

PEABODY CHARTER SCHOOL
(A California Nonprofit Public Benefit Corporation)

BOARD BY LAWS
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BOARD BY LAWS

ARTICLE I NAME

Section 1. NAME. The name of this Corporation is Peabody Charter School.

ARTICLE II PRINCIPAL OFFICE OF THE CORPORATION

Section 1. PRINCIPAL OFFICE OF THE CORPORATION. The principal office for the transaction of the activities and affairs of this corporation is 3018 Calle Noguera, Santa Barbara, CA 93105, State of California. The Board of Directors may change the location of the principal office. Any such change of location must be noted by the Secretary on these Bylaws opposite this Section; alternatively, this Section may be amended to state the new location.

Section 2. OTHER OFFICES OF THE CORPORATION. The Board of Directors may at any time establish branch or subordinate offices at any place or places where this corporation is qualified to conduct its activities.

ARTICLE III GENERAL AND SPECIFIC PURPOSES; LIMITATIONS

Section 1. GENERAL AND SPECIFIC PURPOSES. The purpose of this corporation is to manage, operate, guide, direct, and promote the Peabody Charter School (“Charter School”), a California public charter school. 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.

The Corporation shall not carry on any other activities not permitted to be carried on by: (a) a corporation exempt from federal income tax under section 501(c)(3) of the Internal Revenue Code, or the corresponding section of any future federal tax code; or (b) a corporation, contributions to which are deductible under section 170(c)(2) of the Internal Revenue Code, or the corresponding section of any future federal tax code. No substantial part of the activities of the Corporation shall consist of the carrying on of propaganda, or otherwise attempting to influence legislation, and the Corporation shall not participate in, or intervene in (including the publishing or distributing of statements) any political campaign on behalf of or in opposition to any candidate for public office.

ARTICLE IV CONSTRUCTION AND DEFINITIONS

Section 1. CONSTRUCTION AND DEFINITIONS. Unless the context indicates otherwise, the general provisions, rules of construction, and definitions in the California Nonprofit Corporation Law shall govern the construction of these Bylaws. Without limiting the generality of the preceding sentence, the masculine gender includes the feminine and neuter, the singular includes

the plural, and the plural includes the singular, and the term “person” includes both a legal entity and a natural person.

ARTICLE V DEDICATION OF ASSETS

Section 1. DEDICATION OF ASSETS. This corporation’s assets are irrevocably dedicated to public benefit purposes as set forth in the Charter School’s Charter. No part of the net earnings, properties, or assets of the Corporation, on dissolution or otherwise, shall inure to the benefit of any private person or individual, or to any director or officer of the Corporation. On liquidation or dissolution, all properties and 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 that is organized and operated exclusively for charitable purposes and that has established its exempt status under Internal Revenue Code section 501(c)(3).

ARTICLE VI CORPORATIONS WITHOUT MEMBERS

Section 1. CORPORATIONS WITHOUT MEMBERS. This corporation shall have no voting members within the meaning of the Nonprofit Corporation Law. The Corporation’s Board of Directors may, in its discretion, admit individuals to one or more classes of nonvoting members; the class or classes shall have such rights and obligations as the Board of Directors finds appropriate.

ARTICLE VII BOARD OF DIRECTORS

Section 1. GENERAL POWERS. Subject to the provisions and limitations of the California Nonprofit Public Benefit Corporation Law and any other applicable laws, and subject to any limitations of the Articles of Incorporation or Bylaws, the Corporation’s activities and affairs shall be managed, and all corporate powers shall be exercised, by or under the direction of the Board of Directors (“Board”). The Board may delegate the management of the Corporation’s activities to any person(s), management company 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 Board.

