



**HEARTLAND CHARTER SCHOOL**

5060 California Avenue #420, Bakersfield, California 93309

Phone (616) 525-1176 \* Fax (616) 465-4544

**Special Board Meeting  
Heartland Charter School  
June 28, 2019 – 4:00 p.m. – 4:20 p.m.  
5060 California Avenue #420  
Bakersfield, CA 93309**

**Through Teleconference**

**Tony Miranda  
601 24<sup>th</sup> Street  
Bakersfield, CA 93301**

**Jennifer Woodward  
5308 Brown Bear Court  
Bakersfield, CA 93311**

**Nicole Panero  
148 W 68<sup>th</sup> Street Apt. 6C  
New York, New York, 10023**

**Nikki Sanchez  
5914 Siena Lane  
Bakersfield, CA 93308**

**Kim Jones  
9715 Gold Dust Dr.  
Bakersfield, CA 93311**

**AGENDA**

1. Call to Order
2. Public Comment
3. Approval of Master Credit Agreement (“Master Agreement”), dated as of July 1, 2019, by and among the entities known as Inspire Charter School – Los Angeles, Inspire Charter School – South, Inspire Charter School – North, Winship Community School, Inspire Charter School – Central, Clarksville Charter School, Pacific Coast Academy, Inspire Education Foundation, Inspire University and Heartland Charter School (each, a California nonprofit public benefit corporation and a “Participant,” and collectively, the “Participants”) and Provenance, a California nonprofit public benefit corporation (“Provenance”) doing business as Inspire District Office (the “District Office”), and acting as the initial administrator hereunder (the “Administrator”) and as a Participant, including the exhibits to the Master Agreement and direction to the officers of the corporation to execute and deliver the Master Agreement and related documents and take such actions as necessary to effectuate the Master Agreement.

4. Approval of Resolution of the Board of Directors of Heartland Charter School Approving Amended Bylaws to Reflect Resignation and Removal of Sole Statutory Member and Termination of Any and All Membership Rights, and Other Actions Related Thereto
5. Approval of Resolution of the Board of Directors of Heartland Charter School Approving the SELPA Representative
6. Adjournment

Public comment rules: Members of the public may address the Board on agenda or non-agenda items. Please fill out a yellow card available at the entrance. Speakers may be called in the order that requests are received, or grouped by subject area. We ask that comments are limited to 2 minutes each, with no more than 15 minutes per single topic so that as many people as possible may be heard. By law, the Board is allowed to take action only on items on the agenda. The Board may, at its discretion, refer a matter to district staff or calendar the issue for future discussion.

Note: Heartland Charter School Governing Board encourages those with disabilities to participate fully in the public meeting process. If you need a disability-related modification or accommodation, including auxiliary aids or services, to participate in the public meeting, please contact the Governing Board Office at 818-207-3837 at least 48 hours before the scheduled board meeting so that we may make every reasonable effort to accommodate you. (Government Code § 54954.2; Americans with Disabilities Act of 1990, § 202 (42 U.S.C. § 12132)).

## MASTER CREDIT AGREEMENT

This Master Credit Agreement (“Master Agreement”), dated as of July 1, 2019, is made by and among Inspire Charter School – Los Angeles, Inspire Charter School – South, Inspire Charter School – North, Winship Community School, Inspire Charter School – Central, Clarksville Charter School, Pacific Coast Academy, Inspire Education Foundation, Inspire University and Heartland Charter School (each, a California nonprofit public benefit corporation and a “Participant,” and collectively, the “Participants”) and Provenance, a California nonprofit public benefit corporation (“Provenance”) doing business as Inspire District Office (the “District Office”), and acting as the initial administrator hereunder (the “Administrator”) and as a Participant.

### RECITALS

**WHEREAS**, each Participant is a California nonprofit public benefit corporation that has been determined to be an organization described in Section 501(c)(3) of the Internal Revenue Code, as amended (the “Code”) whose charitable purposes include the provision or support of free education through the operation of public charter schools based upon the Inspire Education Model (as herein defined) pursuant to a charter authorized under the Charter Schools Act, California Education Code section 47600 *et seq.* (the “Act”);

**WHEREAS**, each Participant was formerly a component of a single entity, Inspire Charter Schools, Inc., until its reorganization in 2017 and 2018, during which time the charter schools among the Participants were separately incorporated and Provenance was established;

**WHEREAS**, from time to time, any Participant may experience cash shortages as a result of lags in State funding due to rapid growth, delays and deferrals, government revenue reductions, and less than projected daily attendance, among other reasons;

**WHEREAS**, from time to time, the Governing Body of any Participant may determine that it holds Eligible Funds (as herein defined) that it is willing to lend to any other Participant (excluding the Administrator as a Participant) under the terms of this Master Agreement;

**WHEREAS**, in accordance with the foregoing, each Participant is authorized by law, and deems it necessary and desirable that it be able, to extend or incur temporary loans as provided in this Master Agreement to ensure uninterrupted school operations and to safeguard against funding shortfalls of the Participant or of another Participant;

**WHEREAS**, prior to the Effective Date (as hereinafter defined), each Participant has heretofore made or incurred one or more temporary loans not heretofore repaid in full (each, cumulatively an “Outstanding Loan Balance”) for such support and for other lawful and proper corporate purposes;

**WHEREAS**, each Participant has entered into a separate Education and Support Services Agreement (“Services Agreement”) with Provenance, whereby the District Office agrees to deliver goods to and performs task-related services for the Participant, at the direction of the

Participant's Governing Body and for which the Governing Body of the Participant retains ultimate decision-making authority, in exchange for an annual fee payable by the Participant;

**WHEREAS**, each Participant desires to ratify and provide for the payment of its respective Outstanding Loan Balance and to establish the terms and policies under which, from or after the date of this Master Agreement, it can temporarily lend to or borrow funds from another Participant through the origination of revenue anticipation loans ("Revenue Anticipation Loans") to support the performance of its respective obligations under its respective Services Agreement and to stabilize and maintain the California public charter school operations of the Participant or of any other Participant, notwithstanding temporary fluctuations in the receipt of public funds under the Act;

**WHEREAS**, each Participant understands and acknowledges that this Master Agreement serves and furthers its respective charitable purposes and Services Agreement;

**WHEREAS**, in order to further document their respective rights and obligations with regard to the Outstanding Loan Balances, and to establish the terms and conditions for the origination and repayment of Revenue Anticipation Loans, the Participants desire to enter into this Master Agreement upon the terms and conditions set forth herein;

**WHEREAS**, all acts and things necessary to constitute these presents a valid agreement according to its terms have been done and performed, and the execution of this Master Agreement has in all respects been duly authorized, and each Participant, in the exercise of the legal right and power vested in it, executes this Master Agreement to provide for the payment of its respective Outstanding Loan Balance and the origination and repayment of Revenue Anticipation Loans in accordance with the terms of this Master Agreement; and

**NOW, THEREFORE**, in order to ratify the terms and conditions of the Outstanding Loan Balances and to declare the terms and conditions upon which Revenue Anticipation Loans will be originated and repaid, and in consideration of the covenants and conditions hereinafter contained, and for other good and valuable consideration the receipt and sufficiency of which is hereby acknowledged, the Participants and the Administrator agree as follows:

## **ARTICLE I**

### **DEFINITIONS, CONTENT OF CERTIFICATES AND OPINIONS; INTERPRETATION**

Section 1.01 **Definitions.** In addition to the words and terms elsewhere defined in this Master Agreement, the following words and terms as used in this Master Agreement shall have the following meanings unless the context or use indicates another or different meaning or intent:

**"Act"** means the Charter Schools Act of 1992, constituting Part 26.8 of Division 4 of Title 2 of the Education Code of the State, as in effect on the date hereof and as it may from time to time hereafter be amended or supplemented.

“**Administrator**” means the District Office or any successor hereafter designated as Administrator pursuant to the provisions hereof.

“**Authorized Officer**” means, as to a Participant, the Chief Executive Officer of the Participant or his or her designee.

“**Board Resolution**” means a resolution certified by the Secretary or equivalent officer of a Participant to have been duly adopted by the Governing Body of such Participant and to be in full force and effect on the date of such certification.

“**Business Day**” means any day which is not any of the following: (a) a Saturday, Sunday or legal holiday as set forth by the Federal Reserve Bank of San Francisco; (b) any other day on which banks in New York, New York are authorized or required to be closed by the appropriate regulatory authorities; or (c) a day on which the New York Stock Exchange is authorized or required to be closed.

“**Certificate**” of a Participant means, respectively, a written certificate, statement, order, request or requisition signed in the name of the Participant by any Authorized Officer. Any such instrument and supporting opinions or representations, if any, may, but need not, be combined in a single instrument with any other instrument, opinion or representation, and the two or more so combined shall be read and construed as a single instrument. If and to the extent required by the provisions of Section 1.02, each such instrument shall include the statements required under Section 1.02.

“**Charter**,” as to any Participant Borrower, means each duly authorized charter pursuant to which the Participant Borrower operates a Charter School, together with any renewals or extensions thereof, as applicable.

“**Charter School**” means, as to any Participant, means the charter school then operated by the Participant as a public charter school based upon, or duly licensed to operate under, the Inspire Education Model and as provided in the applicable laws and regulations, under the Participant’s Charter and in furtherance of the Participant’s specific charitable purposes.

“**Code**” means the Internal Revenue Code of 1986, as amended from time to time. Each reference to a section of the Code herein shall be deemed to include the United States Treasury Regulations, including temporary and proposed regulations, relating to such section which are applicable to any Participant.

“**District Office**” means Provenance, aa California nonprofit public benefit corporation doing business as Inspire District Office, which contracts to provide services to a Participant.

“**Effective Date**” means July 1, 2019, which is the date of the original execution and delivery of this Master Agreement.

“**Electronic Means**” means telecopy, facsimile transmission, e-mail transmission or other similar electronic means of communication providing evidence of transmission.

**“Eligible Funds”** means the funds of a Participant that have been determined by the adoption such Participant’s Board Resolution by its Governing Board to be surplus because it is not needed for the Participant’s current budgeted expenses or for maintaining operating reserves the Governing Board deems prudent to assure proper and continuous operation of such Participant’s Charter School.

**“Fiscal Year”** means the period beginning July 1 of each year and ending the next succeeding June 30 or any other 12-month period selected and designated as the official fiscal year period of the Corporation.

**“GAAP”** means, as to any Participant, generally accepted accounting principles in the United States of America applicable to the Participant, as in effect from time to time.

**“Governing Body”** means (a) the board of directors, board of trustees or similar group in which the right to exercise the power of corporate directors or trustees is vested or (b) any duly authorized committee of such board to which the relevant powers of such board have been lawfully delegated.

**“Inspire Education Model”** means the model educational services, programs and content licensed to a Charter School by Provenance under trademark.

**“Master Agreement”** means this Master Credit Agreement, dated as of July 1, 2019, among the Participants and the Administrator.

**“Outstanding Loan Balances”** means the total amounts of intercompany loans, advances and payables made or incurred by the Participants prior to the Effective Date and not yet fully repaid, such amounts being subject to adjustment in the course of closing and reconciling each Participant’s financial statements for the Fiscal Year ended June 30, 2019.

**“Participant”** means, initially, Inspire Charter School – Los Angeles, Inspire Charter School – South, Inspire Charter School – North, Winship Community School, Inspire Charter School – Central, Clarksville Charter School, Pacific Coast Academy, Inspire Education Foundation, Inspire University and Heartland Charter School (each, a California nonprofit public benefit corporation) and the Administrator, as and when acting as a Participant, and subsequently, any other Participant that is listed on **Exhibit B** hereto after admission as a Participant pursuant to Section 6.02; *provided, however*, that any Participant that shall have withdrawn as a Participant as permitted by Section 6.03 shall no longer be a “Participant” for purposes hereof.

**“Participant Borrower”** means a Participant acting in the capacity of a borrower as to any Outstanding Loan Balance or any Revenue Anticipation Loan.

**“Participant Lender”** means a Participant acting in the capacity of a lender as to any Outstanding Loan Balance or any Revenue Anticipation Loan.

**“Person”** or words importing persons means an individual, corporation, firm, association, partnership, trust or other legal entity or group of entities.

**“Preliminary Outstanding Loan Balances”** means the amounts of Outstanding Loan Balances estimated as of the Effective Date as subject to adjustment in the course of closing and reconciling each Participant’s financial statements for the Fiscal Year ended June 30, 2019.

**“Revenue Anticipation Loan”** means any and all Revenue Anticipation Loans that may be originated in accordance with the terms of this Master Agreement.

**“Services Agreement”** means for any Participant, the Education and Support Services Agreement with Provenance, whereby the District Office agrees to deliver goods to and performs task-related services for the Participant, at the direction of the Participant’s Governing Body and for which the Governing Body of the Participant retains ultimate decision-making authority, in exchange for an annual fee payable by the Participant.

**“State”** means the State of California.

**Section 1.02 Content of Certificates and Opinions.** Every certificate or opinion provided for in this Master Agreement with respect to compliance with any provision hereof shall include all of the following: (a) a statement that the Person making or giving such certificate or opinion has read such provision and the definitions herein relating thereto; (b) a brief statement as to the nature and scope of the examination or investigation upon which the certificate or opinion is based; (c) a statement that, in the opinion of such Person, he has made or caused to be made such examination or investigation as is necessary to enable him to express an informed opinion with respect to the subject matter referred to in the instrument to which his signature is affixed; (d) a statement of the assumptions upon which such certificate or opinion is based, and that such assumptions in the opinion of such Person are reasonable; and (e) a statement as to whether or not, in the opinion of such Person, such provision has been satisfied.

