

**BYLAWS
OF
PALISADES CHARTER HIGH SCHOOL**

(A California Nonprofit Public Benefit Corporation)

**ARTICLE I
NAME**

Section 1. NAME. The name of this corporation is: Palisades Charter High 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 15777 Bowdoin Street, Pacific Palisades, County of Los Angeles, State of California. The Board of Directors (“board of directors” or “board”) 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 Palisades Charter High 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 distribution 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, rule 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. The board may delegate the management of the corporation’s activities to any person(s), management company or committees (Article VII, Section 21), 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) Subject to any applicable contractual or other legal requirements, appoint and remove, 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 authorized number of directors shall be eleven (11) unless changed by amendment to these bylaws. The eleven (11) directors shall be designated as follows:

(a) Teacher representatives: Three directors shall be selected from the Charter School's teaching personnel. Two of these directors shall be elected by the Charter School's teachers; one shall be elected by the student body. Employment at the Charter School as a certificated teacher is a requirement of election and service.

(b) Parent representatives: Three directors shall be selected from among the parents of Charter School students. One must be the parent of a "traveling student," defined as a student residing outside the home school specified attendance boundaries. These three directors shall be elected in a general election of the parent community. Enrollment of a child in the parent's legal custody at the Charter School is a requirement of service.

(c) Community representatives: Three directors shall be selected from the Charter School community, except that parents of Charter School students shall not be eligible for directorates in this category. One director shall be selected by Charter School personnel; two shall be selected in an election held by all stakeholder groups.

(d) Non-certificated representative: One director shall be selected from among the non-certificated Charter School personnel by a vote of non-certificated personnel.

(e) Executive Director: One director shall be the Executive Director/Chief Learning Officer.

(f) Student representative: One director shall be selected from the Charter School's student body to serve as a non-voting director. The director selected from the Charter School's student body shall be selected in a general election of the Charter School's student body.

Enrollment as a student at the Charter School is a requirement of election and service. The student member shall not be entitled to participate in any closed session meetings of the board.

- (g) A member of the Los Angeles Unified School District will be permitted to serve as a non-voting, ex officio member.
- (h) The Academic Principal shall serve as an ex-officio member

Except for the initial board of directors, each director shall hold office for one term of two years or until a successor director has been designated and qualified. Directors shall be chosen at an annual meeting as specified in Section 16 of this Article VII. The initial board of directors shall serve through June 2005 or until a successor director has been designated and qualified as specified in Section 5, Article VII.

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, excluding any reasonable compensation paid to a director as director; and (b) any brother, sister, ancestor, descendant, spouse, brother-in-law, sister-in-law, son-in-law, daughter-in-law, mother-in-law, or father-in-law of such person. However, any violation of this paragraph shall not affect the validity or enforceability of transactions entered into by the corporation.

Section 5. DIRECTORS' TERM. Each initial director shall hold office through June 2005 or until a successor director has been designated and qualified. Thereafter, each director shall hold office for two (2) years or until a successor director has been designated and qualified. In order to provide continuity of leadership, directors' terms shall be staggered in such manner as the board deems appropriate.

Section 6. NOMINATIONS BY COMMITTEE. The board of directors shall appoint a Nominating Committee. The Nominating Committee shall designate qualified candidates for any election to the board of directors, according to the composition criteria set forth in Section 3 of this Article VII. The Nominating Committee shall make its report to the board at least seven (7) days before the date of the election or at such other time as the board of directors may set. The secretary shall forward to each board member, with the notice of meeting required by these bylaws, a list of all candidates designated by the Nominating Committee. The Nominating Committee shall also solicit and designate qualified candidates for election to Standing Committees as set forth in Section 21 of this Article VII.

Section 7. 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.

Section 8. EVENTS CAUSING VACANCIES ON BOARD. A vacancy or vacancies on the board of directors shall occur in the event of (a) the death or resignation of any director; (b) the removal of a director with or without cause, by resolution of the board as noted below; (c) 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; (d) the increase of the authorized number of directors; (e) 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; and (f) termination of employment with the charter school.

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 as provided in Section 13. Any vacancy caused by the removal of a director shall be filled as provided in Section 11.

Any director who does not attend three successive board meetings will automatically be removed from the board without board resolution unless (a) the director requests a leave of absence for a limited period of time, and the leave is approved by the directors at a regular or special meeting (if such leave is granted, the number of board members will be reduced by one in determining whether a quorum is or is not present), (b) the director suffers from an illness or disability that prevents him or her from attending meetings and the board by resolution waives the automatic removal procedure of this subsection; or (c) the board by resolution of the majority of board members must agree before a director who has missed three meetings may be reinstated.