Section 2. SPECIFIC POWERS. Without prejudice to the general powers set forth in Section 1 of these Bylaws, but subject to the same limitations, the Board of Directors shall have the power to:

- a. Appoint and remove, at the pleasure of the Board of Directors, all corporate officers, agents, and employees; prescribe powers and duties for them as are consistent with the law, the Articles of Incorporation, and these Bylaws; fix their compensation; and require from them security for faithful service.
- b. Change the principal office or the principal business office in California from one location to another; cause the Corporation to be qualified to conduct its activities in any other state, territory, dependency, or country; conduct its activities in or outside

California; and designate a place in California for holding any meeting of members.

- c. Borrow money and incur indebtedness on the Corporation's behalf and cause to be executed and delivered for the Corporation's purposes, in the corporate name, promissory notes, bonds, debentures, deeds of trust, mortgages, pledges, hypothecations, and other evidences of debt and securities.
- d. Adopt and use a corporate seal; prescribe the forms of membership certificates; and alter the forms of the seal and certificates.

Section 3. DESIGNATED DIRECTORS AND TERMS. The number of directors shall be no less than nine (9) and no more than eleven (11). All directors shall be designated by the existing Board of Directors. All directors are to be designated at the Corporation's annual meeting of the Board of Directors. The Board of Directors shall consist of at least nine directors unless changed by amendment to these Bylaws. Except for the initial Board of Directors, each director shall hold office unless otherwise removed from office in accordance with these Bylaws for three years and until a successor director has been designated and qualified. The Board of Directors shall be made up of:

- Three (3) to four (4) parents of Peabody students;
- Three (3) community members;
- Two (2) to three (3) full-time certificated employees; and
- One full-time classified employee; defined as any classified representative of the Charter School regardless of whether they are classified, classified supervisory, or classified management.

The current number of directors seated is eleven (11) and specifically includes four (4) parent representatives, three (3) community representatives, three (3) certificated employee representatives, and one (1) classified employee representative.

If the District decides to exercise its right to place a representative on the Board in accordance with Education Code § 47604(b), the Board may be increased by an additional member if needed to maintain an odd number of voting Board members. The Board shall decide what category of member shall be added to the Board upon this occurrence, keeping in mind the restriction on interested persons as outlined in Section [4] below.

The Executive Director/Principal and Director of Fiscal Services will attend Board meetings and serve as corporate officers (as the President and CFO/Treasurer respectively), but shall not serve as members of the Board,

Section 4. RESTRICTION ON INTERESTED PERSONS AS DIRECTORS. No more than 49 percent of the persons serving on the Board of Directors may be interested persons. An interested person is (a) any person compensated by the Corporation for services rendered to it within the previous 12 months, whether as a full-time or part-time employee, independent contractor, or otherwise, and (b) any parent, 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 such person. However, any violation of this paragraph shall not affect the validity or enforceability of

transactions entered into by the Corporation. The Board may adopt other policies circumscribing potential conflicts of interest.

Section 5. VOTING RESTRICTIONS ON EMPLOYEE BOARD MEMBERS. Directors who are employed by Peabody Charter School are automatically deemed to have a disqualifying interest pursuant to the Peabody Charter School Conflict of Interest Code for purposes of personnel actions, budget adoption, contracts in excess of \$10,000 and employee evaluation issues. The requirements of the Peabody Charter School Conflict of Interest Code, including disclosure and recusal, must be followed for any disqualifying interest. The above enumerated disqualifying interests are not exclusive and are in addition to any disqualifying interests that may be determined on a case-by-case basis.

Section 6. DIRECTOR TERM. Each director shall hold office for three (3) years, not to exceed two successive terms, and until a successor director has been designated and qualified. Directors are encouraged to serve two consecutive terms. The “term” of service is defined as either the completion of three (3) years of service, or the end of the relationship with Peabody Charter School, which means, for employee representative directors, termination or resignation of employment with the Charter School, and for parent representative directors, the failure to have at least one child attending Peabody Charter School, whichever occurs first.

