

**BYLAWS
OF
THOMAS JEFFERSON CLASSICAL ACADEMY**

ARTICLE I: NAME AND OFFICES

SECTION 1. NAME. The name of the School shall be Thomas Jefferson Classical Academy-A Challenge Foundation Academy (hereafter, the “School” or “School”).

SECTION 2. PRINCIPAL OFFICE. The principal office shall be at 2527 US Hwy 221A, Mooresboro, Rutherford, North Carolina, 28114.

SECTION 3. REGISTERED OFFICE. The registered office of the School required by law to be maintained in the State of North Carolina may be, but need not be, identical to the principal office of the School. The address of the registered office may be changed from time to time by the Board of Directors.

SECTION 4. OTHER OFFICES. The School may, from time to time, have offices at such places, either within or outside the State of North Carolina, as the Board of Directors may designate or as the business of the School may require.

ARTICLE II: PURPOSES

The purposes for which the School is organized are to engage in all lawful activities in which nonprofit Schools may engage under the North Carolina Nonprofit School Act (as it may be amended from time to time), including, but not limited to, the following:

(a) To seek to operate the School as a North Carolina charter school, to be chartered under Chapter 115C, Article 14A (§115C-218 *et seq.*; “Charter School Act”) of the North Carolina General Statutes; and

(b) To engage in any and all other lawful activities that are appropriate to carry out and fulfill any or all of the foregoing purposes.

ARTICLE III: MEMBERSHIP

The School shall have no members.

ARTICLE IV: BOARD OF DIRECTORS

SECTION 1. GENERAL POWERS AND FUNCTIONS. Except as otherwise provided in the Articles of Incorporation or in these Bylaws, all the corporate powers shall be and are hereby vested in and shall be exercised by the Board of Directors. The Board of Directors may by general resolution delegate to committees of their own number such powers as they may see fit. The Board of Directors shall appoint such additional employees of the School, as distinguished from the Chair and officers of the School, as they may desire. The primary function of the Board of Directors is to set policy and provide general oversight of the School's operations. Specifically, this includes the following:

- (a) To provide general leadership and direction;
- (b) To formulate policies that promote the School's mission and objectives;
- (c) To govern the School in accordance with federal and state laws;
- (d) To facilitate communication with the community;
- (e) To ensure that the School is effectively managed and staffed;
- (f) To oversee and assure proper financial and operational practices;
- (g) To ensure that sufficient funds and other support are sought and secured to provide for short- and long-term needs;
- (h) To retain necessary expertise, consulting, and contractor services and training.

SECTION 2. NUMBER, VOTING RIGHTS, AND TERMS. The number of directors of the School shall be as determined from time to time by resolution of the directors, with a minimum number of seven (7) and maximum of thirteen (13) directors except in cases of emergency or short-term exigencies. Each director is authorized to vote on all matters, subject to the restrictions established by law, the School's Articles of Incorporation, or these Bylaws. Each director shall serve a three (3) year term, except to the extent necessary to implement a system of staggered directorships, in which case directors may serve terms of less than three (3) years. Each director may serve successive terms upon approval by a majority vote of the Board of Directors at its next meeting following the expiration of such director's current term of office.

SECTION 3. NOMINATIONS. At least thirty (30) days prior to the Annual Meeting of the Board of Directors, the Personnel Committee shall present to the Board of Directors a slate of nominees to be elected to serve on the Board of Directors at the Annual Meeting. Other candidates may be nominated by the directors of the School from the floor to be added to those selected by the Nominating Committee provided that the nominee's willingness to serve has been determined in advance of the nomination.

SECTION 4. ELECTIONS. Voting directors shall be elected at the Annual Meeting by a majority vote of the Directors present, provided, however, the voting members of the Board of

Directors of this School and/or its duly appointed Personnel Committee shall annually recommend the names of persons for election to the Board of Directors.

SECTION 5. RESIGNATION AND REMOVAL. Any director may resign but, as feasible, should provide reasonable advance written notice of at least thirty 30 days of such resignation. Any director may be removed at any time for just cause by a majority vote of the directors then in office at a duly called meeting. Just cause shall include, without limitation, conduct such as neglect of duty, failure to fulfill the duties of a board member, failure to comply with Corporate requirements or policies, conduct unbecoming of a board member or that substantially threatens the integrity or reputation of the School, acts of immorality, conviction of a crime, or charges of criminal behavior or other conduct for which there is substantial evidence of wrongdoing. Any director may be removed at any time without cause by a two-thirds vote of the directors then in office at a duly called meeting. If any director resigns or is removed, a new director may be elected to fill the remaining term at the same meeting of the Board of Directors. In the event of the death, resignation, retirement, removal, or disqualification of a member of the Board of Directors during his/her appointed term of office, his/her successor shall be elected and serve only until the expiration of the term of his/her predecessor. The Board of Directors shall have the power to temporarily fill, at its discretion, vacancies occurring on the Board of Directors by appointment.

SECTION 6. EXOFFICIO MEMBERS- AND NON-VOTING MEMBERS. There may be exofficio and non-voting members of the Board of Directors as are elected by a majority vote of the Board of Directors at any meeting of such Board. The participating in board matters and meetings by such members shall be determined by majority of voting Board members. There will be two teacher representatives who will serve in an advisory capacity only. These teachers will be approved by a vote of the Board of Directors and such teachers will serve staggered terms of two years. Their terms may be extended at the discretion of the Board.

