

BYLAWS

Bellevue-Santa Fe Charter School, Inc. A California Nonprofit Public Benefit Corporation

1. NAME AND OFFICES OF THE CORPORATION

1.1 Name. The name of this corporation is Bellevue-Santa Fe Charter School, Inc. ("Corporation").

1.2 Location of Principal Office. The principal office for the transaction of the activities and affairs of the Corporation is 1401 San Luis Bay Drive, San Luis Obispo, CA 93405.

1.3 Location of Other Offices. The Board may at any time establish branch or subordinate offices at any place or places where the Corporation is qualified to conduct its activities.

2. PURPOSES. The purpose of this Corporation is to operate as a public school under California's Charter School legislation, California Education Code Sections 47605, et. seq. ("Charter School"), for school-aged children in an environment values children as unique, inquisitive capable learners and to carry out the objects and purposes set forth in its approved school charter ("Charter") and in the Articles of Incorporation of this Corporation, as amended.

3. MEMBERSHIP. The Corporation shall have no members

4. BOARD OF DIRECTORS

4.1 Definition. The Board of Directors described on these Bylaws is synonymous with the Governing Board described in the Charter. Director refers to voting members of the Board.

4.2 Number and Qualification of Directors.

The Board of Directors shall consist of seven (7) voting Directors and any number of non-voting Board members as deemed practical by the Board (i.e., non-voting Advisory Council Chair). The qualifications of the permanent voting Directors are as follows:

- (a) the School Administrator.
- (b) two members from the School staff.
- (c) three parents, legal guardians, or family members of current students of the Charter School except that no such directors shall be students, faculty, or staff of the Corporation.
- (d) one member of the community

4.3 Restriction on Interested Persons as Directors. No more than 49 percent of the persons serving on the Board may be interested persons. An interested person is (i) any person currently being compensated by the Corporation for services rendered to it within the

previous 12 months, whether as a full-time or part-time employee, independent contractor, or otherwise, excluding any reasonable compensation paid to a director as director; and (ii) any brother, sister, ancestor, descendent, spouse, brother-in-law, sister-in-law, son-in-law, daughter-in-law, mother-in-law or father-in-law of any such person. However, any violation of the provisions of this paragraph shall not affect the validity or enforceability of any transaction entered into by the Corporation.

4.4 Powers of Directors

(a) General Corporate Powers. Subject to the provisions and limitations of California Nonprofit Public Benefit Corporation Law and any other applicable laws, and subject to any limitations in the Articles of Incorporation or Bylaws relating to action requiring approval by the members, the activities, business, and affairs of the Corporation shall be managed, and all corporate powers shall be exercised by, or under the direction of, the Board in accordance with the approved Charter.

(b) Specific Powers. Without prejudice to the general powers set forth in Section 4.4 (a) of these Bylaws, but subject to the same limitations, the Board shall have the following powers in addition to other powers enumerated in these Bylaws:

(i) to select and remove at the pleasure of the Board, all officers, agents, and employees; to prescribe powers and duties for them as may be consistent with the law, the Charter, the Articles of Incorporation, and these Bylaws; to fix their compensation; and to require from them security for faithful service.

(ii) to conduct, manage, and control the affairs and activities of the Corporation and make such rules and regulations for this purpose, consistent with law, the Articles of Incorporation, and these Bylaws, as they may deem best.

(iii) to adopt and use a corporate seal, and alter the form of seal.

(c) Delegation of Management. The Board may delegate the management of the activities of the Corporation to any person or persons, a management company, or committees however composed, provided that the activities and affairs of the Corporation shall be managed and all corporate power shall be exercised under the ultimate direction of the Board.

4.5 Election, Designation, and Term of Office. The Board of Directors shall be elected as follows:

(a) the School Administrator shall be appointed by the Executive Committee.

(b) the School Staff members serving on the Board shall be elected by their constituency.

(c) the parents/legal guardians serving on the Board shall be elected by their constituency.

(d) the Community member serving on the Board shall be elected by a majority vote of the Board.

