

BYLAWS OF THE

TEN MILE LAKE ASSOCIATION, INC.

ARTICLE I. CHARACTER AND PURPOSE

The Ten Mile Lake Association, Inc., hereinafter referred to as the Association, is a 501(c)(3) corporation incorporated under and in accordance with the provisions of the Minnesota Nonprofit Corporation Act, Chapter 550 of the Laws of Minnesota for 1951, on September 22nd, 1952. The Corporation reincorporated under and in accordance with the provisions of the Minnesota Nonprofit Corporation Act, Minnesota Statutes, Chapter 317, on December 11th, 1981 and re-filed its Restated Articles of Incorporation under Minnesota Statutes, Chapter 318, on September 25th 1985. The Corporation is dedicated to the preservation and improvement of Ten Mile Lake and its environs in Cass County, Minnesota.

ARTICLE II. MEMBERSHIP

- Section 1. Membership. There shall be three categories of Association Membership:
- (a) Family membership 1 - Property owner on Ten Mile Lake, Cass county, and on property immediately contiguous thereto, the membership to include spouse and dependent children.
 - (b) Family membership 2 - Legal adult children (18 years of age or older) of property owners in Category (a), the membership to include their children and spouses.
 - (c) Associate membership – General public.

Each family membership in good standing in Category (a) and (b) is eligible for one vote on matters brought before the membership for action. The vote may be cast by any legal adult (18 years of age or older) holding a current membership in Category (a) or (b). Category (c) is a non-voting membership.

- Section 2. Annual Dues. Membership dues shall be fixed by a two-thirds vote of the Board of Directors and may be changed from time to time by similar Board action.

- Section 3. Contributions. Contributions may be made by any individual or entity in support of the purposes of the Association, provided that all such contributions, whether financial or in kind, shall be subject to the approval of the Board of Directors as stipulated in the current TMLA Gifting Policy.

Section 4. Continuity of Membership. All memberships are for one calendar year and are automatically terminated if annual dues remain delinquent after 180 days from the date of the Annual Meeting

Section 5. Property rights. No member shall have any right, title, or interest in or to any property of the Association

ARTICLE III. GOVERNMENT

Except as otherwise expressly provided herein, the entire management and government of the Association shall be vested in the Board of Directors.

Section 1. Election. All Officers and Directors shall be elected by the members.

Section 2. Board of Directors. The Board of Directors shall consist of the Officers and twelve Directors who shall be voting association members, six of whom shall be year-round residents of the Ten Mile Lake area. Each Director shall be an Association member in good standing and shall be eligible under the guidelines specified in Membership Category (a) or (b) to cast a vote on official Association business.

(a) Directors shall take office immediately upon their election and shall serve until the close of the annual meeting three years following.

(b) Officers of the Association shall consist of a President, Vice President, Secretary, and Treasurer. All officers shall be Association members in good standing and, except for the presiding officer, shall be eligible to offer or second Motions. All officers may vote on Association business. Officers shall serve successive terms of one year each until their successors are elected and qualified. The immediate Past President shall be an ex-officio non-voting member of the Board.

Section 3. Removal. Any Officer or Director may be removed from office by a vote of a quorum of the Board of Directors at any meeting of the Board, provided that notice of the proposed action has been distributed to all Board members at least ten days in advance.

Section 4. Vacancy. When an Officer or a Director dies, resigns, or is removed, the Board of Directors shall elect a successor from the eligible voting membership for the duration of the unexpired term.

Section 5. Length of Term. Any person who has served as an Officer or Director for nine or more consecutive years shall be ineligible for election to the Board until one year after his or her term has expired.

Section 6. Board Meetings. The Board shall hold regular meetings at times called by the President, the Vice-President or a majority of the Directors. All Board meetings shall be open to the public. Nothing herein shall be construed to prohibit action by the Board of Directors by mail, phone, or electronic communication. Except where otherwise stipulated, approval of motions requires a simple majority vote in favor.

