

FRANKLIN PHONETIC SCHOOL

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Prescott Valley, Arizona 86314

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**FRANKLIN PHONETIC SCHOOL, INC.
CORPORATE BOARD MEETING AGENDA**

**Friday March 31st, 2023 at 2:00pm
Zoom meeting Audio or Video
Phone # 346-248-7799
Meeting ID # 995 1652 1708
Passcode # 774137**

Call to Order

New Business

- Discussion of current and future board compensation (Bylaws Attached)

Old Business

Set Next Meeting

Meeting Adjourned

**AMENDED AND RESTATED BYLAWS
OF
FRANKLIN PHONETIC PRIMARY SCHOOL, INC.**

**ARTICLE I
CORPORATE NAME**

1.1 Name. The name of the corporation is Franklin Phonetic Primary School, Inc. (the "Corporation").

**ARTICLE II
OFFICES**

2.1 Offices. The principal office of the Corporation is located at 6116 East Highway 69, Prescott Valley, Arizona 86314. The Corporation may move its principal office or maintain other offices at such other places within or without the State of Arizona (the "State") as the Corporation's Board of Directors may from time to time determine.

**ARTICLE III
NOT-FOR-PROFIT CORPORATION**

3.1 Purposes. The Corporation is established as a not-for-profit corporation for any lawful purpose permitted under State laws. The Corporation will establish, market and operate one or more public schools in accordance with the laws of the State. For purposes of federal laws, the Corporation is organized only for charitable and educational purposes as defined by the Internal Revenue Code of 1986, as amended (the "Code"), Section 501(c)(3), including distributions to organizations that qualify as exempt under Section 501(c)(3) of the Code. The Corporation shall not willfully, directly or indirectly, carry on propaganda, or otherwise attempt to influence legislation, nor shall any of its funds be used to support or oppose any political issue or candidate nor perform any other act or omission that will jeopardize its status as a not-for-profit corporation in the State or jeopardize any tax-exempt status of the Corporation provided under the not-for-profit corporation laws of the State or the Code, including the tax-exempt status of the Corporation under Section 501(c)(3) of the Code and its regulations as any of those laws and regulations may exist or may hereafter be amended. No part of the assets or net earnings of the Corporation, current or accumulated, shall inure to the benefit of any private individual except for any and all contracts that may be entered into with any individuals as provided and afforded by these Amended and Restated Bylaws (these "Bylaws") and appropriate resolutions of the Corporate Board.

**ARTICLE IV
MEMBERS**

4.1 Members. The Corporation does not have corporate members.

**ARTICLE V
BOARD OF DIRECTORS**

5.1 Name. The Board of Directors shall be publicly known and described as the "Corporate Board." Any individual serving on the Corporate Board shall be referred to as a "Director."

5.2 Duties and Powers. All of the affairs of the Corporation will be directed by the Corporate Board. The Corporate Board shall have all of the duties and powers required or permitted by applicable law. The Corporate Board may delegate the management of portions of the Corporation's activities to any persons or committees, 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 Corporate Board. No assignment, referral or delegation of authority by the Corporate Board or anyone acting under such delegation shall preclude the Corporate Board from exercising full authority over the conduct of the Corporation's activities, and, subject to contractual obligations, the Corporate Board may rescind any such assignment, referral or delegation at any time.

5.3 Number of Directors. The number of Directors shall be no less than one and no more than nine, provided that said number may be changed by an amendment to these Bylaws, duly adopted by the Corporate Board, subject always to any restrictions of law as to the minimum number of Directors.

5.4 Election of Directors. All Directors shall be elected by a majority vote of the Directors, present in person or by proxy, at a regular or special meeting held by the Corporate Board. Directors may be removed, replaced or changed as provided in these Bylaws. Directors need not be residents of the State.

5.5 Term of Office. Each Director shall hold office for a period commencing on the date of his or her election and ending on the earlier to occur of: (i) the fourth anniversary of his or her election; or (ii) his or her prior death, incapacitation, resignation, replacement or removal. Notwithstanding the foregoing, no Director shall vacate his or her office under clause (i) until his or her successor is duly elected and qualified. Directors may serve multiple consecutive terms without restriction as to the number of terms permitted.

5.6 Qualifications. Directors must be 21 years of age. Each Director must pass a background check, or other regulatory inquiries, as required by State law, federal law or other governmental agencies having proper regulatory authority over the affairs of the Corporation or its activities, as amended from time to time, which will include as a minimum, a law enforcement fingerprint check showing that there exists no criminal record which could adversely affect the Corporation or its operations. Directors must, in the opinion of the Corporate Board, possess experience and qualifications that further the Corporate Board's commitment to the educational and operational purposes of the Corporation.

5.6.1 Composition of the Board. For so long as a founder of the Corporation remains an administrator of the school or schools operated by the Corporation, the Board shall at all times include a minimum of two Directors that are either a founder of the Corporation or are nominated by a founder of the Corporation, but shall also, at all times, comprise a majority of Directors that are independent. For purposes of these Bylaws: (i) "independent" means an individual that is not a founder of the Corporation, an immediate family member of a founder of the Corporation or a current employee of the Corporation; and (ii) "immediate family" means a parent, spouse, natural, adopted or step child or siblings of a founder of the Corporation. At such time as no founder of the Corporation is an administrator of the school or schools operated by the Corporation, this provision shall no longer have any effect and the composition of the Board shall comprise any individuals otherwise qualifying as Directors under these Bylaws.

5.7 Corporate Board Offices. The officers of the Corporate Board shall comprise a President of the Corporate Board, a Secretary of the Corporate Board and may, at the option of the Corporate Board, include a Vice President of the Corporate Board and a Treasurer of the Corporate Board, which Officers shall be elected by majority vote of the Corporate Board; provided, however, that, excepting the initial officers of the Corporate Board and thereafter to the extent practicable, Directors nominated and

elected for such offices shall have been Directors for a minimum period of three months prior to holding such office. Although Directors shall hold the office of director for terms approximating four-years, Directors appointed or elected as officers of the Corporate Board shall serve as officers for a period of one year; provided, however, if so appointed or elected, any Director may serve as an officer of the Corporate Board for multiple terms without restriction as to the number of terms permitted.