ARTICLE V: BOARD OF DIRECTORS MEETINGS

SECTION 1. ANNUAL MEETING. An annual meeting of the Board of Directors shall take place at or around the end of each School fiscal year on a date determined by the Board of Directors, at a place designated by the Chair of the Board of Directors. Notice of the time and place of such meeting shall be given in writing at least two (2) weeks in advance, unless such actual notice is not required by the laws of the State of North Carolina or these Bylaws for the validity of the directors' actions at such meeting.

SECTION 2. ATTENDANCE BY REMOTE COMMUNICATION. Any or all directors may participate in a meeting by, or conduct the meeting through the use of, any reasonable and legal means of communication by which all directors participating in the meeting may simultaneously hear each other during the meeting. A director participating in a meeting by this means is deemed present in person at the meeting unless otherwise determined by the Board or required by law.

SECTION 3. QUORUM. Except as otherwise provided by law, the Articles of Incorporation of

the School or these Bylaws, a quorum of the Board of Directors consists of a majority of the directors in office immediately before a meeting begins. In no event may these Bylaws or any resolution adopted pursuant to these Bylaws authorize a quorum of fewer than one-half of the number of directors then in office, except in emergencies requiring action by a majority of the available Board members for the good of the School, only after reasonable efforts to notify and convene all Board members.

SECTION 4. REGULAR MEETINGS. The Board of Directors shall hold regular meetings at such times as are designated by the Chair or his designee. The Board shall meet at least nine (9) times per year or whatever minimum number of meetings are required by law. At least ten (10) days advance written notice shall be given for each meeting, unless such actual notice is not required by the laws of the State of North Carolina or these Bylaws for the validity of the directors' actions at such meeting.

SECTION 5. SPECIAL MEETINGS. Special meetings of the Board of Directors for a specific purpose may be called at any time by its Chair or by the request of at least two (2) members of the Board of Directors. The specific purpose must be stated in the notice and no other business shall be transacted at the special meeting. Unless actual notice is not required by the laws of the State of North Carolina or these Bylaws for the validity of the directors' actions at any such special meeting, notice must be given not less than forty-eight (48) hours prior to any special meeting. Such notice may be given by any usual means of communication. Meetings shall be held at a place and at such time as shall be fixed by the Chair or Board of Directors members calling the meeting.

SECTION 6. ACTIONS WITHOUT MEETINGS. Any action required or permitted to be taken by the Board of Directors at a meeting may be taken without a meeting by vote of the Directors represented by one or more written consent describing the action so taken, signed by or affirmed by receipt of e-mail from each director, and filed with the Board Secretary and included in or filed with the corporate records. For the purpose of this Article V.7, "written consent" includes consent by members of the Board in electronic form and delivered by electronic mail.

Any Board action without a meeting shall conform to all open meetings notice and public records requirements under state law. Action taken under this section is effective when the last director returns his/her consent form, unless the consent form specifies a different effective date.

SECTION 7. OPEN MEETINGS AND PUBLIC RECORDS LAWS. All meetings of the Board shall at all times be in compliance with Article 33C of Chapter 143 (Open Meetings) and Chapter 132 (Public Records) of the North Carolina General Statutes (and any subsequently amended provisions related to those statutes).

SECTION 8. ATTENDANCE. All directors are expected to attend all meetings. Failure to regularly attend meetings may subject a director to removal.

SECTION 9. MANNER OF ACTING. Except as otherwise provided in these Bylaws, the act of the majority of the members of the Board of Directors present at a meeting at which a quorum is present shall be the act of the Board of Directors. If a quorum is present at the commencement

of a Board meeting, the validity of the acts of the Board at that meeting cannot be defeated if the number of directors thereafter present is reduced below the number which constitutes a quorum, provided that no less than three members of the Board vote in favor of any action.

SECTION 10. PRESUMPTION OF ASSENT. A member of the Board of Directors of the School who is present at a meeting of the Board of Directors at which action on any corporate matter is taken shall be presumed to have assented to the action taken unless his contrary vote is recorded or his dissent is otherwise entered in the minutes of the meeting or unless he shall file his written dissent to such action with the person acting as the secretary of the meeting before the adjournment thereof or shall forward such dissent by registered mail to the Secretary of the School immediately after the adjournment of the meeting. Such right to dissent shall not apply to a director who voted in favor of such action.

SECTION 11. CONDUCT OF MEETINGS. The Chair shall cause to be prepared and forwarded to the members of the Board, prior to any regular meeting of the Board, an agenda containing the items to be voted upon at the regular meeting. Neither failure of the Chair to prepare nor the failure of a member of the Board to receive a copy of the proposed agenda shall affect the validity of any vote taken at such meeting. The Board may consider at any meeting such business as may properly come before it notwithstanding the fact that the subject was not listed on the agenda.

ARTICLE VI: OFFICERS

SECTION 1. OFFICERS. Officers of the School shall consist of a Chair, a Vice Chair, a Secretary, and a Treasurer and other officers as the Board of Directors may from time to time elect. The Board shall have the right to create such additional offices as it deems beneficial to the School. Except for Chair and Vice Chair, the Board has the right to combine offices into one, such as Secretary and Treasurer. No person may hold more than one office at the same time, except as noted above regarding Secretary/Treasurer.

