

Bylaws of

Dixon Montessori Charter School

A California Nonprofit Public Benefit Corporation

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Article 1 - Name

Section 1.1 - Corporate Name

The name of this corporation is **Dixon Montessori Charter School**.

Article 2 - Offices

Section 2.1 - Principal Office

The principal office for the transaction of the business of the Corporation may be established at any place or places within or without the State of California by resolution of the Board, provided that as long as this Corporation has a valid charter petition to operate a charter school and the petition so requires, Corporation shall maintain an office in the geographic boundaries of the charter authorizer.

Section 2.2 - Other Offices

The Board may at any time establish branch or subordinate offices at any place or places where the Corporation is qualified to transact business.

Article 3 - Purposes

Section 3.1 - General and Specific Purposes

The primary objective of this corporation shall be to establish Dixon Montessori Charter School (DMCS) to provide students with the opportunity to acquire an education based on an accredited curriculum founded on the educational philosophy of Dr. Maria Montessori. This corporation will conduct, operate and maintain a school for the education of the children between the ages of five and fourteen years. The school shall be operated in accordance with the educational philosophy of Dr. Maria Montessori and shall employ teachers trained in the use of Montessori teaching methods and shall use Montessori equipment. In all respects the DMCS shall be operated in accordance with its charter, the Charter Schools Act, and all applicable state and federal laws and regulations. Also in the context of these purposes, the Corporation shall not, except to an insubstantial degree, engage in any other activities or exercise of power that do not further the purposes of the Corporation.

Article 4 - Limitation

Section 4.1 - Political Activities

The Corporation has been formed under California Nonprofit Corporation Law for the charitable purposes described in Article 3, and it shall be nonprofit and nonpartisan. No substantial part of the activities of the Corporation shall consist of carrying on propaganda, or otherwise attempting to influence legislation, and the Corporation shall not participate in or intervene in any political campaign (including the publishing or distribution of statements) on behalf of, or in opposition to, any candidate for public office.

Section 4.2 - Prohibited Activities

The Corporation shall not, except in any insubstantial degree, engage in any activities or exercise any powers that are not in furtherance of the purposes described in Article 3. The Corporation may not carry on any activity for the profit of its Officers, Directors or other persons or distribute any gains, profits or dividends to its Officers, Directors or other persons as such. Furthermore, nothing in Article 3 shall be construed as allowing the Corporation to engage in any activity 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, as amended (the "Code") or (ii) by a corporation, contributions to which are deductible under section 170(c)(2) of the Code.

Article 5 - Dedication of Assets

Section 5.1 - Property Dedicated to Nonprofit Purposes

The property of the Corporation is irrevocably dedicated to public purposes. No part of the net income or assets of the Corporation shall ever inure to the benefit of any of its Directors or Officers, or to the benefit of any private person, except that the Corporation is authorized and empowered to pay reasonable compensation for services rendered and to make payments and distributions in furtherance of the purposes set forth in Article 3 hereof.

Section 5.2 - Distribution of Assets Upon Dissolution

Upon the dissolution or winding up of the Corporation, its assets remaining after payment, or provision for payment, of all debts and liabilities of the Corporation shall be distributed to a nonprofit fund, foundation, or corporation which is organized and operated exclusively for [insert exempt purpose(s) stated in Articles of Incorporation public purposes and which has established its tax exempt status under Section 501(c)(3) of the Code.

Article 6 - Memberships

Section 6.1 - Members

The Corporation shall have no members within the meaning of section 5056 of the California Nonprofit Corporation Law.

Article 7 - Directors

Section 7.1 - Number and Qualifications

7.1.1 - Number

The number of directors shall be at least five (5) but no more than seven (7).

7.1.2 - Qualifications

The Board shall be composed of parents and community members, with a preference for members with expertise in education, law, finance, facilities, and marketing.

7.1.3 - Restrictions on Interested Directors

At all times that the Corporation has a valid charter petition to operate a charter school and the charter petition so requires, all persons serving on the Board of Directors shall comply with the requirements of California Government Code Sections 1090 and 81000 et seq. and the charter authorizer's policy. No more than one-third of members serving on the Board of Directors may be "interested" persons. Under corporate law, only 49% of the Board of Directors may be "interested." An interested person is (i) any person compensated by the Corporation for services rendered to it within the previous 12 months, whether as a full or part-time officer or other employee, independent contractor, or otherwise, or (ii) any brother, sister, ancestor, descendant, spouse, brother-in-law, sister-in-law, son-in-law, daughter-in-law, mother-in-law, or father-in-law of any such person. Any violation of this paragraph shall not affect the validity or enforceability of transactions entered into by the corporation. Notwithstanding the foregoing, at all times that the Corporation has a valid charter petition to operate a charter school and the charter petition so requires, none of the Directors may have a prohibited financial interest as defined by California Government Code Section 1090 et seq.

7.1.4 - Charter Authorizer Appointment

Pursuant to California Education Code Section 47604(b), as long as the Corporation has a valid charter petition to operate a charter school, the governing board of the charter authorizer shall have the right, at any time and from time to time, to appoint one director (the "Charter Authorizer Director") to the board of Directors, upon request and in accordance with the Corporation's

election process. All references in these Bylaws to "Director" shall include any Charter Authorizer Director unless otherwise specifically stated.

7.2 - Powers

7.2.1 - Corporate Powers Exercised by Board

Subject to the provisions of the Articles of Incorporation of the Corporation (the "Articles of Incorporation"), California Nonprofit Corporation Law and any other applicable laws, the business and affairs of the Corporation shall be managed, and all corporate powers shall be exercised, by or under the direction of the Board of Directors (the "Board"). The Board may delegate the management of the activities of the Corporation to any person or persons, management company or committee however composed, provided that the activities and affairs of the Corporation shall be managed and all corporate powers shall be exercised under the ultimate direction of the Board.

