iii) If required by the Board of Directors, the Chief Financial Officer shall give the Association a bond in the amount and with the surety or sureties specified by the board for the faithful performance of the duties of such office and for restoration to the Association of all its books, papers, vouchers, money and other property of every kind in his or her possession or under his or her control on his or her death, resignation, retirement or removal from office.
- (iv) Unless excused, the Chief Financial Officer shall attend all meetings of the Board of Directors.

ARTICLE X

GENERAL CORPORATE MATTERS

Section 1. Loans and Borrowing.

The Board of Directors shall not cause the Association to make any loan of money or property to, or guarantee the obligation of, any director or officer. No loan shall be contracted on behalf of the Association and no evidence of indebtedness shall be issued in its name unless authorized by a resolution of the Board of Directors.

Section 2. Gifts.

The Board of Directors may, at its discretion, accept on behalf of the Association any contribution, gift, bequest or device for the general purposes or for any specific purpose of the Association.

Section 3. Annual Report.

The Board of Directors shall cause an annual report to be sent to the Member Congregations within 270 days after the end of the Association's fiscal year. That report shall contain the following information, in appropriate detail, for the fiscal year:

- (a) The assets and liabilities, including the trust funds, of the Association as of the end of the fiscal year;
- (b) The principal changes in its assets and liabilities, including trust funds;
- (c) The revenue or receipts of the Association, both unrestricted and restricted to particular purposes;
- (d) The expenses or disbursements of the Association for both general and restricted purposes; and
- (e) Any other information required by these Bylaws.

Section 4. Inspection of Corporate Records.

Any director shall have the absolute right at any reasonable time to inspect and copy all books, records and documents of every kind and to inspect the physical properties of the Association. Such inspection may be made in person or by agent or attorney, and the right of inspection shall include the right to copy and make extracts.

Section 5. Representation of Shares of Other Corporations.

The Chair of the Board, the Executive Director, the Chief Financial Officer or another officer designated by the Board of Directors is authorized to vote, represent and exercise on behalf of the Association all rights incident to any and all shares of any other corporation or corporations standing in the name of the Association, unless the Board of Directors designates another person to exercise such rights, or unless the bylaws of the other corporation otherwise provide. The authority herein granted may be exercised either in person or by proxy or power of attorney duly executed.

Section 6. Fiscal Year.

The fiscal year of the Association shall be from July 1 through June 30.

Section 7. Standing Orders.

Standing orders and rules of practice consistent with the Articles of Incorporation of the Association and these Bylaws may be prescribed from time to time by the Board of Directors in order to facilitate and expedite the conduct of the business of the Association. The Secretary shall keep such orders and rules, if any, in permanent written form, properly indexed, as part of the permanent records of the Association. Such orders and rules shall govern and control the administration of the activities and affairs of the Association insofar as applicable.

Section 8. Construction and Definitions.

Unless the context requires otherwise, the general provisions, rules of construction and definitions in the California Nonprofit Religious Corporation Law shall govern the construction of these Bylaws. Without limiting the generality of the preceding sentence, the masculine gender includes the feminine and neuter, the singular number includes the plural, the plural number includes the singular and the term “person” includes both a legal entity and a natural person.

ARTICLE XI

**INDEMNIFICATION OF AGENTS OF THE ASSOCIATION;
LIABILITY INSURANCE**

Section 1. Indemnification.

Subject to any limitations contained in the Articles of Incorporation of the Association and to the extent permitted by the California Nonprofit Religious Corporation Law, the Association shall have the power to indemnify any person who was or is a party or is threatened to be made a party to any proceeding by reason of the fact that such person is or was a director, officer, employee, member of a committee or other agent of the Association, against expenses, judgments, fines, settlements and other amounts actually and reasonably incurred in connection with such proceeding. **The purpose and intent of this Article XI is to indemnify the Association’s agents (as defined in Section 2 below) to the maximum extent permitted by applicable law.**

Section 2. Definitions.