Section 7. NOMINATIONS BY COMMITTEE. The Executive Committee will appoint a committee to designate qualified candidates for election to the Board of Directors at least thirty (30) days before the date of any election of directors. The nominating committee shall make its report at least seven (7) days before the date of the election or at such other time as the Board of Directors may set and the Secretary shall forward to each Board member, with the notice of meeting required by these Bylaws, a list of all candidates nominated by committee.

Section 8. USE OF CORPORATE FUNDS TO SUPPORT NOMINEE. If more people have been nominated for director than can be elected, no Corporation funds may be expended to support a nominee without the Board’s authorization.

Section 9. EVENTS CAUSING VACANCIES ON BOARD. A vacancy or vacancies on the Board of Directors shall occur in the event of (a) the death, resignation, or removal of any director; (b) the declaration by resolution of the Board of Directors of a vacancy in the office of a director who has been convicted of a felony, declared of unsound mind by a court order, or found by final order or judgment of any court to have breached a duty under California Nonprofit Public Benefit Corporation Law, Chapter 2, Article 3; (c) the increase of the authorized number of directors; or (d) the failure of the members, at any meeting of members at which any director or directors are to be elected, to elect the number of directors required to be elected at such meeting; (e) for employee representative directors, termination or resignation of employment with the Charter School; and (f) for parent representative directors, the failure to have at least one child attending Peabody Charter School.

Section 10. RESIGNATION OF DIRECTORS. Except as provided below, any director may resign by giving written notice to the Chairman of the Board, if any, or to the President or the Secretary of 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. If a director’s resignation is effective

at a later time, the Board of Directors may elect a successor to take office as of the date when the resignation becomes effective.

Section 11. **DIRECTOR MAY NOT RESIGN IF NO DIRECTOR REMAINS.** Except on notice to the California Attorney General, no director may resign if the Corporation would be left without a duly elected director or directors.

Section 12. **REMOVAL OF DIRECTORS.** Any director may be removed, with or without cause, by the vote of the majority of the members of the entire Board of Directors at a special meeting called for that purpose, or at a regular meeting, provided that notice of that meeting and of the removal questions are given in compliance with the provisions of the Ralph M. Brown Act, Chapter 9 (commencing with Section 54950) of Division 2 of Title 5 of the Government Code. Any vacancy caused by the removal of a director shall be filled as provided in Section 12.

Section 13. **VACANCIES FILLED BY BOARD.** Vacancies on the Board of Directors may be filled by the recommendation of the Nominating Committee and approval of the Board of Directors or, if the number of directors then in office is less than a quorum, by (a) the unanimous consent of the directors then in office, (b) the affirmative vote of a majority of the directors then in office at a meeting held according to notice or waivers of notice complying with Corporations Code Section 5211, or (c) a sole remaining director.

Section 14. **NO VACANCY ON REDUCTION OF NUMBER OF DIRECTORS.** Any reduction of the authorized number of directors shall not result in any directors being removed before his or her term of office expires.

Section 15. **PLACE OF BOARD OF DIRECTORS MEETINGS.** Meetings shall be held at the principal office of the Corporation. The Board of Directors may designate that a meeting be held at any place within California that has been designated by resolution of the Board of Directors or in the notice of the meeting. All meetings of the Board of Directors shall be called, held and conducted in accordance with the terms and provisions of the Ralph M. Brown Act, California Government Code Sections 54950, et seq., as said chapter may be modified by subsequent legislation.

Section 16. **MEETINGS; ANNUAL MEETINGS.** All meetings of the Board of Directors and its committees shall be called, noticed, and held in compliance with the provisions of the Ralph M. Brown Act (“Brown Act”), Chapter 9 (commencing with Section 54950) of Division 2 of Title 5 of the Government Code). Meetings shall be conducted according to Robert’s Rules of Order.

At a minimum, the Board of Directors shall meet monthly during the school year for the purpose of organization, appointment of officers, and the transaction of such other business as may properly be brought before the meeting. This meeting shall be held at a time, date, and place as may be specified and noticed by resolution of the Board of Directors.