SECTION 2. NOMINATIONS. The Personnel Committee shall present a slate of candidates for each office to be filled at least thirty (30) days prior to the Annual Meeting. Other candidates may be nominated by the Board of Directors from the floor to be added to those selected by the Personnel Committee provided that the nominee's willingness to serve has been determined in advance of the nomination.

SECTION 3. ELECTIONS. Officers shall be elected at the Annual Meeting of the Board of Directors by a majority of a quorum of the members of the Board of Directors. Officers shall assume their duties immediately after the Annual Meeting and shall serve for a one (1) year term or until their successors are duly elected and qualified, unless such terms are otherwise designated by separate resolution of the Board of Directors.

SECTION 4. CHAIR. The Board Chair shall be a director and preside at all meetings, shall make reports to the Board of Directors, and shall perform all such other duties as are incident to his/her office or may properly be required of him/her by the Board of Directors. S/he shall be,

ex officio, a member of all committees.

SECTION 5. VICE CHAIR. In the absence of the Board Chair or in the event of his or her death, resignation, inability, or refusal to act, the Vice Chair of the Board of Directors shall perform the duties of the Board Chair, and when so acting shall have all the powers of and be subject to all the restrictions, as may be applicable, upon the Board Chair. However, in the event of the death, resignation, or incapacity of the Chair, a new Chair shall be elected as soon as possible by the Board of Directors.

SECTION 6. TREASURER. The Treasurer shall:

(a) periodically review:

- 1) the funds and securities of the School;
- 2) the receipts for monies due and payable to the School from any source whatsoever;
- 3) the deposits of all such monies in the name of the School in such depositories as shall be selected in accordance with the provisions of these Bylaws;
- 4) the payments made by the School;

(b) prepare, or cause to be prepared, a true statement of the School's assets and liabilities as of the close of each fiscal year, and a statement of the School's gross receipts and all expenses for such fiscal year, all in reasonable detail, which statements shall be made and filed at the School's registered office or principal place of business in the State of North Carolina within three (3) months after the end of such fiscal year and thereat kept available for a period of at least ten (10) years; and

(c) in general, perform all of the duties incident to the office of Treasurer and such other duties as from time to time may be assigned to him/her by the Board Chair, or by these Bylaws.

SECTION 7. SECRETARY. The Secretary shall:

(a) keep, or cause to be kept, the minutes of the meetings of the Board of Directors in one or more books provided for that purpose;

(b) see that all notices are duly given in accordance with the provisions of these Bylaws and as required by law;

(c) be custodian of the corporate records and of the seal of the School and see that the seal of the School is affixed to all documents the execution of which on behalf of the School under its seal is duly authorized; and

(d) in general, perform all duties incident to the office of Secretary and such other duties as from time to time may be assigned to him/her by the Board Chair or by the Board of Directors.

SECTION 8. RESIGNATION AND REMOVAL OF OFFICERS. Any officer may resign his position but, as feasible, should provide reasonable advanced written notice of at least thirty (30) days of such resignation. Any officer may be removed from serving as an officer at any time for just cause by a majority vote of the directors then in office at a duly called meeting. Just cause shall include, without limitation, conduct such as neglect of duty, failure to fulfill the duties of a board member, failure to comply with Corporate requirements or policies, conduct unbecoming of a board member or that substantially threatens the integrity or reputation of the School, acts of immorality, conviction of a crime, or charges of criminal behavior or other conduct for which there is substantial evidence of wrongdoing. Any officer may be removed at any time for his office without cause by a two-thirds vote of the directors then in office at a duly called meeting. If any officer resigns or is removed from his office, a new officer may be elected to fill the remaining term at the same meeting of the Board of Directors

ARTICLE VII: COMMITTEES

SECTION 1. GENERAL PROVISIONS. In accordance with G.S. §55A-8-25 (or its successor statute), The Board may create one or more committees and appoint members to serve on them. Each committee shall have two or more members, who serve at the pleasure of the Board. The creation of a committee shall be approved by a majority of a quorum of all the directors in office when the action is taken, and appointment of members shall be made by the Board Chair. The designation of any committee and the delegation thereto of authority shall not operate to relieve the Board of Directors, or any member thereof, of any responsibility or liability imposed upon it or him/her by law. No committee may be comprised of Board members, the total of which equals or exceeds a quorum of the entire Board.

SECTION 2. STANDING COMMITTEES. The Board may appoint standing committees. These may, but are not required to include a Personnel and Policy Committee, Executive Committee, Finance Committee, Legal Affairs Committee, Public Relations and Community Outreach Committee, Fundraising Committee, Curriculum Committee, Grievance Committee, and Facilities Committee. The terms of all members of any standing committees shall expire at the time of the first monthly meeting following the annual meeting or until their successors are appointed or elected and qualified. Standing committee members shall include at least two Board members. All standing committees shall report their activities to the Board of Directors as requested by the Board Chair and shall make recommendations directly to the Board on matters referred to them or falling within their respective fields of responsibility. All standing committees shall keep minutes of their business and submit them to the Board when requested.

SECTION 3. PERSONNEL AND POLICY COMMITTEE. The Personnel and Policy Committee, if established, shall propose and submit to the Board of Directors names of persons nominated for election as directors, and as officers of the Board. The Personnel and Policy Committee shall periodically review policies and provide recommendations to the Board of any needed changes.

SECTION 4. EXECUTIVE COMMITTEE. The Executive Committee, if established, shall function as follows:

(a) **Membership.** The Executive Committee shall consist of the Chair, Vice Chair, Treasurer, Secretary, and Grievance Chair.

