

**THE ROTARY CLUB OF WAYZATA
MEMORIAL EDUCATIONAL FOUNDATION, INC.**

**A Thirty-Five Year History
1962 - 1997**

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Compiled from available data

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To-date, approximately a quarter of a million dollars has been granted or loaned through **The Rotary Club of Wayzata Memorial Educational Foundation, Inc.**, for the very worthy purpose of investing in the most valuable resource in our community--our children! Here's the story.

The History

The Rotary Club of Wayzata was chartered in May of 1948. Thirteen years later, in May of 1961, a committee headed by Rotarian Rolf Stageberg was put together to evaluate the establishment of a memorial loan fund. Then-Rotarian Jim Gilbert recalls that "Bill Bloomer may have been the inspiration behind the formation of the Foundation." W.W. "Duke" Rieke lost his son Jon in a hunting accident, and that may have been the nucleus for the idea of the Foundation. On September 5, 1961 the committee (soon to be the first Board of the Foundation) presented its findings in a preliminary report to the Rotary Board (See A).

A year later, on May 23, 1962 the **Wayzata Memorial Educational Foundation, Inc.** (WMEF) was incorporated under and in accordance with the provisions of the Minnesota Nonprofit Corporation Act, Minnesota Statutes, Chapter 317 (See B). Wayzata Rotary President Cliff Meyer presided at the first Annual Meeting on July 11, 1962. The Foundation's first Board and Officers were Rolf W. Stageberg, President; LeRoy Haglund and Dean Linman, Vice-Presidents; William Bloomer, Treasurer; and Richard Palmer, Secretary (See C).

Initial funds received by the Foundation included \$1,000 from the Wayzata Rotary Club, followed by memorials in memory of Bud Schall, monies from the Jon Rieke Fund established by the Rieke family, and funds in memory of Donald Dickey. By August of 1962, \$4,018 was in the fund. And so began the journey of what is today called **The Rotary Club of Wayzata Memorial Educational Foundation, Inc.** (RCWMEF).

The purpose of the Foundation was to promote education through loans to high school graduates living in the geographical area of Wayzata for post-secondary education or

vocational training. The loans were in amounts of \$750 to \$1,000 per year, being interest-free for the first four years. Jim Gilbert recalls that the Board worked with Rotarians Bob Snyder, Superintendent of Wayzata Schools, and Roald Johnson, Principal, to put the wheels in motion.

The first loan application came from a young man who was a 1962 graduate of Wayzata High School interested in obtaining training as a court reporter. The second applicant was a 1963 Wayzata graduate interested in becoming a nurse. Jim Gilbert recalls that applicants were interviewed by Board members from the start.

In order to put the Foundation in a better position for fund-raising efforts, the Board sought tax-exempt status. After recording amended Articles of Incorporation on December 27, 1963 to comply with state requirements, the Foundation received 501(c)(3) tax exempt status on July 20, 1964.

The Fund began to build as donations were received from Rotarian member assessments, Rotary's annual Christmas Auction, and raffles. On June 8, 1968, a Corporate Authorization Resolution was effected that the Wayzata State Bank (Now Norwest Bank) be designated as a depository for the funds. To-date, Norwest Bank continues to be the fund manager for the Foundation.

Mervel George Gullixson

In the 1970's, the WMEF had a terrific opportunity to receive significant funds to facilitate its mission to aid Wayzata High School students in furthering their education. Along with this opportunity, the WMEF faced significant challenges in receiving and disbursing these funds.

On February 7, 1964, Mervel George (M. G.) Gullixson, Wayzata resident since 1929 or 1930, bachelor, owner of the *Minnetonka Herald*, former math teacher and former Principal of Wayzata Schools, willed a portion of his estate to his "Minnetonka Trust Fund," which included scholarship funds to help aid and assist worthy and ambitious male students or former students of public school districts No. 284 (Wayzata) and No. 278 (Orono) to acquire an education beyond high school.

On June 24, 1970, after M. G. Gullixson's death, the Gullixson Trust was established. On December 27, 1971, after the designated trustees worked out the details of how best to disburse the funds, the Gullixson Trust was terminated by order of the Hennepin County District Court, and funds were distributed to the Orono and Wayzata school districts to be used for the purposes expressed in Gullixson's Last Will and Testament dated February 7, 1964.