Section 7. Board Quorum. Nine members (i.e., Officers and Directors) shall constitute a quorum.

Section 8. Appropriations. No debts shall be incurred or funds appropriated other than for general operating expenses except by order of the Board of Directors.

Section 9. Compensation. Neither Directors nor Officers shall receive any fee or salary for their services.

ARTICLE IV. ELECTIONS AND VOTING

Section 1. Elections. The election of Directors and Officers shall be held at the Annual Meeting of the voting membership.

Section 2. Nominating Committee. Each year within thirty days following the Annual Meeting, the President shall appoint a Nominating Committee consisting of four members of the Board who are not up for re-election. The Committee shall present a slate of Officers and Directors to the voting membership at the next Annual Meeting. In selecting the slate, the Committee shall seek to achieve representation from both genders and various geographic areas of the lake. Nominations for Officers and Directors may also be made from the floor

Section 3. Qualifications. Any legal adult holding membership in Category (a) or (b) is eligible for nomination as an Officer or Director.

Section 4. Member Voting and Quorums. Each family membership in good standing as defined in Membership Categories (a) and (b) is eligible for one vote with respect to the election of Directors and Officers. At the discretion of the Board of Directors, other matters may be brought before the Annual Meeting of voting members for action, including dissolution or amendment of the Bylaws. A quorum for such Annual Meetings shall consist of ten percent (10%) of the total eligible voting members. As provided herein and in Article XII, or as may otherwise be required by law, the members shall have no other voting rights.

ARTICLE V. OFFICERS AND DUTIES

- Section 1. President. The President shall preside at all meetings of the Board of Directors and of the membership and shall have general supervision of the affairs of the Association. The President shall be an ex-officio member of all committees, with power to call and attend committee meetings.
- Section 2. Vice President. It shall be the duty of the Vice President to act in the absence or disability of the President; to ensure compliance with the Bylaws, Policies and Procedures, and Positions; and to perform such other duties as may be assigned to him or her by the President or the Board.
- Section 3. Secretary. The Secretary shall be responsible for signing and dating approved Bylaws, amendments to the Bylaws, and Addendums; and taking minutes at all meetings of the Board and Annual Meetings of the membership. The Secretary shall organize and file all these in the Association's archives.
- Section 4. Treasurer. The Treasurer, with the advice and consent of the Board of Directors, and in compliance with the Treasurer's, Investment, and Gifting Policies shall have general charge of the finances of the Association. The Treasurer shall supervise accounts, make reports to the Board at regular meetings, present a full report to the membership at the Annual Meeting, and annually provide appropriate and requested records to the Audit Committee.

ARTICLE VI. POLICIES AND POSITIONS

- Section 1. The Board of Directors and Officers may from time to time create Policies and Procedures to govern Association activities in support of the goals and objectives of the Association.
- Section 2. The Board of Directors and Officers may from time to time adopt public Positions on issues relevant to Association goals and objectives.
- Section 3. The Secretary shall record and catalogue these Policies and Procedures, and Positions and the Board shall review them at least annually.
- Section 4. Policies and Procedures, and Positions shall be an Addendum to the Bylaws.

ARTICLE VII. MEETINGS

Section 1. Time and Place. The Annual Meeting shall be on the first Saturday of August at a place designated by the Board of Directors. Meetings of the Board of Directors shall be called by the President at a time and place designated by the President or such meetings may be called at a designated time and place at the request of a majority of the Directors. The Board of Directors may promulgate such rules as will provide for the proper conduct of such meetings.

Section 2. Notice of meetings. Notice of Annual Meetings of the members shall be mailed not less than five (5) or more than thirty (30) days prior to the day such meeting is to be held. Notice of Board meetings may be by U.S. and/or electronic mail and/or telephone at least seven (7) days prior to the meeting date.

ARTICLE VIII. COMMITTEES

Section 1. Standing Committees. The President, with the advice and consent of the Board, shall annually appoint such Standing Committees as are necessary for the conduct of Association activities.