7.2.2 - Additional Powers

Without prejudice to its general powers, but subject to the same limitations set forth above, the Board shall have the following powers in addition to any other powers enumerated in these Bylaws and permitted by law:

- (a) To select and remove all of the officers, agents and employees of the Corporation; to prescribe powers and duties for them which are not inconsistent with law, the Corporation's Articles of Incorporation or these Bylaws; to fix their compensation; and to require security from them for faithful service
- (b) To conduct, manage and control the affairs and activities of the Corporation and to make such rules and regulations therefor which are not inconsistent with law, the Corporation's Articles of Incorporation or these Bylaws;
- (c) To adopt, make and use a corporate seal and to alter the form of the seal from time to time;
- (d) To borrow money and incur indebtedness for the purposes of the Corporation, and to cause to be executed and delivered therefor, in the corporate name, promissory notes, bonds, debentures, deeds of trust, mortgages, pledges, hypothecations and other evidences of debt and securities therefor; and
- (e) To carry out such other duties as are described in any approved charter petition and the Charter Schools Act of 1992 (Education Code Section 47600 et seq.).

Section 7.3 - Terms; Elections of Successors

Directors shall be elected at each annual meeting of the Board for three (3) year terms. Each Director, including a Director elected to fill a vacancy, shall hold office until the expiration of the term for which he or she was elected and until the election and qualification of a successor, or until that Director's earlier resignation or removal in accordance with these Bylaws and California Nonprofit Corporation Law. No Director shall be elected to serve more than two consecutive terms. A Director who has served two consecutive terms may be eligible to serve as a Director after one year has passed since that person was last a Director.

Section 7.4 - Vacancies

7.4.1 - Events Causing Vacancy

A vacancy or vacancies on the Board shall be deemed to exist on the occurrence of the following: (i) the death, resignation, or removal of any Director; (ii) whenever the number of authorized Directors is increased; or (iii) the failure of the Board, at any meeting at which any Director or Directors are to be elected, to elect the full authorized number of Directors.

7.4.2 - Removal

The Board may by resolution declare vacant the office of a Director who has been declared of unsound mind by an order of court, or convicted of a felony, or found by final order or judgment of any court to have breached a duty under California Nonprofit Corporation Law.

The Board may by resolution declare vacant the office of a Director who fails to attend 3 consecutive Board meetings unless the absences are due to mitigating factors that have been previously disclosed to and approved by the Board.

Directors, other than Charter Authorizer Director, may be removed without cause by a majority of Directors then in office. If a Charter Authorizer Director is appointed pursuant to Section 7.1.5, then the governing board of the charter authorizer may remove that Director at any time, with or without cause.

7.4.3 - No Removal on Reduction of Number of Directors

No reduction of the authorized number of Directors shall have the effect of removing any Director before that Director's term of office expires unless the reduction also provides for the removal of that specified Director in accordance with these Bylaws and California Nonprofit Corporation Law.

7.4.4 - Resignations

Except as provided in this Section 7.4.4, any Director may resign by giving written notice to the Chairperson, the President, the Secretary, or the Board. The resignation shall be effective when

the notice is given unless the notice specifies a later time for the resignation to become effective. No Director may resign if the Corporation would then be left without a duly elected Director or Directors in charge of its affairs, except upon notice to the California Attorney General (the "Attorney General").

7.4.5 - Election to Fill Vacancies

If there is a vacancy on the Board, including a vacancy created by the removal of a Director, the Board may fill such vacancy by electing an additional Director as soon as practicable after the vacancy occurs. If the number of Directors then in office is less than a quorum, additional directors may be elected to fill such vacancies by (i) the affirmative vote of a majority of the Directors in office at a meeting held according to notice or waivers complying with section 5211 of the California Nonprofit Corporation Law, or (ii) a sole remaining Director. Furthermore, if the Director whose office is vacant was the Charter Authorizer Director, then the charter authorizer may appoint a Charter Authorizer Director to fill the vacancy. Each Director elected to fill a vacancy shall hold office until the expiration of the term of the replaced Director, and until the election and qualification of a successor, or until that Director's earlier resignation or removal in accordance with these Bylaws and California Nonprofit Corporation Law.

Section 7.5 - Brown Act

Notwithstanding anything in these Bylaws to the contrary, at all times that the Corporation has a valid charter petition to operate a charter school and the charter so requires, all meetings of the Board and its standing committees shall be called, noticed and held in accordance with the Brown Act, as said Act may be amended from time to time (the "Brown Act").

Section 7.6 - Regular Meetings of the Board

Each year, the Board shall hold at least one meeting, at a time and place fixed by the Board, for the purposes of election of Directors, appointment of Officers, review and approval of the corporate budget and transaction of other business. This meeting is sometimes referred to in these Bylaws as the "annual meeting." Other regular meetings of the Board of Directors shall be established at the annual meeting.

Section 7.7 - Special Meetings

Special meetings of the Board of Directors for any purpose may be called at any time by the Chairman of the Board of Directors, if there is such an officer, or a majority of the Board of Directors. If a Chairman of the Board has not been elected then the President is authorized to call a special meeting in place of the Chairman of the Board. The party calling a special meeting shall determine the place, date, and time thereof.

Section 7.8 - Notice of Meetings

7.8.1 - Notice of Annual and Regular Meetings

At least seventy-two (72) hours before an annual meeting or a regular meeting, the Board, or its designee, shall post an agenda containing a brief general description of each item of business to be transacted or discussed at the meeting, including items to be discussed in closed session. A brief general description of an item generally need not exceed twenty (20) words. The agenda shall specify the time and location of the meeting and shall be posted in a location that is freely accessible to members of the public, as well as on either the Corporation's or the charter school's website, if any. The posting of the agenda and the contents of the agenda shall be in accordance with Section 54954.2 of the Brown Act. No action or discussion shall be undertaken at any annual or regular meeting on any item not appearing on the posted agenda, except as set forth in Section 54954.2 of the Brown Act.