Section 9. 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 10. 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 11. VACANCIES FILLED BY BOARD. Vacancies on the board of directors may be filled by approval of the board of directors or, if the number of directors then in office is less than a quorum, by (1) the unanimous consent of the directors then in office, (2) 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 (3) a sole remaining director.

Section 12. NO VACANCY ON REDUCTION OF NUMBER OF DIRECTORS. Any reduction of the authorized number of directors shall not result in any director's being removed before his or her term of office expires.

Section 13. 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 14. MEETINGS BY TELEPHONE OR OTHER TELECOMMUNICATIONS EQUIPMENT. Any board of directors meeting may be held by conference telephone, video screen communication, or other communications equipment. Participation in a meeting under this Section shall constitute presence in person at the meeting if all of the following apply:

(a) Each member participating in the meeting can communicate concurrently with all other members.

(b) Each member is provided the means of participating in all matters before the board, including the capacity to propose, or to interpose an objection to, a specific action to be taken by the corporation.

(c) The board of directors has adopted and implemented a means of verifying both of the following:

(1) A person communicating by telephone, video screen, or other communications equipment is a director entitled to participate in the board of directors meeting.

(2) All statements, questions, actions or votes were made by that director and not by another person not permitted to participate as a director.

(d) The meeting is 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 15. ANNUAL AND REGULAR MEETINGS. Unless changed and publicized with adequate notice, regular meetings of the board of directors shall be held the third Tuesday of the month, unless the third Tuesday of the month should fall on a legal holiday or unless a quorum is unavailable. The board of directors shall hold an annual meeting for purposes of organization, election of officers, and transaction of other business. Notice of this meeting is not required if conducted pursuant to these bylaws. The board may hold regular, special and emergency meetings. 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. AUTHORITY TO CALL SPECIAL MEETINGS. Special and emergency meetings of the board of directors for any purpose may be called at any time by the chairman of the board or a majority of the directors.

Section 17. NOTICE OF SPECIAL OR EMERGENCY MEETINGS. Notice of the time and place of special or emergency meetings shall be given to each director by (a) personal delivery of written notice; (b) first-class mail, postage prepaid; (c) telephone, including a voice messaging system or other system or technology designed to record and communicate messages, either directly to the director or to a person at the director's office who would reasonably be

expected to communicate that notice promptly to the director; (d) telegram; (e) facsimile; (f) electronic mail; or (g) other electronic means. All such notices shall be given or sent to the director's address or telephone number as shown on the corporation's records and shall be sent with at least such notice as is required 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 which are applicable to the type of meeting called.

Notice of the time and place of special or emergency meetings shall be given to all media who have provided written notice to the Palisades Charter High School.

The notice shall state the time of the meeting and the place, if the place is other than the corporation's principal office and the business to be transacted at the meeting.

All notice requirements will comply 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 18. QUORUM. A majority of the number of directors actively serving (not to include vacant positions in the calculation of a quorum) shall constitute a quorum for the transaction of any business except adjournment. Every action taken or decision made by a majority of the directors present at a duly held meeting at which a quorum is present shall be an act of the 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 director has a direct or indirect material financial interest, (b) approval of certain transactions between corporations having common directorships, (c) creation of and appointments to committees of the board, and (d) indemnification of directors. A meeting at which a quorum is initially present may continue to transact business, despite the withdrawal of some directors, if any action taken or decision made is approved by at least a majority of the required quorum for that meeting.

Section 19. ADJOURNMENT. A majority of the directors present, whether or not a quorum is present, may adjourn any meeting to another time and place.

Section 20. COMPENSATION AND REIMBURSEMENT. Directors may receive such compensation, if any, for their services as directors or officers, and such reimbursement of expenses, as the board of directors may establish by resolution to be just and reasonable as to the corporation at the time that the resolution is adopted.