Section 2. Ad Hoc Committees. The President, with the advice and consent of the Board, may appoint one or more ad hoc committees to examine, deliberate, and report to the Board concerning issues related to the Association's purposes as defined in the charge of the Board to the committee.

Section 3. Executive Committee. The Board shall appoint an Executive Committee consisting of the President, Vice-President, and three or more Directors. In a situation wherein a quorum of the Board cannot be convened within 24 hours, the Executive Committee may exercise all the powers of the Board subject to Board ratification. A majority shall be necessary on all matters requiring a vote. The Executive Committee shall keep regular minutes of its proceedings and report them to the Board.

ARTICLE IX. FINANCES

Section 1. Fiscal Year. The fiscal year shall end with the close of business on April 30 each year.

Section 2. Authorized Signatories. All checks, electronic transactions, promissory notes and other commercial paper and all other contracts necessary or proper to be executed in the businesses of the Association may be executed by such person or persons as the Board of Directors shall by resolution, from time to time, authorize.

Section 3. Undesignated Gifts and Bequests. All funds received as undesignated gifts or bequests shall be deposited in the James W. Schwartz Environmental Preservation Fund to endow preservation activities impacting Ten Mile Lake. Utilization of this Fund is to be guided by the Treasurer's Policy.

Section 4. Investments. The prudent investment of Association funds shall be guided by the Investment Policy, and shall be the ultimate responsibility of a body composed of the President, Vice President, and Treasurer of the Association.

Section 5. Audits. An internal audit of all accounts shall be conducted annually by an ad hoc Audit Committee including no less than three Directors of the Board. The Audit Committee will advise the Board as to the need for a professional external audit.

ARTICLE X. CRITICAL DOCUMENT STORAGE

Section 1. The Corporation's critical documents shall be archived at a secure location approved by the Board.

Section 2. The Secretary shall control access to archived documents.

Section 3. The Corporation shall maintain a safety deposit box at a local financial institution as approved by the Board. Access to the safety deposit box shall be controlled by the President and the Treasurer, who will hold the keys.

ARTICLE XI. LIABILITY AND INDEMNIFICATION

No Association member, including Directors and Officers, shall be liable to the Ten Mile Lake Association, Inc. for any loss or damage suffered on account of any action taken or omitted in behalf of the Association in good faith, if such person (a) exercised and used the same degree of care and skill as a prudent person would have exercised or used under the circumstances in the conduct of one's own affairs, or (b) took or omitted to take such action in reliance on advice of counsel for the Association or upon information furnished by Officers of the Association which such person had reasonable grounds to believe.

In addition, each member, Director, and Officer of the Association shall be indemnified by the Association against all losses, costs, and expenses actually and necessarily incurred by such person in connection with the defense of any action, suit, or proceedings in which such person is made a party by reason of his or her being or having been a member, Director, or Officer of the Association, whether or not he or she continued to be a member, Director, or Officer at the time of incurring such losses, costs, or expenses, except in relation to matters in which he or she shall be adjudged in such action, suit, or proceeding to be liable for negligence or misconduct in the performance of his or her duties as such member, Director, or Officer. The exonerated and indemnification hereinabove provided shall be subject to the provisions of the Minnesota Nonprofit Corporation Act but shall not be exclusive of other defenses and rights to which a member, Director, or Officer may be entitled as a matter of law.

The Association shall carry insurance to indemnify officers, Directors, and volunteers against lawsuits arising in connection with the business of the Association.

ARTICLE XII. AMENDMENTS

The Association's Bylaws, Policies and Procedures, and Positions shall be reviewed at least every three years by an ad hoc committee appointed by the President. They may be altered or amended by the Board of Directors to the full extent permitted by law and such Bylaws may also be altered or repealed by the voting members of this Association, at the discretion of the Board of Directors.

Bylaws approved, as amended, by action of the Ten Mile Lake Association, Inc. Board of Directors at its regular meeting on July 18, 2009.