For the purpose of this Article XI:

(a) “agent” means any person who is or was a director, officer, employee or other agent of the Association, or is or was serving at the request of the Association as a director, officer, employee or agent of another foreign or domestic corporation, partnership, joint venture, trust or other enterprise, or was a director, officer, employee or agent of a foreign or domestic corporation that was a predecessor corporation of the Association or of another enterprise at the request of the predecessor corporation;

(b) “proceeding” means any threatened, pending or completed action or proceeding to which the Association or its agent is a party, whether civil, criminal, administrative or investigative; and

(c) “expenses” includes, without limitation, all attorneys’ fees, costs and any other expenses incurred in the defense of any claims or proceedings against an agent by reason of his or her position or relationship as agent and all attorneys’ fees, costs and other expenses incurred in establishing a right to indemnification under this Article XI.

Section 3. Successful Defense by Agent.

To the extent that an agent of the Association has been successful on the merits in the defense of any proceeding referred to in this Article XI or in the defense of any claim, issue or matter therein, the agent shall be indemnified against expenses actually and reasonably incurred by the agent in connection with the claim. If an agent either settles any such claim or sustains a judgment rendered against him, then the provisions of Sections 4 through 6 of this Article XI shall determine whether the agent is entitled to indemnification.

Section 4. Action Brought by Persons Other than the Association, Certain Related Parties or the Attorney General.

Subject to the required findings to be made pursuant to Section 6 of this Article XI, the Association shall indemnify any person who was or is a party, or is threatened to be made a party, to any proceeding (other than an action brought (a) by, or on behalf of, the Association, (b) by an officer, director or member of the Association (a “Related Party”) on the ground that such person was or is engaging in self-dealing within the meaning of Section 9243 of the California Nonprofit Religious Corporation Law (a “9243 Action”) or (c) by the Attorney General under Section 9230 of the California Nonprofit Religious Corporation Law (a “9230 Action”)), by reason of the fact that such person is or was an agent of the Association, for all expenses, judgments, fines, settlements, and other amounts actually and reasonably incurred in connection with the proceeding.

Section 5. Action Brought by or on Behalf of the Association, Certain Related Parties or the Attorney General.

(a) Claims Settled Out of Court. If any agent settles or otherwise disposes of a threatened or pending action brought by or on behalf of the Association, by a Related Party in a 9243 Action or by the Attorney General in a 9230 Action, with or without court approval, the agent shall receive no indemnification (i) for amounts paid pursuant to the terms of the settlement or other disposition or (ii) for any expenses incurred in defending against the proceeding unless it is settled with the approval of the Attorney General.

(b) Claims and Suits Awarded against Agent. The Association shall indemnify any person who was or is a party, or is threatened to be made a party, to any threatened, pending or completed action brought by or on behalf of the Association by reason of the fact that such person is or was an agent of the Association, for all expenses actually and reasonably incurred in connection with the defense of that action, provided that both of the following are met.

- (i) the determination of good faith conduct required by Section 6 of this Article XI must be made in the manner provided for in that section; and

- (ii) upon application, the court in which the action was brought must determine that, in view of all of the circumstances of the case, the agent is fairly and reasonably entitled to indemnity for the expenses incurred.

If the agent is found to be so entitled, the court shall determine the appropriate amount of expenses to be reimbursed.

Section 6. Determination of Agent's Good Faith Conduct.

The indemnification granted to an agent in Sections 4 and 5 of this Article XI is conditioned on the following:

(a) Required Standard of Conduct. The agent seeking reimbursement must be found in the manner provided below to have acted in good faith, in a manner such agent believed to be in the best interest of the Association, and with such care, including reasonable inquiry, as an ordinarily prudent person in a like position would use in similar circumstances. The termination of any proceeding by a judgment, order, settlement, conviction, or on a plea of *nolo contendere* or its equivalent shall not, of itself, create a presumption that the person did not act in good faith or in a manner which such agent reasonably believed to be in the best interest of the Association or that such agent had reasonable cause to believe that his or her conduct was unlawful. In the case of a criminal proceeding, the person must have had no reasonable cause to believe that his or her conduct was unlawful.