(b) **Officers.** The Chair of the Board shall be Chair of the Executive Committee and preside at all meetings. The Vice Chair of the Board shall be Vice Chair of the Executive Committee and preside in the absence of the Chair.

(c) **Meetings.** Meetings of the Executive Committee shall be held at the call of the Chair, or at the call of the Vice Chair and one other member of the Executive Committee. Notice of the time and place of any meeting of the Executive Committee shall, whenever practical, be provided by telephone, e-mail or telefax to all members at least twenty-four (24) hours prior to the time of the meeting, or alternatively, if notice is mailed, such notice must be mailed at least seventy-two (72) hours prior to the time of the meeting. Any member of the Executive Committee may provide written notice that he or she waives the notice requirements set forth herein. Attendance by a member at any meeting of the Executive Committee shall constitute a waiver of notice of such meeting, except where such member attends a meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened.

(d) **Quorum.** A quorum of the Executive Committee shall consist of a majority of its members.

(e) **Powers.** The Executive Committee shall have such powers and authorities as are expressly delegated to it by the Board of Directors, and those powers that are incidental to the expressly conferred powers, and necessary to enable the Executive Committee to exercise such expressly delegated powers and authorities. The Executive committee shall annually conduct employee performance evaluations of school administrators.

(f) **Report of Activities.** The Executive Committee shall maintain minutes of its meetings and records of all actions taken by it, which shall be included in the Board minutes of the next Board meeting.

SECTION 5. FINANCE COMMITTEE. The Finance Committee, if existing, shall be chaired by the Treasurer and be made up of not more than five (5) members, but in no case shall it consist of a quorum of the Board.

The Committee shall:

- (a) review major financial or property transactions;
- (b) review invested funds of the school;
- (c) recommend changes in investment by custodians of funds;
- (d) recommend a change in investment counsel;
- (e) report at each regular meeting of the Board and as needed to the Executive Committee; and
- (f) perform other duties reasonably necessary to carry out its functions.

ARTICLE VIII: CONDUCT STANDARDS

Directors shall conduct themselves and the performance of their Board duties in accordance with G.S. 55A-8-30 and as otherwise regulated by law and Board policy or action.

(a) A director shall discharge his duties as a director, including his duties as a member of a committee:

(1) In good faith;

(2) With the care an ordinarily prudent person in a like position would exercise under similar circumstances; and

(3) In a manner the director reasonably believes to be in the best interests of the School.

(b) In discharging his/her duties, a director is entitled to rely on information, opinions, reports, or statements, including financial statements and other financial data, if prepared or presented by:

(1) one or more officers or employees of the School whom the director reasonably believes to be reliable and competent in the matters presented;

(2) legal counsel, public accountants, or other persons as to matters the director reasonably believes are within their professional or expert competence; or

(3) a committee of the Board of which s/he is not a member if the director reasonably believes the committee merits confidence.

(c) A director is not entitled to the benefit of subsection (b) of this section if s/he has actual knowledge concerning the matter in question that makes reliance otherwise permitted by subsection (b) of this section unwarranted.

(d) A Director is not liable for any action taken as a director, or any failure to take any action, if s/he performed the duties of his/her office in compliance with this section.

(e) A Director's personal liability for monetary damages for breach of a duty as a Director may be limited or eliminated only to the extent provided in G.S. 55A8-60 or permitted in G.S. 55A-2-02(b)(4), and a director may be entitled to indemnification against liability and expenses pursuant to Part 5 of Article 8 of Chapter 55A of the General Statutes

(f) A Director shall not be deemed to be a trustee with respect to the School or with respect to any property held or administered by the School, including without limit, property that may be subject to restrictions imposed by the donor or transferor of such property.

ARTICLE IX: CONFLICT OF INTEREST

SECTION 1. GENERAL PROVISIONS. Directors shall avoid improper conduct arising from conflicts of interest and shall abide by all legal requirements governing conflicts of interests, including G.S. 55A-8-31. If any director has or may have a conflict of interest in a matter pending before the Board, such member shall fully disclose to the Board the nature of the conflict or potential conflict. No transaction may be approved if it would constitute self-dealing.

SECTION 2. STATUTORY REQUIREMENTS. Board practice regarding conflicts of interest shall be governed ultimately by G.S. 55A-8-31, as amended or replaced at any time subsequent to the adoption of these Bylaws. Specific statutory requirements include the following.

(a) A conflict of interest transaction is a transaction with the School in which a director of the School has a direct or indirect interest. A conflict of interest transaction is not voidable by the School solely because of the director's interest in the transaction if any one of the following is true:

(1) The material facts of the transaction and the Director's interest were disclosed or known to the Board of Directors or a committee of the Board and the Board or committee authorized, approved, or ratified the transaction;

(2) The material facts of the transaction and the Director's interest were disclosed or known to the members entitled to vote and they authorized, approved, or ratified the transaction; or

(3) The transaction was fair to the School.

(b) A director of the School has an indirect interest in a transaction if:

(1) Another entity in which s/he has a material financial interest or in which s/he is a general partner is a party to the transaction; or

(2) Another entity of which s/he is a director, officer, or trustee is a party to the transaction and the transaction is or should be considered by the Board of Directors of the School.