7.8.2 - Notice of Special Meetings

7.8.2.1 - Manner of Giving Notice

Notice of the time and place of all regular and special meetings shall be given to each Director by one of the following methods: (a) Personal Delivery of written notice; (b) First-class mail, postage paid; (c) Telephone, including a voice messaging system or other system or technology designed to record and communicate messages; or (d) Facsimile, electronic mail ("e-mail") or other means of electronic transmission if the recipient has consented to accept notices in this manner. All such notices shall be given or sent to the Director's address, phone number, facsimile number or e-mail address as shown on the records of the Corporation. Notice of the time and place of all regular and special meetings shall be given to members of the public in the following ways: (a) Posting on the charter school's website, if any; (b) Written notice to each local newspaper of general circulation and radio or television station requesting notice; (c) Posting in a location freely accessible to members of the public.

7.8.2.2 - Time Requirements

Notices of special meetings of the Board of Directors sent by first-class mail shall be deposited in the United States mail at least three (3) days before the time set for the meeting. Notices given by personal delivery, telephone, or electronic transmission shall be delivered, telephoned, or transmitted at least twenty four (24) hours before the time set for the meeting. In addition to the foregoing, notice of the meeting shall comply with Section 54956 of the Brown Act, and the call of the meeting and notice shall also be posted at least twenty four (24) hours prior to the special meeting in a location that is freely accessible to members of the public.

7.8.2.3 - Notice Contents

The call and notice of a special meeting of the Board shall state the time and place of the special meeting and the business to be transacted or discussed. No other business shall be

considered at the special meeting. The notice of a special meeting shall comply with the requirements for special meetings set forth in the Brown Act.

7.8.3 - Emergency Meetings

If there is an “emergency situation,” as defined in Section 54956.5 of the Brown Act, involving matters upon which prompt action is necessary due to the disruption or threatened disruption of public facilities, the Board may hold an emergency meeting without complying with either the 24 hour posting requirement of Section 54956 of the Brown Act or both of the notice and posting requirements. The emergency meeting must be noticed and held in compliance with Section 54956.5 of the Brown Act.

Section 7.9 - Place of Board Meetings

Regular and special meetings of the Board may be held at any place that has been designated in the notice of the meeting, or, if not stated in the notice or, if there is no notice, designated by resolution of the Board. If the place of a regular or special meeting is not designated in the notice or fixed by a resolution of the Board, it shall be held at the principal office of the Corporation. Notwithstanding the foregoing, at all times that the Corporation has a valid charter petition to operate a charter school and the charter petition so requires, all meetings of the Board shall be held at any place within the geographic boundaries of the authorizer, except as otherwise provided in the Brown Act.

7.9.1 - Meetings by Telephone or Similar Communication Equipment

A teleconference meeting is a meeting in which one or more Directors attend the meeting from a remote location via telephone or other electronic means, transmitting audio or audio/video. Any meeting may be held by conference telephone or other communications equipment permitted by California Nonprofit Corporation Law, and all Directors shall be deemed to be present in person at such meeting as long as all Directors participating in the meeting can communicate with one another and all other requirements of California Nonprofit Corporation Law are satisfied. Such meeting must also be noticed and conducted in compliance with Section 54953(b) of the Brown Act, including without limitation the following:

- (a) At a minimum, a quorum of the Board shall participate in the teleconference meeting from locations within the school’s jurisdiction;
- (b) All votes taken during a teleconference meeting shall be by roll call;
- (c) The Board shall post agendas at all teleconference locations with each such location being identified in the notice and agenda of the meeting;
- (d) All locations where a Director participates in a teleconference meeting must be fully accessible to members of the public and shall be listed on the agenda;

- (e) Members of the public must be able to hear what is said during the meeting and shall be provided with an opportunity to address the Board directly at each teleconference location; and
- (f) The agenda shall indicate that members of the public attending a meeting conducted via teleconference need not give their name when entering the conference call.

Section 7.10 - Quorum and Action of the Board

7.10.1 - Quorum

A majority of Directors then in office (but no fewer than two Directors or one-fifth of the authorized number in Section 7.1.1, whichever is greater) shall constitute a quorum for the transaction of business, except to adjourn as provided in Section 7.12.

7.10.2 - Minimum Vote Requirements for Valid Board Action

Every act taken or decision made by a vote of the majority of the Directors present at a meeting duly held at which a quorum is present is the act of the Board, unless a greater number is expressly required by California Nonprofit Corporation Law, the Articles of Incorporation or these Bylaws. A meeting at which a quorum is initially present but due to the withdrawal of Directors, is no longer present, may not transact business; those Directors present may either (a) elect to continue as a committee or (b) adjourn to a future date. Directors may not vote by proxy.

7.10.3 - When a Greater Vote is Required for Valid Board Action

The following actions shall require a vote by a majority of all Directors then in office in order to be effective:

- (a) Creation of, and appointment to, Committees (but not advisory committees) as described in Section 8.1;
- (b) Removal of a Director without cause as described in Section 7.4.2; and
- (c) Indemnification of Directors as described in Article 11.

Section 7.11 - Waiver of Notice

Notice of a meeting need not be given to any Director who, either before or after the meeting, signs a written waiver of notice, a consent to holding the meeting, or an approval of the minutes of the meeting. The waiver of notice or consent does not need to specify the purpose of the meeting. All waivers, consents, and approvals shall be filed with the corporate records or made a part of the minutes of the meeting. Also, notice of a meeting is not required to be given to any

Director who attends the meeting without protesting before or at its commencement about the lack of adequate notice. Directors can protest the lack of notice only by presenting a written protest to the Secretary either in person, by first-class mail addressed to the Secretary at the principal office of the Corporation as contained on the records of the Corporation as of the date of the protest, or by facsimile addressed to the facsimile number of the Corporation as contained on the records of the Corporation as of the date of the protest. Notwithstanding the foregoing, the public notice of a meeting required by these Bylaws can never be waived.