(b) Manner of Determination of Good Faith Conduct. The determination that the agent did act in a manner complying with subsection (a) above shall be made by:

- (i) The Board of Directors by a majority vote of a quorum consisting of directors who are not parties to the proceeding;
- (ii) Approval by the Delegate Assembly with the persons to be indemnified not being entitled to vote thereon; or
- (iii) The court in which the proceeding is or was pending.

Such determination may be made on application brought by the Association or the agent or the attorney or other person rendering a defense to the agent, whether or not the application by the agent, attorney or other person is opposed by the Association.

Section 7. Advancement of Expenses.

Expenses incurred in defending any proceeding shall be advanced by the Association prior to the final disposition of such proceeding upon receipt of an undertaking by or on behalf of the agent to repay such amount unless it shall be determined ultimately that the agent is entitled to be indemnified as authorized under Section 9246 of the California Nonprofit Religious Corporation Law.

Section 8. Insurance.

The Association shall purchase and maintain, or make all reasonable efforts in good faith to obtain, insurance on behalf of any agent against any liability asserted against or incurred by such agent in his or her capacity or arising out of his or her status as such, whether or not the Association could indemnify such agent against such liabilities under the provisions of Section 1 of this Article XI.

ARTICLE XII

CONFLICT, SEPARATION AND DISSOLUTION

Section 1. Conflict and Separation.

Parties within the Association that are in conflict with each other are encouraged to seek Christian arbitration. In case of division or schism in the membership of the Association resulting in an actual separation, all property of the Association shall be retained by that group which remains true to the purposes of the Association as described in Article II of the Articles of Incorporation of the Association.

Section 2. Dissolution.

The Association shall not be dissolved so long as one (1) or more Member Congregations desire its continuation. If, however, the Association shall be or become dissolved for any reason, so that there is no acting organization, then the property of whatever nature, kind, or description the same may be, is to be sold by the Board of Directors and the net proceeds placed in a trust fund to be administered by the Board of Directors of the Pacific Southwest District of The Lutheran Church-Missouri Synod (or the successor to such District), for the sole benefit of any similar organization devoted to the establishment or operation of Lutheran high schools in the Orange County area; *provided that* after the expiration of ten years following dissolution, the funds may, at the discretion of the Board of Directors of the Pacific Southwest District, be used for other purposes that will directly or indirectly benefit the Lutheran congregations of the Orange County area; *and provided further that* if, on the date of such proposed distribution, The Lutheran Church-Missouri Synod no longer is in existence or no longer is described in and is exempt from taxation under Section 23701d of the California Revenue and Taxation Code (or the corresponding provision of any future California revenue law) and Section 501(c)(3) of the Internal Revenue Code of 1986 (or the corresponding provision of any future United States internal revenue law), then, in such event, the assets of the Association, upon its dissolution and liquidation, shall be transferred, conveyed, and distributed to such other nonprofit religious organization(s) as may be specified in or provided for under the plan of distribution adopted by the Association; *provided, however, that in no event* may any distribution in dissolution of the Association be made to any distributee organization that is not exempt from taxation under Section 23701 of the California Revenue and Taxation Code (or the corresponding provision of any future California revenue law) by reason of being described in Section 23701d of such Code, and from taxation under Section 501(a) of the Internal Revenue Code of 1986 (or the corresponding provision of any future United States internal revenue law) by reason of being described in Section 501(c)(3) of such Code. Any reference herein to The Lutheran Church-Missouri Synod shall include the successor(s) and assign(s) thereof and any corporation into which or with which it may be merged

or consolidated. **All Member Congregations by becoming such do expressly consent to the provisions of this Article XII.**