After administering the funds for several years, the Wayzata Independent School District 284 approached the Wayzata Rotary Club, asking the Club to facilitate their

Gullixson funds "Due to the restriction imposed by Paragraph 1C of Article VI of the will of Mervel George Gullixson which requires that the Charitable Funds be used to provide educational loans and scholarships for certain male students, and due to the time and attention needed to administer the Charitable Funds." (As stated from the 2/15/77 "Findings of Fact, Conclusions of Law and Order Confirming Termination of Trust" from the Hennepin County District Court).

According to WMEF Board Minutes of August 14, 1978,

On August 8, 1977 the WMEF Board passed a Resolution:

that legal counsel for Independent School District 284 be authorized to institute proceedings in the Hennepin County District Court in which this school District requests the court to issue its order authorizing transfer of all of the assets of the Fund to Wayzata Memorial Educational Foundation, Inc. at any time after such foundation has received an advanced ruling from the Internal Revenue Service to the effect that it is a public charity described in section 509 (a) of the Internal Revenue Code of 1954. [**]

RESOLVED FURTHER, that in such court proceedings this School District shall also request the court to authorize Wayzata Memorial Foundation, Inc. to provide scholarships from the Fund to help and assist worthy and ambitious male and female students or former students of Independent School District No. 284.

**Because the Foundation had erroneously been classified as a Private Foundation in April of 1971, a lengthy process to reclaim Public Charity status began in order to receive the M.G. Gullixson funds. On September 11, 1979, notification was received from the IRS stating that, "...from the date of your inception until the present you have been a publicly supported organization of the type described in section 509(a)(1) and 170(b)(1)(A)(vi) of the Code." All was in order to legally receive the Gullixson funds, but...

On July 30, 1981, Independent School District No. 284 filed suit against the State of Minnesota in the Hennepin County District Court, seeking gender equity in disbursing the M. G. Gullixson funds. The Court ruled that the male-only restriction on the use of the M.G. Gullixson funds be upheld, and that legal fees be paid by the Gullixson Trust.

On August 4, 1981, Hennepin County District Court ordered the transfer of the Charitable funds from the M. G. Gullixson testamentary trust to the Wayzata Memorial Educational Foundation, Inc. By year-end, assets from the Gullixson Trust of \$108,842.86 were transferred to the WMEF. After payment of legal fees, nearly \$100,000 were added to the WMEF fund, to total nearly \$130,000.

Funding

With the receipt of the Gullixson male-only funds in 1981, a new challenge was faced-- how to build the original Foundation funds (soon to become known as the "Rotary Fund")--to achieve gender equity, while working within the guidelines of the Gullixson fund restrictions.

Sources of income for the Foundation over the years have been mainly through a yearly donation from the Rotary Club of Wayzata to the Foundation based on its receipts from the Christmas Auction, and more recently, the weekly raffle. From 1969 to 1971, horse racing was one avenue of raising funds. During the 80's, "Buck-A-Point" was played, where bets were placed on school sports to earn extra dollars for the Foundation.

In 1987, Dennis Zahrbock laid out a plan for Rotarians to purchase life insurance policies designating the Foundation as both an irrevocable owner and beneficiary of the insurance policy. The Foundation now holds ten policies as part of its assets.

In 1995, Marty Schneider spearheaded the Rotary Club of Wayzata's pop stand at Wayzata's James J. Hill Days, giving the Club publicity, while raising funds for the Foundation. He also has donated funds from his garage sale.

Many, many memorials have been made since the Foundation's inception to commemorate friends and loved ones. Funds have been contributed in direct response to RCWMEF Board solicitation letters.

Fund equity is beginning to be realized by utilizing the "Rotary Fund" strictly for women's scholarships, while funding both loans and male scholarships through the Gullixson Fund.

The Student Application Process

Much has been accomplished over the years by the Foundation's Boards of Directors in refining the student application process.

Through 1983, the purpose of the Foundation was to administer student loans. With the receipt of the M. G. Gullixson funds, beginning in 1983/1984, male scholarships were awarded, being renewable for up to four years. In 1985/1986 the first female scholarships were given through the Rotary Fund of the WMEF. These scholarships were non-renewable. Soon questions were raised by female students asking why male scholarships were renewable and female scholarships were non-renewable. In 1992/1993, to attain gender equity, the first non-renewable male scholarships were awarded. 1996/1997 marked the first year an equal number of male/female scholarships were awarded.