(c) For purposes of subdivision (a)(1) and (a)(2) of this section, a conflict of interest transaction is authorized, approved, or ratified if it receives the affirmative vote of a majority of the directors on the Board of Directors (or on the committee) who have no direct or indirect interest in the transaction, but a transaction shall not be authorized, approved, or ratified under this section by a single director. Any director who has a conflict of interest must recuse him/herself from voting. If a majority of the directors who have no direct or indirect interest in the transaction vote to authorize, approve, or ratify the transaction, a quorum is present for the

purpose of taking action under this section

(d) The Articles of Incorporation, Bylaws, or a resolution of the Board may impose additional requirements on conflict of interest transactions.

SECTION 3. DEFINITIONS.

(a) **Interested Person.** Any director, principal officer, or member of a committee with Board-delegated powers, who has a direct or indirect financial interest, as defined below, is an interested person.

(b) **Financial Interest.** A person has a financial interest if the person has, directly or indirectly, through business, investment, or family:

(1) An ownership or investment interest in any entity with which the School has a transaction or arrangement,

(2) A compensation arrangement with the School or with any entity or individual with which the School has a transaction or arrangement, or

(3) A potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which the School is negotiating a transaction or arrangement.

Compensation includes direct and indirect remuneration as well as gifts or favors that are not insubstantial.

SECTION 4. PROCEDURES.

(a) **Duty to Disclose.** In connection with any actual or possible conflict of interest, an interested person must disclose the existence of the financial interest and be given the opportunity to disclose all material facts to the directors and members of committees with board-delegated powers considering the proposed transaction or arrangement.

(b) **Determining Whether a Conflict of Interest Exists.** After disclosure of the financial interest and all material facts, and after any discussion with the interested person, s/he shall leave the Board or committee meeting while the determination of a conflict of interest is discussed and voted upon. The remaining Board or committee members shall decide if a conflict of interest exists.

(c) **Procedures for Addressing the Conflict of Interest.**

(1) An interested person may make a presentation to the Board of Directors or committee meeting, but after the presentation, s/he shall leave the meeting during the

discussion of, and the vote on, the transaction or arrangement involving the possible conflict of interest.

(2) The Chair of the Board of Directors, or the chair of the committee if a committee meeting is appropriate, shall appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement.

(3) After exercising due diligence, the Board or committee shall determine whether the School can obtain, with reasonable efforts, a more advantageous transaction or arrangement from a person or entity that would not give rise to a conflict of interest.

(4) If a more advantageous transaction or arrangement is not reasonably possible under circumstances not producing a conflict of interest, the Board or committee shall determine by a majority vote of the disinterested members whether the transaction or arrangement is in the School's best interest, for its own benefit, and whether it is fair and reasonable. In conformity with the above determination it shall make its decision as to whether to enter into the transaction or arrangement.

(d) Violations of the Conflicts of Interest Policy.

(1) If the Board of Directors or one of its committees has reasonable cause to believe a member has failed to disclose actual or foreseeable conflicts of interest, it shall inform the member of the basis for such belief and afford the member an opportunity to explain the alleged failure to disclose.

(2) If, after hearing the member's response and after making further investigation as warranted by the circumstances, the Board or committee determines the member has failed to disclose an actual or possible conflict of interest, it shall take appropriate disciplinary or corrective action.

SECTION 4. RECORDS OF PROCEEDINGS. The minutes of the Board of Directors and all committees with Board-delegated powers shall contain:

(a) The names of the persons who disclosed or otherwise were found to have a financial interest in connection with an actual or possible conflict of interest, the nature of the financial interest, any action taken to determine whether a conflict of interest was present, and the decision of the Board or committee as to whether a conflict of interest in fact existed.

(b) The names of the persons who were present for discussions and votes relating to the transaction or arrangement, the content of the discussion, including any alternatives to the proposed transaction or arrangement, and a record of any votes taken in connection with the proceedings.

SECTION 5. COMPENSATION.

(a) A voting member of the Board of Directors who receives compensation, directly or indirectly, from the School for services is precluded from voting on matters pertaining to that member's compensation.

(b) A voting member of any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from the School for services is precluded from voting on matters pertaining to that member's compensation.

(c) No voting member of the Board of Directors or any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from the School, either individually or collectively, is prohibited from providing information to any committee regarding compensation.

SECTION 6. ANNUAL STATEMENTS. Each director, principal officer, and member of a committee with Board-delegated powers shall annually sign a statement that affirms such person

(a) has received a copy of the conflicts of interest policy,

(b) has read and understands the policy,

(c) has agreed to comply with the policy, and

(d) understands the School is charitable and to maintain its federal tax exemption it must engage primarily in activities which accomplish one or more of its tax-exempt purposes.

SECTION 7. PERIODIC REVIEWS. To ensure the School operates in a manner consistent with charitable purposes and does not engage in activities that could jeopardize its tax-exempt status, periodic reviews shall be conducted. The periodic reviews shall, at a minimum, include the following subjects:

(a) Whether compensation arrangements and benefits are reasonable, based on competent survey information, and the result of arm's length bargaining.

(b) Whether partnerships, joint ventures, and arrangements with management organizations conform to the School's written policies, are properly recorded, reflect reasonable investment or payments for goods and services, further charitable purposes and do not result in inurement, impermissible private benefit or in an excess benefit transaction.

SECTION 8. USE OF OUTSIDE EXPERTS. When conducting the periodic reviews as provided for in this Article, the School may choose to employ outside experts. If outside experts are used, their use shall not relieve the Board of Directors of its responsibility for ensuring that periodic reviews are conducted.