Any such certificate or opinion made or given by an Authorized Officer may be based, insofar as it relates to legal, accounting or educational matters, upon a certificate or opinion of or representation by counsel, an accountant or a consultant, unless such officer knows, or in the exercise of reasonable care should have known, that the certificate, opinion or representation with respect to the matters upon which such certificate or statement may be based, as aforesaid, is erroneous. Any such certificate or opinion made or given by counsel, an accountant or a consultant may be based, insofar as it relates to factual matters (with respect to which information is in the possession of the applicable Participant upon a Certificate or opinion of or representation by any Authorized Officer, unless such counsel, accountant or consultant knows, or in the exercise of reasonable care should have known, that the Certificate or opinion or representation with respect to the matters upon which such Person’s Certificate or opinion or representation may be based, as aforesaid, is erroneous. Neither the same Authorized Officer or the same counsel, accountant or consultant, as the case may be, need certify to all of the matters required to be certified under any provision of this Master Agreement or any related instrument, but any different Authorized Officer, counsel, accountant or consultant may certify to different matters, respectively.

### **Section 1.03 Interpretation.**

(a) Unless the context otherwise indicates, words expressed in the singular shall include the plural and vice versa and the use of the neuter, masculine or feminine gender is for

convenience only and shall be deemed to mean and include the neuter, masculine or feminine gender, as appropriate.

(b) Headings of articles and sections herein and the table of contents hereof are solely for convenience of reference, do not constitute a part hereof and shall not affect the meaning, construction or effect of any provision of this Master Agreement.

(c) Unless the context otherwise indicates, all references herein to “Articles,” “Sections” “paragraphs”, “subparagraphs,” “clauses” and other subdivisions are to the corresponding Articles, Sections, paragraphs, subparagraphs, clauses or other subdivisions of this Master Agreement; the words “herein,” “hereof,” “hereby,” “hereunder” and other words of similar import refer to this Master Agreement as a whole and not to any particular Article, Section, paragraph, subparagraph, clause or other subdivision of this Master Agreement.

## ARTICLE II

### OUTSTANDING LOAN BALANCES

Section 2.01 **Ratification of Outstanding Loan Balances.** As authorized pursuant to its Board Resolution, each Participant and the Administrator listed as a party to a Preliminary Outstanding Loan Balance on Exhibit A hereto hereby ratifies and confirms such Preliminary Outstanding Loan Balance, whether (a) such Preliminary Outstanding Loan Balance was originated or incurred by such Participant in its current corporate capacity or (b) subsequently assigned to or assumed by such Participant upon or after its incorporation; provided, however, that each Preliminary Outstanding Loan Balance may be subject to adjustment as set forth in the definition of such term in Section 1.01.

Section 2.02 **Repayment of Outstanding Loan Balances.** Each Participant Borrower and corresponding Participant Lender with respect to all Outstanding Loan Balances to which it is a party hereby agrees that, at the end of its Fiscal Year, it must reconcile funds loaned and borrowed under this Master Agreement. Funds loaned and borrowed under this Master Agreement that are settled or result in a zero balance as of the end of the Fiscal Year are not subject to any repayment terms or interest accruals. Any Outstanding Loan Balance that is not fully repaid as of the end of the Fiscal Year shall be converted to a Revenue Anticipation Loan under Article III of this Master Agreement in order to provide repayment terms for such Outstanding Loan Balance.

## ARTICLE III

### REVENUE ANTICIPATION LOANS

Section 3.01 **Origination.** From time to time, pursuant to a Board Resolution of its Governing Body, any Participant may elect, in accordance with the terms and conditions of this Article III, to act as a Participant Borrower or a Participant Lender with regard to a Revenue Anticipation Loan made or incurred hereunder. Each Participant Loan shall be made or incurred pursuant to Board Resolutions duly adopted by the Governing Body of each Participant Borrower and Participant Lender; provided, however, that any Governing Body may delegate to an Authorized Officer the authority to approve the making or incurring of Revenue Anticipation



Loans only to the extent that the aggregate principal amount of outstanding Revenue Anticipation Loans to which the Participant is a party does not exceed \$50,000. A Participant Lender shall fund no Revenue Anticipation Loan with funds that have not been duly determined by the Participant Lender's Governing Body to be Eligible Funds.

**Section 3.02 Accounting and Documentation.** Each Participant shall ensure that the identity, origin and source of funds loaned or borrowed under this Master Agreement shall remain known, identifiable, open, auditable and accountable. For each Revenue Anticipation Loan, the Authorized Officer of the applicable Participant Borrower shall cause to be completed, executed and delivered to the corresponding Participant Lender a promissory note substantially in the form attached to this Master Agreement as *Exhibit C*, and each such Authorized Officer shall cause to be maintained a ledger of all amounts loaned or borrowed, the date of each borrowing and the source of funds for each borrowing, up-to-date copies of which shall be provided to the Governing Body of such Participant at regular meetings and upon request.

**Section 3.03 The Administrator.** As Administrator and not as a Participant, the Administrator shall assist each Participant Lender and Participant Borrower with processing of and funds transfer and recordkeeping for each Revenue Anticipation Loan authorized pursuant to a duly adopted Board Resolution of the Governing Body of each Participant therein, including without limitation, the maintenance of the applicable ledger as provided in Section 3.02. For all purposes of this Master Agreement, the Administrator shall be prohibited from acting as a Participant Borrower with respect to any Revenue Anticipation Loan that does not arise from the conversion of an Outstanding Loan Balance to the Administrator as provided in Section 2.02. The Administrator may act as a Participant Lender with respect to a Revenue Anticipation Loan subject to the terms of this Master Agreement. Notwithstanding the foregoing, the Administrator shall have no discretion or decision-making authority regarding the origination or repayment of any Revenue Anticipation Loan except for Revenue Anticipation Loans for which the Administrator is acting in the capacity of Participant Lender.

**Section 3.04 Application of Proceeds.** By accepting the proceeds of a Revenue Anticipation Loan, the Participant Borrower shall be deemed to have agreed that its expenditure of such proceeds shall be solely for the Participant Borrower's operation of its Charter School as a public charter school based upon, or duly licensed to operate under, the Inspire Education Model and as provided in the applicable laws and regulations, in the Participant Borrower's charter and in furtherance of the Participant Borrower's specific charitable purposes. Without limitation of the foregoing, no Participant Borrower shall use any proceeds of a Revenue Anticipation Loan, directly or indirectly, to prepay to the Administrator all or any portion of its obligations under any Services Agreement except to the extent of making ordinary and necessary payments thereunder for the current Fiscal Year, it being the intent of the Participant Borrower that no such prepayment shall be made, in whole or in part, to provide funds to the Administrator in lieu of the proceeds of a Revenue Anticipation Loan prohibited under Section 3.03.

**Section 3.05 Repayment.** Each Participant Borrower shall repay its Revenue Anticipation Loan with Eligible Funds no later than the end of the Fiscal Year in which said Revenue Anticipation Loan is made hereunder.

**Section 3.06 Late Charges.** By its acceptance of a Revenue Anticipation Loan, each Participant Borrower acknowledges that any late payment by the Participant Borrower to or for the account of the corresponding Participant Lender or other sums due under or by virtue of this Master Agreement will cause the Participant Lender to incur costs not contemplated by this Master Agreement, the exact amount of which is difficult to ascertain. Accordingly, if any payment on the Revenue Anticipation Loan due from the Lessee shall not be received in full by the Participant Lender (or the Administrator acting on behalf of the Participant Lender) on the date such amount is due, then the Participant Borrower shall pay to the Participant Lender an amount equal to the costs incurred by the Participant Lender or the Administrator directly as a result of such late payment. Any payments of any kind returned for insufficient funds will be subject to an additional handling charge of \$25.00, and thereafter, the Administrator, acting on behalf of the Participant Lender, may require the Participant Borrower to pay all future payments due on the Revenue Anticipation Loan by money order or cashier's check.

**Section 3.07 Source of Payments.** Each Participant Borrower shall repay its Revenue Anticipation Loan solely from its Eligible Funds. Nothing contained in this Section 3.07 shall be construed to release the Participant Borrower from the performance of any of the agreements on its part contained in or by virtue of this Master Agreement, and in the event the Participant Borrower shall fail to perform any such agreements on its part, the Administrator, acting on behalf of the applicable Participant Lender, may institute such action against the Participant Borrower as it may deem necessary to compel performance so long as such action does not abrogate the Participant Borrower's obligations under the Revenue Anticipation or under this Master Agreement.

## **ARTICLE IV**

### **REPRESENTATIONS, WARRANTIES AND COVENANTS**

**Section 4.01 Charter.** By its acceptance of any Revenue Anticipation Loan: (a) the Participant Borrower shall be deemed to represent, warrant and covenant to the Participant Lender that, as of the origination date of the Revenue Anticipation Loan: (i) it operates its Charter School as a public charter school based upon, or duly licensed to operate under, the Inspire Education Model in accordance with the terms of its Charter and applicable laws and regulations and (ii) that it has not received any notice of violation of the Charter; (b) the Participant Borrower further covenants and agrees to use its best efforts to: (i) maintain the Charter authorized for the Charter School and (ii) take any and all actions required to renew or extend the term of the Charter authorized for the Charter School for so long as the Revenue Anticipation Loan remains outstanding. Any material revision of the Charter authorized for the Charter School shall be deemed consistent with the terms of the preceding sentence unless such material revision in and of itself materially and adversely affects the operations of the Charter School or the financial condition of the Participant Borrower or the material revision causes the Charter School to cease to operate as a public charter school based upon, or duly licensed to operate under, the Inspire Education Model. Not later than 10 Business Days after receipt, the Participant Borrower covenants to provide the Administrator and the Participant Lender with a copy of any notice received from the Participant Borrower's Charter authorizer related to such authorizer's intent to revoke or to deny renewal or extension of the term of the Charter granted for its Charter School or

any notice of any issues that, if not corrected or resolved, could lead to revocation or non-renewal of the Charter granted for its Charter School.

**Section 4.02 Books and Records.** In addition to the requirements set forth in Section 3.02, each Participant Borrower covenants and agrees, at all times to keep, or cause to be kept, proper books of record and account, prepared in accordance with GAAP, consistently applied, in which complete and accurate entries shall be made of all transactions of or in relation to the business, properties and operations of the Participant Borrower. Such books of record and account shall be available for inspection by the Administrator, each applicable Participant Lender and their respective duly authorized agents, at reasonable hours and under reasonable circumstances.

**Section 4.03 Representations of Each Participant.** As of the date hereof, and as of the date a Revenue Anticipation Loan is made or incurred, the Participant Borrower and the Participant Lender, as applicable, for such Revenue Anticipation Loan each represents and warrants:

(a) that it is a California nonprofit public benefit corporation duly organized and in good standing under the laws of the State and that it has been duly authorized by proper action of its Governing Body to execute and deliver this Master Agreement and the documents and instruments applicable to the Revenue Anticipation Loan and to observe and perform its obligations under this Master Agreement and such Revenue Anticipation Loan;

(b) that it has the necessary legal power and authority to execute and deliver this Master Agreement and all Revenue Anticipation Loan documents to which it is a party and has and will hereafter retain all necessary legal power and authority to perform all obligations and covenants in this Master Agreement and under the Revenue Anticipation Loan;

(c) the execution and delivery of each Revenue Anticipation Loan document and its performance, rights and obligations thereunder do not violate any law or any of its obligations;

(d) the Revenue Anticipation Loan documents have been duly executed and delivered by Participant Borrower and are and shall hereafter remain the legal, valid and binding obligations of the Participant Borrower, enforceable against the Participant Borrower in accordance with their respective terms, except as such enforcement may be limited by law;

(e) there is not presently pending or threatened by or against the Participant Borrower any suit, action, proceeding, or investigation which, if determined adversely to the Participant Borrower, would have a material adverse effect upon the Participant Borrower's financial condition or ability to conduct its business as such business is presently conducted or is contemplated to be conducted in the foreseeable future, and the Participant Borrower will give prompt written notice to the Administrator and the

Participant Lender of any litigation or governmental proceedings pending or threatened against the Participant Borrower; and

(f) the Participant Borrower will prepare, execute and/or deliver such additional instruments and documents as the Participant Lender or its counsel reasonably may require or request in order to carry into effect the provisions and intent of this Master Agreement.