Section 7.12 - Adjournment

A majority of the Directors present, whether or not constituting a quorum, may adjourn any meeting to another time and place.

Section 7.13 - Notice of Adjournment

Notice of the time and place of holding an adjourned meeting need not be given, unless the meeting is adjourned for more than 24 hours, in which case personal notice of the time and place shall be given before the time of the adjourned meeting to the Directors who were not present at the time of the adjournment. Notice of any adjournment shall be given in accordance with Section 54955 of the Brown Act.

Section 7.14 - Conduct of Meetings

Meetings of the Board shall be presided over by the Chairperson, or, if there is no Chairperson or the Chairperson is absent, the President or, if the President and Chairperson are both absent, by the Vice President (if any) or, in the absence of each of these persons, by a chairperson of the meeting, chosen by a majority of the Directors present at the meeting. The Secretary shall act as secretary of all meetings of the Board, provided that, if the Secretary is absent, the presiding officer shall appoint another person to act as secretary of the meeting. Meetings shall be governed by rules of procedure as may be determined by the Board from time to time, insofar as such rules are not inconsistent with or in conflict with these Bylaws, with the Articles, or with any provisions of law applicable to the Corporation.

Per the Brown Act, the Board must publicly report any action taken and the vote or abstention on that action of each member present for the action and this information should also be noted in the minutes of each meeting.

Section 7.15 - Fees and Compensation of Directors and Committee Members

The Corporation shall not pay any compensation to Directors and committee members for services rendered to the Corporation as Directors and committee members, except that Directors and committee members may be reimbursed for expenses incurred in the

performance of their duties to the Corporation, in reasonable amounts as approved by the Board.

Section 7.16 - Non-Liability of Directors

The Directors shall not be personally liable for the debts, liabilities, or other obligations of the Corporation. Furthermore, the Legislature has stated its intent that the authorizing entity not be liable for the debts or obligations of a charter school.

Article 8 - Committees

Section 8.1 - Committees of Directors

The Board may, by resolution adopted by a majority of the Directors then in office, create one or more Board Committees ("Committees"), including an executive committee, each consisting of two or more Directors, and no persons who are not Directors, to serve at the discretion of the Board. Any Committee, to the extent provided in the resolution of the Board and allowed by law, may be given the authority of the Board except that no Committee may:

- (a) approve any action for which the California Nonprofit Corporation Law also requires approval of the members or approval of a majority of all members;
- (b) fill vacancies on the Board or in any Committee which has the authority of the Board;
- (c) fix compensation of the Directors for serving on the Board or on any Committee;
- (d) amend or repeal Bylaws or adopt new Bylaws;
- (e) amend or repeal any resolution of the Board which by its express terms is not so amendable or repealable;
- (f) appoint any other Committees or the members of these Committees;
- (g) expend corporate funds to support a nominee for Director after more persons have been nominated than can be elected; or
- (h) approve any transaction (i) between the Corporation and one or more of its Directors or (ii) between the Corporation and any entity in which one or more of its Directors have a material financial interest.

Section 8.2 - Meetings and Action of Board Committees

Meetings and action of Committees shall be governed by, and held and taken in accordance with, the provisions of Article 7 concerning meetings of Directors, with such changes in the context of Article 7 as are necessary to substitute the Committee and its members for the Board and its members, except that the time for regular meetings of Committees may be determined by resolution of the Board, and special meetings of Committees may also be called by resolution of the Board. Minutes shall be kept of each meeting of any Committee and shall be filed with the corporate records. The Committee shall report to the Board from time to time as

the Board may require. The Board may adopt rules for the governance of any Committee not inconsistent with the provisions of these Bylaws. In the absence of rules adopted by the Board, the Committee may adopt such rules.

Section 8.3 - Quorum Rules for Board Committees

A majority of the Committee members shall constitute a quorum for the transaction of Committee business, except to adjourn. A majority of the Committee members present, whether or not constituting a quorum, may adjourn any meeting to another time and place. Every act taken or decision made by a majority of the Committee members present at a meeting duly held at which a quorum is present shall be regarded as an act of the Committee, subject to the provisions of the California Nonprofit Corporation Law relating to actions that require a majority vote of the entire Board.

Section 8.4 - Revocation of Delegated Authority

The Board may, at any time, revoke or modify any or all of the authority that the Board has delegated to a Committee, increase or decrease (but not below two) the number of members of a Committee, and fill vacancies in a Committee from the members of the Board.

Section 8.5 - Nonprofit Integrity Act/Audit Committee

In any fiscal year in which the Corporation receives or accrues gross revenues of two million dollars or more (excluding grants from, and contracts for services with, governmental entities for which the governmental entity requires an accounting of the funds received), the Board shall (i) prepare annual financial statements using generally accepted accounting principles that are audited by an independent certified public accountant ("CPA") in conformity with generally accepted auditing standards; (ii) make the audit available to the Attorney General and to the public on the same basis that the Internal Revenue Service Form 990 is required to be made available; and (iii) appoint an Audit Committee.

The Audit Committee shall not include paid or unpaid staff or employees of the Corporation, including, if staff members or employees, the President or chief executive officer or the Treasurer or chief financial officer (if any). If there is a finance committee, members of the finance committee shall constitute less than 50% of the membership of the Audit Committee and the chairperson of the Audit Committee shall not be a member of the finance committee.