(e) if there is a vacancy or at the conclusion of a term of office, the BSFCS community will be notified outlining the process by which to express interest in said vacancy. Replacement Director(s) may be appointed by a majority vote of the Board Members representing the constituency of the vacant Board Member position that is being filled.

Directors shall be elected at each annual meeting of the Board. Each director shall hold office for a term of two (2) school years beginning on July 1 of the year elected and continuing through

June 30 of the second year of the term, or until a successor has been elected and qualified. Beginning with the 1999-2000 school year board elections, school staff (Section 4.5(b)) and parent/legal guardian (Section 4.5(c)) directors shall be elected to staggered terms. In 1999, the two (2) staff directors shall be elected to one and two year terms respectively, with successive staff elections beginning in 2000 for two-year periods each year thereafter. Beginning in 1999, the three (3) parent/legal guardian directors shall be elected to two (2) two-year and one (1) one-year terms respectively, with successive parent/legal guardian elections beginning in 2000 for two-year periods each year thereafter. Each such director, including a director elected to fill a vacancy or elected at a special meeting, shall hold office until expiration of the term for which elected and until a successor has been elected and qualified.

4.6 Vacancies on Board.

(a) Events Causing Vacancy. A vacancy or vacancies on the Board shall exist on the occurrence of the following:

- (i) the death or resignation of any director;
- (ii) the declaration by Board resolution of a vacancy of the office of a director who has been declared of unsound mind by an order of court or convicted of a felony or found by final order or judgment of any court to have breached a duty under Article 3 of Chapter 2 of the California Nonprofit Public Benefit Corporation Law;
- (iii) the resignation or removal of the School Administrator appointed to act as a director;
- (iv) the resignation, recall or removal of any school staff member serving as a director.

(b) Resignations. 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. The resignation shall be effective when the notice is given unless it specifies a later time for the resignation to become effective. If a director's resignation is effective at a later time, the Board may elect a successor to take office as of the date when the resignation becomes effective. No director may resign if the Corporation would then be left without a duly elected director or directors. The Board has the authority to declare that any Director who has been absent without excuse from three or more Board meetings in one term has voluntarily resigned.

(c) Recall of Board Member. An elected Board member may be recalled by their constituency as follows:

- (i) Upon the presentation of a "qualified" petition, as defined herein, to the Board of Directors, a special election shall be held to decide whether a Board member or members should be recalled. The election shall be held no sooner than ten days, nor no more than 30 days, subsequent to the meeting at which the qualified petition was first presented to the Board. If two-thirds of the authorized directors of the Board find it to be in the best interest of the charter school, these timelines for holding the special election may either be shortened or extended by up to 30 days.
- (ii) A qualified petition for purposes of this provision is defined as a petition having a number of signatures equal to thirty-three percent (33%) of the number of families having a student currently enrolled at Bellevue-Santa Fe Charter School. Each family may sign the petition only once. The signatures on a petition are presumed to be valid, but may be challenged by any interested party who would be eligible to vote in the election. The challenger shall bear the burden of proof showing a lack of genuineness.

(iii) The recall election shall be conducted in the same fashion as the regular Board election. A minimum of one-half of the eligible families must have voted in the recall election for the election results to be considered valid and binding.

(iv) The vote needed to recall a Board member shall be either a majority of the families eligible to vote in the election or a two-thirds vote of the eligible families which voted in the election, whichever is less.

(d) **Filling Vacancies.** Vacancies on the Board may be filled by a majority of the directors then in office, whether or not less than a quorum, or by a sole remaining director.

(d) **No Vacancy on Reduction of Number of Directors.** No reduction of the authorized number of directors shall have the effect of removing any director before that director's term of office expires.

4.7 Directors' Meetings.

(a) **Place of Meetings.** Regular or special meetings of the Board may be held at any place within or outside California that the Board may designate or, if not so designated, meetings shall be held at the Corporation's principal office. Notwithstanding the above provisions of this Section, a regular or special meeting of the Board may be held at any place consented to in writing by all Board members, either before or after the meeting. If such consents are given, they shall be filed with the minutes of the meeting.