Section 17. **REGULAR MEETINGS.** Regular meetings of the Board of Directors, including annual meetings, shall be held at such times and places as may from time to time be fixed by the Board of Directors. At least 72 hours before a regular meeting, the Board of

Directors, 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.

Section 18. 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, the President, the Secretary, or any two Directors. The party calling a special meeting shall determine the place, date, and time thereof.

Section 19. NOTICE OF SPECIAL MEETINGS. In accordance with the Brown Act, special meetings of the Board of Directors may be held only after twenty-four (24) hours notice is given to each Director and to the public through the posting of an agenda. Pursuant to the Brown Act, the Board of Directors shall adhere to the following notice requirements for special meetings:

a. Any such notice shall be addressed or delivered to each Director at the Director's address as it is shown on the records of the Corporation, or as may have been given to the Corporation by the Director for purposes of notice, or, if an address is not shown on the Corporation's records or is not readily ascertainable, at the place at which the meetings of the Directors are regularly held.

b. Notice by mail or email shall be deemed received at the time a properly addressed written notice is deposited in the United States mail, postage prepaid. Any other written notice shall be deemed received at the time it is personally delivered to the recipient or is delivered to a common carrier for transmission, or is actually transmitted by the person giving the notice by electronic means to the recipient. Oral notice shall be deemed received at the time it is communicated, in person or by telephone or wireless, to the recipient or to a person at the office of the recipient whom the person giving the notice has reason to believe will promptly communicate it to the receiver.

c. The notice of special meeting shall state the time of the meeting, and the place if the place is other than the principal office of the Corporation, and the general nature of the business proposed to be transacted at the meeting. No business, other than the business the general nature of which was set forth in the notice of the meeting, may be transacted at a special meeting.

Section 20. QUORUM. During open session, a majority of the voting directors then in office shall constitute a quorum. For purposes of closed session, a majority of the voting directors then in office and eligible to vote on the closed session item shall constitute a quorum. All acts or decisions of the Board of Directors will be by majority vote based upon the presence of a quorum. Should there be fewer than a majority of the directors present at any meeting, the meeting shall be adjourned. Voting directors may not vote by proxy.

Section 21. TELECONFERENCE MEETINGS. Members of the Board of Directors may participate in teleconference meetings so long as all of the following requirements in the Brown Act are complied with:

a. At a minimum, a quorum of the members of the Board of Directors shall

participate in the teleconference meeting from locations within the boundaries of the school district in which the Charter School operates;

- b. All votes taken during a teleconference meeting shall be by roll call;
- c. If the Board of Directors elects to use teleconferencing, it shall post agendas at all teleconference locations with each teleconference location being identified in the notice and agenda of the meeting;
- d. All locations where a member of the Board of Directors participates in a meeting via teleconference must be fully accessible to members of the public and shall be listed on the agenda;¹
- 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 of Directors 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.²

Section 22. ADJOURNMENT. A majority of the directors present, whether or not a quorum is present, may adjourn any Board of Directors meeting to another time or place. If a meeting is adjourned for more than twenty-four (24) hours, notice of such adjournment to another time or place shall be given, prior to the time schedule for the continuation of the meeting, to the directors who were not present at the time of the adjournment, and to the public in the manner prescribed by any applicable public open meeting law.

Section 23. COMPENSATION AND REIMBURSEMENT. Directors may not receive compensation for their services as directors or officers. However, reimbursement of expenses, as the Board of Directors may establish to be just and reasonable, may be provided.

Section 24. CREATION OF POWERS OF COMMITTEES. The Board, by resolution adopted by a majority of the directors then in office, may create one or more Committees of the Board, each consisting of two or more voting directors and no one who is not a director, to serve at the pleasure of the Board. Advisory Committees composed of both directors and non-directors may also be formed to serve the Board in an advisory capacity. Committees may be structured so that they report to the Charter School Executive Director/Principal, who shall be the Chief Executive Officer/President of the corporation. Appointments to committees of the Board of Directors shall be by majority vote of the authorized number of directors. The Board of Directors may appoint one or more directors as alternate members of any such committee, who may replace any absent member at any meeting. Any committee shall have all the authority of the Board, to the extent provided in the

¹ This means that members of the Board of Directors who choose to utilize their homes or offices as teleconference locations must open these locations to the public and accommodate any members of the public who wish to attend the meeting at that location.