The Board works closely with the Wayzata High School representatives in facilitating the application process. Approximately 200 students fill out Foundation scholarship applications each year. (While scholarships are not available to children of Rotarians, loans are available.) School representatives narrow the Rotary applicants down to approximately forty. The Foundation Board then reviews the applications and selects six to eight/each male and female applicants to interview. Students are interviewed, and scholarships are granted based on academic achievement, demonstrated leadership skill, school and community involvement, financial need, and character based on the personal interview. The Board has been told time and again the great value this interview process holds for the students.

Shortly after the interview process, students interviewed are honored at a weekly Rotary Club luncheon. Just recently those students have been given a \$50 gift certificate to be used at a local book store. Scholarship recipients are announced by the Rotary Club's President at the Wayzata High School's Awards Night in May. Applicants not receiving scholarships are notified of the Foundation's loan program and are encouraged to apply. With a well-coordinated effort between Norwest Bank and Anchor Bank, the scholarship, loan, and loan repayment process is handled in a professional and efficient manner.

Financial Management

Into 1992, Norwest Bank had been handling all collections, disbursements, and funds management of the Foundation. In September of 1992, the loans and collections part of the process were transferred to Anchor Bank. Coupon payment books are now mailed to loan recipients, and the payback process has been streamlined. Today the Foundation continues with Norwest as its fund manager, and invests its funds according to a Board-approved Investment Policy.

Summary

In July of 1997, Articles of Incorporation and By-Laws were amended to reflect the new name of the Foundation as **The Rotary Club of Wayzata Memorial Educational Foundation, Inc.** An incredible amount of dedication and love has gone into making the Foundation what it is today. Today the women's Rotary Fund is approaching that of the Gullixson Fund, with total Foundation assets, not including life insurance policies, at approximately \$230,000. The Foundation is within reach of achieving a self-sustaining level of funding.

Thanks to dedicated Board members and Rotarians throughout the years, **The Rotary Club of Wayzata Memorial Educational Foundation, Inc.** has been, and will continue to be, a viable source of student support in our community--an accomplishment we can all be proud of!

September 5, 1961

PRELIMINARY REPORT ON STUDENT LOAN FUND PROPOSAL

Background The undersigned committee was established last May for the purpose of evaluating the establishment of a proposed Memorial Loan Fund after a questionnaire showed almost unanimous membership interest in such a project as well as expression of a desire for more facts. This report is intended to present those facts together with a recommended course of action.

Initial Steps Your committee met on several occasions. These meetings underlined membership support for the general idea, but developed differences of opinion primarily on scope and structure. Bill Bloomer strongly favors a community-wide effort spearheaded by Rotary to obtain substantial funds and greater educational benefit to worthy students. While the Committee was about equally divided on whether or not to retain the Fund as an exclusively Rotary operation, all endorsed efforts to make the fund as adequate as possible. Roy Haglund prepared proposed Articles of Incorporation for preliminary study. Since so many questions arose about various aspects of the proposal, it was decided to seek the advice of Rotary International and inquire of the Clubs presently having such programs. Dick Palmer received replies from Bristow, Oklahoma; York, Pennsylvania; Wyandotte, Michigan; Hollywood, California; Somerville, Massachusetts; Augusta, Georgia; and Timmins, Ontario, Canada. One of these programs dates back to 1921, one to 1928 and another to 1931.

RI Says In Pamphlet No. 667 entitled "How Rotary Clubs Invest in Youth," Rotary International says: "There is a significant way to invest in the future - - a way exemplified by more than 8,000 Rotary club activities in the field. It is by establishment of a student loan or award project, or by creation of a scholarship fund.

"Few projects can be more meaningful in these days. The demand for well educated citizens has increased more in the last 50 years than in all the rest of human history - - and will increase even more in the immediate and far future."

Name "Student Loan Fund" is the almost unanimous choice of the reporting clubs. Augusta named its fund after an outstanding member. Hollywood calls its fund the "Hollywood Rotary Foundation."