(b) **Annual Meeting.** The Board shall hold an annual meeting for the purpose of organization, selection of directors and officers, and the transaction of other business. Annual meetings of the Board shall be held at the May Governing Board meeting.

(c) **Other Regular Meetings.** Other regular meetings of the Board may be held at such time and place as the Board shall fix from time to time.

(d) **Rules of Procedure.** All meetings of the Board and of the Committees shall be conducted with the rules of parliamentary procedure that are selected by the Board.

(e) **Notice.** It is the stated policy of the Corporation to comply with the Ralph M. Brown Act, California Government Code Section 54950 through 54962.

(i) **Manner of Giving Notice.** Notice of the time and place of special meetings shall be given to each director by one of the following methods: (1) by personal delivery of written notice; (2) by first-class mail, postage prepaid; (3) by telephone, either directly to the director, by leaving the message on a telephone answering machine or to a person at the director's office or place of residence who would reasonably be expected to communicate that notice promptly to the director; (4) by e-mail or facsimile. All such notices shall be given or sent to the director's address, telephone number or electronic mail address as shown on the records of the Corporation.

(ii) **Time Requirements.** Notices of special meetings of the Board sent by first-class mail shall be deposited in the United States mails at least four days before the time set for the meeting. Notices given by personal delivery, telephone, facsimile or electronic mail shall be delivered, telephoned, or dispatched electronically 72 hours before the time set for the meeting.

(iii) **Notice Contents.** The notice of a special meeting of the Board shall state the time and place of the meeting and shall briefly describe the items on the agenda.

(f) Special Meetings.

(i) Authority To Call. Special meetings of the Board for any purpose may be called at any time by the chairman of the Board, if any, the president or the secretary or any two directors.

(ii) Notice. Notice of special meetings shall be given in accordance with subsection (e) of Section 4.7 , except that notice shall be delivered at least 24 hours before the time set for the meeting.

(g) Quorum. A majority of the authorized number of directors shall constitute a quorum for the transaction of business, except for matters pertaining to:

(i) Adjournment. A meeting may be adjourned without a majority of Directors present

(ii) School Administrator. All four of the authorized Directors shall be present to constitute a quorum for the transaction of business pertaining to the evaluation, retention, or appointment of the School Administrator.

(iii) School Staff. The School Administrator and three of the four of the authorized Directors shall be present to constitute a quorum for the transaction of business pertaining to the evaluation, retention, or appointment of the School Staff.

(h) Items requiring a two-thirds vote of Directors. A two-thirds vote of the authorized directors present at a duly held meeting at which a quorum is present as defined herein shall comply with the more stringent provisions of the California Nonprofit Public Benefit Corporation Law, including, without limitation, those provisions relating to:

(i) approval of contracts or transactions in which a director has a direct or indirect material financial interest;

(ii) approval of certain transactions between Corporations having common directorships,

(iii) creation of and appointments to committees of the Board,

(iv) indemnification of directors,

(v) amendment or revocation of these Bylaws or the adoption of new Bylaws,

(vi) amendment to the BSFCS Charter,

(vi) transaction of business pertaining to the evaluation, retention, or appointment of the School Administrator or the School Staff.

(i) Withdrawal of Directors. A meeting at which a quorum is initially present may continue to transact business, despite the withdrawal of directors, if any action taken or decision made is approved by at least a majority of the required quorum for that meeting.

(j) Waiver of Notice. Notice of a meeting need not be given to any director who, either before or after the meeting, signs a waiver of notice, a written consent to the holding of the meeting, or an approval of the minutes of the meeting. All such waivers, consents, and approvals shall be filed with the corporate records or made a part of the minutes of the meetings. Notice of a meeting need not be given to any director who attends the meeting and does not protest, before or at the commencement of the meeting, the lack of notice to him or her.

(k) Adjournment. A majority of the directors present, whether or not a quorum is present, may adjourn any meeting to another time and place.

(l) Notice of Adjourned Meeting. Notice of the time and place of holding an adjourned meeting must be given at least 24 hours before the time of the meeting specified in the notice. Notice of any adjournment to another time and place shall be given, before the time of the adjourned meeting, to the directors who were not present at the time of the adjournment.