## **ARTICLE V**

### **DEFAULT AND REMEDIES**

**Section 5.01 Default.** The occurrence of any one or more of the following events shall constitute a default and breach of this Master Agreement by a Participant Borrower:

(a) the failure of the Participant Borrower to make any payment on a Revenue Anticipation Loan when due;

(b) (i) becoming insolvent as defined by applicable State law; (ii) the making by of any general assignment or general arrangement for the benefit of creditors; (iii) the filing by or against the Participant Borrower of a petition to have the Participant Borrower adjudged a bankrupt, or a petition for reorganization or arrangement under any law relating to bankruptcy (unless, in the case of a petition filed against the Participant Borrower, the same is dismissed or withdrawn within 60 days); (iv) the appointment of a trustee or a receiver to take possession of substantially all of the Participant Borrower's assets, where possession is not restored to the Participant Borrower within 30 days; or (v) the attachment, execution or other judicial seizure of substantially all of the Participant Borrower's assets, where such seizure is not discharged in 30 days;

(c) the failure of the Participant Borrower to timely observe or perform any other covenant, condition or provision of this Master Agreement and such failure shall continue for a period of 30 days after written notice thereof by the Administrator or the corresponding Participant Lender to the Participant Borrower; provided, however, that if the nature of the Participant Borrower's default is such that more than 30 days are required for its cure, then the Participant Borrower shall not be deemed to be in default if the Participant Borrower commences such cure within said 30-day period and completes such cure within 60 days after such written notice;

(d) the failure of the Participant Borrower to maintain its Charter to operate its Charter School or otherwise comply with the requirements of the California Education Code and such failure continues for a period of 30 days after written notice thereof by the Administrator or the corresponding Participant Lender to the Participant Borrower; provided, however, that if the nature of the Participant Borrower's default is such that more than 30 days are required for its cure, then the Participant Borrower shall not be deemed to be in default if the Participant Borrower commences such cure within such 30-day period and completes such cure within 60 days after such written notice;

(e) the Participant Borrower ceases to operate a public charter school based upon the Inspire Education Model;

(f) the Participant Borrower fails to use commercially reasonable efforts, including negotiation with its other creditors, to reduce its debt and liabilities;

(g) the Participant Borrower fails to obtain any necessary approvals, consents, authorizations, licenses, certificates and waivers required by law or reasonably necessary to properly effectuate this Master Agreement and to perform its obligations hereunder and under the Revenue Anticipation Loan;

(h) any representation or warranty made by the Participant Borrower under this Master Agreement or in connection with any Revenue Anticipation Loan shall be untrue, incomplete or misleading in any material respect.

**Section 5.02 Remedies in Default.** If a Participant Borrower is in default under the provisions of Section 5.01, then the applicable Participant Lender or the Administrator acting on such Participant Lender's behalf shall have the right to take such action as may be available to it under this Master Agreement or under applicable law, including, without limitation, to declare the remaining amount due under the applicable Revenue Anticipation Loan to be due and payable in full immediately.

## **ARTICLE VI**

### **ADMISSION AND WITHDRAWAL OF PARTICIPANTS; THE ADMINISTRATOR**

**Section 6.01 Effect of Admission as a Participant.** Any Person, upon admission as a Participant as provided in Section 6.02, shall be subject to all of the covenants, conditions and limitations imposed by this Master Agreement on any Participant.

**Section 6.02 Admission of a Participant.** Any Person not a Participant as of July 1, 2019, may be admitted as a Participant under this Master Agreement if:

(a) such Person operates a public charter school based upon, or duly licensed to operate under, the Inspire Education Model;

(b) such Person, pursuant to authorization under a Board Resolution duly adopted by its Governing Body, shall execute and deliver to the Administrator, in the form attached hereto as ***Exhibit D***, a Certificate by which such Person agrees: (i) to become a Participant hereunder subject to compliance with all provisions of this Master Agreement and (ii) to perform its obligations with respect to each Revenue Anticipation Loan for which it is a Participant Lender or Participant Borrower, as applicable;

(c) the Administrator shall have determined as a factual matter that such Person has satisfied the conditions provided in paragraphs (a) and (b) above for the admission of such Person as a Participant hereunder ; and

(d) the roster of Participants maintained as Exhibit B hereto shall be amended by the Administrator to add such Person as a Participant.

Each successor, assignee, surviving, resulting or transferee corporation of a Participant must agree to become, and satisfy the above-described conditions to becoming, a Participant prior to any such succession, assignment or other change in such Participant's corporate status.

**Section 6.03 Withdrawal of a Participant or the Administrator.** Each of the Participants and the Administrator covenants that it will not take any action, corporate or otherwise, which would cause it or any successor thereto into which it is merged or consolidated to withdraw and cease to be a Participant hereunder unless:

(a) prior to and immediately after such withdrawal as a Participant, no default on the part of such Participant exists hereunder or under any Revenue Anticipation Loan for which the Participant is a Participant Borrower;

(b) prior to such withdrawal, the Participant shall not be a Participant Borrower under any Revenue Anticipation Loan then outstanding and not paid in full;

(c) prior to such withdrawal, the Administrator shall have consented thereto; and

(d) the roster of Participants maintained as Exhibit B hereto shall be amended by the Administrator to delete such Person as a Participant.

**Section 6.04 Appointment of Administrator.** Each Participant, by becoming a Participant hereunder, irrevocably appoints the Administrator to act in that capacity hereunder. In the event that the Administrator withdraws as a Participant pursuant to Section 6.03, the remaining Participants, by execution of a Certificate hereunder, shall designate one such Participant to act as Administrator pursuant to this Section 6.04.

## ARTICLE VII

### GENERAL PROVISIONS

**Section 7.01 Indemnification.** Each Participant Borrower shall defend, indemnify, and hold each Participant Lender and the Administrator and their respective employees, officers, directors, and agents, free and harmless against any liability, loss, claims, demands, damages, expenses, and costs (including attorneys' fees, expert witness fees, and other costs of litigation or other proceedings) of every kind or nature arising in any manner out of the performance of its respective obligations under this Master Agreement or Revenue Anticipation Loan, except for such loss or damage caused solely by the negligence or willful misconduct of the corresponding Participant Lender or the Administrator, as applicable.

**Section 7.02 Fiduciary Obligations.** The respective Governing Body of each Participant has reviewed this Master Agreement and the applicable Revenue Anticipation Loan documents in good faith, and in a manner in which it considers to be in its best interests, and with such care, including reasonable inquiry, as an ordinary prudent Person in a like position would use



under similar circumstances, and has determined that the applicable Revenue Anticipation Loan documents are in its best interests, and that the terms thereof and hereof are fair and reasonable.

**Section 7.03 Assignment.** No Participant shall assign this Master Agreement, any interest in this Master Agreement or under any Revenue Anticipation Loan document, or its respective rights or obligations hereunder and thereunder without the express prior written consent of the corresponding Participant. This Master Agreement shall be binding on, and shall inure to the benefit of, the Participants and their respective permitted successors and assigns.

**Section 7.04 Notice.** Any notice given under this Master Agreement shall be in writing and served either personally or sent by prepaid certified first class mail, overnight delivery service, courier or Electronic Means addressed to the Administrator acting on behalf of each applicable Participant. Notice by mail shall be deemed to be communicated five Business Days from the date of mailing. Notice by overnight delivery service shall be deemed to be communicated three Business Days from the date of shipping. Notice by courier or Electronic Means shall be deemed to be communicated the Business Day immediately after the date of transmittal.

**Section 7.05 Amendments.** No supplement, modification, or amendment of this Master Agreement shall be binding unless in writing and executed the Administrator and the Participants.

**Section 7.06 Entire Agreement.** This Master Agreement and the Revenue Anticipation Loan documents executed and delivered pursuant hereto shall constitute the entire agreement among the Participants and the Administrator with respect to the subject matter contained herein and supersedes all agreements, representations and understandings of the Participants and the Administrator with respect to such subject matter made or entered into prior to the date of this Master Agreement.

**Section 7.07 Arm's Length and Independent Counsel.** This Master Agreement has been negotiated at arm's length and between Persons sophisticated and knowledgeable in the matters herein set forth. Accordingly, any rule of law or legal decision that would require interpretation of any ambiguities against the party that has drafted it is not applicable and is hereby waived. The provisions of this Master Agreement shall be interpreted in a reasonable manner to effect the purposes of the Participants, the Administrator and this Master Agreement. Each Participant has been advised by, or had opportunity to seek advice from, its independent counsel regarding this Master Agreement.

**Section 7.08 No Waiver.** No waiver of any provision of this Master Agreement shall constitute, or be deemed to constitute, a waiver of any other provision, nor shall any waiver constitute a continuing waiver. No waiver shall be binding unless executed in writing by the Participant making the waiver.

**Section 7.09 Severability.** If any provision of this Master Agreement is invalid or contravenes State law, such provision shall be deemed not to be a part of this Master Agreement and shall not affect the validity or enforceability of its remaining provisions, unless such invalidity or unenforceability would defeat an essential purpose of this Master Agreement.

Section 7.10 **Governing Law.** This Master Agreement shall be governed by and interpreted under the laws of the State.

Section 7.11 **Counterparts.** This Master Agreement may be executed in two or more counterparts, each of which shall be deemed an original and all of which together shall constitute one instrument. An electronic copy of the fully executed original version of this Master Agreement shall have the same legal effect as an executed original for all purposes.

Section 7.12 **No Third Party Beneficiary.** No Person who is not a party to this Master Agreement is an intended beneficiary and no non-party to this Master Agreement shall have any rights hereunder.

**[REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK]**



IN WITNESS WHEREOF, this Master Credit Agreement is duly executed as of  
July 1, 2019.

**INSPIRE CHARTER SCHOOL – LOS ANGELES,**  
a California nonprofit public benefit corporation

By \_\_\_\_\_  
[Name and Title]

**INSPIRE CHARTER SCHOOL – SOUTH,**  
a California nonprofit public benefit corporation

By \_\_\_\_\_  
[Name and Title]

**INSPIRE CHARTER SCHOOL – NORTH,**  
a California nonprofit public benefit corporation

By \_\_\_\_\_  
[Name and Title]

**WINSHIP COMMUNITY SCHOOL,**  
a California nonprofit public benefit corporation

By \_\_\_\_\_  
[Name and Title]

**INSPIRE CHARTER SCHOOL – CENTRAL,**  
a California nonprofit public benefit corporation

By \_\_\_\_\_  
[Name and Title]

**CLARKSVILLE CHARTER SCHOOL,**  
a California nonprofit public benefit corporation

By \_\_\_\_\_  
[Name and Title]

**[SIGNATURES CONTINUE ON NEXT PAGE]**

**PACIFIC COAST ACADEMY,**  
a California nonprofit public benefit corporation

By \_\_\_\_\_  
[Name and Title]

**INSPIRE EDUCATION FOUNDATION,**  
a California nonprofit public benefit corporation

By \_\_\_\_\_  
[Name and Title]

**INSPIRE UNIVERSITY,**  
a California nonprofit public benefit corporation

By \_\_\_\_\_  
[Name and Title]

**HEARTLAND CHARTER SCHOOL,**  
a California nonprofit public benefit corporation

By \_\_\_\_\_  
[Name and Title]

**PROVENANCE,**  
a California nonprofit public benefit corporation

By \_\_\_\_\_  
[Name and Title]

## **EXHIBITS TO MASTER CREDIT AGREEMENT**

**EXHIBIT A: Schedule of Outstanding Loan Balances**

**EXHIBIT B: Roster of Participants**

**EXHIBIT C: Form of Revenue Anticipation Promissory Note**

**EXHIBIT D: Form of Certificate of Admission as a Participant**

**EXHIBIT A**  
**Schedule of Preliminary Outstanding Loan Balances**

<b>Lending Party</b>	<b>Receiving Party</b>	<b>Balance*</b>
Inspire LA	District	\$2,377,904.78
Inspire North	Jitterbug	\$50,000.00
Inspire Winship	District	\$371,362.44
Inspire Central	University	\$20,000.00
Inspire District Office	South	\$2,391,991.42
Inspire District Office	North	\$2,566,913.38
Inspire District Office	Kern	\$4,278,340.04
Inspire District Office	Central	\$4,292,721.15
Inspire District Office	Clarksville	\$28,782.44
Inspire District Office	PCA	\$3,359,803.08
Inspire District Office	Foundation	\$2,907,230.83
Inspire District Office	Heartland	\$4,632,820.24
Inspire District Office	University	\$99,000.00
Inspire Jitterbug	Kern	\$320,000.00
Inspire Jitterbug	Central	\$100,000.00
Inspire Jitterbug	Foundation	\$46,310.00
Inspire Heartland	Jitterbug	\$50,000.00
Inspire Heartland	University	\$70,000.00
Inspire SD Enrichment	District	\$22,789.24
Inspire SD Enrichment	Foundation	\$15,500
Inspire University	Foundation	\$100,400.00

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\* Subject to adjustment in the course of reconciling and closing financial statements for the fiscal year ended June 30, 2019.

**EXHIBIT B**  
**Roster of Participants**

Inspire Charter School – Los Angeles, a California nonprofit public benefit corporation  
Inspire Charter School – South, a California nonprofit public benefit corporation  
Inspire Charter School – North, a California nonprofit public benefit corporation  
Winship Community School, a California nonprofit public benefit corporation  
Inspire Charter School – Central, a California nonprofit public benefit corporation  
Clarksville Charter School, a California nonprofit public benefit corporation  
Pacific Coast Academy, a California nonprofit public benefit corporation  
Inspire Education Foundation, a California nonprofit public benefit corporation  
Inspire University, a California nonprofit public benefit corporation  
Heartland Charter School, a California nonprofit public benefit corporation  
Provenance, a California nonprofit public benefit corporation

**EXHIBIT C**  
**Form of Revenue Anticipation Promissory Note**

**PROMISSORY NOTE**

\$[AMOUNT]

[DATE OF EXECUTION]

For value received, the receipt and sufficiency of which are hereby acknowledged, [NAME OF PARTICIPANT BORROWER], a California nonprofit public benefit corporation (“Participant Borrower”), hereby promises to pay to [NAME OF PARTICIPANT LENDER], a California nonprofit public benefit corporation (“Participant Lender”), the principal sum of [AMOUNT], or such lesser amounts as may be loaned by Participant Lender to Participant Borrower from time to time and may be outstanding, until this Promissory Note is fully paid.