Attested by: _____
Lee Sand, Secretary Date: _____

ADDENDUM TO THE BYLAWS

APPENDIX 1

POLICIES AND PROCEDURES

A: LAND USE POLICY AND MANAGEMENT PLAN

Preface

The Ten Mile Lake Association, Inc. is dedicated to the preservation of Ten Mile Lake and its environs. The Association has been fortunate to acquire several shoreline properties through fee title donations and purchase by contract for deed. These properties deserve special attention to insure that they will be protected by Sustainable Best Management Practices for the benefit of current and future Ten Mile residents. Therefore, the following policies and management practices will apply to these properties:

Policy

Activities allowed on Association properties are bird watching, walking, hiking, snowshoeing, skiing, and respectful enjoyment of the natural environment during daylight hours. Other activities are not allowed unless the Board of Directors has granted permission for a specific activity.

Access to the Association properties is limited to Association members and their guests. All access to these properties is strictly voluntary and it is the responsibility of Association members and guests to act in a prudent and safe manner when they are within the boundaries of these properties.

The Association Advisory Committee will review any proposals for changes in the land use policy and will make recommendations to the Board of Directors.

No property owned by the Association shall be sold, donated, or have the title of the property transferred to another party, unless this action has been approved by a majority vote of the membership at the Association Annual Meeting.

Management

Where appropriate, a Forest Sustainable Management Plan for Association properties will be developed and written by a person(s) approved by the Cass County Land Department. This Plan will be reviewed by the Land Department prior to approval by the Board of Directors. This Plan will be revised every five years and be incorporated in the Lang Range Management Plan for Ten Mile Lake.

It will be the responsibility of the Watershed Coordinator to traverse Association properties at least twice each year and to report any positive or negative findings to the Board of Directors.

Adopted this 2nd day of June, 2001 by the Board of Directors of the Ten Mile Lake Association, Inc.

POLICIES AND PROCEDURES

B: GIFTING POLICY

Introduction

For the benefit of Ten Mile Lake Association members and friends who wish to continue the long tradition of special support of the Association's environmental and educational objectives, the TMLA has created this Gifting Policy brochure. Here you will find background on giving to the Association, Gifting Policy details and guidance for future giving.

Since the 1980's the generosity of donors has enabled the Association to perform critical functions beyond its normal operating expenses. For example, we have been able to acquire a particularly sensitive shoreland area in Kenfield Bay and provide for future protection from development of this and other shoreland tracts given to the Association.

Our Directors are challenged with protecting and sustaining the quality of Ten Mile waters and shorelands against many threats; contamination sources, exotic species, over-development, and ordinance revisions are a few.

Gifts of all kinds are greatly appreciated and will be put to good use. With the projected increases in area population, we need to be ever vigilant so that future generations will enjoy the same Ten Mile Lake that we enjoy.

Background

In the mid-1980's, Ten Milers Lloyd and Mildred Sundin asked President Jim Schwartz how they might make a substantial gift to the Ten Mile Lake Association. The Sundins stipulated that their gift be tax deductible, prudently invested, and that only the income generated be used for Association purposes for fifteen years, after which the principal would become available for Association purposes.

The TMLA had been incorporated under Minnesota law since 1952, but was not tax-exempt, so 501(C)(3) status was applied for and was granted in 1985. Shortly thereafter, the Sundins made a gift to the Association of \$50,000.

The Sundin Legacy

From its beginnings in 1952 the Association had relied on membership dues (*annual TMLA Membership Dues were \$10 in the early years. They have been \$15 since 1991, \$25 since 1999 and \$30 since 2002*) to fund its programs and pay administrative costs. The Sundin's gift was the first of its kind. Returns on the investment supplemented the Association's income, allowing more sophisticated lake

monitoring, water quality testing and other programs which have contributed significantly to the preservation of the lake and its environs.

More recently, others have made gifts, large and small, of money and of land. A special gifts program made possible the purchase of the ecologically sensitive Anderson property in Kenfield Bay in 1998.