Subject to the supervision of the Board, the Audit Committee shall:

- (a) make recommendations to the Board on the hiring and firing of the CPA;
- (b) confer with the CPA to satisfy Audit Committee members that the financial affairs of the Corporation are in order;
- (c) approve non-audit services by the CPA and ensure such services conform to standards in the Yellow Book issued by the United States Comptroller General; and
- (d) if requested by the Board, negotiate the CPA's compensation on behalf of the Board.

Section 8.6 - Advisory Committees

The Board may create one or more advisory committees to serve at the pleasure of the Board (the action to create such advisory committees must be made pursuant to Brown Act requirements, meaning at a publicly noticed meeting with the item on the agenda).

Appointments to such advisory committees need not, but may, be Directors. The Board shall appoint and discharge advisory committee members. All actions and recommendations of an advisory committee shall require ratification by the Board before being given effect. These advisory committee meetings are not subject to the notice and posting requirements of the Brown Act so long as the committee is comprised solely of board members; consists of less than the number of board members who, if present at a meeting, would be able to make a decision; has a defined purpose and a time frame to accomplish that purpose; and is advisory.

Section 9 - Officers

Section 9.1 - Officers

The officers of the Corporation (“Officers”) shall be either a President or a Chairperson, or both, a Secretary, and a Treasurer or chief financial officer, or both. Other than the Chairperson, these persons may, but need not be, selected from among the Directors. The Board shall have the power to designate additional Officers, including a Vice President, who also need not be Directors, with such duties, powers, titles and privileges as the Board may fix, including such Officers as may be appointed in accordance with Section 9.6.6. Any number of offices may be held by the same person, except that the Secretary, the Treasurer and the chief financial officer (if any) may not serve concurrently as either the President or the Chairperson.

Section 9.2 - Election of Officers

The Officers, except those appointed in accordance with Section 9.6.6, shall be elected by the Board at the annual meeting of the Corporation for a term of one year, and each shall serve at the discretion of the Board until his or her successor shall be elected, or his or her earlier resignation or removal.

Section 9.3 - Removal of Officers

Subject to the rights, if any, of an Officer under any contract of employment, any Officer may be removed, with or without cause, (i) by the Board, at any regular or special meeting of the Board, or at the annual meeting of the Corporation, or (ii) by an Officer on whom such power of removal may be conferred by the Board.

Section 9.4 - Resignation of Officers

Any Officer may resign at any time by giving written notice to the Corporation. Any resignation shall take effect at the date of the receipt of that notice or at any later time specified in that notice; and, 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 Corporation under any contract to which the Officer is a party.

Section 9.5 - Vacancies in Offices

A vacancy in any office because of death, resignation, removal, disqualification, or any other cause shall be filled in the manner prescribed in these Bylaws for regular appointments to that office, provided that such vacancies shall be filled as they occur and not on an annual basis. In the event of a vacancy in any office other than the President or one appointed in accordance with Section 9.6.6, such vacancy shall be filled temporarily by appointment by the President, or if none, by the Chairperson, and the appointee shall remain in office for 60 days, or until the next regular meeting of the Board, whichever comes first. Thereafter, the position can be filled only by action of the Board.

Section 9.6 - Responsibilities of Officers

9.6.1 - Chairperson of the Board

The chairperson of the Board (the "Chairperson"), if any, shall be a Director and shall preside at meetings of the Board and exercise and perform such other powers and duties as may from time to time be assigned to him by the Board or prescribed by these Bylaws. If the Board designates both a Chairperson and a President, the Board shall, by resolution, establish the specific duties carried by each position.

9.6.2 - Vice Chairperson

The vice chairperson of the Corporation (the "Vice Chair") shall, in the absence or disability of the Chairperson, perform all the duties of the Chairperson and, when so acting, have all the powers of and be subject to all the restrictions upon, the Chairperson. The Vice Chairperson shall have such other powers and perform such other duties as may be prescribed by the Board.

9.6.3 - Secretary

The secretary of the Corporation (the "Secretary") shall attend to the following:

9.6.3.1 - Bylaws

The Secretary shall certify and keep or cause to be kept at the principal office of the Corporation the original or a copy of these Bylaws as amended to date.

9.6.3.2 - Minute Book

The Secretary shall keep or cause to be kept a minute book as described in Section 12.1.

9.6.3.3 - Notices

The Secretary shall give, or cause to be given, notice of all meetings of the Board in accordance with these Bylaws.

9.6.3.4 - Corporate Records

Upon request, the Secretary shall exhibit or cause to be exhibited at all reasonable times to any Director, or to his or her agent or attorney, these Bylaws and the minute book.

9.6.3.5 - Corporate Seal and Other Duties

The Secretary shall keep or cause to be kept the seal of the Corporation, if any, in safe custody, and shall have such other powers and perform such other duties incident to the office of Secretary as may be prescribed by the Board or these Bylaws.

9.6.4 - Treasurer

The treasurer of the Corporation (the "Treasurer") shall attend to the following:

9.6.4.1 - Books of Account

The Treasurer shall keep and maintain, or cause to be kept and maintained, adequate and correct books and records of accounts of the properties and transactions of the Corporation, including accounts of its assets, liabilities, receipts, disbursements, gains, losses, capital, retained earnings, and other matters customarily included in financial statements. The books of account shall be open to inspection by any Director at all reasonable times.

9.6.4.2 - Financial Reports

The Treasurer shall prepare, or cause to be prepared, and certify, or cause to be certified, the financial statements to be included in any required reports.

9.6.4.3 - Deposit and Disbursement of Money and Valuables

The Treasurer shall deposit, or cause to be deposited, all money and other valuables in the name and to the credit of the Corporation with such depositories as may be designated by the Board; shall disburse, or cause to be disbursed, the funds of the Corporation as may be ordered by the Board; shall render, or cause to be rendered to the President and Directors, whenever they request it, an account of all of his or her transactions as Treasurer and of the financial

condition of the Corporation; and shall have other powers and perform such other duties incident to the office of Treasurer as may be prescribed by the Board or these Bylaws.