This Promissory Note is issued pursuant, and is subject, to the Master Credit Agreement, dated as of July 1, 2019 (“Master Agreement”), by and among the Participants and the Administrator as parties thereto. The terms and conditions of the Master Agreement are hereby incorporated by reference. This Promissory Note is a promissory note referred to in Section 3.02 of the Master Agreement.

The principal hereof shall be due and payable in lawful money of the United States of America under the terms and conditions provided in the Master Agreement. Upon the occurrence of any one or more of the events of default specified in the Master Agreement, all amounts then remaining unpaid on this Promissory Note shall become, or may be declared to be, immediately due and payable, to the extent provided for in the Master Agreement. Time is of the essence hereof.

Participant Borrower waives diligence, presentment, protest and demand, notice of protest, notice of dishonor and notice of nonpayment of this Promissory Note.

The validity, interpretation and enforceability of and the rights and obligations of the Participant Lender and the undersigned Participant Borrower shall be governed by, interpreted and construed in accordance only with the laws of the State of California, the state in which this Promissory Note is executed and delivered.

[NAME OF PARTICIPANT BORROWER],  
a California nonprofit public benefit corporation

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

**EXHIBIT D**  
**Form of Certificate of Admission as a Participant**

This Certificate of Admission as a Participant (“Certificate”) is executed by the undersigned pursuant to Section 6.02 of that certain Master Credit Agreement, dated as of July 1, 2019 (the “Master Agreement”), initially by and among Inspire Charter School – Los Angeles, Inspire Charter School – South, Inspire Charter School – North, Winship Community School, Inspire Charter School – Central, Clarksville Charter School, Pacific Coast Academy, Inspire Education Foundation, Inspire University, Heartland Charter School and Provenance (each, a California nonprofit public benefit corporation). Except as otherwise defined in this Certificate, all capitalized terms used herein shall have the definitions ascribed to them in the Master Agreement. The Master Agreement, including without limitation all of the exhibits thereto, are by this reference incorporated in full in this Certificate. The undersigned hereby certifies that pursuant to its duly adopted Board Resolution it has been duly authorized to execute and deliver this Certificate.

By its execution of this Certificate, the undersigned agrees to become a Participant under the Master Agreement, effective upon the approval and signature hereof by the Administrator. The undersigned further agrees to perform its obligations as a Participant with respect to each Revenue Anticipation Loan for which it is a Participant Lender or Participant Borrower, as applicable.

**IN WITNESS WHEREOF**, this Certificate is duly executed as of [DATE], 2019.

[NAME],  
a California nonprofit public benefit corporation

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

**ADMINISTRATOR APPROVAL**

Acting in solely in its capacity as Administrator under the above-referenced Master Credit Agreement and pursuant to the provisions of Section 6.02 thereof, the undersigned hereby determines that the conditions provided in said Section 6.02 have been satisfied and, accordingly, hereby approves the admission of the above-named signatory as a Participant thereunder, effective as of the date shown above, and hereby agrees, in accordance with the provisions of said Section 6.02, forthwith to amend the roster of Participants maintained as Exhibit B to the Master Credit Agreement.

**PROVENANCE**,  
a California nonprofit public benefit corporation,  
as Administrator

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

## **RESOLUTION NO. 2019 – 4**

### **RESOLUTION OF THE BOARD OF DIRECTORS OF HEARTLAND CHARTER SCHOOL APPROVING FIRST AMENDED BYLAWS TO REFLECT RESIGNATION AND REMOVAL OF SOLE STATUTORY MEMBER AND TERMINATION OF ANY AND ALL MEMBERSHIP RIGHTS, AND OTHER ACTIONS RELATED THERETO**

**WHEREAS**, Heartland Charter School (the “School”) is a California nonprofit public benefit corporation whose charitable purposes include the operation of one or more California public charter schools;

**WHEREAS**, Inspire Charter Schools (“ICS”) is a California nonprofit public benefit corporation whose charitable purposes include to manage, operate, guide, direct and promote one or more California public schools;

**WHEREAS**, since the School adopted its Bylaws on or about September 30, 2018, ICS has been the sole statutory member, as the term “member” is defined in Section 5056 of the California Corporations Code, and ICS has held certain member rights pursuant to Section 5056;

**WHEREAS**, Section 5340(a) of the California Corporations Code permits a member of a California nonprofit public benefit corporation to resign from membership at any time; and

**WHEREAS**, now, upon resignation and relinquishment of any and all membership rights by ICS as the sole statutory member, the School desires to accept member resignation, to remove from the Bylaws any and all membership rights in ICS, and to reflect that the School shall have no members.

**NOW, THEREFORE**, this Board of Directors of the School does hereby find, resolve, and order as follows:

Section 1. The foregoing recitals are true and correct.

Section 2. The First Amended Bylaws of the School, attached hereto as Exhibit A, which reflect that the School shall have no members, are adopted, authorized, and approved in all respects upon resignation and relinquishment of any and all membership rights by ICS as the sole statutory member.

Section 3. The President or Secretary of the School or the duly delegated representatives of any of the foregoing (each an “Authorized Officer”), acting alone or together, is(are) hereby authorized and directed to take or a cause to be taken all such other actions as may be required to fulfill the purposes of the foregoing resolutions.



## SECRETARY'S CERTIFICATE

I, \_\_\_\_\_, Secretary of the Board of Directors of Heartland Charter School, a California nonprofit public benefit corporation, hereby certify as follows:

The attached is a full, true, and correct copy of the resolutions duly adopted at a meeting of the Board of Directors of Heartland Charter School which was duly held on June 28, 2019, at which meeting all of the members of the Board of Directors had due notice and at which a quorum thereof was present; and at such meeting such resolutions were adopted by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

I have carefully compared the same with the original minutes of such meeting on file and of record in my office; the attached resolution is a full, true, and correct copy of the original resolution adopted at such meeting and entered in such minutes; and such resolution has not been amended, modified, or rescinded since the date of its adoption, and the same is now in full force and effect.

WITNESS my hand on \_\_\_\_\_, 2019.

\_\_\_\_\_  
Secretary of the Board of Directors of  
Heartland Charter School

## **Exhibit A**

### First Amended Bylaws

**FIRST AMENDED BYLAWS**  
**OF**  
**HEARTLAND CHARTER SCHOOL**  
**a California Nonprofit Public Benefit Corporation**

**ARTICLE I**  
**OFFICES**

Section 1. PRINCIPAL OFFICE. The board of directors shall fix the location of the principal executive office of the corporation at any place within or outside the State of California. If the principal executive office is located outside the State of California, and the corporation has one or more offices in the State of California, the board of directors shall likewise fix and designate a principal office in the State of California.

Section 2. OTHER OFFICES. The corporation may also establish offices at such other places, both within and outside the State of California, as the board of directors may from time to time determine or the activities of the corporation may require.

**ARTICLE II**  
**OBJECTIVES AND PURPOSES**

The specific objectives and purposes of this corporation shall be to operate one or more California public charter schools.

**ARTICLE III**  
**NONPARTISAN ACTIVITIES**

The corporation has been formed under the California Nonprofit Public Benefit Corporation Law (the "Law") for the public, nonprofit, nonpartisan, and charitable purposes described in its articles of incorporation. Notwithstanding any other provision in these bylaws, this corporation shall not, except to an insubstantial degree, engage in any activities or exercise any powers that are not in furtherance of the purposes of this corporation, and the corporation shall not carry on any other activities not permitted to be carried on (a) by a corporation exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code of 1986, as amended ("IRC"), or (b) by a corporation contributions to which are deductible under IRC Section 170(c)(2).

**ARTICLE IV**  
**DEDICATION OF ASSETS**

The properties and assets of this corporation are irrevocably dedicated to the charitable purposes described in Article III above and in the articles of incorporation of this corporation. No part of the net earnings, properties, or assets of this corporation, on dissolution or otherwise, shall inure to the benefit of its directors or officers, or to any individual. On liquidation or dissolution of this corporation, all remaining assets of this corporation, after payment, or provision

for payment, of all debts and liabilities of this corporation, shall be distributed and paid over to an organization dedicated to charitable purposes that is exempt from federal income tax under IRC Section 501(c)(3) and that is exempt from California income tax under Section 23701d of the California Revenue and Taxation Code.

## **ARTICLE V NO MEMBERS**

Section 1. NO MEMBERS. The corporation shall have no members within the meaning of Section 5056 of the California Nonprofit Public Benefit Corporation Law.

Section 2. AUTHORITY VESTED IN BOARD. Any action that otherwise requires approval by a majority of all members, or approval by the members, requires only approval of the Board. All rights that would otherwise vest under the Nonprofit Public Benefit Corporation Law in the members shall vest in the Board.

Section 3. ASSOCIATES. The corporation may use the term “members” to refer to persons associated with it, but such persons shall not be corporate members within the meaning of Section 5056 of the California Nonprofit Public Benefit Corporation Law.

## **ARTICLE VI DIRECTORS**

Section 1. POWERS. Subject to the provisions of the Law and any limitations in the articles of incorporation and these bylaws, the activities and affairs of the corporation shall be managed and all corporate powers shall be exercised by or under the direction of the board of directors. Without prejudice to such general powers, but subject to the same limitations, it is hereby expressly declared that the board of directors shall have the following powers in addition to the other powers enumerated in these bylaws:

(a) To select and remove all of the other officers, agents, and employees of the corporation; prescribe any powers and duties for them that are consistent with law, with the articles of incorporation, and with these bylaws; fix their compensation; and require from them security for faithful service.

(b) To conduct, manage, and control the affairs and activities of the corporation and to make such rules and regulations that are consistent with law, the articles of incorporation, and these bylaws, as they deem to be appropriate and in the best interests of the corporation seal.

(c) To adopt, make, and use a corporate seal; and to alter the form of such

(d) To borrow money and to incur indebtedness on behalf of the corporation, and to cause to be executed and delivered for the purposes of the corporation, in the corporate name, promissory notes, bonds, debentures, deeds of trust, mortgages, pledges, hypothecations, or other evidences of debt and securities.

(e) To change the principal executive office or the principal office in the

State of California from one location to another; to cause the corporation to be qualified to conduct its activities in any other state, territory, dependency, or country and conduct its activities within or outside the State of California; and to designate any place within or outside the State of California for the holding of any board of directors meeting or meetings.

(f) To make donations for the public welfare or for community funds, hospital, charitable, educational, scientific, civic, religious, or similar purposes.

(g) To act as a trustee under any trust incidental to the principal objects of the corporation, and to receive, to hold, to administer, to exchange, and to expend funds and property subject to such trust.

(h) To receive endowments, devises, bequests, gifts, and donations of all kinds of property for its own use, or in trust, in order to carry out or to assist in carrying out, the objects and purposes of the corporation and to do all things and acts necessary or proper to carry out each and all of the purposes and provisions of such endowments, devises, bequests, gifts, and donations with full power to mortgage, sell, lease, or otherwise to deal with or dispose of the same in accordance with the terms thereof.

(i) To sell any property, real, personal, or mixed, owned by the corporation at any time, and from time to time upon such terms as the board of directors may deem advisable, at public or private sale, for cash or upon credit.

(j) To retain sums received by the corporation uninvested, if, in the discretion of the board of trustees, such sums cannot be invested advantageously.

(k) To retain all or any part of any securities or property acquired by the corporation in whatever manner, and to invest and reinvest any funds held by the corporation, according to the judgment of the board of directors without being restricted to the class of investments that the board of directors is or may hereafter be permitted by law to make or any similar restriction; provided, however, that no action shall be taken by or on behalf of the corporation if such action is a prohibited transaction or would result in the denial of the tax exemption under IRC Section 501 or Section 23701 of the California Revenue and Taxation Code.

(l) To invest funds received by the corporation in stocks, bonds, mortgages, loans, whether secured or unsecured, or other investments as the board of directors shall deem advisable.

Section 2. NUMBER AND QUALIFICATION. The authorized number of directors shall be no less than three (3) and no more than eleven (11), unless changed by amendments to these bylaws, with the actual number to be determined from time to time by a resolution or motion of the board. Directors shall be elected by the vote of a majority of directors then in office. The board of directors shall consist of at least three (3) directors unless changed by an amendment to these bylaws.

Section 3. RESTRICTION ON INTERESTED PERSONS AS DIRECTORS. No more than 49 percent of the persons serving on the board of directors may be interested persons (as defined in this Section 3). 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- or part-time employee, independent contractor, or otherwise, excluding any reasonable compensation, if any, paid to a director as director; or (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 any such person.

Section 4. TERM OF OFFICE; EVENTS CAUSING VACANCIES ON BOARD. Each director shall hold office for one (1) year. A director may serve multiple terms of service. A vacancy or vacancies on the board of directors shall occur in the event of (a) the death, resignation, or removal of any director; (b) the declaration by resolution of the board of directors of a vacancy in the office of a director who has been convicted of a felony, declared of unsound mind by a court order, or found by final order or judgment of any court to have breached a duty under the Law, Chapter 2, Article 3; and (c) the increase of the authorized number of directors.

Section 5. 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, or to the board of directors. 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 may designate a successor to take office as of the date when the resignation becomes effective. Except upon notice to the Attorney General of California, no director may resign if the corporation would then be left without a duly elected director or directors in charge of its affairs.