Subsequent Major Gifts

- In 2005, the Association received a substantial gift from the Vela Devoe estate with no restrictions or conditions.
- In 2006, the Garbisch family established the Richard G. Garbisch Conservation Fund, with the earnings to be used for conservations purposes.

Also, a number of families have gifted the Association with parcels of land.

Land Donations

- Bailey's Shores, a gift of Ray Bailey. Two parcels, 12.65 acres, 900 ft of shoreline in Long's Bay.
- Boone Point Road Outlots, a gift of Ray Bailey. Two lots, 49.3 acres, no shoreline.
- Owre Property, Kenfield Bay, a gift of Rod and Dorothy Owre. 5.69 acres, 500 ft of shoreline.
- Roby Property, Robinson's Bay, a gift of Opal and Cecil Roby, 1.8 acres, 500 ft of shoreline.
- Pierson Outlot, Hiram Loop Road, a gift of Katherine and John Pierson. 1.33 acres, no shoreline.

The James W. Schwartz Environmental Preservation Fund (JWS EPF)

In addition, over the years many Association members have made smaller, special contributions over and above their annual dues. These have fallen into one of several categories:

Memorials: Gifts given in memory of deceased Ten Mile residents. Some memorial gifts have been designated for specific purposes.

Designated Gifts: Special gifts given for a designated purpose, such as the purchase of safety buoys, the construction of the Birch Lake outlet structure, etc.

Undesignated Gifts: Gifts over and above the annual dues amount but not designated for a specific purpose.

Recognizing that many TMLA members were routinely giving over and above the amount of their annual dues, and that fiduciary duty required that any of these funds

that were not spent should be prudently invested, in 1998 the Board of Directors established the Environmental Preservation Fund.

The purpose of the Environmental Preservation Fund is “ to endow preservation activities impacting Ten Mile Lake, including research, education, lake management, emergency response to environmental threats, and protection of environmentally fragile areas” (Association Bylaws), including purchase of ecologically sensitive shoreland.

In its 1998 Annual Meeting, the membership named the fund in honor of Jim Schwartz, a quarter century key Association leader (an incorporating member of the Association, long-time editor of the TMLA Newsletter, a multi-term Chair of the Environment and Ecology Committee, a nine year member of the TMLA Board, President of the Association from 1984 to 1986 and a long-time hands-on volunteer in the TMLA environmental protection and education program).

Thus, the Fund became the James W. Schwartz Environmental Preservation Fund (JWS EPF). Since the Association Bylaws were amended to this effect in August, 2004, TMLA policy has been to deposit all undesignated gifts and bequests directly into the JWS EPF. Unless larger expenditures are approved by the Board of Directors, annual distributions from this fund may be no more than ten percent of the value of the fund as of the last day of the previous fiscal year (currently April 30). Distributions of more than ten percent must be approved by two-thirds of all of the members of the Board of Directors.

In significant ways the Sundin’s 1985 gift has provided the foundation upon which Ten Milers have built an environmental and educational program second to none. Over the years, gifts both large and small have helped the Association not only to preserve and improve the quality of the lake and its environs, but also to become one of the leading Associations of its kind in the state.

The Ten Mile Lake Association Gifting Policy

Since it was established in 1998, the JWS EPF has served the TMLA well, and it remains the Board’s depository of choice for contributors’ financial gifts. However recognizing that other types of funds may be more appealing to some contributors, upon the advice of the special Gifting Committee, in 2007 the Board adopted the following six-part Gifting Policy designed to provide alternative ways of supporting the TMLA’s long term goals.

I. Occasional and Annual Gifts Over and Above Annual Dues Payments

- Memorials: The Association welcomes and encourages memorials, whether designated or undesignated. The Treasurer deposits undesignated memorials directly into the JWS EPF. Designated memorials must be in keeping with the Association’s purposes and receive approval by the Board of Directors. The

Board uses these gifts for the Association purpose intended by the donor. Donors receive acknowledgement of the gifts from the Board of Directors.

