

BYLAWS
OF
DEHESA CHARTER SCHOOL, INC.
A California Nonprofit Public Benefit Corporation

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BYLAWS
OF
DEHESA CHARTER SCHOOL, INC.

A California Nonprofit Public Benefit Corporation

ARTICLE I
NAME: OFFICE

- Section 1. NAME. The name of this corporation is DEHESA CHARTER SCHOOL, INC.
- Section 2. PRINCIPAL OFFICE. The principal office for the transaction of the activities and affairs of the corporation ("principal office") is located at 4612 Dehesa Road, El Cajon, CA 92019-2922. The corporation may have such other offices within the State of California as the Governing Board may determine or as the affairs of the corporation may require from time to time.

ARTICLE II
PURPOSES

This corporation is a nonprofit public benefit corporation and is not organized for the private gain of any person. It is organized under the California Nonprofit Public Benefit Corporation Law for public purposes.

The specific and primary purpose and activity for which the corporation is organized is to manage, operate, guide, direct and promote Dehesa Charter School, a California Charter School.

ARTICLE III
MEMBERSHIP

This corporation shall have no "members" as that term is used in the California Nonprofit Public Benefit Corporation Law. All rights, which would otherwise vest in the members, shall vest in the Governing Board.

ARTICLE IV
BOARD MEMBERS

- Section 1. GENERAL CORPORATE POWERS. Subject to the provisions and limitations of the California Nonprofit Public Benefit Corporation Law

and any other applicable laws, the Governing Board may delegate the management of the activities of the corporation to a management company, provided that notwithstanding any such delegation the activities and affairs of the corporation shall continue to be managed and all corporate powers shall continue to be exercised under the ultimate direction of the Governing Board.

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

- (a) Exercise all powers vested in the Governing Board under the laws of the State of California.
- (b) Appoint and remove all officers of the corporation, the management company, if any, and corporation employees, if any; prescribe any powers and duties for such persons that are consistent with law, the Articles of Incorporation and these Bylaws; and fix their compensation.
- (c) Appoint such agents and employ such other employees, including attorneys and accountants, as it sees fit to assist in the operation of the corporation, and to fix their duties and to establish their compensation.
- (d) Adopt and establish rules and regulations governing the affairs and activities of the corporation, and take such steps as it deems necessary for the enforcement of such rules and regulation.
- (e) Enforce all applicable provisions of the Bylaws
- (f) Contract for and pay premiums for insurance and bonds (including indemnity bonds) which may be required from time to time by the corporation.
- (g) Pay all taxes and charges, which are or would become a lien on any portion of the corporation's properties.
- (h) Delegate its duties and powers hereunder to the officers of the corporation, the management company or to committees established by the Governing Board, subject to the limitations expressed in Article IV, Section I hereof.
- (i) Prepare budgets and maintain a full set of books and records showing the financial condition of the affairs of the corporation in a manner consistent with generally accepted accounting principles, and at no greater than annual intervals prepare an annual financial report, a copy of which shall

be delivered to each Board Member as provided in Article VIII, Section 4 hereof.

- (j.) Open bank accounts and borrow money on behalf of the corporation and designate the signatories to such bank accounts
- (k.) Bring and defend actions on behalf of the corporation so long as the action is pertinent to the operations of the corporation.

Section 3. NUMBER AND QUALIFICATION OF BOARD MEMBERS. The authorized number of Board Members shall be not less than three (3) nor more than seven (7). All Board Members shall be designated by the existing Governing Board to reflect the make-up of the Dehesa Charter School community, except that the following seat will be reserved: one (1) voting Board Member may be appointed by the Superintendent of the Dehesa School District at the District's discretion. In the event that the Superintendent fails to appoint the District Board Member, in any year in December of each year, then the Governing Board may if they chose, appoint such Board Member for that year. A non-voting seat on the Governing Board shall be reserved for a student representative which may be filled at the discretion of the Governing Board by a student selected from the Dehesa Charter School's student body.

Section 4. TERM OF OFFICE. Each term of office shall be for two (2) years and shall expire at the end of the annual meeting in the year of expiration, or until a successor has been elected and qualified. There shall be no limit upon the number of consecutive terms to which a Board Member may be re-appointed. Each Board Member, including Board Members appointed to fill a vacancy, shall hold office until the expiration of the term for which he/she is appointed and until a successor has been appointed and qualified.

Section 5. REMOVAL OF BOARD MEMBERS AND FILLING VACANCIES ON GOVERNING BOARD.