5.8 Director Deadlock. In the event of a voting deadlock on any substantial matter affecting the Corporation or the Corporate Board, the Corporate Board shall, within 15 days after the deadlock vote, appoint a mutually-agreed-upon neutral mediator to aid the Corporate Board in facilitating the decision-making process. If, after appointing the mediator, the event deadlock persists for a period not to exceed 45 days after the original deadlock vote, the Corporate Board shall, within 10 days thereafter, agree upon a neutral, qualified arbitrator who shall have the authority to issue a decision on the issue at deadlock, which decision shall be binding on the Corporate Board and each Director.

5.9 Vacancies. Any vacancy on the Corporate Board occurring by reason of an increase in the number of Directors or if any Director dies, becomes incapacitated, resigns, is disqualified or removed from office, or otherwise vacates his or her office, the unexpired portion of such Director's term of office shall be filled by a majority vote of the Directors, present in person or by proxy, at a regular or special meeting held by the Corporate Board the Corporate Board.

5.10 Resignation. Any Director may resign at any time by giving 30 days' prior written notice to the Secretary of the Corporate Board (or, if no Secretary is then serving, to any officer of the Corporate Board), although the Corporate Board may waive the 30-day period for good cause. Unless a longer period is specified in such written notice, or the Corporate Board waives the 30-day period for good cause, such resignation shall take effect 30 days after the Corporate Board's receipt of such notice, and the acceptance of such resignation shall not be necessary to make it effective.

5.11 Removal. Any Director may be removed from the Corporate Board, with or without cause, at any time by a majority vote of the Directors, present in person or by proxy, at a regular or special meeting held by the Corporate Board. The Director being removed must abstain from voting due to the inherent conflict of interest and may not be used in calculating the majority vote but may be included when determining a quorum.

5.12 Directors' Compensation. No salary shall be paid to Directors for their services in their capacity as Directors. By resolution of the Corporate Board, however, a fixed reasonable sum of expenses of attendance, if any, may be allowed for attendance at such regular or special meetings of the Corporate Board; provided, however, nothing herein contained shall be construed or interpreted to prevent any person serving as a Director from also serving as an employee or independent contractor of the Corporation and receiving a salary or other compensation in such capacity.

5.13 Contracts. No contract or other transaction between the Corporation and any other individual or entity shall be impaired, affected or invalidated, nor shall any Director be liable in any way by reason of the fact that any one or more of the Directors may be interested in any such other entity or may own or serve as a director, officer or member of any such other entity; provided that, notwithstanding the presence of any interested Director at the meeting at which such action is taken, the Corporate Board authorizes, approves or ratifies such contract or transaction by majority vote (not counting the vote of any interested Director) after the interested Director fully discloses to the Corporate Board, in writing (or as documented in written meeting minutes), his or her interests or involvements with such other entities and other relevant material facts, including, without limitation, the nature of such Director's involvement with such other entities, such Director's ability to influence the action of such other entities and any tangible or



intangible benefit or profit that may accrue to such Director as a result of any contract or transaction between the Corporation and such other entity. In addition, the contract or transaction must be fair and reasonable to the Corporation when it is authorized, approved or ratified in accordance with the Conflicts of Interest Policy (as defined in Section 5.14 of this Article V). Although the interested Director must abstain from voting on such matter due to the inherent conflict of interest and may not be counted when calculating a majority, he or she may be included when determining a quorum.

5.14 Conflicts of Interest. The Corporate Board shall adopt a conflict-of-interest policy (the "Conflicts of Interest Policy") to be followed by the Directors in executing their duties. The Conflicts of Interest Policy must provide for the disclosure of any duality of interest or possible conflict of interest on the part of any Director and such duality of interest or possible conflict must be made a part of the record of the Corporation at the time the interest becomes a matter requiring Corporate Board action. The Conflicts of Interest Policy shall be provided to all Directors. In the event no formal Conflicts of Interest Policy is adopted, it shall be deemed that the statutory provisions found in A.R.S. §§10-3860 through 10-3864 shall constitute the Conflicts of Interest Policy of the Corporation. No Director having a duality of interest or possible conflict of interest for a particular issue shall vote or use his or her personal influence relating to such issue. The minutes of any meeting where a conflict is present should reflect: (i) that a disclosure of the conflict was made; (ii) that the Director with the conflict abstained from discussion and voting on such matter; and (iii) any other relevant factors deemed necessary by the Corporate Board.

5.15 Committees. The Corporate Board, by resolution, may, from time to time, designate from among the Directors an executive committee, and may also designate from among the Directors and nonmembers of the Corporate Board such other committees as the Corporate Board may deem desirable, each consisting of one or more Directors, with such powers and authority (to the extent permitted by law) as may be provided in such a resolution. No standing committee, advisory board, special or other committee shall have any general power or authority over any activity of the Corporation, or the school(s) it operates, but only such limited scope and power as specifically designated by the Corporate Board or these Bylaws. All standing committees, advisory boards, special and other committees shall make recommendations and advise the Corporate Board on issues relevant to their respective directives. The Corporate Board shall consider such recommendation or advice but shall have no obligation to implement any such recommendations nor accept any such advice. Each such committee, and committee members, shall serve at the pleasure of the Corporate Board.

5.15.1 Standing Committees. The Corporate Board may, in its discretion, authorize such standing committees and advisory boards as it deems appropriate. The Chairs and all members of standing committees and advisory boards shall be appointed by the Corporate Board. It shall be the responsibility of the Chairs of standing committees and advisory boards to notify members of meetings; however, except for the Site Councils established herein, no quorum shall be required in order for a standing committee or advisory board to meet or to act. Chairs of standing committees and advisory boards shall appoint a member of their committee to be the committee secretary to take minutes of the discussions and decisions reached at each meeting of the committee.