Administration Management in the seven programs reported is solely invested in the Board of Directors in one club, but is customarily shared by the Board with a "Student Loan Committee," a "Board of Trustees" appointed by the Directors, or some such arrangement. In each instance, the fund is an exclusively Rotary function.

Source of Funds York, Pennsylvania established its fund in 1921 through loans secured by club members, gifts and club surpluses. Augusta, Georgia obtained its funds from club members. The balance supply no information on this subject, but seem to imply participation by others in the community.

Assets Total assets are reported by only three clubs. Augusta has \$58,000, Somerville \$33,000 and Bristow over \$15,000. The Hollywood club sounds like a big real estate operation operating from revenues, but they have "no outstanding loans" at this time.

Purpose The purpose of the loans is for college training exclusively in each of the reporting clubs. Timmins, Ontario makes loans only to those intending to become teachers.

Selection The selection of recipients is usually after receipt of a written application, but this is also supplemented by recommendations from teachers, Rotarians, and others. A personal interview with the Student Loan Committee is customary. The criteria for selection in general is described as "Worthy Students," but includes the question of financial need, scholarship and good character. Two clubs make loans to boys only.

Activity Augusta has made loans totalling over \$170,000 in its 28 year history. Somerville has made loans to 100 students in the amount of over \$44,000 and Bristow to over 30 students for more than \$13,000. Hollywood has "no outstanding loans at present due to no applications." Others are silent on this question.

Loans Bristow has a maximum of \$750; York not over \$500/year but has never loaned the full amount for four years; Wyandotte also has a \$500/year maximum; Hollywood \$200/year with an \$300 maximum; Timmins loans an \$800/year maximum but for one year only. In most instances loans are made for one year at a time with re-applications required each year supported by the past year's scholastic record. Regular reports on scholarship are customary.

Interest

Bristow- 3% in school, 6% after graduation.
York- 5% after graduation.
Wyandotte - 6%
Hollywood - 2%
Timmins - Current bank rates on overdue balances.
Somerville - None
Augusta - 3% after graduation

Prepayment Loans become due usually soon after graduation, payable in monthly installments. They become due if a person leaves school, becomes married, enters employment, or becomes dismissed. The record of collection is nothing short of phenomenal.

Security Loans are made on a note normally secured by a life insurance policy payable to the club. Endorsers as follows; Bristow - 2 endorsers; York - responsible persons, usually parents; Wyandotte - endorser if applicant is a minor; Timmins - parents or legal guardian; Somerville - the "Morgan Plan" - a life insurance plan usually retired within 5 years.

Eligibility Applicants are limited to students in high schools or prep school in the club area.

Your Committee recommends the following:

1. Incorporation of a non-profit corporation offering the possibility of tax deduction.
2. Name to be the Wayzata Rotary Scholarship Foundation, Inc.
3. The corporation Board of Directors (5 members) to be appointed by the club president with the approval of the club directors. Staggered terms to be provided, up to three years, to provide continuity.
4. Loans to be made available for training in the trades and specialized occupations as well as for college. College applicants must have completed one year of schooling, and others, one-quarter of the course they are pursuing.
5. Loans not to exceed \$750.00 per year, and to be interest-free until 6 months after graduation or termination of the course. Interest of 3% will then commence. The total amount of the loan plus interest will be due 5 years from date of graduation or termination of the course, and immediately in case of marriage, dismissal or quitting. Time spent in the armed services not to count in determining interest or due date.
6. Worthy students, boys and girls, from the wayzata area are eligible to apply. This area to be defined as that in which students are eligible for admission to Wayzata High School.
7. Loans to be secured by parent or guardian and by a life insurance policy equal to the face value of the note with premiums to be paid by the borrower.
8. Loans will be issued for one year only. Re-applications to be made for each subsequent year.
9. Selection of applicants to be made by the corporation Board of Directors on the basis of financial need, scholarship and character.
10. Funds shall be derived from club surpluses, membership donations, and appropriate donations solicited from the larger community. All fund raising plans to be approved by the club Board of Directors.



To All To Whom These Presents Shall Come, Greeting:

Whereas, Articles of Incorporation, duly signed and acknowledged under oath, have been recorded in the office of the Secretary of State, on the --23rd-- day of May , A. D. 19 62 for the incorporation of

 Wayzata Memorial Educational Foundation, Inc.