² The Brown Act prohibits requiring members of the public to provide their names as a condition of attendance at the meeting.

Board of Directors' resolution, except that no committee may:

- a. Take any final action on any matter that, under the California Nonprofit Public Benefit Corporation Law, also requires approval of the members or approval of a majority of all members;
- b. Fill vacancies on the Board of Directors or any committee of the Board;
- c. Fix compensation of the directors for serving on the Board of Directors or on any committee;
- d. Amend or repeal Bylaws or adopt new Bylaws;
- e. Amend or repeal any resolution of the Board of Directors that by its express terms is not so amendable or subject to repeal;
- f. Create any other committees of the Board of Directors or appoint the members of committees of the Board;
- g. Expend corporate funds to support a nominee for director if more people have been nominated for director than can be elected; or
- h. Approve any contract or transaction to which the Corporation is a party and in which one or more of its directors has a material financial interest.

Section 25. MEETINGS AND ACTION OF COMMITTEES. Meetings and actions of committees shall be governed by, held, and taken under the provisions of these Bylaws concerning meetings, other Board of Directors' actions, and the Brown Act, if applicable, except that the time for general meetings of such committees and the calling of special meetings of such committees may be set either by Board of Directors' resolution or, if none, by resolution of the committee. Minutes of each meeting shall be kept and shall be filed with the corporate records. The Board of Directors may adopt rules for the governance of any committee as long as the rules are consistent with these Bylaws. If the Board of Directors has not adopted rules, the committee may do so.

Section 26. NON-LIABILITY OF DIRECTORS. No Director shall be personally liable for the debts, liabilities, or other obligations of this corporation.

Section 27. COMPLIANCE WITH LAWS GOVERNING STUDENT RECORDS. The Charter School and the Board of Directors shall comply with all applicable provisions of the Family Education Rights Privacy Act ("FERPA") as set forth in Title 20 of the United States Code Section 1232g and attendant regulations as they may be amended from time to time.

ARTICLE VIII OFFICERS OF THE CORPORATION

Section 1. OFFICES HELD. The officers of this corporation shall be a Chairman of the Board, a Vice Chairman, a President, a Secretary and a Chief Financial Officer/Treasurer who

shall be known as the “Director of Fiscal Services.” The Corporation, at the Board’s direction, may also have one or more assistant secretaries, one or more assistant treasurers, and such other officers as may be appointed under Article VIII, Section 4, of these Bylaws. The officers, in addition to the corporate duties set forth in this Article VIII, shall also have administrative duties as set forth in any applicable contract for employment or job specification.

Section 2. **DUPLICATION OF OFFICE HOLDERS.** Any number of offices may be held by the same person, except that the Secretary may not serve concurrently as either the President or the Chairman of the Board.

Section 3. **ELECTION OF OFFICERS.** The officers of this corporation shall be nominated by the Executive Committee and elected annually by the Board of Directors and shall serve at the pleasure of the Board, subject to the rights of any officer under any employment contract.

Section 4. **APPOINTMENT OF OTHER OFFICERS.** The Board of Directors may appoint and authorize the Chairman of the Board, the President, or another officer to appoint any other officers that the Corporation may require. Each appointed officer shall have the title and authority, hold office for the period, and perform the duties specified in the Bylaws or established by the Board.

Section 5. **REMOVAL OF OFFICERS.** Without prejudice to the rights of any officer under an employment contract, the Board of Directors may remove any officer with or without cause. An officer who was not chosen by the Board of Directors may be removed by any other officer on whom the Board of Directors confers the power of removal.