- Other Designated Gifts: Donors who wish to make designated gifts must designate them for purposes congruent with those of the Association. Designated gifts receive the approval of the Board of Directors, which ensures that these gifts are used for the purposes their donors intend.
- Other Undesignated Gifts: Undesignated gifts, such as contributions received along with the annual dues payments, do not need the approval of the Board. The Treasurer deposits undesignated gifts directly into the JWS EPF, and the Board uses them in keeping with the Association Bylaws.

II. TMLA Endowment Fund (New)

The TMLA Endowment Fund is offered to accommodate donors who wish to make contributions to a fund whose principal remains intact for the long term. The TMLA can use principal from the fund only with the approval of a majority of the Association membership voting in person or by proxy at an Association meeting.

The TMLA Board of Directors must approve contributions and any special terms under which contributions are made. The minimum contribution is \$5,000 and contributions must be in cash or cash equivalents. Any expenditure of the principal must be for purposes in keeping with TMLA long-term goals. At the end of each fiscal year earnings from this fund are rolled into the JWS EPF.

III. Named Endowment Funds (New)

The opportunity to create a Named Endowment Fund is offered to donors who wish to establish a distinct fund either in their own or in another name. Donors may stipulate that income from a named fund be used for a specific purpose or be used as the Board of Directors chooses. Whether general or specific, a fund's purpose must be congruent with TMLA long-term goals. Again, the Board must approve contributions.

The minimum contribution is \$100,000, and contributions must be cash or cash equivalents. Additional contributions may be made to a named fund. The Treasurer will account for each fund separately.

The principal of each fund will not be spent for ten years from the date of the initial gift. At the end of each fiscal year, earnings that are not used for an approved purpose are rolled into the JWS EPF. At the end of the fiscal year

during which a named endowment fund reaches its tenth anniversary a fund's principal is rolled into the JWS EPF.

IV. Land Contributions

Gifts of land to the TMLA provide donors with a way of protecting environmentally sensitive property from development and may provide the donor with a one-time tax benefit. The Board of Directors must approve all property donations. Properties offered to the Association must have a clear title as determined by a property attorney, and the property must be free of environmental problems.

While a gift of land may provide a tax benefit to the donor, the acceptance of the gift by the Association incurs obligations for taxes, insurance, and, in cases where conservation easements are involved, cost for easement monitoring and enforcement. The Board of Directors will take these costs into account as part of its gift approval considerations.

V. Conservation Easements

A Conservation Easement is a legally recorded agreement by which landowners restrict use of their lands. A landowner conveys the conservation easement to, for instance, the Minnesota Land Trust, retains title to the property, the right to sell it, the right to restrict public access, and the right to deed it to whomever he or she chooses. However, most or all of the rights to future development are restricted or eliminated.

One of the advantages of conservation easements for individual property owners is that in addition to protecting their property from undesirable development, under certain conditions donors become eligible for income, estate, and property tax benefits. A special TMLA Conservation Easement Committee, consisting of Jim Miller, John Hartzell, Al Griggs, John Alden, Barrett Colombo and Jim McGill stands ready to assist Ten Mile shoreland owners interested in placing conservation easements on their properties.

Under the terms of the TMLA Gifting Policy described above, donors may gift the Association with parcels of shoreland with or without conservations easements in place.

VI. Bequests

Bequests are welcome, and the Board of Directors encourages Association members and friends to remember the Association in their wills. Donors may make bequests in any of the form of gifts described in this brochure.

POLICIES AND PROCEDURES

C: INVESTMENT POLICY

Statement of Purpose

TMLA believes a sound Investment Policy is essential to identifying objectives, establishing funds management guidelines, authority and responsibility, and to developing strategies for the management of these funds.

The purpose of this policy is to direct the management of investable funds for the TMLA Funds management, as defined by this policy, is the effective and prudent management of investable funds to achieve desired goals.