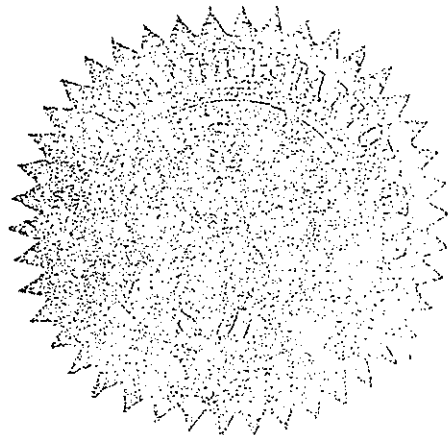
under and in accordance with the provisions of the Minnesota Nonprofit Corporation Act, Minnesota Statutes, Chapter 317;

Now, Therefore, I, Joseph L. Donovan, Secretary of State of the State of Minnesota, by virtue of the powers and duties vested in me by law, do hereby certify that the said

 Wayzata Memorial Educational Foundation, Inc.

is a legally organized Corporation under the laws of this State.

Witness my official signature hereunto subscribed and the Great Seal of the State of Minnesota hereunto affixed this twenty-third day of May in the year of our Lord one thousand nine hundred and sixty-two .



Joseph L. Donovan
Secretary of State.

Annual Meeting of the Members, July 11, 1962

The first annual meeting of the Wayzata Memorial Educational Fund, Inc. was held this date, Wayzata Rotary President Cliff Meyer presiding.

President Meyer appointed the following directors to serve during the coming year together with Bill Bloomer, Chairman of the Community Services Committee, and Dick Palmer, Secretary:

- LeRoy E. Haglund
- Dean M. Linman
- Rolf W. Stageberg

There being no further business to transact, the annual meeting was adjourned.

Rolf W. Stageberg
 Rolf W. Stageberg
 Secretary pro tem

Directors Annual Meeting, July 11, 1962

The meeting was adjourned for lack of a quorum.

Rolf W. Stageberg
 Rolf W. Stageberg
 Secretary pro tem

Adjourned Director's Meeting, July 18, 1962

The first meeting of the directors was called to order by Chairman pro tem Rolf Stageberg. All directors were present.

The following directors were duly nominated and elected to the following offices:

- | | |
|--------------------|----------------|
| President | Rolf Stageberg |
| 1st Vice President | Dean Linman |
| 2nd " " | LeRoy Haglund |
| Treasurer | Bill Bloomer |
| Secretary | Dick Palmer |

There being no further business to transact, the meeting was adjourned.

Rolf W. Stageberg
 Rolf W. Stageberg
 Secretary pro tem

THE ROTARY CLUB OF WAYZATA MEMORIAL EDUCATIONAL
FOUNDATION, INC.

BOARD OF DIRECTORS (Continued)

1998/1999

Dorothy Welch – President
Belle Davenport – Vice-President
Teresa Tembreull – Treasurer
Cathy Nielsen – Secretary
Kevin Krolczyk – Fund Raising
Jon Thompson – Rotary Pres-Elect
Mark Weeks – Director
Marc Bullis – Director
Arne Kolbjornsen – Director

2001/2002

Dorothy Welch - President
Belle Davenport - Vice-President
Teresa Tembreull
Carol Bergenstal - Secretary
Mark Beckstrom
Todd Mohagen - Treasurer
James Hartfiel
James Houg
Arne Kolbjornsen

1999/2000

Dorothy Welch
Belle Davenport
Teresa Tembreull
Carol Bergenstal
Kevin Krolczyk
Todd Mohagen
Mark Weeks
Marc Bullis
Arne Kolbjornsen

2002/2003

Dorothy Welch - President
Belle Davenport - Vice-President
Teresa Tembreull
Carol Bergenstal - Secretary
Mark Beckstrom
Todd Mohagen - Treasurer
James Hartfiel
James Houg
Arne Kolbjornsen

2000/2001

Dorothy Welch
Belle Davenport
Teresa Tembreull
Carol Bergenstal
Mark Beckstrom
Todd Mohagen
James Hartfiel
James Houg
Arne Kolbjornsen

2003

2004

2005

2006

2007

2008

2009

2010