Section 6. **RESIGNATION OF OFFICERS.** Any officer may resign at any time by giving written notice to the Board. The resignation shall take effect on the date the notice is received or at any later time specified in the notice. Unless otherwise specified in the notice, the resignation need not be accepted to be effective. Any resignation shall be without prejudice to any rights of the Corporation under any contract to which the officer is a party.

Section 7. **VACANCIES IN OFFICE.** 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 normal appointment to that office, provided, however, that vacancies need not be filled on an annual basis.

Section 8. **CHAIRMAN OF THE BOARD.** The Chairman of the Board of Directors shall preside at the Board of Directors’ meetings and shall exercise and perform such other powers and duties as the Board of Directors may assign from time to time. There shall also be a Vice-Chairman of the Board of Directors.

Section 9. **VICE CHAIRMAN.** In the absence of the Chairman, the Vice-Chairman shall preside at Board of Directors meetings and shall exercise and perform such other powers and duties as the Board of Directors may assign from time to time.

Section 10. **PRESIDENT.** The Executive Director/Principal shall serve as the President

of the corporation. Subject to such supervisory powers as the Board of Directors may give to the Chairman of the Board, if any, and subject to the control of the Board, and subject to the Executive Director/Principal's contract of employment, the Executive Director/Principal shall be the President and general manager of the Corporation and shall supervise, direct, and control the Corporation's activities, affairs, and officers as fully described in any applicable employment contract, agreement, or job specification. The President shall have such other powers and duties as the Board of Directors or the Bylaws may require.

Section 11. VICE-PRESIDENTS. There shall be no Vice-Presidents.

Section 12. SECRETARY. The Secretary shall keep or cause to be kept, at the Corporation's principal office or such other place as the Board of Directors may direct, a book of minutes of all meetings, proceedings, and actions of the Board, and of committees of the Board. The minutes of meetings shall include the time and place that the meeting was held; whether the meeting was annual, regular, special, or emergency and, if special or emergency, how authorized; the notice given; and the names of the directors present at Board of Directors and committee meetings.

The Secretary shall keep or cause to be kept, at the principal California office, a copy of the Articles of Incorporation and Bylaws, as amended to date.

The Secretary shall give, or cause to be given, notice of all meetings of members, of the Board, and of committees of the Board of Directors that these Bylaws require to be given. The Secretary shall keep the corporate seal, if any, in safe custody and shall have such other powers and perform such other duties as the Board of Directors or the Bylaws may require.

Section 13. DIRECTOR OF FISCAL SERVICES. The Director of Fiscal Services shall keep and maintain, or cause to be kept and maintained, adequate and correct books and accounts of the Corporation's properties and transactions. The Director of Fiscal Services shall send or cause to be given to the members and directors such financial statements and reports as are required to be given by law, by these Bylaws, or by the Board. The books of account shall be open to inspection by any director at all reasonable times.

The Director of Fiscal Services shall (a) 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 the Board of Directors may designate; (b) disburse the Corporation's funds as the Board of Directors may order; (c) render to the President, Chairman of the Board, if any, and the Board, when requested, an account of all transactions as Chief Financial Officer and of the financial condition of the Corporation; and (d) have such other powers and perform such other duties as the Board, contract, job specification, or the Bylaws may require.

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

**ARTICLE IX
CONTRACTS WITH DIRECTORS**

Section 1. **CONTRACTS WITH DIRECTORS.** The Corporation shall not enter into a contract or transaction in which a director directly or indirectly has a material financial interest (nor any other corporation, firm, association, or other entity in which one or more of this corporation's directors are directors or have a material financial interest) unless all of the following apply:

- a. The director with a material financial interest in the proposed contract or transaction fully discloses his/her financial interest in such contract or transaction in good faith and said disclosure is noted in the Board of Directors meeting minutes.
- b. The director with a material financial interest in the proposed contract or transaction recuses himself/herself from any participation whatsoever in the proposed contract or transaction (i.e., the interested director who recuses himself/herself shall refrain from voting on the matter and shall leave the room during Board discussion and when the final vote is taken).
- c. Such contract or transaction is authorized in good faith by a majority of the Board of Directors by a vote sufficient for that purpose.
- d. Before authorizing or approving the transaction, the Board of Directors considers and in good faith decides after reasonable investigation that the Corporation could not obtain a more advantageous arrangement with reasonable effort under the circumstances.
- e. The Corporation for its own benefit enters into the transaction, which is fair and reasonable to the Corporation at the time the transaction was entered into.