5.15.1.1 Advisory Board. Notwithstanding the Corporate Board's general discretion in establishing committees, the Corporate Board shall, by resolution, establish a standing board of advisors that shall be named the "Advisory Board." Such Advisory Board shall have such authority and powers as established in Article IX of these Bylaws.

5.15.1.2 Site Councils. Notwithstanding the Corporate Board's general discretion in establishing committees, the Corporate Board shall, by resolution, establish a standing committee for each charter school operated by the Corporation that shall, in each case, be named the "Site

Council” for the respective charter school. Such Site Councils shall be deemed the “governing body” of such charter school and shall have such authority and powers as established in Articles VI and VII of these Bylaws.

5.15.2 Special Committees. The Corporate Board may, in its discretion, appoint and discharge special committees for such special tasks as the Corporate Board determines. The Chairs and all members of special committees shall be appointed by the Corporate Board. It shall be the responsibility of the Chairs of special committees to notify members of meetings; however, no quorum shall be required in order for a special committee to meet or to act. Chairs of special committees shall appoint a member of their committee to be the committee secretary to take minutes of the discussions and decisions reached at each meeting of the committee. A special committee shall be limited to the accomplishment of the task for which it was established and shall have no power to act except as specifically conferred by the Corporate Board. Upon the completion of the task for which such committee is established, it shall be discharged.

ARTICLE VI MEETINGS OF THE CORPORATE BOARD

6.1 Regular Meetings of the Corporate Board. The Corporate Board shall meet at least one time each fiscal year at such date and time as noticed by the Corporate Board. The purpose of the annual meetings shall be to approve, authorize or ratify acts of the Site Councils, Corporate Board, management and/or school administration, review academic performance and transact such other business as may properly come before the Corporate Board. Any such meetings of the Corporate Board may be held by any means whereby all Directors can communicate adequately throughout the meeting, including, without limitation, telephonically or electronically. Other or more frequent regular meetings of the Corporate Board may be noticed and called by the Corporate Board and, if called, shall be held and conducted in accordance with these Bylaws and any applicable state and federal laws.

6.2 Special Meetings of the Corporate Board. Special meetings of the Corporate Board may be called at any time by the President of the Corporate Board and shall be called by the Secretary of the Corporate Board at the combined written request of two or more Directors, or as otherwise required under the provisions of applicable law.

6.3 Place of Meetings. All meetings of the Corporate Board shall be held at the place designated in the notice or waiver of notice of such a meeting or meetings, whether within or outside of the State.

6.4 Notice of Meetings. The Secretary of the Corporate Board (or, if no Secretary is then serving, any officer of the Corporate Board), or his or her designee, shall deliver written notice of any meeting of the Corporate Board, whether a regular or special meeting, stating the place, date and hour of the meeting to each Director not less than 24 hours before the time of the meeting. Such notice shall be delivered personally, by United States postal mail, overnight express mail, electronic mail or facsimile. Such notice shall be directed to each Director at his or her address or email address as it appears on the records of the Corporation, unless the Director shall have previously filed a written request with the Secretary of the Corporate Board (or, if no Secretary is then serving, with any officer of the Corporate Board) requesting that notices intended for that Director be directed to some other address or email address, in which case it shall be directed to the address or email address designated in such written request. Notice is deemed to have been given: (i) upon the date that the notice is personally delivered or electronically mailed; (ii) one day after deposit in overnight, express mail; and (iii) three days after deposit in United States postal mail, properly addressed or transmitted. Notice of an adjourned meeting

need not be given if the date, time and place of the adjourned meeting are provided at the meeting at which the adjournment is taken and if the adjournment does not exceed 31 days.

6.5 Waiver of Notice. Attendance of a Director at a meeting shall constitute a waiver of notice of such meeting, except when such attendance at the meeting is for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened. Any Director may waive notice of any meeting of the Corporate Board by executing a written waiver of notice either before, at or after the time of the meeting.

6.6 Presiding at Meetings. At all meetings of the Corporate Board, the President of the Corporate Board shall preside. In the absence of the President, the Vice-President (if in office) shall preside. In absence of Vice-President, the Secretary shall preside. In the absence of the President, Vice-President, and the Secretary, the longest-tenured Director in attendance at the meeting shall preside until the President, Vice President (if any) or Secretary returns.

6.7 Conduct of Meeting; Agenda. The proceedings of Corporate Board meetings shall be conducted in accordance with State law, the Articles of Incorporation or these Bylaws. The President, or his or her designee, shall prepare an agenda for each meeting and shall, at the written request of at least 66 percent of the Directors then in office, include agenda items as requested by such Directors. The meeting shall be conducted substantially in accordance with the agenda. The Director presiding over the meeting shall have the right to limit discussion on any particular item and the right to establish procedures and to provide time limits for any party wishing to speak on any particular item.

6.8 Quorum. A simple majority of the Directors shall constitute a quorum at any meeting of the Corporate Board. A Director shall be deemed present at a meeting if the Director attends in person, by proxy or telephonically or electronically, so long as all Directors can communicate adequately throughout the meeting and such communications are audible to the public attending the meeting. Business may be conducted once a quorum is present and may continue until adjournment of the meeting notwithstanding the withdrawal or temporary absence of Directors sufficient to reduce the number present to less than a quorum. If, however, the Directors present are less than required to constitute a quorum, the affirmative vote must be such as would constitute a majority if a quorum were present and provided further that the affirmative vote of a majority of the Directors then present is sufficient in all cases to adjourn a meeting.

6.9 Acts of the Corporate Board. When a quorum is established at any meeting of the Corporate Board, the affirmative vote of a majority of the Directors present at the meeting shall be the act of the Corporate Board unless the question is one upon which, by express provision of law, the Articles of Incorporation or these Bylaws, a different vote is required, in which case such express provision shall govern and control the decision of such question. Each Director is entitled to one vote.

6.10 Meeting Minutes. A written record of the discussions and decisions reached at each meeting of the Corporate Board in the form of minutes shall be made, and shall, upon approval by the Corporate Board at a legally-convened meeting, be made a part of the records of the Corporation.