Section 6. REMOVAL OF DIRECTORS. Any director may be removed at any time by a majority vote of the directors then in office, with or without cause.

Section 7. VACANCIES. Vacancies on the board shall be filled by the vote of a majority of directors then in office. Each director so elected shall hold office until the expiration of the term of the replaced director and until a successor has been duly qualified and elected.

Section 8. PLACE OF MEETINGS AND MEETINGS BY TELEPHONE. Any meeting of the board of directors may be held at any place within or outside the State of California that has been designated from time to time by resolution of the board or in the notice of the meeting. In the absence of such designation, meetings shall be held at the principal executive office of the corporation. Any meeting, annual, regular or special, may be held by conference telephone or similar communication equipment, so long as all directors participating in the meeting can hear one another. All such directors shall be deemed to be present in person at such telephonic meeting. Prior written notice of any and all such meetings of the board of directors shall be provided to the directors at least seventy-two (72) hours prior to the time of the holding of the meeting.

Section 9. ANNUAL AND REGULAR MEETINGS. The annual meeting of the board of directors shall be held each year on the date and time as may be fixed by the board of directors. At such annual meeting, officers shall be elected and any other proper business may be transacted. Other regular meetings of the board of directors shall be held at such time as shall from time to time be fixed by the board of directors. Notice of regular meetings shall not be required if the time and place of such meeting is fixed by these bylaws or by the board of directors.

Section 10. SPECIAL MEETINGS. Special meetings of the board of directors for any purpose or purposes may be called at any time by the chairman of the board, the president, any vice

president, the secretary, or any two directors.

Notice of the time and place of special meetings shall be delivered to each director personally or by telephone or sent by first-class mail, postage prepaid, or telegram, charges prepaid, addressed to each director at his or her address as it is shown on the records of the corporation. In case the notice is mailed, it shall be deposited in the United States mail at least four days prior to the time of the holding of the meeting. In case such notice is delivered personally or by telephone or telegraph, it shall be delivered personally or by telephone or to the telegraph company at least twenty-four (24) hours prior to the time of the holding of the meeting. Any oral notice given personally or by telephone may be communicated either to the director or to the person at the office of the director who the person giving the notice has reason to believe will promptly communicate it to the director. The notice need not specify the purpose of the meeting nor the place if the meeting is to be held at the principal executive office of the corporation.

Section 11. QUORUM. A majority of the authorized number of directors shall constitute a quorum for the transaction of business, except to adjourn as provided in Section 13 below. Every act or decision done or made by a majority of the directors present at a meeting duly held at which a quorum is present shall be regarded as the act of the board of directors, subject to the provisions of Section 5212 of the Code (appointment of committees), Section 5233 of the Code (approval of contracts or transactions in which a director has a direct or indirect material financial interest), Section 5234 of the Code (approval of certain transactions between corporations having common directorships), Section 5235 (compensation of directors or officers), and Section 5238(e) of the Code (indemnification of directors). A meeting at which a quorum is initially present may continue to transact business notwithstanding the withdrawal of directors, if any action taken is approved by at least a majority of the required quorum for such meeting, or such greater number as is required by the articles of incorporation, these bylaws, or the Law.

Section 12. WAIVER OF NOTICE; CONSENT. Notice of a meeting need not be given to any director who, either before or after the meeting, signs a waiver of notice, a consent to holding 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 meeting. Notice of meeting shall also be deemed given to any director who attends the meeting without protesting, before or at the commencement of the meeting, the lack of notice to that director.

Section 13. ADJOURNMENT. A majority of the directors present, whether or not constituting a quorum, may adjourn any meeting to another time and place. Notice of the time and place of holding an adjourned meeting need not be given, unless the meeting is adjourned for more than twenty-four (24) hours, in which case notice of such time and place shall be given prior to the time of the adjourned meeting, in the manner specified in Section 10 of this Article VI, to the directors who were not present at the time of the adjournment.

Section 14. ACTION WITHOUT MEETING. Any action required or permitted to be taken by the board of directors may be taken without a meeting, if all directors shall individually or collectively consent in writing to such action. Such action by written consent shall have the same force and effect as a unanimous vote of the board of directors. The written consent or consents shall be filed with the minutes of the proceedings of the board.

Section 15. FEES AND COMPENSATION. Directors and members of committees shall receive no compensation for their services; provided however, that directors and members of committees may receive reimbursement of out-of-pocket expenses, as determined by resolution of the board of directors. Nothing contained herein shall be construed to preclude any director from serving the corporation in any other capacity as an officer, agent, employee, or otherwise, and receiving compensation for such services if compensation is awarded by the board of directors.

## **ARTICLE VII COMMITTEES**

Section 1. COMMITTEES OF DIRECTORS. The board of directors may, by resolution adopted by a majority of the directors then in office, designate one or more committees, each consisting of two or more directors, to serve at the pleasure of the board. Appointments to such committees shall be by a majority vote of the directors then in office. The board may designate one or more directors as alternate members of any committee, who may replace any absent member at any meeting of the committee. Any such committee, to the extent provided in the resolution of the board, may have all the authority of the board, except with respect to:

- (a) undertaking any final action on any matter that, under the Law, also requires approval of the board of directors;
- (b) the filling of vacancies on the board of directors or in any committee;
- (c) the amendment or repeal of bylaws or the adoption of new bylaws;
- (d) the amendment or repeal of any resolution of the board of directors that by its express terms is not so amendable or repealable;
- (e) the appointment of any other committees of the board of directors or the members thereof;
- (f) the expenditure of corporate funds to support a nominee for director after there are more people nominated for director than can be elected; or
- (g) the approval of 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 Section 5233(d)(3) of the Code.

Section 2. MEETINGS AND ACTION. Meetings and action of committees of the board shall be governed by, and held and taken in accordance with, the provisions of Article VI of these bylaws, Sections 8 (place of meetings and meetings by telephone), 9 (annual and regular meetings), 10 (special meetings), 11 (quorum), 12 (waiver of notice), 13 (adjournment) and 14 (action without meeting), with such changes in the context of those bylaws as are necessary to substitute the committee and its members for the board of directors and its members, except for the following: (a) the time of regular and annual meetings of committees may be determined by resolution of the board of directors as well as the committee; (b) special meetings of committees may also be called by resolution of the board of directors; and (c) notice of special meetings of committees shall also be given to all alternate members, who shall have the right to attend all meetings of the committee. Minutes



of each meeting of any committee shall be kept and filed with the corporate records. The board of directors may adopt rules for the government of any committee not inconsistent with the provisions of these bylaws.

## **ARTICLE VIII OFFICERS**

Section 1. OFFICERS. The officers of the corporation shall be a president, a secretary, and a chief financial officer. The corporation may also have, at the discretion of the board of directors, 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 in accordance with the provisions of Section 3 of this Article VIII. 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 the president or the chairman of the board.

Section 2. ELECTION. The officers of the corporation, except such officers as may be appointed in accordance with the provisions of Section 3 or Section 5 of this Article VIII, shall be chosen by the board of directors, and each shall serve at the pleasure of the board, subject to the rights, if any, of an officer under any contract of employment.

Section 3. OTHER OFFICERS. The board of directors may appoint, and may empower the president to appoint, such other officers as the activities of the corporation may require, each of whom shall hold office for such period, have such authority, and perform such duties as are provided in the bylaws or as the board of directors may from time to time determine.

Section 4. REMOVAL AND RESIGNATION. Subject to the rights, if any, of any officer under any contract of employment, any officer may be removed, either with or without cause, by the board of directors or, except in case of an officer chosen by the board of directors, by any officer upon whom such power of removal may be conferred by the board of directors.

Any officer may resign at any time by giving written notice to the corporation. Any such resignation shall take effect at the date of the receipt of such notice or at any later time specified therein; and, unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective. Any such resignation is without prejudice to the rights, if any, of the corporation under any contract to which the officer is a party.

Section 5. VACANCIES. 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 regular appointments to such office.

Section 6. CHAIRMAN OF THE BOARD. The chairman of the board, if such an officer be elected, shall, if present, preside at meetings of the board of directors and exercise and perform such other powers and duties as may be from time to time assigned to him or her by the board of directors or prescribed by the bylaws. If there is no president, the chairman of the board will in addition be the chief executive officer of the corporation and shall have the powers and duties prescribed in Section 7 of this Article VIII.

Section 7. PRESIDENT. Subject to such supervisory powers, if any, as may be given

by the board of directors to the chairman of the board, if there be such an officer, the president shall be the chief executive officer of the corporation and shall, subject to the control of the board of directors, have general supervision, direction, and control of the activities and the officers of the corporation. He or she shall preside, in the absence of the chairman of the board, or if there be none, at all meetings of the board of directors. He or she shall have the general powers and duties of management usually vested in the office of president of the corporation and shall have such other powers and duties as may be prescribed by the board of directors or the bylaws.

Section 8. VICE PRESIDENTS. In the absence or disability of the president, the vice presidents, if any, in order of their rank as fixed by the board of directors or, if not ranked, a vice president designated by the board of directors, shall perform all the duties of the president, and when so acting shall have all the powers of, and be subject to all the restrictions upon, the president. The vice presidents shall have such other powers and perform such other duties as from time to time may be prescribed for them respectively by the board of directors or the bylaws and the president or the chairman of the board.

Section 9. SECRETARY. The secretary shall keep, or cause to be kept, at the principal executive office or such other place as the board of directors may direct, a book of minutes of all meetings and actions of directors, and committees of directors, with the time and place of holding, whether regular or special, and, if special, how authorized, the notice thereof given, the names of those present at directors and committee meetings, and the proceedings thereof.

The secretary shall give, or cause to be given, notice of all meetings of the board of directors required by the bylaws or by law to be given, and he or she shall keep the seal of the corporation, if one be adopted, in safe custody, and shall have such other powers and perform such other duties as may be prescribed by the board of directors or by the bylaws.

Section 10. CHIEF FINANCIAL OFFICER. The chief financial officer shall keep and maintain, or cause to be kept and maintained, adequate and correct books and records of accounts of the properties and business transactions of the corporation, including accounts of its assets, liabilities, receipts, disbursements, gains, losses, capital, retained earnings, and other matters customarily included in financial statements. The books of account shall at all reasonable times be open to inspection by any director.

The chief financial officer shall deposit, or cause to be deposited, all monies and other valuables in the name and to the credit of the corporation with such depositaries as may be designated by the board of directors. He or she shall distribute, or cause to be disbursed, the funds of the corporation as may be ordered by the board of directors, shall render to the president and directors, whenever they request it, an account of all financial transactions and of the financial condition of the corporation, and shall have such other powers and perform such other duties as may be prescribed by the board of directors or the bylaws.

If required by the board of directors, the chief financial officer shall give the corporation a bond in the amount and with the surety or sureties specified by the board for faithful performance of the duties of his or her office and for restoration to the corporation of all of its books, papers, vouchers, money, and other property of every kind in his or her possession or under his or her control on the death, resignation, retirement, or removal from office of the chief financial officer.

## **ARTICLE IX INDEMNIFICATION OF DIRECTORS, OFFICERS, EMPLOYEES**

Section 1. DEFINITIONS. For the purposes of this Article IX, the definition of the terms “agent”, “proceeding”, and “expenses” shall be governed by Section 5238 of the Code.

Section 2. INDEMNIFICATION IN ACTIONS BY THIRD PARTIES. The corporation shall have power to indemnify any person who was or is a party or is threatened to be made a party to any proceeding (other than an action by or in the right of the corporation to procure a judgment in its favor, an action brought under Section 5233 of the Code, or an action brought by the Attorney General of California or a person granted relator status by the Attorney General of California for any breach of duty relating to assets held in charitable trust) by reason of the fact that such person is or was an agent of the corporation, against expenses, judgments, fines, settlements, and other amounts actually and reasonably incurred in connection with such proceeding if such person acted in good faith and in a manner such person reasonably believed to be in the best interests of the corporation and, in the case of a criminal proceeding, had no reasonable cause to believe the conduct of such person was unlawful. The termination of any proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent shall not, of itself, create a presumption that the person did not act in good faith and in a manner which the person reasonably believed to be in the best interests of the corporation or that the person had reasonable cause to believe that the person's conduct was unlawful.

Section 3. INDEMNIFICATION IN ACTIONS BY OR IN THE RIGHT OF THE CORPORATION. The corporation shall have power to indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending, or completed action by or in the right of the corporation, or brought under Section 5233 of the Code, or brought by the Attorney General of California or a person granted relator status by the Attorney General of California for breach of duty relating to assets held in charitable trust, to procure a judgment in its favor by reason of the fact that such person is or was an agent of the corporation, against expenses actually and reasonably incurred by such person in connection with the defense or settlement of such action if such person acted in good faith, in a manner such person believed to be in the best interests of the corporation, and with such care, including reasonable inquiry, as an ordinarily prudent person in a like position would use under similar circumstances. No indemnification shall be made under this Section 3 for any of the following:

(a) Any claim, issue, or matter as to which such person shall have been adjudged to be liable to the corporation in the performance of such person's duty to the corporation, unless and only to the extent that the court in which such action was brought shall determine upon application that, in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for the expenses which such court shall determine;

(b) Amounts paid in settling or otherwise disposing of a threatened or pending action, with or without court approval; or

(c) Expenses incurred in defending a threatened or pending action which is settled or otherwise disposed of without court approval, unless it is settled with the approval of the Attorney General of California.