ARTICLE X: MANAGEMENT AND FINANCES

SECTION 1. FUNDS. The Board of Directors shall establish such funds as the Board, in its discretion, shall consider desirable to further the purposes of the School. The Board of Directors may adopt such rules and policies for the establishment and maintenance of such funds as the Board of Directors may determine necessary, subject to the provisions of the Articles of Incorporation and these Bylaws.

SECTION 2. ADMINISTRATION. The Board of Directors shall manage and administer in all respects the properties and funds of the School in accordance with the terms of the Articles of Incorporation creating the School, the provisions of the Bylaws, and all applicable laws, obtaining and securing for such purposes such assistance, office space, force, equipment, and supplies and other aids and facilities, upon such terms as the Directors may deem necessary from time to time.

SECTION 3. INVESTMENTS. The Board of Directors shall hold, use, manage, administer, and, at their discretion, dispose of the properties of the School, and shall collect all incomes, revenues and profits arising there from. The funds of the School arising through the receipt and collection of incomes, revenues and profits, sale of properties or otherwise, shall be invested in such properties and investments as may be determined by the Board of Directors from time to time to be fit investments for assets of the School, and in the making of any investment, the Board of Directors shall not be limited to such investments as may be legal investments for fiduciaries under any present or future statute, decision, or rule of law, but the Board of Directors shall have absolute discretion in the determination of what properties constitute a suitable investment for any assets of the School, subject to applicable law.

SECTION 4. REJECTION OF GIFTS. Any person, firm, or School shall have the privilege of making grants to the School at any time by way of gift, devise, bequest, condition, or otherwise, and such additions shall be received, used and disposed of by the Board of Directors in accordance with the terms of the Articles of Incorporation and any other conditions of the gift; provided, however, that the Board of Directors shall have the power to reject any donation, grant, bequest, or devise which in the opinion of the Board of Directors is inconsistent with the charitable purposes for which the School was formed or for any other reason it deems sufficient.

SECTION 5. OTHER POWERS. The Board of Directors shall have and may exercise any and all other powers which are necessary or desirable in order to manage and administer the School and the properties and funds thereof and carry out and perform in all respects the charitable purposes of the School according to the true intent thereof.

ARTICLE XI: CONTRACTS, LOANS, AND DEPOSITS

SECTION 1. CONTRACTS. The Board of Directors may authorize any officer or officers, agent or agents, to enter into any contract or execute and deliver any instrument in the name of and on behalf of the School, and such authority may be general or confined to specific instances.

SECTION 2. LOANS. No loans shall be contracted on behalf of the School and no evidences of indebtedness shall be issued in its name unless authorized by a resolution of the Board of

Directors. Such authority may be general or confined to specific instances. In accordance with G.S. 55A-8-32, no loan, guaranty, or other form of security shall be made or provided by the School to or for the benefit of its Directors or officers.

SECTION 3. CHECKS AND DRAFTS. All checks, drafts, or other orders for the payment of money issued in the name of the School shall be signed by such officer or officers, agent or agents of the School and in such manner as shall be determined by resolution of the Board. Endorsements for deposit to the credit of the School in any of its duly authorized depositories will be made by the Treasurer or by any officer or agent who may be authorized by the Board to do so.

SECTION 4. DEPOSITS. All funds of the School not otherwise employed shall be deposited from time to time to the credit of the School in such depositories as the Board of Directors may select.

SECTION 5. NO STATE INDEBTEDNESS BY CONTRACT. As long as required by state law, no indebtedness of any kind incurred or created by the School shall constitute an indebtedness of the State or its political subdivisions, and no indebtedness of the School shall involve or be secured by the faith, credit, or taxing power of the State or its political subdivisions.

ARTICLE XII: INDEMNIFICATION OF DIRECTORS, OFFICERS, AND OTHERS

SECTION 1. DEFINITIONS. For purposes of this Article, the following definitions shall apply:

(a) “Act” means the North Carolina Nonprofit Corporation Act, effective July 1, 1994, and all amendments and additions thereto.

(b) “School” means the School as a Corporation, as such term is defined in Section 55A-8-50(b)(1) of the Act.

(c) “Director” means an individual who is or was a Director of the School, or an individual who, while a Director of the School, is or was serving at the School’s request as a Director, officer, manager, partner, trustee, employee, or agent of another foreign or domestic School (whether a business or nonprofit School), limited liability company, partnership, joint venture, trust, employee benefit plan, or other enterprise. A Director is considered to be serving as a Director, officer, manager, partner, trustee, employee, or agent of an employee benefit plan at the School’s request if such Director’s duties to the School also impose duties on, or otherwise involve services by, the Director to the plan or to participants in or beneficiaries of the plan. “Director” includes, unless the context requires otherwise, the estate or personal representative of a Director.

(d) “Expenses” means expenses of every kind incurred in defending a Proceeding, including, but not limited to, legal, accounting, expert and investigation fees and expenses.

(e) “Indemnified Officer” means an individual who is or was an officer of the School appointed by the Board of Directors. An Indemnified Officer shall be entitled to indemnification hereunder to the same extent as a Director, including, without limitation, indemnification with respect to service by the Indemnified Officer at the School’s request as a Director, officer, manager, partner, trustee, employee or agent of another foreign or domestic School (whether a business or nonprofit School), limited liability company, partnership, joint venture, trust, employee benefit plan or other enterprise. “Indemnified Officer” includes, unless the context requires otherwise, the estate or personal representative of an Indemnified Officer.