6.11 Action of the Corporate Board Without Meeting. Any action required or permitted to be taken at a meeting of the Board of Directors may be taken without a meeting if a consent in writing, setting forth the action so taken, is signed by the number of Directors that would be required to approve such action if the action were taken at a duly-called meeting of the Corporate Board. Such written consent may be executed in counterparts and shall have the same effect as a vote of the Directors at a duly-called meeting.

6.12 Proxies. Any Director may appoint another Director (and only another Director) as a proxy to vote or otherwise act for such Director by signing an appointment form, either personally or by the Director's attorney-in-fact and delivering such appointment form to the Secretary of the Corporate Board (or, if no Secretary is then serving, to any officer of the Corporate Board). The appointment of a proxy does not relieve such appointing Director of liability for acts or omissions imposed by law on Directors. An appointment of a proxy is effective when received by the Secretary of the Corporate Board (or, if no Secretary is then serving, by any officer of the Corporate Board) and is valid for one month unless a different period is expressly provided in the appointment form. Any appointment of a proxy is revocable by the appointing Director at any time by delivering such revocation to the Secretary of the Corporate Board (or, if no Secretary is then serving, to any officer of the Corporate Board). The death or incapacity of a Director appointing a proxy does not affect the right of the Corporation to accept the proxy's authority unless written notice of the death or incapacity is received by the Secretary of the Corporate Board (or, if no Secretary is then serving, by any officer of the Corporate Board) before the proxy exercises his or her authority under the appointment. Subject to any express limitation of the proxy's authority appearing on the face of the appointment form, the Corporation is entitled to accept the proxy's vote or other action as the vote or action of the appointing Director. Any proxy appointment form or revocation of proxy may be delivered to the Secretary of the Corporate Board (or, if no Secretary is then serving, to any officer of the Corporate Board) by personal delivery, express mail, United States mail, facsimile transmission or by electronic mail. A Director attending a meeting by proxy may be included when determining a quorum.

ARTICLE VII SITE COUNCILS

7.1 Name. As required by Article V, Section 5.15.1.2 of these Bylaws, the Corporate Board shall establish a standing committee of the Corporate Board for each charter school operated by the Corporation that shall, in each case, be named the "Site Council" for the respective charter school. Any individual serving on a Site Council shall be referred to as a Site Council "Member."

7.2 Authority. Each Site Council shall have all of the duties and authority required by applicable law or as delegated to the Site Council by the Corporate Board, but specifically including all of the powers and obligations required or implied by A.R.S. §15-183.E.8. All policies and procedures of any charter schools operated by the Corporation shall be established and exercised by or under the authority of the Site Council. The Site Council's duties shall include, without limitation, adherence to the core values of the Corporation and the educational philosophy of any charter schools operated by the Corporation.

7.3 Number of Members. The number of Site Council Members shall be no less than three and no more than 12, provided that said number may be changed by an amendment to these Bylaws, duly adopted by the Corporate Board.

7.4 Appointment of Members. All Site Council Members shall be appointed by a majority vote of the Corporate Board at any regular or special meeting of the Directors and may include: (i) Directors serving as Directors on the Corporate Board; (ii) staff employed by the Corporation; and/or (iii) parents of children currently attending one of the schools operated by the Corporation. Members may be removed, replaced or changed, with or without cause, at the discretion of the Corporate Board. Site Council members may, with a majority vote, recommend candidates for Site Council Members to the Corporate Board. Upon such recommendation by the Site Council, the Corporate Board shall consider such candidates and either ratify such candidates' appointment to the Site Council or reject such candidates with written explanation to the Site Council. Members need not be residents of the State.

7.5 Term of Office. Each Member shall hold office for a period commencing on the date of his or her appointment and ending on the earlier to occur of: (i) the fourth anniversary of his or her appointment; or (ii) his or her prior death, incapacitation, resignation, replacement or removal. Notwithstanding the foregoing, no Member shall vacate his or her office under clause (i) until his or her successor is duly appointed and qualified. Members may serve multiple consecutive terms without restriction as to the number of terms permitted.

7.6 Full Time Services Not Required. Nothing in these Bylaws shall be deemed to require that a Member spend his or her full time or any specific amount of time on Site Council duties; however, any Member shall generally be available for Site Council meetings and for reasonable periods of time to fulfill his or her obligation as a Site Council Member.

7.7 Qualifications. Each Member must pass a background check, or other regulatory inquiries, as required by State law (including the requirements of the Arizona State Board for Charter Schools), federal law or other governmental agencies having proper regulatory authority over the affairs of any charter schools operated by the Corporation, as amended from time to time. Members must, in the opinion of the Corporate Board, possess experience and qualifications that further the Corporate Board's commitment to the educational and operational purposes of the Corporation.

7.8 Site Council Offices. The Corporate Board shall appoint a Chair of the Site Council. The Site Council may, by majority vote, elect a Secretary of the Site Council and may elect a Vice-Chair of the Site Council.

7.9 Member Deadlock. In the event of a voting deadlock of the Site Council, the Site Council shall, within a reasonable time, submit the action under consideration, in writing, to the Corporate Board. The Corporate Board shall decide such action under consideration, in its discretion, and deliver its written decision to the Site Council within 15 days. Except as may otherwise be required under applicable law, the Corporate Board's decision shall be final and binding on the Site Council and each Member and, to the extent required by these Bylaws or applicable law, the Site Council shall take and document appropriate action as directed by the Corporate Board.

7.10 Vacancies. Any vacancy on any Site Council occurring by reason of an increase in the number of Members, or the death, incapacity, resignation, disqualification or removal from office of any Member, or any other reason, the unexpired portion of such Member's term of office shall be filled as provided by Section 7.4 of this Article 7.

7.11 Resignation. Any Member may resign at any time by giving 30 days' prior written notice to the Chair of the Site Council, although the Site Council may waive the 30-day period for good cause. Unless a longer period is specified in such written notice, or the Site Council waives the 30-day period for good cause, such resignation shall take effect 30 days after the Site Council's receipt of such notice, and the acceptance of such resignation shall not be necessary to make it effective.