Section 4. INDEMNIFICATION AGAINST EXPENSES. To the extent that an agent of

the corporation has been successful on the merits in defense of any proceeding referred to in Sections 2 or 3 of this Article IX or in defense of any claim, issue, or matter therein, the agent shall be indemnified against expenses actually and reasonably incurred by the agent in connection therewith.

Section 5. REQUIRED DETERMINATIONS. Except as provided in Section 4 of this Article IX, any indemnification under this Article shall be made by the corporation only if authorized in the specific case, upon a determination that indemnification of the agent is proper in the circumstances because the agent has met the applicable standard of conduct set forth in Sections 2 or 3 of this Article IX by:

- (a) A majority vote of a quorum consisting of directors who are not parties to such proceeding; or
- (b) The court in which such proceeding is or was pending upon application made by the corporation or the agent or the attorney or other person rendering services in connection with the defense, whether or not such application by the agent, attorney, or other person is opposed by the corporation.

Section 6. ADVANCE OF EXPENSES. Expenses incurred in defending any proceeding may be advanced by the corporation prior to the final disposition of such proceeding upon receipt of an undertaking by or on behalf of the agent to repay such amount unless it shall be determined ultimately that the agent is entitled to be indemnified as authorized in this Article IX.

Section 7. OTHER INDEMNIFICATION. No provision made by the corporation to indemnify its directors or officers for the defense of any proceeding, whether contained in the articles of incorporation, bylaws, a resolution of directors, an agreement, or otherwise, shall be valid unless consistent with this Article IX. Nothing contained in this Article IX shall affect any right to indemnification to which persons other than such directors and officers may be entitled by contract or otherwise.

Section 8. FORMS OF INDEMNIFICATION NOT PERMITTED. No indemnification or advance shall be made under this Article IX, except as provided in Section 4 or Section 5(b), in any circumstance if it appears that:

- (a) It would be inconsistent with a provision of the articles of incorporation, bylaws, or an agreement in effect at the time of the accrual of the alleged cause of action asserted in the proceeding in which the expenses were incurred or other amounts were paid, which prohibits or otherwise limits indemnification; or
- (b) It would be inconsistent with any condition expressly imposed by a court in approving a settlement.

Section 9. INSURANCE. The corporation shall have the power to purchase and maintain insurance on behalf of any agent of the corporation against any liability asserted against or incurred by the agent in such capacity or arising out of the agent's status as such, whether or not the corporation would have the power to indemnify the agent against such liability under the provisions of this Article IX; provided, however, that the corporation shall have no power to purchase and maintain such insurance to indemnify any agent of the corporation for a violation of Section 5233 of the Code.

## **ARTICLE X RECORDS AND REPORTS**

Section 1. MAINTENANCE OF CORPORATE RECORDS. The corporation shall keep (a) adequate and correct books and records of account kept either in written form or in any other form capable of being converted into written form and (b) minutes, in written form, of the proceedings of the board of directors and committees of the board. All such records shall be kept at the corporation's principal executive office, or if its principal executive office is outside the State of California, at its principal office in this state.

Section 2. MAINTENANCE AND INSPECTION OF ARTICLES AND BYLAWS. The corporation shall keep at its principal executive office, or if its principal executive office is not in the State of California, at its principal office in this state, the original or a copy of its articles of incorporation and bylaws, as amended to date, that shall be open to inspection by the directors at all reasonable times during office hours. If the principal executive office of the corporation is outside the State of California and the corporation has no principal office in this state, the Secretary shall, upon the written request of any director, furnish to such director a copy of the articles of incorporation or bylaws, as amended to date.

Section 3. INSPECTION. Every director shall have the absolute right at any reasonable time, and from time to time, to inspect all books, records, and documents of every kind and the physical properties of the corporation. Such inspection by a director may be made in person or by agent or attorney and the right of inspection includes the right to copy and make extracts.

Section 4. ANNUAL REPORTS. The board of directors shall cause an annual report to be sent to the directors within 120 days of the corporation's fiscal year end. That report shall contain the following information, in appropriate detail, for the fiscal year:

- (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 revenue or receipts of the corporation, both unrestricted and restricted to particular purposes;
- (d) The expenses or disbursements of the corporation for both general and restricted purposes; and
- (e) Any information required by Section 5 of this Article X.

The annual report shall be accompanied by any report thereon of independent accountants or, if there is no such report, by the certificate of an authorized officer of the corporation that such statements were prepared without audit from the books and records of the corporation.

Section 5. ANNUAL STATEMENT OF CERTAIN TRANSACTIONS AND INDEMNIFICATIONS. As part of the annual report to all directors, the corporation shall annually

prepare and mail or deliver to each director within 120 days after the corporation's fiscal year end, a statement (described below) of any transaction or indemnification (i) in which the corporation was a party and (ii) in which an "interested person" had a direct or indirect material financial interest. For this purpose, an "interested person" is any director or officer of the corporation.

The statement shall include the following information:

(a) A brief description of any transaction during the previous fiscal year that involved more than \$50,000, or was one of a number of transactions in which the same interested person had a direct or indirect material financial interest involving, in the aggregate, more than \$50,000;

(b) The names of interested persons involved in such transactions described in the preceding paragraph (a), their relationship to the corporation, the nature of their interest in the transaction and, if practicable, the amount of that interest; provided, however, 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; and

(c) A brief description of the amount and circumstances of any indemnifications or advances aggregating more than \$10,000 paid during the fiscal year to any officer or director of the corporation under Article IX of these bylaws, unless that indemnification already has been approved by the directors under Section 5238(e)(2) of the Code.

## **ARTICLE XI GENERAL MATTERS**

Section 1. CHECKS, DRAFTS, EVIDENCES OF INDEBTEDNESS. All checks, drafts, or other orders for payment of money, notes, or other evidences of indebtedness, issued in the name of or payable to the corporation, shall be signed or endorsed by such person or persons and in such manner as, from time to time, shall be determined by resolution of the board of directors.

Section 2. CORPORATE CONTRACTS AND INSTRUMENTS; HOW EXECUTED. Except as otherwise provided in these bylaws, the board of directors may authorize any officer or officers, agent or agents, to enter into any contract or execute any instrument in the name of and on behalf of the corporation, and such authority may be general or confined to specific instances; and, unless so authorized or ratified by the board of directors or within the agency power of an officer, no officer, agent or employee shall have any power or authority to bind the corporation by any contract or engagement or to pledge its credit or to render it liable for any purpose or for any amount.

Section 3. REPRESENTATION OF SHARES OF OTHER CORPORATIONS. The chairman of the board, the president, or any vice president, or any other person authorized by resolution of the board of directors or by any of the foregoing designated officers, is authorized to vote on behalf of the corporation any and all shares of any other corporation or corporations, foreign or domestic, standing in the name of the corporation. The authority granted to said officers to vote or represent on behalf of the corporation any and all shares held by the corporation in any other corporation or corporations may be exercised by any such officer in person or by any person authorized to do so by a proxy duly executed by said officer.

Section 4. CONSTRUCTION AND DEFINITIONS. Unless the context requires

otherwise, the general provisions, rules of construction, and definitions in the Law shall govern the construction of these bylaws. Without limiting the generality of the foregoing, the singular number includes the plural, the plural number includes the singular, the masculine gender includes the feminine and neuter, and the term "person" includes both a corporation and a natural person. All references in these bylaws to the Law, the Law, or to the Code shall be deemed to be those in effect from time to time.

## **ARTICLE XII AMENDMENTS**

The board may adopt, amend, or repeal bylaws unless doing so would be a prohibited amendment under the California Corporations Code. Any amendment to these bylaws will require a majority vote of the directors then in office; provided, however, that if the articles of incorporation of the corporation set forth the number of authorized directors of the corporation, the authorized number of directors may be changed only by an amendment of the articles of incorporation.

### **CERTIFICATE OF SECRETARY**

The undersigned, being the duly elected and acting Secretary of Heartland Charter School, a California nonprofit public benefit corporation, does hereby certify that the foregoing First Amended Bylaws constitute the bylaws of this corporation as duly adopted at the meeting of the Board of Directors of Heartland Charter School on June 28, 2019.

IN WITNESS WHEREOF, the undersigned has executed this Certificate this \_\_\_\_\_ day of \_\_\_\_\_, 2019.

\_\_\_\_\_  
Shona Hall, Secretary



**FIRST AMENDED BYLAWS**

**OF**

**HEARTLAND CHARTER SCHOOL**

**a California Nonprofit Public Benefit Corporation**

**ARTICLE I  
OFFICES**

Section 1. PRINCIPAL OFFICE. The board of directors shall fix the location of the principal executive office of the corporation at any place within or outside the State of California. If the principal executive office is located outside the State of California, and the corporation has one or more offices in the State of California, the board of directors shall likewise fix and designate a principal office in the State of California.

Section 2. OTHER OFFICES. The corporation may also establish offices at such other places, both within and outside the State of California, as the board of directors may from time to time determine or the activities of the corporation may require.

**ARTICLE II  
OBJECTIVES AND PURPOSES**

The specific objectives and purposes of this corporation shall be to operate one or more California public charter schools.

**ARTICLE III  
NONPARTISAN ACTIVITIES**

The corporation has been formed under the California Nonprofit Public Benefit Corporation Law (the "Law") for the public, nonprofit, nonpartisan, and charitable purposes described in its articles of incorporation. Notwithstanding any other provision in these bylaws, this corporation shall not, except to an insubstantial degree, engage in any activities or exercise any powers that are not in furtherance of the purposes of this corporation, and the corporation shall not carry on any other activities not permitted to be carried on (a) by a corporation exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code of 1986, as amended ("IRC"), or (b) by a corporation contributions to which are deductible under IRC Section 170(c)(2).

**ARTICLE IV  
DEDICATION OF ASSETS**

The properties and assets of this corporation are irrevocably dedicated to the charitable purposes described in Article III above and in the articles of incorporation of this corporation. No part of the net earnings, properties, or assets of this corporation, on dissolution or otherwise, shall inure to the benefit of its directors or officers, or to any individual. On liquidation or dissolution of this corporation, all remaining assets of this corporation, after payment, or provision

for payment, of all debts and liabilities of this corporation, shall be distributed and paid over to an organization dedicated to charitable purposes that is exempt from federal income tax under IRC Section 501(c)(3) and that is exempt from California income tax under Section 23701d of the California Revenue and Taxation Code.

## **ARTICLE V** **NO MEMBERS**

Section 1. ~~SOLE~~ NO MEMBERS. ~~Inspire Charter Schools, a~~ The corporation shall have no members within the meaning of Section 5056 of the California Nonprofit Public Benefit Corporation ~~exempt from federal income tax under IRC Section 501(c)(3) (the "Sole Member"), shall be the sole member of this corporation as the term "member" is defined in Section 5056 of the California Corporations Code (the "Code"). The Sole Member shall have all the rights granted to members by Section 5056 of the Code.~~ Law.

Section 2. AUTHORITY VESTED IN BOARD. Any action that otherwise requires approval by a majority of all members, or approval by the members, requires only approval of the Board. All rights that would otherwise vest under the Nonprofit Public Benefit Corporation Law in the members shall vest in the Board.

Section 3. ASSOCIATES. The corporation may use the term "members" to refer to persons associated with it, but such persons shall not be corporate members within the meaning of Section 5056 of the California Nonprofit Public Benefit Corporation Law. -

## **ARTICLE VI** **DIRECTORS**

Section 1. POWERS. Subject to the provisions of the Law and any limitations in the articles of incorporation and these bylaws, the activities and affairs of the corporation shall be managed and all corporate powers shall be exercised by or under the direction of the board of directors. Without prejudice to such general powers, but subject to the same limitations, it is hereby expressly declared that the board of directors shall have the following powers in addition to the other powers enumerated in these bylaws:

(a) To select and remove all of the other officers, agents, and employees of the corporation; prescribe any powers and duties for them that are consistent with law, with the articles of incorporation, and with these bylaws; fix their compensation; and require from them security for faithful service.

(b) To conduct, manage, and control the affairs and activities of the corporation and to make such rules and regulations that are consistent with law, the articles of incorporation, and these bylaws, as they deem to be appropriate and in the best interests of the corporation seal.

(c) To adopt, make, and use a corporate seal; and to alter the form of such

(d) To borrow money and to incur indebtedness on behalf of the corporation, and to cause to be executed and delivered for the purposes of the corporation, in the

corporate name, promissory notes, bonds, debentures, deeds of trust, mortgages, pledges, hypothecations, or other evidences of debt and securities.

(e) To change the principal executive office or the principal office in the State of California from one location to another; to cause the corporation to be qualified to conduct its activities in any other state, territory, dependency, or country and conduct its activities within or outside the State of California; and to designate any place within or outside the State of California for the holding of any board of directors meeting or meetings.

(f) To make donations for the public welfare or for community funds, hospital, charitable, educational, scientific, civic, religious, or similar purposes.

(g) To act as a trustee under any trust incidental to the principal objects of the corporation, and to receive, to hold, to administer, to exchange, and to expend funds and property subject to such trust.

(h) To receive endowments, devises, bequests, gifts, and donations of all kinds of property for its own use, or in trust, in order to carry out or to assist in carrying out, the objects and purposes of the corporation and to do all things and acts necessary or proper to carry out each and all of the purposes and provisions of such endowments, devises, bequests, gifts, and donations with full power to mortgage, sell, lease, or otherwise to deal with or dispose of the same in accordance with the terms thereof.