Objectives

The goal of this policy is to ensure that investments selected meet the following objectives:

- Protection of Principal
- Maintenance of Adequate Liquidity
- Maximization of Return on Investment

Safekeeping

All deliverable securities purchased for the portfolio will be safe-kept at approved locations. The following banks are currently approved:

- Wells Fargo Institutional Brokerage
- First National Bank of Walker
- First National Investment Services

Approved Securities Dealers

All firms used for purchasing securities must be approved by the Board. At the current time the following firms are approved for purchasing securities:

- Wells Fargo Institutional Brokerage
- First National Bank of Walker
- First National Investment Services

Acceptable Investment Vehicles

This Policy requires funds to be invested in debt securities issued or insured/guaranteed by the United States, its agencies or instrumentalities, money market mutual funds and certificates of deposit.

TYPE	RATINGS	AGE LIFE/MATURITY
US Treasury Securities	AAA	<10YR
US Fed Agency Securities	AAA	<10YR
US Agency Mortgage Backed Securities	AAA	<10YR
CD's/Bank Deposits Accounts		<10YR
Money Market Funds	Inv Grade	<1YR

Investment Strategy

- Protection of Principal shall be accomplished by limiting investment options to those with an AAA rating or implied AAA rating. Credit risk will be minimized.
- Maintenance of Adequate Liquidity shall be accomplished by limiting maturities to 10 years or less and maintaining credit quality of AAA or its equivalent, e.g., CD's. An adequate amount of funds to meet short-term obligations will be maintained in a money market balance, bank balance, or securities with a maturity/average life of 1 year or less.
- Maximization of Return will be driven by parameters identified in preservation of principal and liquidity strategy. Rate of return will not be primary objective.

Prohibited Investment Actions

- Purchase of Corporate Securities including Commercial Paper from individual corporate commercial paper issuers.
- Purchase or holding of Common Stock, except for holding of gifted stock, such stock to be converted as soon as practical to acceptable investment vehicles.
- Speculation/hedging in the financial futures market.
- Speculation/trading with the investment portfolio.
- Purchase of securities with average life or final maturity over 10 years.
- Purchase of mutual funds with duration of >1 year.

Investment Authorization

The following personnel have the authority to initiate investment transactions (purchase, sell, and exchange) which conform to the [parameters of the Investment Policy:

- Treasurer
- President
- Others appointed by the Treasurer and approved by the Board of Directors

POLICIES AND PROCEDURES

D: TREASURER'S POLICY AND PROCEDURES

Introduction

During the past years TMLA has accumulated in excess of \$250,000 in cash as the result of member donations and a few large gifts.

Because of the size of these cash assets, TMLA officers and directors, as stewards of TMLA funds, have developed the following policies and procedures for managing them.

Policy

TMLA will establish procedures for the receipt, disbursement, and investment of funds. The procedures shall be designed such that they provide for the safeguarding of these funds while also providing necessary resources for the TMLA and committees. These procedures shall also be designed such that they will provide a sufficient framework for periodic audits.

Responsibility

As specified in our Bylaws, Article IV, Section 4, the Treasurer shall have general charge of the finances of the Corporation. That includes all daily financial activity and investment responsibility. The Treasurer shall have the authority to appoint a subcommittee to assist with specific tasks within the scope of the Treasurer's responsibilities. Any such committee's duties shall be well defined and its members shall be approved by the Board of Directors of the Association. The Treasurer, with the Board's approval, may also eliminate or change a committee if it is decided that a different structure would better serve the needs of the Association or if the Treasurer determines that the committee is no longer needed.

Procedures

Source of Funds

Member dues, Memorials and Undesignated Gifts

The primary continuing source of funds are annual member dues and undesignated gifts. These funds are generally either submitted in person to the Membership Coordinator at the Annual Meeting or mailed to the TMLA post office box in Hackensack and retrieved by the Membership Coordinator.