7.12 Removal. Any Member may be removed from a Site Council, with or without cause, at any time by the Corporate Board.

7.13 Members' Compensation. No salary shall be paid to Members for their services in their capacity as Site Council Members. By resolution of the Corporate Board, however, a fixed reasonable sum of expenses of attendance, if any, may be allowed for attendance at such regular or special meetings of the Site Council; provided, however, nothing herein contained shall be construed or interpreted to

prevent any person serving as a Member from also serving as an employee or independent contractor of the Corporation and receiving a salary or other compensation in such capacity.

7.14 Contracts. No contract or other transaction between the Corporation and any other individual or entity shall be impaired, affected, and/or invalidated, nor shall any Member be liable in any way by reason of the fact that any one or more of the Members may be interested in any such other entity or may serve as a Member, officer or member of any such other entity; provided that such other interests or involvements with such other entities and/or other relevant material facts are disclosed in writing to the Corporate Board and the Site Council, including, without limitation: (i) the nature of such Member's involvement with such other entities; (ii) such Member's ability to influence the action of such other entities; and (iii) any tangible or intangible benefit or profit that may accrue to such Member as a result of any contract or transaction between the Corporation and any other entity, and, notwithstanding the presence of any such interested Member at the meeting at which such action is taken, the Site Council and the Corporate Board authorizes, approves or ratifies such contract or transaction by majority vote of those Members and Directors entitled to vote (not counting the vote of any such interested Member). Although the interested Member cannot vote, the Member may be counted in determining the presence of a quorum at the Site Council meeting. In addition to Corporate Board and Site Council approval, the contract or transaction must be fair and reasonable to the Corporation when it is authorized, approved or ratified.

7.15 Conflicts of Interest. The Conflicts of Interest Policy adopted by the Corporate Board shall apply in every respect to the Members of Site Councils. The Conflicts of Interest Policy shall be provided to all Members. No Member having a duality of interest or possible conflict of interest for a particular issue shall vote or use his or her personal influence relating to such issue but may be included when determining a quorum. The minutes of any meeting where a conflict is present should reflect: (i) that a disclosure of the conflict was made; (ii) that the Member with the conflict abstained from discussion and voting on such matter; and (iii) any other relevant factors deemed necessary by the Corporate Board and the Site Council.

ARTICLE VIII MEETINGS OF THE SITE COUNCIL

8.1 Regular Meetings. The Site Council shall meet regularly as required to meet all state laws and as provided in meeting notices properly given. The purpose of these regular meetings shall be to transact such business as may properly come before the Site Council. Any such meetings of a Site Council may be held by any means whereby all Site Council Members can communicate adequately throughout the meeting, including, without limitation, telephonically or electronically, so long as such communications are audible to the public attending the meeting. A Site Council may convene and hold monthly or other regularly-scheduled meetings for any purpose that may lawfully come before the Site Council.

8.2 Special Meetings. Special meetings of the Site Council may be called at any time by the Corporate Board, the President of the Corporate Board or the Chair of the Site Council and shall be called by the Chair of the Site Council at the written request of any two Members of the Site Council, or as otherwise required under the provisions of appropriate laws.

8.3 Place of Meetings. All meetings of a Site Council shall be held at the place designated in the notice or waiver of notice of such a meeting or meetings, whether within or without the State.

8.4 Notice of Meetings. Written notice of any meeting of a Site Council, whether a regular or special meeting, stating the place, date and hour of the meeting shall be given to each Member and the public not less than 24 hours before the time of the meeting. Such notice shall be publicly posted as required by state law and shall be delivered to Members personally, by United States postal mail, overnight express mail, electronic mail, facsimile or posting as required by law. Such notice to Members shall be directed to each Member at his or her address, email address or facsimile number as it appears on the records of the Corporation, unless the Member shall have previously filed a written request with the Chair of the Site Council requesting that notices intended for that Member be directed to some other address, email address or facsimile number, in which case it shall be given as so directed. Notice is deemed to have been received upon the date that the notice is personally delivered, mailed, express mailed, electronically mailed or transmitted by facsimile, properly addressed or transmitted. Notice of an adjourned meeting need not be given if the date, time and place of the adjourned meeting are provided at the meeting at which the adjournment is taken and if the adjournment does not exceed 31 days. A meeting that is not properly noticed may be ratified at a subsequent meeting within 30 days after discovery of violation (or after such discovery should have been made by the exercise of reasonable diligence) pursuant to ARS § 38-431.05.

8.5 Waiver of Notice. All Site Council Members and the public must be notified in accordance with open meeting laws. However, attendance of a Member at a meeting shall constitute a waiver of notice of such meeting, except when such attendance at the meeting is for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened. Any Member may waive notice of any meeting of a Site Council by executing a written waiver of notice either before, at or after the time of the meeting.

8.6 Quorum. A simple majority of the Members shall constitute a quorum at any meeting of a Site Council. A Member shall be deemed present at a meeting if the Member attends in person, telephonically or electronically, so long as all Members can communicate adequately throughout the meeting.

8.7 Voting. When a quorum is established at any meeting of a Site Council, subject to Section 8.6 of this Article VIII, the affirmative vote of a majority of the Members present at the meeting shall be the act of the Site Council unless the question is one upon which, by express provision of law or these Bylaws, a different vote is required, in which case such express provision shall govern and control the decision of such question. Each Member is entitled to one vote.

8.8 Presiding at Meetings. At all meetings of a Site Council, the Chair of the Site Council shall preside. In the absence of the Chair, the Vice-Chair of the Site Council (if in office) shall preside. In absence of the Vice-Chair, the Secretary of the Site Council (if in office) shall preside. In the absence of the Chair, the Vice-Chair and the Secretary, the longest-tenured Member shall preside until the Chair, Vice-Chair or Secretary of the Site Council returns.