9.6.4.4 - Bond

If required by the Board, the Treasurer shall give the Corporation a bond in the amount and with the surety or sureties specified by the Board for faithful performance of the duties of his office and for restoration to the Corporation of all its books, papers, vouchers, money, and other property of every kind in his possession or under his control on his death, resignation, retirement, or removal from office.

9.6.5 - Additional Officers

The Board may empower the Chairperson, President, or chief executive, to appoint or remove such other Officers as the business of the Corporation may require, each of whom shall hold office for such period, have such authority, and perform such duties as are provided in these Bylaws or as the Board from time to time may determine.

Section 9.7 - Chief Executive

Subject to such supervisory powers as may be given by the Board to the Chairperson, the Board may hire an Executive Director who will serve as the chief executive and administrator of the Corporation. Subject to the control of the Board, such person shall share in the responsibility to supervise, direct and control the Corporation's day-to-day activities, business and affairs. Pursuant to their respective job descriptions, such persons shall be tasked to hire, supervise and fire all of the employees of the Corporation and may delegate their responsibilities and powers subject to the control of the Board. They shall have such other powers and duties as may be prescribed by the Board or these Bylaws.

Section 9.8 - Compensation of Officers

9.8.1 - Salaries Fixed by Board

The salaries of Officers, if any, shall be fixed from time to time by resolution of the Board or by the person or Committee to whom the Board has delegated this function. In all cases, any salaries received by Officers shall be reasonable and given in return for services actually rendered for the Corporation which relate to the performance of the public benefit purposes of the Corporation. No salaried Officer may serve as a Director.

9.8.2 - Fairness of Compensation

The Board shall periodically review the fairness of compensation, including benefits, paid to every person, regardless of title, with powers, duties, or responsibilities comparable to the president, chief executive officer, treasurer, or chief financial officer (i) once such person is hired, (ii) upon any extension or renewal of such person's term of employment, and (iii) when

such person's compensation is modified (unless all employees are subject to the same general modification of compensation).

ARTICLE 10 - TRANSACTIONS BETWEEN CORPORATION AND DIRECTORS OR OFFICERS

Section 10.1 - Transactions with Directors and Officers

10.1.1 Interested Party Transactions

At all times that the Corporation has a valid charter petition to operate a charter school and the charter petition so requires, members of the Corporation's Board and the Officers, managers and employees and any committees of the Corporation shall comply with Government Code Sections 1090 and 81000 et seq. ("Political Reform Act"), federal and state laws, nonprofit integrity standards and any applicable charter authorizer policies and regulations regarding ethics and conflict of interest.

Therefore, the Corporation shall not be a party to any transaction:

- (a) in which one or more of its Directors or Officers has a material financial interest, or
- (b) with any corporation, firm, association, or other entity in which one or more Directors or Officers has a material financial interest.

Section 10.2 - Loans to Directors and Officers

The Corporation shall not make any loan of money or property to or guarantee the obligation of any Director or Officer, unless approved by the Attorney General; except that, however, the Corporation may advance money to a Director or Officer for expenses reasonably anticipated to be incurred in the performance of duties of such Director or Officer, if in the absence of such advance, such Director or Officer would be entitled to be reimbursed for such expenses by the Corporation.

Section 10.3 - Duty of Loyalty; Construction with Article 11; Political Reform Act

Notwithstanding the foregoing Sections, nothing in this Article shall be construed to derogate in any way from the absolute duty of loyalty that every Director and Officer owes to the Corporation. Furthermore, nothing in this Article shall be construed to override or amend the provisions of Article 11. All conflicts between the two articles shall be resolved in favor of Article 11. Finally, as long as the Corporation has a valid charter petition to operate a charter school and the charter petition so requires, the Corporation and its directors, officers and employees

shall be subject to the applicable sections of the Political Reform Act, as amended from time to time.

ARTICLE 11 - INDEMNIFICATION OF DIRECTORS, OFFICERS, EMPLOYEES AND AGENTS

Section 11.1 - Definitions

For purpose of this Article 11,

11.1.1 - "Agent"

means any person who is or was a Director, Officer, employee, or other agent of the Corporation, or is or was serving at the request of the Corporation 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 Corporation or of another enterprise at the request of the predecessor corporation;

11.1.2 - "Proceeding"

means any threatened, pending, or completed action or proceeding, whether civil, criminal, administrative, or investigative; and

11.1.3 - "Expenses"

includes, without limitation, all attorneys' fees, costs, and any other expenses reasonably 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 reasonably incurred in establishing a right to indemnification under this Article 11.

Section 11.2 - Applicability of Indemnification Provisions

11.2.1 - Successful Defense by Agent

To the extent that an Agent has been successful on the merits in the defense of any proceeding referred to in this Article 11, 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.

11.2.2 Settlement or Unsuccessful Defense by Agent

If an Agent either settles any proceeding referred to in this Article 11, or any claim, issue, or matter therein, or sustains a judgment rendered against him, then the provisions of Section 11.3 through Section 11.6 shall determine whether the Agent is entitled to indemnification.

Section 11.3 - Actions Brought by Persons Other than the Corporation

This Section 11.3 applies to any proceeding other than an action “by or on behalf of the corporation” as defined in Section 11.4. Such proceedings that are not brought by or on behalf of the Corporation are referred to in this Section 11.3 as “Third Party proceedings.”

11.3.1 - Scope of Indemnification in Third Party Proceedings

Subject to the required findings to be made pursuant to Section 11.3.2, the Corporation [may OR shall] indemnify any person who was or is a party, or is threatened to be made a party, to any Third Party proceeding, by reason of the fact that such person is or was an Agent, for all expenses, judgments, fines, settlements, and other amounts actually and reasonably incurred in connection with the proceeding.