(f) “Liabilities” means any obligation to pay any or all of the following: a judgment, a settlement, a penalty, a fine (including an excise tax assessed with respect to an employee benefit plan) and expenses, including, but not limited to, attorney fees of opposing parties incurred with respect to a Proceeding.

(g) “Proceeding” means any threatened, pending, or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, whether formal or informal, and any appeal therein (and any inquiry or investigation that could lead to such a proceeding).

SECTION 2. STATEMENT OF INTENT. The School shall indemnify the Directors and the Indemnified Officers to the maximum extent permitted by the Act.

SECTION 3. INDEMNIFICATION. In addition to, and not in any way in limitation of, all indemnification rights and obligations otherwise provided by law, the School shall indemnify and hold harmless its Directors and Indemnified Officers against all Liabilities and Expenses in any Proceeding (including, without limitation, a Proceeding brought by or on behalf of the School itself) arising out of their status as Directors or officers, or their service at the School’s request as a Director, officer, manager, partner, trustee, employee or agent of another foreign or domestic School (whether a business or nonprofit School), limited liability company, partnership, joint venture, trust, employee benefit plan or other enterprise, or their activities in any such capacity. The School shall also indemnify each Director and Indemnified Officer for his or her costs, expenses and attorney fees incurred in connection with the enforcement of the rights to indemnification granted herein, if it is determined in accordance with Section 4 of this Article that the Director or Indemnified Officer is entitled to indemnification hereunder.

The School shall not indemnify a Director or an Indemnified Officer against Liabilities or Expenses that such person may incur on account of activities of such person which at the time taken substantially involve any of the following:

- (a) Acts that are known or should have reasonably been known to be in conflict with the best interests of the School;
- (b) Acts of bad faith;
- (c) Acts of willful or grossly negligent misconduct in the performance of duty;

- (d) Acts involving receipt of an improper personal benefit; or
- (e) Acts in connection with a proceeding by or in the right of the School, where the person was adjudged liable to the School.

The Board of Directors shall have the authority to adopt such resolutions pertaining to the implementation of this Article, Section 3 as it may from time to time determine, and such resolutions shall be given full effect, even though they supplement, amplify, or go beyond the provisions of this Article, Section 3 provided and to the extent that such resolution does not violate any provision of the Act or the Articles of Incorporation. This Article, Section 3 shall be construed in a manner to fully effect the purpose and intent of the resolution of the Board of Directors approving and adopting this provision.

SECTION 4. DETERMINATION. The School shall pay any indemnification under Section 3 of this Article in a specific case only after a determination that the Director or Indemnified Officer has met the standard of conduct set forth in Section 3 of this Article. Such determination shall be made:

(a) by the Board of Directors by a majority vote of a quorum of its members thereof not at the time parties to the Proceeding; or

(b) if a quorum cannot be obtained under Section 4(a), by a majority vote of a committee duly designated by the Board of Directors (in which designation members of the Board of Directors who are parties to the Proceeding may participate), consisting solely of two or more members of the Board of Directors not at the time parties to the Proceeding; or

(c) by special legal counsel (i) selected by the Board of Directors or a committee thereof in the manner prescribed in Section 4(a) or (b), or (ii) if a quorum of the Board of Directors cannot be obtained under Section 4(a) and a committee cannot be designated under Section 4(b), selected by a majority vote of the full Board of Directors (in which selection members thereof who are parties in the Proceeding may participate).

The Board of Directors shall take all such action as may be necessary and appropriate to enable the School to pay the indemnification required by this Article.

SECTION 5. ADVANCES FOR EXPENSES. The Expenses incurred by a Director or an Indemnified Officer in defending a Proceeding may be paid by the School in advance of the final disposition of such Proceeding as authorized by the Board of Directors in the specific case upon receipt of an undertaking by or on behalf of the Director or Indemnified Officer to repay such amount unless it shall ultimately be determined that such person is entitled to be indemnified by the School against such Expenses. Subject to receipt of such undertaking, the School shall make reasonable periodic advances for Expenses pursuant to this Section 5 unless the Board of Directors shall determine, in the manner provided in Section 4 of this Article and based on the facts then known, that indemnification under this Article is or will be precluded.

SECTION 6. RELIANCE AND CONSIDERATION. Any Director or Indemnified Officer who at any time after the adoption of this Article serves or has served in any of the aforesaid capacities for or on behalf of the School shall be deemed to be doing or to have done so in reliance upon, and as consideration for, the right of indemnification provided herein. Such right, however, shall not be exclusive of any other rights to which such person may be entitled apart from the provisions of this Article. No amendment, modification or repeal of this Article IX shall adversely affect the right of any Director or Indemnified Officer to indemnification hereunder with respect to any activities occurring prior to the time of such amendment, modification, or repeal.

SECTION 7. INSURANCE. The School shall, as required by law, and may, beyond the requirements of the law, purchase and maintain insurance on behalf of its Directors, officers, employees and agents and those persons who were or are serving at the request of the School in any capacity with another School (whether a business or nonprofit School), limited liability company, partnership, joint venture, trust, employee benefit plan or other enterprise against any liability asserted against or incurred by such person in any such capacity, or arising out of his or her status as such, whether or not the School would have the power to indemnify such person against such liability under the provisions of this Article or otherwise. Any full or partial payment made by an insurance company under any insurance policy covering any Director, officer, employee, agent, or other person identified above made to or on behalf of a person entitled to indemnification under this Article shall relieve the School of its liability for indemnification provided for in this Article or otherwise to the extent of such payment, and no insurer shall have a right of subrogation against the School with respect to such payment.