ARTICLE XIII

AMENDMENTS

The Articles of Incorporation of the Association and these Bylaws may be amended by a two-thirds majority vote of the delegates present (provided that at least half of the Member Congregations are represented when the vote upon the proposed amendment is taken) and voting at any annual meeting of Delegate Assembly, or at any special meeting called for that purpose, provided that a written copy of the proposed amendment has been mailed to each Pastor Delegate for dissemination to the Delegates of his or her Member Congregation at least thirty (30) days prior to the meeting at which the proposed amendment is to be voted upon. Notwithstanding anything else in this Article XIII to the contrary, no amendments of Article XI above or to the Articles of Incorporation of the Association may be made which could have the effect of reducing or limiting the scope or amount of indemnification, or otherwise have an adverse effect on the indemnification rights, of officers or directors unless approved by seventy-five percent (75%) of the Delegates present at a meeting of the Delegate Assembly. Additionally, no amendment of Section 7 of Article XI above or to the Articles of Incorporation of the Association may be made which could adversely affect the payment of expenses in advance for officers or directors unless approved by at least eighty percent (80%) of the Delegates present at a meeting of the Delegate Assembly. Further, any amendment, modification or repeal of any provision of Article XI above or to the Articles of Incorporation of the Association shall not adversely affect any right or protection of any officer or director of the Association hereunder in respect of any act or omission occurring prior to the time of such amendment, modification or repeal.

ARTICLE XIV

STATEMENT OF NON-DISCRIMINATION

Lutheran High School of Orange County admits students of any race, color, national and ethnic origin to all the rights, privileges, programs, and activities generally accorded or made available to the students of the school. It does not discriminate on the basis of race, color, national and ethnic origin in administration of its educational policies, scholarship and loan programs, and athletic and other school-administered programs.

ARTICLE XV

RECOGNIZED SERVICE ORGANIZATION STATUS

Section 1. Election as a Recognized Service Organization.

The Association desires to be a Recognized Service Organization (“RSO”) of The Lutheran Church–Missouri Synod (“LC-MS”). At a meeting of the Delegate Assembly a majority of the Delegates present may elect to end the Association’s RSO status.

Section 2. Limit of Endorsement by LC-MS of the Association.

Notwithstanding anything to the contrary in these Bylaws, the Association expressly affirms that recognition by LC-MS as an RSO (i) is not an endorsement by LC-MS of the fiscal solvency of the Association, nor of the services or programs offered by the Association, (ii) does not express or imply endorsement by LC-MS of the fiscal solvency of the Association, or LC-MS responsibility for the debts or other financial obligations of the Association, and (iii) does not cause the LC-MS or its districts, congregations, subsidiaries or affiliates to incur or be subject to the liabilities or debts of the Association or any of its subsidiaries or affiliates.

Section 3. Limit of Endorsement by the Association of LC-MS.

Notwithstanding anything to the contrary in these Bylaws, the Association expressly affirms that recognition by LC-MS as an RSO (i) is not an endorsement by the Association of the fiscal solvency of LC-MS, (ii) does not express or imply endorsement by the Association of the fiscal solvency of LC-MS, or the Association's responsibility for the debts or other financial obligations of LC-MS, and (iii) does not cause the Association, or any of its subsidiaries or affiliates to incur or be subject to the liabilities or debts of LC-MS or any of its districts, congregations, subsidiaries or affiliates.

CERTIFICATE OF SECRETARY

I, the undersigned, being the Secretary of Lutheran High School Association of Orange County, hereby certify that the above Bylaws consisting of twenty-nine (29) pages were adopted as the Bylaws of the Association pursuant to the vote of the Delegate Assembly in a regularly called meeting, effective September 9, 2010. The Bylaws were amended on September 10, 2015. These Bylaws are, as of the date of this certification, the duly adopted and existing Bylaws of the Association.

IN WITNESS WHEREOF, I have set my hand this September 10, 2015.

Leann Luchinger, Secretary