8.9 Conduct of Meeting. All official actions and deliberations of a Site Council shall take place in compliance with Section 8.11 of this Article VIII. The proceedings of Site Council meetings shall be conducted in accordance with State law, the Articles of Incorporation or these Bylaws. The Chair of the Site Council, or his or her designee, shall prepare an agenda for each meeting and shall, at the written request of the Corporate Board or at least 66 percent of the Members then in office, include agenda items as requested by the Corporate Board or such Members. The meeting shall be conducted substantially in accordance with the agenda. The Member presiding over the meeting shall have the right to limit discussion on any particular item and the right to establish procedures and to provide time limits for any party wishing to speak on any particular item.

8.10 Meeting Minutes. A written record of the discussions and decisions reached at each meeting of a Site Council in the form of minutes shall be made, and shall, upon approval by the Site Council at a legally-convened meeting, be made a part of the records of the Corporation. Such meeting minutes shall comply with State law in all material respects.

8.11 Open Meeting Law. For so long as the State's open meeting law (A.R.S. §§38-431 through 38-431.09) applies to charter schools, all deliberations and official actions of a Site Council shall take place at a meeting open to the public in compliance with the State's open meeting law, except in cases where, and to the extent, executive sessions are authorized by State law. Additionally, for so long as the State's open meeting law applies to charter schools, public notice of all meetings of a Site Council, and of all committees and advisory boards authorized by a Site Council, shall be given pursuant to and as required by the State's open meeting law and the meeting minutes required by Section 8.10 of this Article VIII shall comply with the requirements set forth in the State's open meeting law.

8.12 Action of the Corporate Board Without Meeting; Proxies. No action of a Site Council may be taken without a duly-called meeting, open to the public, and no proxy voting shall be permitted for any Site Council meeting or action.

ARTICLE IX ADVISORY BOARD

9.1 Name. As required by Article V, Section 5.15.1.1 of these Bylaws, the Corporate Board shall establish a standing committee of the Corporate Board that shall be named the "Advisory Board." Any individual serving on the Advisory Board shall be referred to as an "Advisory Board Member."

9.2 Authority; Rights. The Advisory Board shall have only those duties and powers delegated in writing to the Advisory Board by the Corporate Board, provided, however, that each Advisory Board Member shall have the right to: (i) notice of all Corporate Board meetings; (ii) attend all Corporate Board meetings; (iii) be involved with Corporate Board discussion of any item coming before the Corporate Board; and (iv) make recommendations to the Corporate Board. The Advisory Board Members shall not have the right to make any motions or to vote on any items coming before the Corporate Board nor to any actions not specifically permitted by these Bylaws.

9.3 Number of Members. The number of Advisory Board Members shall be no less than three and no more than nine, provided that said number may be changed by an amendment to these Bylaws, duly adopted by the Corporate Board.

9.4 Appointment of Members. All Advisory Board Members shall initially be the following individuals: [_____] NAME CURRENT MEMBERS [_____]. Any new Members of the Advisory Board shall be appointed by a majority vote of the Corporate Board at any regular or special meeting of the Directors and may include: (i) members of the immediate family of the founders of the Corporation and/or (ii) staff employed by the Corporation.

9.5 Term of Office. Each Member shall hold office for a period commencing on the date of his or her appointment and ending on the earlier to occur of: (i) the fourth anniversary of his or her appointment; or (ii) his or her prior death, incapacitation, resignation, replacement or removal. Notwithstanding the foregoing, no Member shall vacate his or her office under clause (i) until his or her successor is duly appointed and qualified. Members may serve multiple consecutive terms without restriction as to the number of terms permitted.

9.6 Qualifications. Each Member must pass a background check, or other regulatory inquiries, as required by State law (including the requirements of the Arizona State Board for Charter Schools), federal law or other governmental agencies having proper regulatory authority over the affairs of any charter schools operated by the Corporation, as amended from time to time. Members must, in the opinion of the Corporate Board, possess experience and qualifications that further the Corporate Board's commitment to the educational and operational purposes of the Corporation.

9.7 Advisory Board Offices. The Corporate Board shall appoint a Chair of the Advisory Board. The Advisory Board may, by majority vote, elect a Secretary of the Advisory Board and may elect a Vice-Chair of the Advisory Board.

9.8 Vacancies. Any vacancy on any Advisory Board occurring by reason of an increase in the number of Members, or the death, incapacity, resignation, disqualification or removal from office of any Member, or any other reason, the unexpired portion of such Member's term of office shall be filled as provided by Section 9.4 of this Article 9.

9.9 Resignation. Any Member may resign at any time by giving 30 days' prior written notice to the Secretary of the Corporate Board (or, if no Secretary is then serving, to any officer of the Corporate Board), although the Corporate Board may waive the 30-day period for good cause. Unless a longer period is specified in such written notice, or the Corporate Board waives the 30-day period for good cause, such resignation shall take effect 30 days after the Corporate Board's receipt of such notice, and the acceptance of such resignation shall not be necessary to make it effective.

9.10 Removal. Any Member may be removed from the Advisory Board, with or without cause, at any time by a super-majority vote of 66 percent of the Directors, present in person or by proxy, at a regular or special meeting held by the Corporate Board.

9.11 Member's Compensation. No salary shall be paid to Members for their services in their capacity as Advisory Board Members.

9.12 Contracts. No contract or other transaction between the Corporation and any other individual or entity shall be impaired, affected, and/or invalidated, nor shall any Member be liable in any way by reason of the fact that any one or more of the Members may be interested in any such other entity or may serve as a Member, officer or member of any such other entity; provided that such other interests or involvements with such other entities and/or other relevant material facts are disclosed in writing to the Corporate Board, including, without limitation: (i) the nature of such Member's involvement with such other entities; (ii) such Member's ability to influence the action of such other entities; and (iii) any tangible or intangible benefit or profit that may accrue to such Member as a result of any contract or transaction between the Corporation and any other entity, and, the Corporate Board authorizes, approves or ratifies such contract or transaction by majority vote. In addition to Corporate Board approval, the contract or transaction must be fair and reasonable to the Corporation when it is authorized, approved or ratified.