SECTION 8. SAVINGS CLAUSE. If this Article or any portion hereof shall be invalidated on any ground by any court or agency of competent jurisdiction, then the School shall nevertheless indemnify each person indemnified hereunder to the fullest extent permitted by the portion of this Article that is not invalidated and also to the fullest extent permitted or required by applicable law.

SECTION 9. EMERGENCY BYLAWS. In accordance with G.S. 55A-2-07,

(a) The Board may adopt, amend, or repeal Bylaws to be effective only in an emergency defined in subsection (d) of this section. The emergency Bylaws, which are subject to amendment or repeal by the members, may make all provisions necessary for managing the School during the emergency, including:

- (1) Procedures for calling a meeting of the Board of Directors;
- (2) Quorum requirements for the meeting; and
- (3) Designation of additional or substitute Directors.

(b) All provisions of the regular Bylaws consistent with the emergency Bylaws remain

effective during the emergency. The emergency Bylaws are not effective after the emergency ends.

(c) Board action taken in good faith in accordance with the emergency Bylaws binds the School, and the fact that the action was taken pursuant to emergency Bylaws shall not be used to impose liability on a Director, officer, employee, or agent.

(d) An emergency exists for purposes of this section if a quorum of the School's Directors cannot readily be assembled because of some catastrophic event.

ARTICLE XIII: AMENDMENTS

Amendments to these Bylaws can be made by the Board of Directors, in regular meeting assembled, either annual or special, with advance notice of at least thirty (30) days, and if special, then the purpose of the meeting with the proposed amendment or amendments must be stated in the call; provided, however, the vote of two-thirds (2/3rds) of the members of the Board of Directors then in office shall be required to amend these Bylaws unless otherwise herein expressly specified or required by law.

ARTICLE XIV: DISSOLUTION AND DISTRIBUTION

Upon the dissolution of the School, the Board of Directors shall, after paying or making provision for the payment of all of the liabilities of the School, dispose of all of the assets of the School as required by North Carolina law. Specifically, and only as long as required by state law pursuant to the Charter Act or its successor provisions, all net assets of the charter school purchased with public funds shall be deemed the property of the local school administrative unit in which the charter school is located.

To the extent otherwise allowed by law, all assets shall be distributed for one or more exempt purposes within the meaning of Section 501(c)(3) of the Code, or the corresponding section of any future federal tax code, or shall be distributed to the federal government, or to a state or local government, for a public purpose. Any such assets not so disposed of shall be disposed of by a court of competent jurisdiction of the county in which the principal office of the School is then located, exclusively for such purposes or to such organizations, as said court shall determine, which are organized and operated exclusively for such purposes.

ARTICLE XV: MISCELLANEOUS

SECTION 1. FISCAL YEAR AND AUDITS.

(a) The fiscal year of the School shall be set by the Board of Directors.


(b) The books of the School and of its fiscal agent shall be audited annually as directed by the Board of Directors.

SECTION 2. NET EARNINGS. No part of the net earnings of the School shall inure to the benefit of, or be distributable to, its members, trustees, officers, or other private persons, except that the School shall be authorized and empowered to pay reasonable compensation for services rendered and to make payments and distributions in furtherance of the purposes set forth in the purpose clause of the School's Articles of Incorporation, as may be amended from time to time. No substantial part of the activities of the School shall be the carrying on of propaganda, or otherwise attempting to influence legislation, and the School shall not participate in, or intervene in (including the publishing or distribution of statements) any political campaign on behalf of any candidate for public office. Notwithstanding any other provision of this document, the School shall not carry on any other activities not permitted to be carried on (a) by an organization exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code, or corresponding section of any future federal tax code, or (b) by an organization, contributions to which are deductible under the Internal Revenue Code, or corresponding section of any future federal tax code.

The undersigned persons certify the foregoing Bylaws have been adopted for the School, in accordance with the requirements of the North Carolina Nonprofit School Act.

Dated: May 1, 2018.

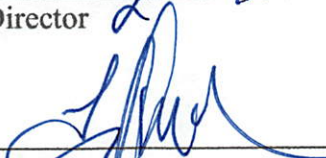
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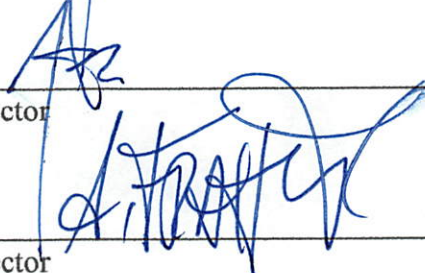
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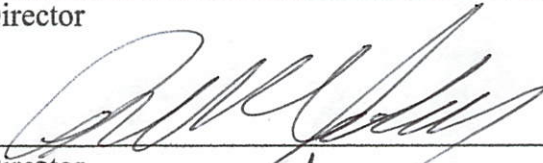
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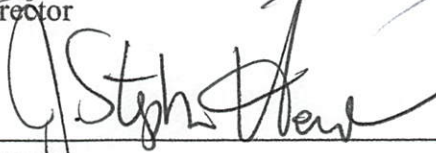
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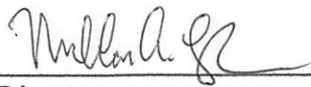
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