11.3.2 - Required Standard of Conduct for Indemnification in Third Party Proceedings

Any indemnification granted to an Agent in Section 11.3.1 above is conditioned on the following. The Board must determine, in the manner provided in Section 11.5, that the Agent seeking reimbursement acted in good faith, in a manner he or she reasonably believed to be in the best interest of the Corporation, and, in the case of a criminal proceeding, he or she must have had no reasonable cause to believe that his or her conduct was unlawful. The termination of any proceeding by 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 he or she reasonably believed to be in the best interest of the Corporation or that he or she had reasonable cause to believe that his or her conduct was unlawful.

Section 11.4 - Action Brought By or On Behalf Of the Corporation

This Section 11.4 applies to any proceeding brought (i) by or in the right of the Corporation, or (ii) by an Officer, Director or person granted relator status by the Attorney General, or by the Attorney General, on the ground that the defendant Director was or is engaging in self-dealing within the meaning of section 5233 of the California Nonprofit Corporation Law, or (iii) by the Attorney General or person granted relator status by the Attorney General for any breach of duty relating to assets held in charitable trust (any such proceeding is referred to in these Bylaws as a proceeding “by or on behalf of the Corporation”).

11.4.1 - Scope of Indemnification in Proceeding By or On Behalf Of the Corporation

Subject to the required findings to be made pursuant to Section 11.4.2, and except as provided in Sections 11.4.3 and 11.4.4, the Corporation may indemnify any person who was or is a party, or is threatened to be made a party, to any proceeding by or on behalf of the Corporation, by reason of the fact that such person is or was an Agent, for all expenses actually and reasonably incurred in connection with the defense or settlement of such action.

11.4.2 - Required Standard of Conduct for Indemnification in Proceeding By or On Behalf Of the Corporation

Any indemnification granted to an Agent in Section 11.4.1 is conditioned on the following. The Board must determine, in the manner provided in Section 11.5, that the Agent seeking reimbursement acted in good faith, in a manner he or she believed to be in the best interest of the Corporation and with such care, including reasonable inquiry, as an ordinarily prudent person in a like position would use under similar circumstances.

11.4.3 - 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 Corporation, with or without court approval, the Agent shall receive no indemnification for amounts paid pursuant to the terms of the settlement or other disposition. Also, in cases settled or otherwise disposed of without court approval, the Agent shall receive no indemnification for expenses reasonably incurred in defending against the proceeding, unless the proceeding is settled with the approval of the Attorney General.

11.4.4 - Claims and Suits Awarded Against Agent

If any Agent is adjudged to be liable to the Corporation in the performance of the Agent's duty to the Corporation, the Agent shall receive no indemnification for amounts paid pursuant to the judgment, and any indemnification of such Agent under Section 11.4.1 for expenses actually and reasonably incurred in connection with the defense of that action shall be made only if both of the following conditions are met:

- (a) The determination of good faith conduct required by Section 11.4.2 must be made in the manner provided for in Section 11.5; and
- (b) 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 11.5 - Determination of Agent's Good Faith Conduct

The indemnification granted to an Agent in Section 11.3 and Section 11.4 is conditioned on the findings required by those Sections being made by:

- (a) the Board by a majority vote of a quorum consisting of Directors who are not parties to the proceeding; or
- (b) the court in which the proceeding is or was pending. Such determination may be made on application brought by the Corporation 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 Corporation.

Section 11.6 - Limitations

No indemnification or advance shall be made under this Article 11, except as provided in Section 11.2.1 or Section 11.5(b), in any circumstances when it appears:

- (a) that the indemnification or advance would be inconsistent with a provision of the Articles of Incorporation, as amended, or an agreement in effect at the time of the accrual of the alleged cause of action asserted in the proceeding in which the expenses were incurred or other amounts were paid, which prohibits or otherwise limits indemnification; or
- (b) that the indemnification would be inconsistent with any condition expressly imposed by a court in approving a settlement.

Section 11.7 - Advance of Expenses

Expenses incurred in defending any proceeding may be advanced by the Corporation before the final disposition of the proceeding on receipt of an undertaking by or on behalf of the Agent to repay the amount of the advance unless it is determined ultimately that the Agent is entitled to be indemnified as authorized in this Article 11.

Section 11.8 - Contractual Rights of Non-Directors and Non-Officers

Nothing contained in this Article 11 shall affect any right to indemnification to which persons other than Directors and Officers of the Corporation, or any of its subsidiaries, may be entitled by contract or otherwise.

Section 11.9 - Insurance

The Board may adopt a resolution authorizing the purchase and maintenance of insurance on behalf of any Agent, as defined in this Article 11, against any liability asserted against or incurred by any Agent in such capacity or arising out of the Agent's status as such, whether or not the Corporation would have the power to indemnify the Agent against the liability under the provisions of this Article 11.

Section 11.10 - Non-applicability of Fiduciaries of Employee Benefit Plans

This Article does not apply to any proceeding against any trustee, investment manager or other fiduciary of an employee benefit plan in such person's capacity as such, even though such person may also be an agent of the corporation as defined in Section 11.1 of this Article. The Corporation shall have power to indemnify such trustee, investment manager or other fiduciary to the extent permitted by subdivision (f) of Section 207 of the California General Corporation Law.

ARTICLE 12 - CORPORATE RECORDS, REPORTS AND SEAL

Section 12.1 - Minute Book

The Corporation shall keep a minute book in written form which shall contain a record of all actions by the Board or any committee including (i) the time, date and place of each meeting; (ii) whether a meeting is regular or special and, if special, how called; (iii) the manner of giving notice of each meeting and a copy thereof; (iv) the names of those present at each meeting of the Board or any Committee thereof; (v) the minutes of all meetings; and (vi) formal dissents from Board Actions.

Section 12.2 - Books and Records of Account

The Corporation shall keep adequate and correct books and records of account. "Correct books and records" includes, but is not necessarily limited to: accounts of properties and transactions, its assets, liabilities, receipts, disbursements, gains, and losses.