9.13 Conflicts of Interest. The Conflicts of Interest Policy adopted by the Corporate Board shall apply in every respect to the Members of Advisory Board. The Conflicts of Interest Policy shall be provided to all Members. No Member having a duality of interest or possible conflict of interest for a particular issue shall use his or her personal influence relating to such issue. The minutes of any meeting where a conflict is present should reflect: (i) that a disclosure of the conflict was made; (ii) that the

Member with the conflict abstained from discussion on such matter; and (iii) any other relevant factors deemed necessary by the Corporate Board.

9.14 Meetings of the Advisory Board. The Advisory Board shall be entitled to attend all Corporate Board meetings but shall not hold separate meetings of the Advisory Board.

ARTICLE X CORPORATE OFFICERS

10.1 Corporate Officers Distinguished from Corporate Board Offices. Section 5.7 of these Bylaws establishes certain Corporate Board offices. These offices must be filled by Directors and are purely ministerial in nature, dealing solely with the functioning of the Corporate Board. These corporate-board-level offices are not to be confused with corporate "Officers" that are appointed by the Corporate Board to direct and manage the operations of the Corporation's business. Article V of these Bylaws addresses corporate-board-level offices. This Article X addresses corporate Officers.

10.2 Dual Capacity Officers. By resolution of the Corporate Board (which may be altered or rescinded by the Corporate Board at any time), the Corporate Board may combine the Corporate Board officers and corporate Officers into dual-capacity positions. In such an event, the President of the Corporate Board shall also serve as the corporate President, the Secretary of the Corporate Board shall also serve as the corporate Secretary and so forth. If the Corporate Board resolves to use dual-capacity Officers, all of the provisions of Article V and this Article X shall apply to such dual-capacity Officers, and, in the event of a conflict between the two Articles, Article V shall control. Any Corporate Board resolution to use dual-capacity Officers shall not affect Site Council offices, which shall remain ministerial in nature.

10.3 Designation of Title: Appointment. Subject to the Corporate Board's right to amend these Bylaws, the Corporation shall have only a corporate President (who may be designated by the Corporate Board as the "Chief Executive Officer") and a corporate Secretary. The corporate President and corporate Secretary shall have the authority and shall perform the duties prescribed in these Bylaws or as subsequently prescribed, from time to time, by the Corporate Board. The Officers shall be appointed by the Corporate Board at a regular or special meeting of the Corporate Board, shall serve at the pleasure of the Corporate Board and shall hold office until such time as he or she is removed by the Corporate Board, or until his or her death, incapacitation or resignation.

10.4 Duties of the President. The President shall serve at the pleasure of the Corporate Board and shall, if so designated and directed by the Corporate Board, act as the operating and directing head of the Corporation, having general charge of the Corporation's business and supervision of its affairs. Subject to, in every case, the authorization, approval and direction of the Corporate Board, he or she shall sign all contracts and agreements requiring execution on behalf of the Corporation and required for the ordinary, day-to-day operations of the Corporation. The President, or his or her designees, shall keep the Corporate Board fully informed as to the business and operations of the Corporation. In addition to the powers and duties elsewhere provided in these Bylaws, subject to, in every case, the authorization, approval and direction of the Corporate Board, the President shall sign all deeds, liens, guarantees, licenses and other instruments of a special nature.

10.5 Corporate Secretary. The corporate Secretary, or his or her designee under the corporate Secretary's supervision, shall: see that the minutes of all meetings of the Corporate Board and of any standing committees are kept in the corporate records; be the custodian of the corporate seal and shall determine when to affix it to any proper instrument; give or cause to be given required notices of all

meetings of the Corporate Board; have charge of all the books and records of the Corporation except the books of account; and in general perform all the duties incident to the office of the secretary of a corporation and such other duties as may be assigned by the Corporate Board. The corporate Secretary shall attest by signature to all instruments duly authorized and requiring the same. The corporate Secretary shall have such other powers and duties as are expressly delegated to him or her by the Corporate Board in writing.

10.6 Compensation. The compensation of Officers, if any, shall be fixed from time to time by the Corporate Board. The salaries of Officers or the rate by which salaries are fixed shall be set forth in the minutes of the meetings of the Corporate Board.

10.7 Resignation of Officers. Any Officer may resign at any time by giving 30 days' prior written notice of such resignation to the President or the Secretary of the Corporate Board. Unless otherwise specified in such written notice of resignation and accepted by the Corporate Board, such resignation shall be effective 30 days after receipt of such notice by the Corporate Board or the President, and the acceptance of such resignation shall not be necessary to make it effective. Notwithstanding the foregoing, the Corporate Board, in its discretion, may make such resignation effective at any time prior to the required 30 days.

10.8 Removal; Termination. Subject to any effective and enforceable employment agreement between the Corporation and such Officer, any Officer may be removed from office, with or without cause, at any time by a resolution of the Corporate Board.

10.9 Vacancies. Subject to Section 5.9 of these Bylaws, a vacancy in any Officer position, by reason of death, incapacitation, resignation, termination or any other cause whatsoever, may be immediately filled, at any time, by the Corporate Board at any regular or special meeting of the Corporate Board.

10.10 Fidelity Bonds. If required by the Corporate Board, any Director, Officer, employee or agent of the Corporation shall execute to the Corporation a fidelity bond in such amount, and with such surety or sureties as the Corporate Board may direct, conditioned upon the very faithful performance of his or her duties to the Corporation, including responsibility for negligence and for the accounting for all property, funds or securities of the Corporation which may come into his or her hands or control. The premium for any such fidelity bonds shall be paid by the Corporation as an operating expense.

ARTICLE XI INDEMNIFICATION OF DIRECTORS AND OFFICERS

11.1 Non-Liability for Debts. The private property of the Directors, Officers and committee members shall be exempt from execution or the liability of any debts of the Corporation and no Director, Officer or committee member shall be liable or responsible for any debts or liabilities of the Corporation.

11.2 Indemnification. To the maximum extent permitted by law, the Corporation shall hold harmless and indemnify any person who was or is a party, or is threatened to be made a party, to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative, or investigative, including all appeals (other than an action, suit or proceeding by or in the right of the Corporation), by reason of the fact that he or she is or was a Director, Officer, Site Council Member, Advisory Board Member or committee member of the Corporation (the "Indemnatee") against any and all liability and expenses incurred by the Indemnatee in connection with any threatened or actual proceeding

or legal action resulting from the Indemnitee's service to the Corporation or to another entity at the Corporation's written request.