(i) To sell any property, real, personal, or mixed, owned by the corporation at any time, and from time to time upon such terms as the board of directors may deem advisable, at public or private sale, for cash or upon credit.

(j) To retain sums received by the corporation uninvested, if, in the discretion of the board of trustees, such sums cannot be invested advantageously.

(k) To retain all or any part of any securities or property acquired by the corporation in whatever manner, and to invest and reinvest any funds held by the corporation, according to the judgment of the board of directors without being restricted to the class of investments that the board of directors is or may hereafter be permitted by law to make or any similar restriction; provided, however, that no action shall be taken by or on behalf of the corporation if such action is a prohibited transaction or would result in the denial of the tax exemption under IRC Section 501 or Section 23701 of the California Revenue and Taxation Code.

(l) To invest funds received by the corporation in stocks, bonds, mortgages, loans, whether secured or unsecured, or other investments as the board of directors shall deem advisable.

Section 2. NUMBER AND QUALIFICATION. The authorized number of directors shall be no less than three (3) and no more than eleven (11), unless changed by amendments to these bylaws, with the actual number to be determined from time to time by a resolution or motion of the board. ~~All Directors shall be elected by the vote of a majority of directors are to be designated by the Sole Member then in office.~~ The board of directors shall consist of at least three (3) directors unless changed by an amendment to these bylaws.

Section 3. RESTRICTION ON INTERESTED PERSONS AS DIRECTORS. No more than 49 percent of the persons serving on the board of directors may be interested persons (as defined in this Section 3). 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- or part-time employee, independent contractor, or otherwise, excluding any reasonable compensation, if any, paid to a director as director; or (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 any such person.

Section 4. TERM OF OFFICE; EVENTS CAUSING VACANCIES ON BOARD. Each director shall hold office for one (1) year. A director may serve multiple terms of service, ~~subject to approval by the Sole Member.~~ A vacancy or vacancies on the board of directors shall occur in the event of (a) the death, resignation, or removal of any director; (b) the declaration by resolution of the board of directors of a vacancy in the office of a director who has been convicted of a felony, declared of unsound mind by a court order, or found by final order or judgment of any court to have breached a duty under the Law, Chapter 2, Article 3; and (c) the increase of the authorized number of directors; ~~and (d) the failure of the Sole Member, at any meeting of the Sole Member at which any director or directors are to be designated, to designate the number of directors required to be designated at such meeting.~~

Section 5. 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, or to the board of directors. 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 ~~Sole Member~~ board may designate a successor to take office as of the date when the resignation becomes effective. Except upon notice to the Attorney General of California, no director may resign if the corporation would then be left without a duly elected director or directors in charge of its affairs.

Section 6. REMOVAL OF DIRECTORS. ~~A Any director may be removed by the Sole Member. The Sole Member, in its sole discretion, may remove a director at any time for any reason at any time by a majority vote of the directors then in office,~~ with or without cause ~~or advance notice.~~

Section 7. VACANCIES. Vacancies on the board ~~of directors~~ shall be filled ~~solely~~ by the ~~Sole Member~~ vote of a majority of directors then in office. Each director so elected shall hold office until the expiration of the term of the replaced director and until a successor has been duly qualified and elected.

Section 8. PLACE OF MEETINGS AND MEETINGS BY TELEPHONE. Any meeting of the board of directors may be held at any place within or outside the State of California that has been designated from time to time by resolution of the board or in the notice of the meeting. In the absence of such designation, meetings shall be held at the principal executive office of the corporation. Any meeting, annual, regular or special, may be held by conference telephone or similar communication equipment, so long as all directors participating in the meeting can hear one another. All such directors shall be deemed to be present in person at such telephonic meeting. Prior written notice of any and all such meetings of the board of directors shall be provided to the ~~Sole Member~~ directors at least seventy-two (72) hours prior to the time of the holding of the meeting.

Section 9. ANNUAL AND REGULAR MEETINGS. The annual meeting of the board of directors shall be held each year on the date and time as may be fixed by the board of directors. At such annual meeting, officers shall be elected and any other proper business may be transacted. Other regular meetings of the board of directors shall be held at such time as shall from time to time be fixed by the board of directors. Notice of regular meetings shall not be required if the time and place of such meeting is fixed by these bylaws or by the board of directors.

Section 10. SPECIAL MEETINGS. Special meetings of the board of directors for any purpose or purposes may be called at any time by the chairman of the board, the president, any vice president, the secretary, or any two directors.

Notice of the time and place of special meetings shall be delivered to each director personally or by telephone or sent by first-class mail, postage prepaid, or telegram, charges prepaid, addressed to each director at his or her address as it is shown on the records of the corporation. In case the notice is mailed, it shall be deposited in the United States mail at least four days prior to the time of the holding of the meeting. In case such notice is delivered personally or by telephone or telegraph, it shall be delivered personally or by telephone or to the telegraph company at least twenty-four (24) hours prior to the time of the holding of the meeting. Any oral notice given personally or by telephone may be communicated either to the director or to the person at the office of the director who the person giving the notice has reason to believe will promptly communicate it to the director. The notice need not specify the purpose of the meeting nor the place if the meeting is to be held at the principal executive office of the corporation.

Section 11. QUORUM. A majority of the authorized number of directors shall constitute a quorum for the transaction of business, except to adjourn as provided in Section 13 below. Every act or decision done or made by a majority of the directors present at a meeting duly held at which a quorum is present shall be regarded as the act of the board of directors, subject to the provisions of Section 5212 of the Code (appointment of committees), Section 5233 of the Code (approval of contracts or transactions in which a director has a direct or indirect material financial interest), Section 5234 of the Code (approval of certain transactions between corporations having common directorships), Section 5235 (compensation of directors or officers), and Section 5238(e) of the Code (indemnification of directors). A meeting at which a quorum is initially present may continue to transact business notwithstanding the withdrawal of directors, if any action taken is approved by at least a majority of the required quorum for such meeting, or such greater number as is required by the articles of incorporation, these bylaws, or the Law.

Section 12. WAIVER OF NOTICE; CONSENT. Notice of a meeting need not be given to any director who, either before or after the meeting, signs a waiver of notice, a consent to holding 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 meeting. Notice of meeting shall also be deemed given to any director who attends the meeting without protesting, before or at the commencement of the meeting, the lack of notice to that director.

Section 13. ADJOURNMENT. A majority of the directors present, whether or not constituting a quorum, may adjourn any meeting to another time and place. Notice of the time and place of holding an adjourned meeting need not be given, unless the meeting is adjourned for more

than twenty-four (24) hours, in which case notice of such time and place shall be given prior to the time of the adjourned meeting, in the manner specified in Section 10 of this Article VI, to the directors who were not present at the time of the adjournment.

Section 14. ACTION WITHOUT MEETING. Any action required or permitted to be taken by the board of directors may be taken without a meeting, if all directors shall individually or collectively consent in writing to such action. Such action by written consent shall have the same force and effect as a unanimous vote of the board of directors. The written consent or consents shall be filed with the minutes of the proceedings of the board.

Section 15. FEES AND COMPENSATION. Directors and members of committees shall receive no compensation for their services; provided however, that directors and members of committees may receive reimbursement of out-of-pocket expenses, as determined by resolution of the board of directors. Nothing contained herein shall be construed to preclude any director from serving the corporation in any other capacity as an officer, agent, employee, or otherwise, and receiving compensation for such services if compensation is awarded by the board of directors.

~~Section 16. RESTRICTION ON BOARD AUTHORITY. The board of directors shall not, without the prior written approval of the Sole Member, make material revisions to the charter that created the charter school that operates as, or is operated by, this corporation.~~

## **ARTICLE VII COMMITTEES**

Section 1. COMMITTEES OF DIRECTORS. The board of directors may, by resolution adopted by a majority of the directors then in office, designate one or more committees, each consisting of two or more directors, to serve at the pleasure of the board. Appointments to such committees shall be by a majority vote of the directors then in office. The board may designate one or more directors as alternate members of any committee, who may replace any absent member at any meeting of the committee. Any such committee, to the extent provided in the resolution of the board, may have all the authority of the board, except with respect to:

- (a) undertaking any final action on any matter that, under the Law, also requires approval of the ~~Sole Member~~ or board of directors;
- (b) the filling of vacancies on the board of directors or in any committee;
- (c) the amendment or repeal of bylaws or the adoption of new bylaws;
- (d) the amendment or repeal of any resolution of the board of directors that by its express terms is not so amendable or repealable;
- (e) the appointment of any other committees of the board of directors or the members thereof;
- (f) the expenditure of corporate funds to support a nominee for director after there are more people nominated for director than can be elected; or
- (g) the approval of 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 Section 5233(d)(3) of the Code.

Section 2. MEETINGS AND ACTION. Meetings and action of committees of the board shall be governed by, and held and taken in accordance with, the provisions of Article VI of these bylaws, Sections 8 (place of meetings and meetings by telephone), 9 (annual and regular meetings), 10 (special meetings), 11 (quorum), 12 (waiver of notice), 13 (adjournment) and 14 (action without meeting), with such changes in the context of those bylaws as are necessary to substitute the committee and its members for the board of directors and its members, except for the following: (a) the time of regular and annual meetings of committees may be determined by resolution of the board of directors as well as the committee; (b) special meetings of committees may also be called by resolution of the board of directors; and (c) notice of special meetings of committees shall also be given to all alternate members, who shall have the right to attend all meetings of the committee. Minutes of each meeting of any committee shall be kept and filed with the corporate records. The board of directors may adopt rules for the government of any committee not inconsistent with the provisions of these bylaws.

## **ARTICLE VIII OFFICERS**

Section 1. OFFICERS. The officers of the corporation shall be a president, a secretary, and a chief financial officer. The corporation may also have, at the discretion of the board of directors, 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 in accordance with the provisions of Section 3 of this Article VIII. 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 the president or the chairman of the board.

Section 2. ELECTION. The officers of the corporation, except such officers as may be appointed in accordance with the provisions of Section 3 or Section 5 of this Article VIII, shall be chosen by the board of directors, and each shall serve at the pleasure of the board, subject to the rights, if any, of an officer under any contract of employment.

Section 3. OTHER OFFICERS. The board of directors may appoint, and may empower the president to appoint, such other officers as the activities of the corporation may require, each of whom shall hold office for such period, have such authority, and perform such duties as are provided in the bylaws or as the board of directors may from time to time determine.

Section 4. REMOVAL AND RESIGNATION. Subject to the rights, if any, of any officer under any contract of employment, any officer may be removed, either with or without cause, by the board of directors or, except in case of an officer chosen by the board of directors, by any officer upon whom such power of removal may be conferred by the board of directors.

Any officer may resign at any time by giving written notice to the corporation. Any such resignation shall take effect at the date of the receipt of such notice or at any later time specified therein; and, unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective. Any such resignation is without prejudice to the rights, if any, of the corporation under any contract to which the officer is a party.

Section 5. VACANCIES. 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 regular appointments to such office.

Section 6. CHAIRMAN OF THE BOARD. The chairman of the board, if such an officer be elected, shall, if present, preside at meetings of the board of directors and exercise and perform such other powers and duties as may be from time to time assigned to him or her by the board of directors or prescribed by the bylaws. If there is no president, the chairman of the board will in addition be the chief executive officer of the corporation and shall have the powers and duties prescribed in Section 7 of this Article VIII.

Section 7. PRESIDENT. Subject to such supervisory powers, if any, as may be given by the board of directors to the chairman of the board, if there be such an officer, the president shall be the chief executive officer of the corporation and shall, subject to the control of the board of directors, have general supervision, direction, and control of the activities and the officers of the corporation. He or she shall preside, in the absence of the chairman of the board, or if there be none, at all meetings of the board of directors. He or she shall have the general powers and duties of management usually vested in the office of president of the corporation and shall have such other powers and duties as may be prescribed by the board of directors or the bylaws.

Section 8. VICE PRESIDENTS. In the absence or disability of the president, the vice presidents, if any, in order of their rank as fixed by the board of directors or, if not ranked, a vice president designated by the board of directors, shall perform all the duties of the president, and when so acting shall have all the powers of, and be subject to all the restrictions upon, the president. The vice presidents shall have such other powers and perform such other duties as from time to time may be prescribed for them respectively by the board of directors or the bylaws and the president or the chairman of the board.

Section 9. SECRETARY. The secretary shall keep, or cause to be kept, at the principal executive office or such other place as the board of directors may direct, a book of minutes of all meetings and actions of directors, and committees of directors, with the time and place of holding, whether regular or special, and, if special, how authorized, the notice thereof given, the names of those present at directors and committee meetings, and the proceedings thereof.

The secretary shall give, or cause to be given, notice of all meetings of the board of directors required by the bylaws or by law to be given, and he or she shall keep the seal of the corporation, if one be adopted, in safe custody, and shall have such other powers and perform such other duties as may be prescribed by the board of directors or by the bylaws.

Section 10. CHIEF FINANCIAL OFFICER. The chief financial officer shall keep and maintain, or cause to be kept and maintained, adequate and correct books and records of accounts of the properties and business transactions of the corporation, including accounts of its assets, liabilities, receipts, disbursements, gains, losses, capital, retained earnings, and other matters customarily included in financial statements. The books of account shall at all reasonable times be open to inspection by any director.