- (a) Vacancies, Generally. A vacancy or vacancies in the Governing Board shall exist on the occurrence of any of the following: (i) the death or resignation of the Board Member; (ii) the declaration by resolution of the Governing Board of a vacancy in the office of a Board Member who has been declared of unsound mind by an order of court, convicted of a felony, or found by final order or judgment of any court to have breached a duty under Article 3 of Chapter 2 (relating to the standards of conduct of Board Members) of the California Nonprofit Public Benefit Corporation Law; (iii) by removal of a Board Member who fails or ceases to meet any required qualification that was in effect at the beginning of that Board

Member's current term of office, by a majority vote of the Board Members who meet all of the required qualifications to be a Board Member; (iv) by removal for any reason by the organization or entity designating the Board Member; or (v) the increase of the authorized number of Board Members.

- (b) Resignation of Board Members. Any Board Member may resign, which resignation shall be effective on giving written notice to the President, the Clerk, or the Governing Board, unless the notice specified a later time for the resignation to become effective. If the resignation of a Board Member is effective at a future time, the Governing Board may elect a successor to take office when the resignation becomes effective. No Board Member may resign if the corporation would then be left without a duly elected Board Member. No reduction of the authorized number of Board Members shall have the effect of removing the Board Member before that Board Member's term of office expires.
- (c) Filling of Vacancies. Any vacancy occurring in any of the designated Board Member positions shall be filled by the designating entity.

Section 6. INTERESTED PERSONS. Not more than 49% of the persons serving on the Governing Board may be interested persons. An "interested person" is: (1) any person currently being 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, excluding any reasonable compensation paid to a Board Member as Board Member; or (2) any sister, brother, ancestor, descendant, spouse, sister-in-law, brother-in-law, daughter-in-law, son-in-law, mother-in-law or father-in-law of any such person. Voting privilege is lost on this issue as an interested person.

Section 7. LIMITATIONS ON POWERS.

- (a) Self-Dealing Transactions. Notwithstanding the powers conferred on the Governing Board pursuant to Article IV, Sections 1 and 2, this corporation shall not engage in any transaction which meets the definition of a "self-dealing transaction" as defined in Section 5233 of the Nonprofit Public Benefit Corporation Law unless the transaction has been approved by one of the means specified in subparagraph (d) of said Section 5233.
- (b) Transactions Between Corporations Having Common Board Members. Unless it is established that the contract or transaction is just and reasonable as to the corporation at the time it is authorized, approved or ratified, this corporation shall not enter into a contract or transaction with any other corporation, association or entity in which one or more of the corporation's Board Members unless the material facts as to the transaction and the Board Member's common Board Membership are fully known or

disclosed to the Governing Board. The Governing Board must approve, authorize or ratify any such contract or transaction in good faith and by a vote sufficient without counting the vote of the common Board Members.

- (c) Loans to Board Members or Officers. This corporation shall not make any loan of money or property to, or guarantee the obligation of, any Board Member or officer, unless the transaction is first approved by the California Attorney General. This provision shall not apply to any reasonable advance on account of expenses anticipated to be incurred in the performance of the Board Member's or officer's duties.
- (d) Standards for Investment. Except as provided in Sections 5240(c) and 5241 of the Nonprofit Public Benefit Corporation Law, in the investment, reinvestment, purchase, acquisition, exchange, sale and management of the corporation's investments, the Governing Board shall:
 - (i.) Avoid speculation, looking instead to the permanent disposition of the funds, considering the probable income, as well as the probable safety of the corporation's capital; and
 - (ii) Comply with additional standards, if any, imposed by the Articles of Incorporation, these Bylaws or the express terms of any instrument or agreement pursuant to which the invested assets were contributed to the corporation.

ARTICLE V

MEETINGS OF THE GOVERNING BOARD

- Section 1. ANNUAL MEETING. The annual meeting of the Governing Board shall be held in December of each year, or on the first business day thereafter, at the time designated in the notice of meeting, at the principal business office of the corporation, unless otherwise determined by the Governing Board.
- Section 2. SPECIAL MEETINGS. Special meetings of the Governing Board for any purpose may be called at any time by the President, Vice President, Clerk, Charter Director, or any two Board Members.

Notice of the time and place of special meetings shall be given to each Board Member by one of the following methods: (a) by personal delivery of written notice; (b) by first-class mail, postage prepaid; (c) by telephone, either directly to the Board Member or to a person at the Charter office who would reasonably be expected to communicate that notice promptly to the Board Member; or (d) by telegram, charges prepaid. All such notices

shall be given or sent to the Board Member's address or telephone number as shown on the records of the corporation.