The Membership Coordinator maintains records of which members have paid their dues or given an undesignated gift for each fiscal year. The Membership Coordinator deposits all receipts into the TMLA local checking account or wherever the Treasurer

designates that the deposits should be placed. The Membership Coordinator separates the received amounts into dues and undesignated gifts and reports the information to the Treasurer. The Treasurer sees that the receipts are transferred to the appropriate accounts. For example all dues are deposited to the TMLA general account and the gifts are deposited in the JWS EPF account.

Memorials and other undesignated gifts received during the year are processed in a similar manner. If someone other than the Membership Coordinator received dues, gifts or memorials they will give them to the Treasurer who will deposit each in the correct account.

Designated Gifts, large Funds and Land

All designated gifts must be reported to the Board of Directors who will determine if the gifts can be used as designated. Designated gifts are accepted or rejected by the Board of Directors and the Treasurer processes them as directed by the Board of Directors.

Endowment Funds, Named Endowment Funds, and Land Contributions are processed in accordance with the Gifting Policy, established in 2007.

The Treasurer is responsible for accounting for gifts of land and for property owned by TMLA.

Expenditure of Funds

Expenses typically come from real estate taxes, liability insurance for TMLA land, and budgeted expenses by the standing committees. From time to time special projects or initiatives also require funding. Before payment, all expenses must be approved by the Board. The Treasurer will not pay for any expense without an invoice.

Committee Expenses

Before payment all expenses incurred must have been previously budgeted and approved by the Board. Invoices for all committee expenses must be reviewed and approved by the Committee Chair or designated committee member before being submitted to the Treasurer for payment.

The Committee Chair will be responsible for determining whether a submitted expense is within his/her current budget. Should a submitted invoice exceed that committee's budget, it will not be paid until approved by the Board of Directors.

Other Expenses

Before payment all invoices are required to have Board approval. Expenses submitted directly to TMLA, i.e., real estate taxes, insurance, etc., shall be reviewed and signed by the President before being submitted to the Treasurer for payment.

Likewise, invoices for goods or services which specified TMLA members are authorized to use, shall be reviewed and approved by the President or Committee Chair before being submitted to the Treasurer for payment.

Investment of Funds

Management of the investment accounts shall be the responsibility of the Treasurer who shall adhere to the Investment Policy approved by the Board in 2008.

Reporting

The Treasurer shall make reports to the Board of Directors at regular meetings and a full report to the general membership at the TMLA Annual Meeting.

Budgeting

The Treasurer shall work with the Officers and Committee Chairs to establish annual budgets and to monitor expenditures against those budgets. The Treasurer will assemble those budget requests and present the TMLA budget for the following fiscal year for Board approval. Typically the budget for the following fiscal year will be presented to the TMLA Board for approval at the regular May board meeting. Variations in progress against those budgets shall be brought to the attention of the Board for review as soon as they are recognized.

Preservation of Capital

Unless specific action to reduce capital is taken by the Board, annual budgeted expenses shall not exceed projected income for the following fiscal year. This projected income will consist of expected dues and donations and income available from Ten Mile Lake, Named Funds and JWS EPF investment funds. Investment funds restrictions are described in Appendix 1 to this document.

Treasurer's Policies and Procedures

Appendix 1

Investment Funds Restrictions

These funds are currently held at Wells Fargo Bank, Mpls; Nick Mellby Administrator

Ten Mile Lake Association Fund

- No restrictions
- For budgeting purposes, use interest/dividends earned during the previous fiscal year.

James W. Schwartz Environmental Protection Fund (JWS EPF)

- 10% of fund's value at the end of each fiscal year is available for the general fund.
- Spending over 10% of the fund value requires approval of 2/3's of the Board of Directors.

Richard G. Garbisch Fund

- Consists of \$90,000 Principal. All earnings are transferred out of the fund at the end of each fiscal year.
- Use of the Principal requires approval of the Donor's Representative and the Board of Directors.
- Administration of earnings from this fund is the responsibility of the Conservation Committee, of which the Donor's Representative is a member (approved by the Directors at the May, 2007 meeting). However, any expenditure of these earnings must have Board approval.