4.8 Conflict of Interest. No director or committee member shall vote on any matter under consideration at a Board or committee meeting in which such director or committee member has a conflict of interest.

4.9 Compensation and Reimbursement. Directors and members of committees shall receive no compensation for their services as directors, but may receive just and reasonable reimbursement for expenses in attending meetings.

4.10 Committees. To facilitate the consideration and management of the Corporation under the Charter and as a corporate legal entity, the following committees may exist as hereinafter set forth. All committees shall be composed of two or more directors and other persons serving at the pleasure of the board. Appointments to committees of the board shall be by majority vote of the authorized number of directors. Any two committees or any particular duties of a committee may be combined, in the interest of efficiency of management. Committees shall work in concert with Advisory Council except in those matters deemed by the Board to be confidential.

Unless otherwise directed by the Board, committees are empowered only to consider and make recommendations upon matters referred to them by the Board. In no case, may a committee, regardless of board resolution:

(i) take any final action on any matter that, under the California Nonprofit Public Benefit Corporation Law, also requires approval of the Board of Directors;

(ii) fill vacancies on the board or on any committee that has the authority of the board;

(iii) fix compensation of the directors for serving on the board or on any committee;

(iv) amend or repeal these Bylaws or adopt new bylaws;

(v) amend or repeal any resolution of the board that by its express terms is not so amendable or repealable;

(vi) create any other committees of the board or appoint the members of committees of the board;

(vii) expend corporate funds to support a nominee for director after more people have been nominated for director than can be elected; or

(viii) approve any contract or transaction to which the corporation is a party and in which one or more of its directors has a material financial interest, except as special approval is provided for in Section 5233(d)(3) of the California Corporations Code.

(a) Executive Committee. The Executive Committee shall have the power to act in all matters pertaining to the Corporation as directed by the Board, and, working in concert with the goals established by the committees, shall determine the corporations long-range and

short-range goals. The Executive Committee shall review at least annually the conditions of employment and performance of the School Administrator . The Executive Committee shall consult the Treasurer prior to making decisions which may impact the School's budget. Employees of the School shall not be members of the Executive Committee.

(b) Personnel Committee. The Personnel Committee shall review the recommendations of the School Administrator regarding conditions of employment of employees of the Corporation, including salary, benefits and personnel policies and implement policies and procedures relative to the same. The Personnel Committee shall consult the Treasurer prior to making decisions which may impact the School's budget. The School Administrator shall be a member of the Personnel Committee. No other employee of the School shall be a member of the Personnel Committee.

(c) Finance Committee. The Finance Committee shall oversee the general budget and finances of the Corporation in accordance with the requirements set forth in the Charter; shall submit yearly to the Board a salary budget for the following academic year; shall submit a detailed budget at the Annual Meeting, which, when approved by the Board, will be the authority for incurring the expenditures provided for therein; shall recommend yearly to the Board the selection of auditors of the Corporation; shall report on the Auditors' Report and Recommendations to the Board; and, acting within the power granted to it by the Board; and, acting within the power granted to it by the Board, shall supervise the investment of the funds of the Corporation. The Treasurer shall be a member of the Finance Committee.

(d) Proposal Committee. The Proposal Committee shall review submitted school proposals for educative and recreational policies, programs and/or activities. The Proposal Committee will determine which proposals are to be implemented. The School Administrator shall be a permanent member of the Proposal Committee.

In the event that no consensus for a proposal can be realized within the group, the School Administrator shall make the final determination, unless he/she has a conflict of interest or is unable or unwilling to do so. In this event, the proposal shall be referred to the Governing Board for its consideration and determination.

The Committee shall be comprised of 2 representatives of the BSFCS Staff and 2 representatives of the BSFCS Community, including but not limited to parents of attending students. The Staff Members shall be selected by the consensus of the BSFCS Staff and the Community Members shall be nominated through PTAC. With the exception of the School Administrator, Committee Members shall serve a 2 year term. Any Member may be reinstated upon recommendation of their constituency group.