This Section does not apply to a transaction that is part of an educational or charitable program of this corporation if it (a) is approved or authorized by the Corporation in good faith and without unjustified favoritism and (b) results in a benefit to one or more directors or their families because they are in the class of persons intended to be benefited by the educational or charitable program of this corporation.

**ARTICLE X
CONTRACTS WITH NON-DIRECTOR DESIGNATED EMPLOYEES**

Section 1. **CONTRACTS WITH NON-DIRECTOR DESIGNATED EMPLOYEES.** The Corporation shall not enter into a contract or transaction in which a non-director designated employee (e.g., officers and other key decision-making employees) directly or indirectly has a material financial interest unless all of the requirements in the Peabody Charter School Conflict of Interest Code have been fulfilled.

**ARTICLE XI
LOANS TO DIRECTORS AND OFFICERS**

Section 1. LOANS TO DIRECTORS AND OFFICERS. This corporation shall not lend any money or property to or guarantee the obligation of any director or officer without the approval of the California Attorney General; provided, however, that the Corporation may advance money to a director or officer of the Corporation for expenses reasonably anticipated to be incurred in the performance of his or her duties if that director or officer would be entitled to reimbursement for such expenses of the Corporation.

ARTICLE XII INDEMNIFICATION

Section 1. INDEMNIFICATION. To the fullest extent permitted by law, this Corporation shall indemnify its directors, officers, employees, and other persons described in Corporations Code Section 5238(a), including persons formerly occupying any such positions, against all expenses, judgments, fines, settlements, and other amounts actually and reasonably incurred by them in connection with any “proceeding,” as that term is used in that section, and including an action by or in the right of the Corporation by reason of the fact that the person is or was a person described in that section. “Expenses,” as used in this bylaw, shall have the same meaning as in that section of the Corporations Code.

On written request to the Board of Directors by any person seeking indemnification under Corporations Code Section 5238 (b) or Section 5238 (c) the Board of Directors shall promptly decide under Corporations Code Section 5238 (e) whether the applicable standard of conduct set forth in Corporations Code Section 5238 (b) or Section 5238 (c) has been met and, if so, the Board of Directors shall authorize indemnification.

ARTICLE XIII INSURANCE

Section 1. INSURANCE. This corporation shall have the right to purchase and maintain insurance to the full extent permitted by law on behalf of its officers, directors, employees, and other agents, to cover any liability asserted against or incurred by any officer, director, employee, or agent in such capacity or arising from the officer’s, director’s, employee’s, or agent’s status as such.

ARTICLE XIV MAINTENANCE OF CORPORATE RECORDS

Section 1. MAINTENANCE OF CORPORATE RECORDS. This corporation shall keep:

- a. Adequate and correct books and records of account;
- b. Written minutes of the proceedings of its members, Board, and committees of the Board; and
- c. Such reports and records as required by law.

ARTICLE XV

INSPECTION RIGHTS

Section 1. **DIRECTORS' RIGHT TO INSPECT.** Every director shall have the right at any reasonable time to inspect the Corporation's books, records, documents of every kind, physical properties, and the records of each subsidiary as permitted by California and federal law. 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 as permitted by California and federal law. This right to inspect may be circumscribed in instances where the right to inspect conflicts with California or federal law (e.g., restrictions on the release of educational records under FERPA) pertaining to access to books, records, and documents.