Section 12.3 - Articles of Incorporation and Bylaws

The Corporation shall keep at its principal office, the original or a copy of the Articles of Incorporation and Bylaws as amended to date.

Section 12.4 - Maintenance and Inspection of Federal Tax Exemption Application and Annual Information Returns

The Corporation shall at all times keep at its principal office a copy of its federal tax exemption application and, for three years from their date of filing, its annual information returns. These documents shall be open to public inspection and copying to the extent required by the Code.

Section 12.5 - Annual Report; Statement of Certain Transactions

The Board shall cause an annual report to be sent to each Director within 120 days after the close of the Corporation's fiscal year containing the following information:

- (a) The assets and liabilities of the Corporation as of the end of the fiscal year;
- (b) The principal changes in assets and liabilities, including trust funds, during the fiscal year;
- (c) The revenue or receipts of the Corporation, both unrestricted and restricted to particular purposes, for this fiscal year;
- (d) The expenses or disbursements of the Corporation for both general and restricted purposes during the fiscal year;
- (e) A statement of any transaction (i) to which the Corporation, its parent, or its subsidiary was a party, (ii) which involved more than \$50,000 or which was one of a number of such transactions with the same person involving, in the aggregate, more than \$50,000, and (iii) in which either of the following interested persons had a direct or indirect material financial interest (a mere common directorship is not a financial interest):
 - (i) Any Director or Officer of the Corporation, its parent, or its subsidiary;
 - (ii) Any holder of more than 10% of the voting power of the Corporation, its parent, or its subsidiary.

The statement shall include: (i) a brief description of the transaction; (ii) the names of interested persons involved; (iii) their relationship to the Corporation; (iv) the nature of their interest in the transaction, and; (v) when practicable, the amount of that interest, provided that, in the case of a partnership in which such person is a partner, only the interest of the partnership need be stated.

- (f) A brief description of the amounts and circumstances of any loans, guaranties, indemnifications, or advances aggregating more than \$10,000 paid during the fiscal year to any Officer or Director under Article 10 or Article 11.

Section 12.6 - Rights of Inspection

Every Director shall have the absolute right at any reasonable time to inspect the books, records, documents of every kind, and physical properties of the Corporation and each of its subsidiaries. The inspection may be made in person or by the Director's agent or attorney. The right of inspection includes the right to copy and make extracts of documents. If the Corporation has a valid charter petition and the charter petition requires compliance with the "Public Records Act", the public shall have the rights to inspection of public records as set forth therein.

Section 12.7 - Corporate Seal

The corporate seal, if any, shall be in such form as may be approved from time to time by the Board. Failure to affix the seal to corporate instruments, however, shall not affect the validity of any such instrument.

ARTICLE 13 - EXECUTION OF INSTRUMENTS, DEPOSITS AND FUNDS

Section 13.1 - Execution of Instruments

The Board, except as otherwise provided in these Bylaws, may by resolution authorize any Officer or agent of the Corporation to enter into any contract or execute and deliver any instrument in the name of and on behalf of the Corporation, and such authority may be general or confined to specific instances. Unless so authorized, no Officer, agent, or employee shall have any power or authority to bind the Corporation by any contract or engagement or to pledge its credit or to render it liable monetarily for any purpose or in any amount.

Section 13.2 - Checks and Notes

The Board will by resolution establish a list of authorized signers and signing procedures for checks, drafts, promissory notes, orders for the payment of money, and other evidence of indebtedness of the Corporation. The Board will adopt financial internal controls as outlined in the Fiscal Policies and Procedures Handbook as adopted by the Board and to be renewed and revised on an on-going basis.

Section 13.3 - Deposits

All funds of the Corporation shall be deposited from time to time to the credit of the Corporation in such banks, trust companies, or other depositories as the Board may select.

Section 13.4 - Gifts

The Board may accept on behalf of the Corporation any contribution, gift, bequest, or devise for the charitable or public purposes of the Corporation.

Section 13.5 - Fiscal Year

The fiscal year of the Corporation shall begin July 1 and end June 30 of each year.

ARTICLE 14 - CONSTRUCTION AND DEFINITIONS

Unless the context requires otherwise, the general provisions, rules of construction, and definitions of California Nonprofit Corporation Law shall govern the construction of these Bylaws. Without limiting the generality of the above, 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 the Corporation and a natural person. All references to statutes, regulations and laws shall include any future statutes, regulations and laws that replace those referenced.

ARTICLE 15 - EFFECTIVE DATE AND AMENDMENTS

Section 15.1 Effective Date

These bylaws and any subsequent amendments to them shall become effective immediately upon their adoption, unless the Board in adopting them, provides that they are to become effective at a later date.

Section 15.2 Amendment by Directors

The Board may adopt, amend or repeal bylaws. Such power is subject to the following limitations:

- (a) Where any provision of these Bylaws requires the vote of a larger proportion of the Directors than otherwise is required by law, such provision may not be altered, amended or repealed except by the vote of such greater number.
- (b) No amendment may extend the term of a Director beyond that for which such Director was elected.
- (c) If bylaws are adopted, amended or repealed at a meeting of the Board, such action is authorized only at a duly called and held meeting for which written notice of such meeting, setting forth the proposed bylaw revisions with explanations therefor, is given in accordance with these Bylaws, unless such notice is waived in accordance with these Bylaws.

CERTIFICATE OF SECRETARY

I certify that I am the duly elected and acting Secretary of Dixon Montessori Charter School, a California nonprofit public benefit corporation; that these Bylaws, consisting of 31 pages, are the Bylaws of this Corporation as adopted by the Board of Directors on _____ and that these Bylaws have not been amended or modified since that date.

Executed on _____ at Dixon, California.

Secretary