(e) Other committees of the Board. The Board, by resolution adopted by a majority of the directors then in office, may create additional committees or sub-committees, as necessary, to carry out the management of the Corporation.

4.11 Advisory Council. Consistent with the Charter criterion, the Board shall insure that an Advisory Council is established. The Advisory Council shall be composed of nondirector committee members from the community, parents, and educators. The specific purpose of the nondirector Advisory Council shall be to provide a source of external and independent input, support and recommendations to the Board and its committees to enable the school to fully utilize the resources of the community.

(a) **Advisory Council Chairperson.** The Advisory Council Chairperson shall be elected for a one-year term by the members of the Advisory Council. Responsibilities include facilitating Advisory Council meetings, and serving as a non-voting member of the Board of Directors in order to facilitate communication in the decision-making process.

4.12 Meetings and Action of Committees. Meetings and actions of committees of the Board shall be governed by, held and taken in accordance with the provisions of these Bylaws, except that the time for regular meetings of such committees and the calling of special meetings of such committees may be determined by resolution of the committee of the Board or of the Board. Minutes of each meeting of any committee of the Board shall be kept and filed with the corporate records. The Board may adopt rules for the government of any committee that are consistent with these Bylaws or, in the absence of rules adopted by the Board, the committee may adopt such rules.

5. OFFICERS.

5.1 Officers of the Corporation. The Officers of the Corporation shall be a president, a secretary, and a treasurer. The Corporation will also have such other officers as may be appointed in accordance with Section 5.3 of these Bylaws. Any number of offices may be held by the same person, except that neither the secretary nor the treasurer may serve concurrently as either the president.

5.2 Selection of Officers. The officers of the Corporation, except as appointed under Section 5.3 of these Bylaws, shall be elected annually by the Board and each shall serve at the pleasure of the Board, subject to the rights, if any, of any office under contract of employment. Neither the president nor the treasurer shall be an employee of the school.

5.3 Other Officers. The Board may appoint and may authorize the president or other officer to appoint any other officers that the School or Corporation may require, each of whom shall have the title, hold office for the period, have the authority, and perform the duties determined by the Board or specified in the Bylaws.

5.4 Removal of Officers. Without prejudice to any rights of an officer under any contract of employment, any officer may be removed, with or without cause, by the Board or by an officer on whom the Board may confer that power of removal.

5.5 Resignation of Officers. Any officer may resign at any time by giving written notice to the Corporation. The resignation shall take effect as of the date the notice is received or at any later time specified in the notice and, unless otherwise specified in the notice, the resignation need not be accepted to be effective. Any resignation shall be without prejudice to the rights, if any, of the Corporation under any contract to which the officer is a party.

5.6 Vacancies in Offices. A vacancy in any office due to death, resignation, removal, disqualification, or any other cause shall be filled in the manner prescribed in these Bylaws for regular appointments to that office, provided that such vacancies shall be filled as they occur and not on an annual basis.

5.7 **Responsibilities of Officers.**

(a) President. The president shall preside at Board meetings and shall exercise and perform such other powers and duties as may be assigned by the Board or prescribed by the Bylaws. The president shall, subject to the control of the Board, and in conjunction with the Officers of the School, assist in supervising and directing the business, activities, affairs and the officers of the Corporation.

(b) Secretary.

(i) Book of Minutes. The secretary shall keep or cause to be kept, at the Corporation's principal office or such other place as the Board may direct, a book of minutes of all meetings, proceedings, and actions of the Board, or committees of the Board. The minutes of meetings shall include the time and place of holding, whether the meeting was general or special and, if special, how authorized, the notice given, the names of those present at Board and committee meetings. The secretary shall keep or have kept at the principal office in California, a copy of the Articles of Incorporation and Bylaws, as amended to date.

(ii) Notices, Seal, and Other Duties. The secretary shall give, or cause to be given, all required notices of all meetings of the Board and of committees of the Board. The secretary shall keep the corporate seal in safe custody, and shall have such other powers and perform such other duties as the Board or the Bylaws may prescribe.