Section 2. **ACCOUNTING RECORDS AND MINUTES.** On written demand on the Corporation, any member may inspect, copy, and make extracts of the accounting books and records and the minutes of the proceedings of the members, the Board of Directors, and committees of the Board of Directors at any reasonable time for a purpose reasonably related to the member's interest as a member. Any such inspection and copying may be made in person or by the member's agent or attorney. This right of inspection extends to the records of any subsidiary of the Corporation.

Section 3. **MAINTENANCE AND INSPECTION OF ARTICLES AND BYLAWS.** This corporation shall keep at its principal California office the original or a copy of the Articles of Incorporation and Bylaws, as amended to the current date, which shall be open to inspection by the members at all reasonable times during office hours. If the Corporation has no business office in California, the Secretary shall, on the written request of any member, furnish to that member a copy of the Articles of Incorporation and Bylaws, as amended to the current date.

ARTICLE XVI REQUIRED REPORTS

Section 1. **ANNUAL REPORTS.** The Board of Directors shall cause an annual report to be sent to the Board of Directors within 120 days after the end of the Corporation's fiscal year. That report shall contain the following information, in appropriate detail:

- a. The assets and liabilities, including the trust funds, or the Corporation as of the end of the fiscal year;
- b. The principal changes in assets and liabilities, including trust funds;
- c. The Corporation's revenue or receipts, both unrestricted and restricted to particular purposes;
- d. The Corporation's expenses or disbursement for both general and restricted purposes;
- e. Any information required under these Bylaws; and
- f. An independent accountant's report or, if none, the certificate of an authorized officer of the Corporation that such statements were prepared without audit from the Corporation's books and records.

Section 2. **ANNUAL STATEMENT OF CERTAIN TRANSACTIONS AND INDEMNIFICATIONS.** As part of the annual report to all members, or as a separate document if

no annual report is issued, the Corporation shall, within 120 days after the end of the Corporation's fiscal year, annually prepare and mail or deliver to each member and furnish to each director a statement of any transaction or indemnification of the following kind:

- a. Any transaction (i) in which the Corporation, or its parent or subsidiary, was a party, (ii) in which an "interested person" had a direct or indirect material financial interest, and (iii) which involved more than \$50,000 or was one of several transactions with the same interested person involving, in the aggregate, more than \$50,000. For this purpose, an "interested person" is either:
 - (1) Any director or officer of the Corporation, its parent, or subsidiary (but mere common directorship shall not be considered such an interest); or
 - (2) Any holder of more than 10 percent of the voting power of the Corporation, its parent, or its subsidiary. The statement shall include a brief description of the transaction, the names of interested persons involved, their relationship to the Corporation, the nature of their interest, provided that if the transaction was with a partnership in which the interested person is a partner, only the interest of the partnership need be stated.

ARTICLE XVII BYLAW AMENDMENTS

Section 1. **BYLAW AMENDMENTS.** The Board of Directors may adopt, amend or repeal any of these Bylaws by a two-thirds majority of the directors present at a meeting duly held at which a quorum is present, except that no amendment shall change any provisions of the Charter that created the Peabody Charter School or make any provisions of these Bylaws inconsistent with that Charter, the Corporation's Articles of Incorporation, or any laws.

ARTICLE XVIII FISCAL YEAR

Section 1. **FISCAL YEAR OF THE CORPORATION.** The fiscal year of the Corporation shall begin on July 1st and end on June 30th of each year.

CERTIFICATE OF SECRETARY

I certify that I am the duly elected and acting Secretary of the Peabody Charter School, a California nonprofit public benefit corporation; that these Bylaws, consisting of 16 pages (including this Certificate of Secretary), are the Bylaws of this corporation as revised and adopted by the Board of Directors on June 23, 2011; and that these Bylaws have not been amended or modified since that date.

Executed on [DATE] at Santa Barbara County, California.

_____, **Glenn Miller, Chair**

_____, **Linda Stirling, Secretary**