The chief financial officer shall deposit, or cause to be deposited, all monies



and other valuables in the name and to the credit of the corporation with such depositaries as may be designated by the board of directors. He or she shall distribute, or cause to be disbursed, the funds of the corporation as may be ordered by the board of directors, shall render to the president and directors, whenever they request it, an account of all financial transactions and of the financial condition of the corporation, and shall have such other powers and perform such other duties as may be prescribed by the board of directors or the bylaws.

If required by the board of directors, the chief financial officer shall give the corporation a bond in the amount and with the surety or sureties specified by the board for faithful performance of the duties of his or her office and for restoration to the corporation of all of its books, papers, vouchers, money, and other property of every kind in his or her possession or under his or her control on the death, resignation, retirement, or removal from office of the chief financial officer.

## **ARTICLE IX INDEMNIFICATION OF DIRECTORS, OFFICERS, EMPLOYEES**

Section 1. DEFINITIONS. For the purposes of this Article IX, the definition of the terms "agent", "proceeding", and "expenses" shall be governed by Section 5238 of the Code.

Section 2. INDEMNIFICATION IN ACTIONS BY THIRD PARTIES. The corporation shall have power to indemnify any person who was or is a party or is threatened to be made a party to any proceeding (other than an action by or in the right of the corporation to procure a judgment in its favor, an action brought under Section 5233 of the Code, or an action brought by the Attorney General of California or a person granted relator status by the Attorney General of California for any breach of duty relating to assets held in charitable trust) by reason of the fact that such person is or was an agent of the corporation, against expenses, judgments, fines, settlements, and other amounts actually and reasonably incurred in connection with such proceeding if such person acted in good faith and in a manner such person reasonably believed to be in the best interests of the corporation and, in the case of a criminal proceeding, had no reasonable cause to believe the conduct of such person was unlawful. The termination of any proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent shall not, of itself, create a presumption that the person did not act in good faith and in a manner which the person reasonably believed to be in the best interests of the corporation or that the person had reasonable cause to believe that the person's conduct was unlawful.

Section 3. INDEMNIFICATION IN ACTIONS BY OR IN THE RIGHT OF THE CORPORATION. The corporation shall have power to indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending, or completed action by or in the right of the corporation, or brought under Section 5233 of the Code, or brought by the Attorney General of California or a person granted relator status by the Attorney General of California for breach of duty relating to assets held in charitable trust, to procure a judgment in its favor by reason of the fact that such person is or was an agent of the corporation, against expenses actually and reasonably incurred by such person in connection with the defense or settlement of such action if such person acted in good faith, in a manner such person believed to be in the best interests of the corporation, and with such care, including reasonable inquiry, as an ordinarily prudent person in a like position would use under similar circumstances. No indemnification shall be made under this Section 3 for any of the following:

(a) Any claim, issue, or matter as to which such person shall have been adjudged to be liable to the corporation in the performance of such person's duty to the corporation, unless and only to the extent that the court in which such action was brought shall determine upon application that, in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for the expenses which such court shall determine;

(b) Amounts paid in settling or otherwise disposing of a threatened or pending action, with or without court approval; or

(c) Expenses incurred in defending a threatened or pending action which is settled or otherwise disposed of without court approval, unless it is settled with the approval of the Attorney General of California.

Section 4. INDEMNIFICATION AGAINST EXPENSES. To the extent that an agent of the corporation has been successful on the merits in defense of any proceeding referred to in Sections 2 or 3 of this Article IX or in defense of any claim, issue, or matter therein, the agent shall be indemnified against expenses actually and reasonably incurred by the agent in connection therewith.

Section 5. REQUIRED DETERMINATIONS. Except as provided in Section 4 of this Article IX, any indemnification under this Article shall be made by the corporation only if authorized in the specific case, upon a determination that indemnification of the agent is proper in the circumstances because the agent has met the applicable standard of conduct set forth in Sections 2 or 3 of this Article IX by:

(a) A majority vote of a quorum consisting of directors who are not parties to such proceeding; or

(b) The court in which such proceeding is or was pending upon application made by the corporation or the agent or the attorney or other person rendering services in connection with the defense, whether or not such application by the agent, attorney, or other person is opposed by the corporation.

Section 6. ADVANCE OF EXPENSES. Expenses incurred in defending any proceeding may be advanced by the corporation prior to the final disposition of such proceeding upon receipt of an undertaking by or on behalf of the agent to repay such amount unless it shall be determined ultimately that the agent is entitled to be indemnified as authorized in this Article IX.

Section 7. OTHER INDEMNIFICATION. No provision made by the corporation to indemnify its directors or officers for the defense of any proceeding, whether contained in the articles of incorporation, bylaws, a resolution of directors, an agreement, or otherwise, shall be valid unless consistent with this Article IX. Nothing contained in this Article IX shall affect any right to indemnification to which persons other than such directors and officers may be entitled by contract or otherwise.

Section 8. FORMS OF INDEMNIFICATION NOT PERMITTED. No indemnification or advance shall be made under this Article IX, except as provided in Section 4 or Section 5(b), in any circumstance if it appears that:

(a) It would be inconsistent with a provision of the articles of incorporation, bylaws, or an agreement in effect at the time of the accrual of the alleged cause of action asserted in the proceeding in which the expenses were incurred or other amounts were paid, which prohibits or otherwise limits indemnification; or

(b) It would be inconsistent with any condition expressly imposed by a court in approving a settlement.

Section 9. INSURANCE. The corporation shall have the power to purchase and maintain insurance on behalf of any agent of the corporation against any liability asserted against or incurred by the agent in such capacity or arising out of the agent's status as such, whether or not the corporation would have the power to indemnify the agent against such liability under the provisions of this Article IX; provided, however, that the corporation shall have no power to purchase and maintain such insurance to indemnify any agent of the corporation for a violation of Section 5233 of the Code.

## **ARTICLE X RECORDS AND REPORTS**

Section 1. MAINTENANCE OF CORPORATE RECORDS. The corporation shall keep (a) adequate and correct books and records of account kept either in written form or in any other form capable of being converted into written form and (b) minutes, in written form, of the proceedings of the board of directors and committees of the board, ~~which shall be promptly provided to the Sole Member.~~ All such records shall be kept at the corporation's principal executive office, or if its principal executive office is outside the State of California, at its principal office in this state.

Section 2. MAINTENANCE AND INSPECTION OF ARTICLES AND BYLAWS. The corporation shall keep at its principal executive office, or if its principal executive office is not in the State of California, at its principal office in this state, the original or a copy of its articles of incorporation and bylaws, as amended to date, that shall be open to inspection by the ~~Sole Member or the~~ directors at all reasonable times during office hours. If the principal executive office of the corporation is outside the State of California and the corporation has no principal office in this state, the Secretary shall, upon the written request of ~~the Sole Member or~~ any director, furnish to such director a copy of the articles of incorporation or bylaws, as amended to date.

Section 3. INSPECTION. ~~The Sole Member and every~~ Every director shall have the absolute right at any reasonable time, and from time to time, to inspect all books, records, and documents of every kind and the physical properties of the corporation. Such inspection by ~~the Sole Member or~~ a director may be made in person or by agent or attorney and the right of inspection includes the right to copy and make extracts.

Section 4. ANNUAL REPORTS. The board of directors shall cause an annual report to be sent to the directors ~~and the Sole Member~~ within 120 days of the corporation's fiscal year end. That report shall contain the following information, in appropriate detail, for the fiscal year:

(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 revenue or receipts of the corporation, both unrestricted and restricted to particular purposes;
- (d) The expenses or disbursements of the corporation for both general and restricted purposes; and
- (e) Any information required by Section 5 of this Article X.

The annual report shall be accompanied by any report thereon of independent accountants or, if there is no such report, by the certificate of an authorized officer of the corporation that such statements were prepared without audit from the books and records of the corporation.

Section 5. ANNUAL STATEMENT OF CERTAIN TRANSACTIONS AND INDEMNIFICATIONS. As part of the annual report to ~~the Sole Member and~~ all directors, the corporation shall annually prepare and mail or deliver to ~~the Sole Member and~~ each director within 120 days after the corporation's fiscal year end, a statement (described below) of any transaction or indemnification (i) in which the corporation was a party and (ii) in which an "interested person" had a direct or indirect material financial interest. For this purpose, an "interested person" is any director or officer of the corporation.

The statement shall include the following information:

- (a) A brief description of any transaction during the previous fiscal year that involved more than \$50,000, or was one of a number of transactions in which the same interested person had a direct or indirect material financial interest involving, in the aggregate, more than \$50,000;
- (b) The names of interested persons involved in such transactions described in the preceding paragraph (a), their relationship to the corporation, the nature of their interest in the transaction and, if practicable, the amount of that interest; provided, however, 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; and
- (c) A brief description of the amount and circumstances of any indemnifications or advances aggregating more than \$10,000 paid during the fiscal year to any officer or director of the corporation under Article IX of these bylaws, unless that indemnification already has been approved by the directors under Section 5238(e)(2) of the Code.

## **ARTICLE XI GENERAL MATTERS**

Section 1. CHECKS, DRAFTS, EVIDENCES OF INDEBTEDNESS. All checks, drafts, or other orders for payment of money, notes, or other evidences of indebtedness, issued in the name of or payable to the corporation, shall be signed or endorsed by such person or persons and in such manner as, from time to time, shall be determined by resolution of the board of directors.

Section 2. CORPORATE CONTRACTS AND INSTRUMENTS; HOW EXECUTED. Except as otherwise provided in these bylaws, the board of directors may authorize any officer or officers, agent or agents, to enter into any contract or execute any instrument in the name of and on behalf of the corporation, and such authority may be general or confined to specific instances; and, unless so authorized or ratified by the board of directors or within the agency power of an officer, no officer, agent or employee shall have any power or authority to bind the corporation by any contract or engagement or to pledge its credit or to render it liable for any purpose or for any amount.

Section 3. REPRESENTATION OF SHARES OF OTHER CORPORATIONS. The chairman of the board, the president, or any vice president, or any other person authorized by resolution of the board of directors or by any of the foregoing designated officers, is authorized to vote on behalf of the corporation any and all shares of any other corporation or corporations, foreign or domestic, standing in the name of the corporation. The authority granted to said officers to vote or represent on behalf of the corporation any and all shares held by the corporation in any other corporation or corporations may be exercised by any such officer in person or by any person authorized to do so by a proxy duly executed by said officer.

Section 4. CONSTRUCTION AND DEFINITIONS. Unless the context requires otherwise, the general provisions, rules of construction, and definitions in the Law shall govern the construction of these bylaws. Without limiting the generality of the foregoing, the singular number includes the plural, the plural number includes the singular, the masculine gender includes the feminine and neuter, and the term "person" includes both a corporation and a natural person. All references in these bylaws to the Law, the Law, or to the Code shall be deemed to be those in effect from time to time.

## **ARTICLE XII AMENDMENTS**

~~New bylaws~~ The board may ~~be~~ adopt amended or ~~these~~ repeal bylaws ~~may be amended or repealed by solely the written consent of the Sole Member~~ unless doing so would be a prohibited amendment under the California Corporations Code. Any amendment to these bylaws will require a majority vote of the directors then in office; provided, however, that if the articles of incorporation of the corporation set forth the number of authorized directors of the corporation, the authorized number of directors may be changed only by an amendment of the articles of incorporation.

### **CERTIFICATE OF SECRETARY**

The undersigned, being the duly elected and acting Secretary of Heartland Charter School, a California nonprofit public benefit corporation, does hereby certify that the foregoing First Amended Bylaws constitute the ~~B~~ylaws of this corporation as duly adopted at the meeting of the Board of Directors of Heartland Charter School on June 28, 2019.

IN WITNESS WHEREOF, the undersi gned has executed this Certificate this \_\_\_\_\_ day of \_\_\_\_\_, 2019.

\_\_\_\_\_  
Shona Hall, Secretary

**HEARTLAND CHARTER SCHOOL**  
**BOARD RESOLUTION – 2019 – 5**

**I. Adoption of Heartland Charter School Approving the SELPA Representative**

WHEREAS, Heartland Charter School (the “School”) is committed to provide a free appropriate public education to all children with disabilities;

WHEREAS, the School is a member of the Los Angeles County Charter SELPA; and

WHEREAS, this Board of Directors desires to appoint a representative of School with the Los Angeles County Charter SELPA.

NOW THEREFORE BE IT RESOLVED, the School hereby appoints Dr. Nick Nichols to serve as its representative with the Los Angeles County Charter SELPA.

### SECRETARY'S CERTIFICATE

I, \_\_\_\_\_, Secretary of the Board of Directors of Heartland Charter School a California nonprofit public benefit corporation, County of \_\_\_\_\_, California, hereby certify as follows:

The attached is a full, true, and correct copy of the resolutions duly adopted at a meeting of the Board of Directors of Heartland Charter School which was duly and regularly held on \_\_\_\_\_, 2019, at which meeting all of the members of the Board of Directors had due notice and at which a quorum thereof was present; and at such meeting such resolutions were adopted by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

I have carefully compared the same with the original minutes of such meeting on file and of record in my office; the attached resolution is a full, true, and correct copy of the original resolution adopted at such meeting and entered in such minutes; and such resolution has not been amended, modified, or rescinded since the date of its adoption, and the same is now in full force and effect.

WITNESS my hand on \_\_\_\_\_, 2019.

\_\_\_\_\_  
Secretary of the Board of Directors of  
Heartland Charter School