(c) Treasurer.

(i) Book of Accounts. The treasurer shall keep and maintain, or cause to be kept and maintained, adequate and correct books and records of accounts of the Corporation's properties and business transactions, including accounts of its assets, liabilities, receipts, disbursements, gains, losses, capital, retained earning, and other matters customarily included in financial statements. The books of account shall be open to inspection by any director at all reasonable times.

(ii) Deposit and Disbursement of Money and Valuable. The treasurer shall deposit, or cause to be deposited, all money and other valuables in the name and to the credit of the Corporation with such depositories as the Board may designate, shall disburse the Corporation's funds as the Board may designate, shall disburse the Corporation's funds as the Board may order, shall render to the president and directors, when requested, an account of all transactions as treasurer and of the financial condition of the Corporation, and shall have such other powers and perform such other duties as the Board or the Bylaws may prescribe.

(iii) Bond. If required by the Board, the treasurer 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/her office and for restoration to the Corporation of all its books, papers, vouchers, money, and other property of every kind in his or her possession or under his or her control on his or her death, resignation, retirement, or removal from the office.

6. **THE SCHOOL ADMINISTRATOR.**

6.1 Selection . The School Administrator shall be selected by the Executive Committee. The terms and conditions of employment of the School Administrator shall be determined by the Executive Committee

6.2 Duties and Authority. The School Administrator shall carry out the policies of the Board, attend to all matters entrusted to his or her care by the Board and shall exercise such general supervision and direction over school affairs as will best promote the mission statement and goals set forth in the Charter, including but not limited to the following duties:

(a) be the chief administrator of the School, responsible to the Board for the execution of all administrative functions;

(b) recommend to the Board, through the Personnel Committee, the appointment or promotion of or change in the faculty or staff of the School;

(c) report to the Board at each of its meetings on matters of importance to the School and make a report at each Annual Meeting on the business and affairs of the School during the preceding academic year and on the condition at the end of such year;

(d) present for consideration at any Board meeting measures deemed necessary or expedient for the welfare of the School.

The School Administrator shall not participate in any discussion nor vote on any matter pertaining to the evaluation, retention, or appointment of the School Administrator. The School Administrator may be a member of all committees except the Executive Committee. If the office of School Administrator becomes vacant by reason of disability, death, resignation, removal, or otherwise, the Board shall appoint an Acting School Administrator .

6.3 Assistants to the School Administrator. If any assistant to the School Administrator is appointed, he or she shall be concerned with the administration of policies and regulations and with such other matters as may be delegated by the School Administrator and approved by the Board.

7. INDEMNIFICATION.

7.1 Definitions. For the purpose of this Section 7, “agent” means any person who is or was a director, officer, employee, or other agent of the Corporation, or is or was serving at the request of the Corporation as a director, officer, employee, or agent or another foreign or domestic corporation, partnership, joint venture, trust, or other enterprise, or was a director, officer, employee, or agent of a foreign or domestic corporation which was a predecessor corporation of the Corporation or of another enterprise at the request of such predecessor corporation; “proceeding” means any threatened, pending or completed action or proceeding, whether civil, criminal, administrative, or investigative; and “expense” includes, without limitation, attorneys’ fees and any expenses of establishing a right to indemnification under Sections 7.5 or 7.5(b) of these Bylaws.

7.2 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 California Nonprofit Public Benefit Corporation law, or an action brought by the Attorney General or a person granted relator status by the Attorney General 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 reasonable 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 person's conduct was unlawful.

7.3 Indemnification in Actions by or in the Right of the Corporation. The Corporation shall have the 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 California Nonprofit Public Benefit Corporation Law, or brought by the Attorney General or a person granted relator status by the Attorney General 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 7.3:

(a) in respect of 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 proceeding is or was pending 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) of amounts paid in settling or otherwise disposing of a threatened or pending action, with or without court approval; or

(c) of expense 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.

7.4 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 7.2 or 7.3 of these Bylaws 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.

7.5 Required Determinations. Except as provided in Section 7.4 of these Bylaws, any indemnification under this section 7 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 7.2 or 7.3 of these Bylaws, by:

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

(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.