Notices sent by first-class mail shall be deposited in the United States mail at least four days before the time set for the meeting. Notices given by personal delivery, telephone, or telegraph shall be delivered, telephoned, or given to the telegraph company at least forty-eight (48) hours before the time set for the meeting.

The notice sent shall state the time of the meeting, and the place if the place is other than the principal office of the corporation. It need not specify the purpose of the meeting.

Section 3. REQUIREMENTS APPLICABLE TO MEETINGS. Notwithstanding any other requirements contained in these Bylaws, all meetings of the corporation shall be held in compliance with all applicable requirements of the Ralph M. Brown Act (Chapter 9 of Part 1 of Division 2 of the California Government Code, commencing with Section 54950).

Section 4. QUORUM. A majority of the authorized number of Board Members shall constitute a quorum for the transaction of business, except to adjourn. Every action taken or decision made by a majority of the Board Members present at a duly held meeting at which a quorum is present shall be the act of the Governing Board, subject to the more stringent provisions of the California Nonprofit Public Benefit Corporation Law, including, without limitation, those provisions relating to (a) approval of contracts or transactions in which a Board Member has a direct or indirect material financial interest, (b) approval of certain transactions between corporations having common Board Members, (c) creation of and appointment ' s to committees of the Governing Board, and (d) indemnification of Board Members. A meeting at which a quorum is initially present may continue to transact business, despite the withdrawal of Board Members, if any action taken or decision made is approved by at least a majority of the required quorum for that meeting.

Section 5. WAIVER OF NOTICE. Notice of a meeting need not be given to any Board Member who, either before or after the meeting, signs a waiver of notice, a written consent to the holding of the meeting, or an approval of the minutes of the meeting. The waiver of notice or consent need not specify the purpose of the meeting. All such waivers, consents, and approvals shall be filed with the corporate records or made a part of the minutes of the meetings. Notice of a meeting need not be given to any Board Member who attends the meeting and does not protest, before or at the commencement of the meeting, the lack of notice to that Board Member.

Section 6. ACTION WITHOUT A MEETING. Any action that the Governing Board is required or permitted to take may be taken without a meeting if all members of the Governing Board consent in writing to the action; provided, however, that the consent of any Board Member who has a material financial interest in a transaction to which the corporation is an party and who is an "interested Board Member" as defined in Section 5233 of the California Corporations Code shall not be required for approval of that transaction. Such action by written consent shall have the same force and effect as any other validly approved action of the Governing Board. All such consents shall be filed with the minutes of the proceedings of the Governing Board.

Section 7. COMPENSATION. Board Members as such shall not receive any stated salaries for their services, but by resolution of the Governing Board, a fixed sum and expenses of attendance, if any, may be allowed for attendance at one meeting of the Governing Board each month; but nothing herein contained shall be construed to preclude any Board Member from serving the corporation in any other capacity and receiving compensation therefore. Board Members may receive such reimbursement of expenses as the Governing Board may determine by resolution to be just and reasonable as to the corporation at the time that the resolution is adopted.

Section 8. COMMITTEES. The Governing Board, by resolution adopted by a majority of the Board Members then in office, provided a quorum is present, may create one or more committees, each consisting of two or more Board Members and no persons who are not Board Members, to serve at the pleasure of the Governing Board. Appointments to committees of the Governing Board shall be by majority of the Board Members then in office. The Governing Board may appoint one or more Board Members as alternate members of any such committee, who may replace any absent member at any meeting. Any such committee, to the extent provided in the Governing Board resolution, shall report its findings and recommendations to the Governing Board for its action.

ARTICLE VI **OFFICERS**

Section 1. OFFICERS. The officers shall be School Director, President, Vice-President, Clerk and Chief Financial Officer (CFO)/Treasurer.