11.2.1 Exclusions. Except insofar as permitted by law, the Corporation shall not indemnify any Indemnitee under this Article XI in connection with: (i) a proceeding by or in the right of the Corporation in which the Indemnitee was adjudged liable to the Corporation; (ii) any other proceeding charging the improper personal benefit to the Indemnitee, whether or not involving action in the Indemnitee's official capacity, in which the Indemnitee was adjudged liable on the basis that personal benefit was improperly received by the Indemnitee; or (iii) any circumstance where the indemnification would adversely affect the tax-exempt status of the Corporation, as determined by the Corporate Board in its sole discretion after consultation with legal counsel.

11.3 Procedure. The Indemnitee shall notify the Corporation promptly of the threat or commencement of any proceeding or legal action with respect to which the Indemnitee intends to seek indemnification. The Corporation shall be entitled to assume the Indemnitee's defense with counsel reasonably satisfactory to the Indemnitee, unless the Indemnitee provides the Corporation with an opinion of counsel reasonably concluding that there may be a conflict of interest between the Indemnitee and the Corporation in the defense of the proceeding or legal action. If the Corporation assumes the defense, the Corporation shall not be liable to the Indemnitee for legal or other expenses subsequently incurred by the Indemnitee.

11.4 Expense Advances. The Corporation shall automatically advance expenses, including attorneys' fees, incurred or to be incurred by the Indemnitee in defending a proceeding or legal action upon receipt of the following: (i) notice and reasonable proof of the expenses; (ii) a written affirmation of the Indemnitee's good faith belief that the Indemnitee has met the standard of conduct described in ARS §10-3851 or that the proceeding involves conduct for which liability has been eliminated under a provision of the Corporation's Articles of Incorporation pursuant to ARS §10-3202.B.1; and (iii) a written undertaking, executed personally or on the Indemnitee's behalf, to repay the advance if a final decision (after expiration or exhaustion of any appeal rights) is made that the Indemnitee is not entitled to be indemnified under this Article XI.

11.5 Settlement of Claims. The Corporation shall not be obligated to indemnify the Indemnitee for any amounts incurred in settlement if settlement is made without the Corporation's prior written consent. The Corporation shall not enter into any settlement that would impose any penalty or limitation on the Indemnitee without the Indemnitee's prior written consent. Neither the Corporation nor the Indemnitee shall unreasonably withhold consent to any proposed settlement.

11.6 Effect of Repeal. In order that the Indemnitee may rely on the indemnification promised by this Article XI, no repeal or amendment of this Article XI shall reduce the right of the Indemnitee to payment of expenses or indemnification for acts of the Indemnitee taken before the date of such repeal or amendment.

ARTICLE XII FISCAL YEAR

12.1 Designation. The fiscal year of the Corporation shall begin on July 1 and end on June 30.

**ARTICLE XIII
BOOKS AND RECORDS**

13.1 Requirements: Compliance. The Corporation shall keep correct and complete books and records of account as required by State law and any regulatory agency having proper jurisdiction over the affairs and activities of the Corporation, and shall also keep minutes of the proceedings of the Corporate Board, the Site Council and committees authorized by, or having any of the authority of, the Site Council, including, without limitation and for so long as the such law applies to charter schools, compliance in all respects with the Records Retention and Disposition for Arizona School Districts and/or State Public Records Law, A.R.S. §§39-121 through 30-122. All books and records of the Corporation may be inspected, for any proper purpose at any reasonable time, by: (i) any Director; (ii) the attorney for such Director; and (iii) as otherwise required by State law.

**ARTICLE XIV
CORPORATE SEAL**

14.1 Corporate Seal. The Corporate seal, if any, shall be in such form as shall be approved from time to time by the Corporate Board.

**ARTICLE XV
PRIVATE INUREMENT**

15.1 Prohibition Against Private Inurement. No Director, Officer Site Council Member, Advisory Board Member or employee of the Corporation, member of a committee of the Corporation, nor any other private individual shall: (i) receive at any time any of the net earnings or pecuniary profit of the Corporation, except that the Corporation can pay reasonable compensation for services rendered; provided, however, that compensation shall not be paid if such payment would constitute an act of self-dealing or would result in the termination of the Corporation's tax exempt status under Section 501(c)(3) of the Code; or (ii) be entitled to share in the distribution of any of the corporate assets in the event of the Corporation's dissolution. All Directors shall be deemed to have expressly consented and agreed that upon such dissolution or winding up of the Corporation's affairs, whether voluntary or involuntary, all of the Corporation's assets remaining after all debts have been satisfied shall be distributed exclusively to other tax-exempt corporations, as permitted by applicable law.

**ARTICLE XVI
NONDISCRIMINATION STATEMENT**

16.1 Prohibition Against Discrimination. The Corporation shall not discriminate on the basis of race, sex, age, national or ethnic origin or religion in the administration of its educational policies, admissions policies, athletic or other school-administered programs or employment policies.

**ARTICLE XVII
AMENDMENTS TO BYLAWS**

17.1 Amendments: Procedure. The Corporate Board may repeal, alter, amend or restate these Bylaws, at any time, by a majority vote of the Directors at any regular or special meeting of the Corporate Board. Notwithstanding the foregoing, no alteration, amendment or restatement of these Bylaws may adversely affect the Corporation's nonprofit status, tax-exempt status under Section 501(c)(3) of the Code or this Article XVII, if such repeal, alteration, amendment or restatement would violate State law, the Articles of Incorporation or any agreement or obligation by which the Corporation is bound. Even if a

repeal, alteration, amendment or restatement does not violate State law, the Articles of Incorporation or any agreement or obligation by which the Corporation is bound, no repeal, alteration, amendment or restatement of these Bylaws may adversely affect the Corporation's nonprofit status, tax-exempt status under Section 501(c)(3) of the Code or this Article XVII except upon the unanimous vote of all the Directors.