Section 21. CREATION OF POWERS OF COMMITTEES. The board, by resolution adopted by a majority of the directors then in office, may create one or more standing and/or ad hoc committees, to serve at the pleasure of the board. These committees may include the following: (1) the Nominating Committee; (2) the Finance and Budget Committee; (3) the Educational Program Committee; and (4) the Policy Committee. Authorized committees that shall exercise the authority of the board, shall consist of two or more directors. Authorized committees that do not exercise the authority of the board, may consist of any individuals recommended by the Nominating Committee and approved by the board. Initial and subsequent appointments to committees of the board shall be made from a slate of candidates designated by the Nominating Committee or, in the case of the Nominating Committee, by the board itself, and

representing stakeholders appropriate for the subject matter of the committee. All committee appointments shall be approved by the board of directors. The goal is for teachers to comprise at least 50% of each standing committee. Committees shall report to the board on a periodic basis. Subject to the approval of the board, each committee shall establish its own bylaws to address, among other matters, purpose, committee membership, meetings, and duties. Committees of the board of directors shall have all the authority to the extent provided in the board of directors' resolution establishing the committee, except that committee actions potentially involving substantial liability or major policy decisions, as determined by the executive director or the board, shall be approved by the board and 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, except as special approval is provided for in Corporations Code section 5233(d)(3).

Section 22. MEETINGS AND ACTION OF COMMITTEES. Meetings and actions of committees of the board of directors 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 23. NON-LIABILITY OF DIRECTORS. No Director shall be personally liable for the debts, liabilities, or other obligations of this corporation.

Section 24. 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 president, a secretary, and a chief financial officer. The Charter School’s president shall be known as the “Executive Director/Chief Learning Officer.” All references in these bylaws to the “president” shall apply to the Executive Director/Chief Learning Officer. The corporation, at the board’s direction, may also have a chairman of the board, one or more vice-presidents, one or more assistant secretaries, one or more assistant treasurers, and such other officers as may be appointed under 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 neither the secretary nor the chief financial officer may serve concurrently as either the president or the chairman of the board.

Section 3. ELECTION OF OFFICERS. The officers of this corporation shall be chosen 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. Officers’ terms may be staggered to provide continuity of leadership.

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. Subject to any applicable contracts, collective bargaining requirements or other legal requirements, 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. If a chairman of the board of directors is elected, he or she 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. If a chairman of the board of directors is elected, there may also be a vice-chairman of the board of directors. In the absence of the chairman, the vice-chairman, or other officer as designated by the board, 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 9. PRESIDENT. The chief officer of the Charter School shall be the president, also known as the Executive Director/Chief Learning Officer. 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 president's contract of employment, the president shall be the 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. In the absence of a chairman of the board, the president shall preside at all meetings of the board of directors meetings. The president shall have such other powers and duties as the board of directors or the bylaws may require.

Section 10. VICE-PRESIDENTS. The vice-president is also known as the Academic Principal. If the president is absent or disabled, the Academic Principal or such other vice-president as may be designated by the board, shall perform all duties of the president. When so acting, a vice-president shall have all powers of and be subject to all restrictions on the president. The vice-presidents shall have such other powers and perform such other duties as the board of directors or the bylaws may require.

Section 11. 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 persons 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 of directors, 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 bylaws may require.

Section 12. CHIEF FINANCIAL OFFICER. The chief financial officer, known also as the Chief Business Officer, 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 chief financial officer 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 chief financial officer shall (i) 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; (ii) disburse the corporation's funds as the board of directors may order; (iii) 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 (iv) 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 chief financial officer 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 chief financial officer on his or her death, resignation, retirement, or removal from office.

ARTICLE IX CONTRACTS WITH DIRECTORS AND OFFICERS

Section 1. **CONTRACTS WITH DIRECTORS AND OFFICERS.** No director of this corporation nor any other corporation, firm, association, or other entity in which one or more of this corporation's directors are directors have a material financial interest, shall be interested, directly or indirectly, in the contract or transaction, unless (a) the material facts regarding that director's financial interest in such contract or transaction or regarding such common directorship, officership, or financial interest are fully disclosed in good faith and noted in the minutes, or are known to all members of the board of directors prior to the board's consideration of such contract or transaction; (b) such contract or transaction is authorized in good faith by a majority of the board of directors by a vote sufficient for that purpose without counting the votes of the interested directors; (c) 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; and (d) 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 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 XI
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 XII
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 XIII
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 XIV
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 XV 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, of 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 disbursements 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 XVI
AMENDMENT TO BYLAWS**

Section 1. These Bylaws may be amended by a majority vote of the board of Directors at a meeting in which a quorum is present. Bylaws may not be amended to include any provision that conflicts with law, the Articles of Incorporation, or the Charter of the Palisades Charter High School.

CERTIFICATE OF SECRETARY

I certify that I am the duly elected and acting secretary of Palisades Charter High School, a California nonprofit public benefit corporation; that these bylaws, consisting of 14 pages, are the bylaws of this corporation as adopted by the board of directors on July 19, 2004; and that these bylaws have not been amended or modified since that date.

Executed on July 19, 2004 at Pacific Palisades, California.


Minh Ha Ngo, Secretary