- Section 2. ELECTION OF BOARD OFFICERS. The officers shall be chosen annually by the Governing Board and shall serve at the will of the Governing Board.
- Section 3. TERM OF OFFICE. Any officer may be removed at any time, with or without cause, by the affirmative vote of a majority of the Governing Board.
- Section 4. VACANCIES IN OFFICE. A vacancy in any office shall be filled in the manner prescribed in these bylaws for regular appointments to that office, provided, however, that vacancies need not be filled on an annual basis.
- Section 5. SCHOOL DIRECTOR. The School Director shall be the general manager of the corporation and shall supervise, direct, and control the corporations activities, affairs and officers. The School Director shall have the power to hire, discharge, fix and pay compensation of such agents, independent contractors and employees, as he/she deems necessary to the operations of the corporation.
- Section 6. PRESIDENT. Subject to control of the Governing Board, the President shall preside over all Governing Board meetings. The President shall have such other powers and duties as the Governing Board or the bylaws may prescribe.
- Section 7. VICE PRESIDENT. The office of Vice President (V.P.) assists the president. The V.P. will assume the office of President when needed.
- Section 8. CLERK. The Clerk shall be the designated signee for Governing Board business.
- Section 9. CHIEF FINANCIAL OFFICER (CFO)/ TREASURER. The CFO/Treasurer shall keep and manage, all financial operations of the charter. The CFO/Treasurer shall send or cause to be given to the Governing Board such financial statements and reports as are required to be given by law, by these Bylaws, or by the Governing Board. The books of account shall be open to inspection by any Board Member at all reasonable times.

The CFO/Treasurer shall deposit, or cause to be deposited, all money and other valuables in the name and to the credit of the corporation with such depositories as the Governing Board may designate, shall disburse the corporation's funds as the Governing Board may order, shall render to the President, and the Governing Board, when requested, an account of all transactions as CFO/Treasurer and of the financial condition of the

corporation, and shall have such other powers and perform such other duties as the Governing Board or the Bylaws may prescribe.

ARTICLE VII
INDEMNIFICATION OF BOARD MEMBERS,
OFFICERS, EMPLOYEES AND OTHER AGENTS

Section 1. RIGHT OF INDEMNITY. To the fullest extent permitted by law, this corporation may indemnify its Board Members, officers and employees, and other persons described in Section 5238(a) of the California Corporations Code, including persons formerly occupying any such position, 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 Section 5238(a) of the California Corporations Code.

ARTICLE VIII
RECORDS AND REPORTS

Section 1. MAINTENANCE OF CORPORATE RECORDS. The corporation shall keep: (1) adequate and correct books and records of accounts; and (2) written minutes of the proceedings of the Governing Board and committees of the Governing Board.

Section 2. INSPECTION BY BOARD MEMBERS. Every Board Member shall have the absolute right at any reasonable time to inspect the corporation's books, records, documents of every kind, physical properties, and the records of each of its subsidiaries. The inspection may be made in person or by the Board Members's agent or attorney. The right of inspection includes the right to copy and make extracts of documents.

Section 3. ANNUAL STATEMENT OF CERTAIN TRANSACTIONS AND INDEMNIFICATIONS. The corporation shall annually prepare and furnish to each Board Member a statement of any transaction or indemnification of the following kind within 120 days after the end of the corporation's fiscal year:

- (a) Any transaction (i) in which the corporation, its parent, or its 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 a number of transactions with the same interested person involving, in the aggregate, more than \$50,000. For this purpose, an "interested person" is any Board Member or officer of the corporation, its parent, or subsidiary (but more common Board Membership shall not be considered such an interest).

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 in the transaction and, if practicable, the amount of that 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.

Section 4. YEAR-END REPORT. Within 120 days after the close of the fiscal year, a year-end report consisting of at least the following shall be distributed to Board Members:

- (i) A balance sheet as of the end of the fiscal year;
- (ii) An operating (income) statement for the fiscal year;
- (iii) A statement of changes in financial position for the fiscal year;
- (iv) Any information required to be reported under section 6322 of the Corporations Code requiring the disclosure of certain transactions in excess of \$50,000 per year between the corporation and any Board Member or officer of the corporation and indemnifications and advances to officers or Board Members in excess of \$10,000 per year.

The annual report shall be prepared by an independent accountant for any fiscal year in which the gross income of the corporation exceeds \$75,000. If the annual report is not prepared by an independent accountant it shall be accompanied by the certificate of an authorized officer of the corporation that the statement was prepared without an audit from the books and records of the corporation.

ARTICLE IX **OTHER PROVISIONS**

Section 1. AMENDMENT OF BYLAWS. The Governing Board may adopt, amend, or repeal these Bylaws, provided that any such amendment does not conflict with the Articles of Incorporation or with any laws.

Section 2. FISCAL YEAR. The fiscal year of the corporation shall be from July 1st through June 30th of each year.

Section 3. CONSTRUCTION AND DEFINITIONS. Unless the context requires otherwise, the general provisions, rules of construction, and definitions in the California Nonprofit Corporation Law shall govern the construction of these Bylaws.