7.6 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 Section 7.

7.7 Other Indemnification. No provision made by the Corporation to indemnify its or its subsidiary's directors or officers for the defense of any proceeding, whether contained in the Articles, Bylaws, a resolution of directors, an agreement, or otherwise, shall be valid unless consistent with this Section 7. Nothing contained in this Section 7 shall affect any right to indemnification to which persons other than such directors and officers may be entitled by contract or otherwise.

7.8 Forms of Indemnification Not Permitted. No indemnification of advance shall be made under this Section 7, except as provided in Sections 7.4 or 7.5(b), in any circumstances where it appears:

(a) that it would be inconsistent with a provision of the Articles, these 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 prohibit or otherwise limit indemnification; or

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

7.9 Insurance. The Corporation shall have 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 Section 7, provided, however, that a 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 California Nonprofit Public Benefit Corporation Law.

7.10 Nonapplicability to Fiduciaries of Employee Benefit Plans. This Section 7 does not apply to any proceeding against any trustee, investment manager, or other fiduciary of an employee benefit plan in such person's capacity as such, even though such person may also be an agent of the Corporation as defined in Section 7.1 of these Bylaws. The Corporation shall have power to indemnify such trustee, investment manager, or other fiduciary to the extent permitted by Section 207(f) of the California General Corporation Law.

8. RECORDS AND REPORTS.

8.1 Maintenance of Corporate Records. The Corporation shall keep both adequate and correct books and records of account and written minutes of the proceedings of its Board, and committees of the Board.

8.2 Inspection by Directors. Every director shall have the absolute right at any reasonable time to inspect and copy all books, records, and documents of every kind and to inspect the physical properties of the Corporation for a purpose reasonably related to the director's interests as a director.

9. ENDORSEMENT OF DOCUMENTS; CONTRACTS. Any contract or conveyance made in the name of the Corporation, which is authorized or ratified by the Board or done within the scope of authority conferred by the Board or within the agency power of the officer executing it, except as the Board's authority is limited by law, binds the Corporation and the Corporation acquires rights thereunder whether the contract is executed or wholly or in part executory.

10. CONSTRUCTION AND DEFINITIONS. Unless the context requires otherwise, the general provisions, rules of construction, and definitions in the California Nonprofit Corporation Law and in the California Nonprofit Public Benefit Law shall govern the construction of these Bylaws. Without limiting the generality of the preceding sentence, the masculine gender includes the feminine and neuter, the singular number includes the plural, the plural number includes the singular and the term "person" includes both a legal entity and a natural person.

11. AMENDMENTS. New Bylaws may be adopted, or these Bylaws may be amended or repealed, by a two-thirds approval vote of the Board.

12. FISCAL YEAR. The fiscal year of the School shall coincide with that of the San Luis Coastal Unified School District.

13. NON-DISCRIMINATORY POLICY. It is the stated policy of the Corporation to provide equal employment and equal educational opportunities for all employees and students. The Corporation shall not unlawfully discriminate on the basis of race, color, religion, sex, national origin, ancestry, age, medical condition, handicap, veteran status, marital status, or sexual orientation. This policy applies to all areas of education and employment including recruitment, hiring, training, promotion, compensation, benefits, transfer and social and recreational program.

This policy includes the provision that no employees or students shall harass any other employees or students on any of the bases listed above. Harassment includes verbal, physical and visual harassment; solicitation of sexual favors; unwelcomed sexual advances, and creating or maintaining an intimidating or hostile work or school environment. Employees or students who violate this policy shall be subject to discipline up to and including discharge, suspension and expulsion.

CERTIFICATE OF SECRETARY

I certify that I am the duly elected and acting Secretary of the Bellevue-Santa Fe Charter School, Incorporated, a California nonprofit public benefit corporation, that the above bylaws, consisting of twelve (12) pages, are the bylaws of the corporation as adopted by the Board of Directors on October 21, 1996 and that they have not been amended or modified since that date.

Executed on October 21, 1996, at San Luis Obispo, California.

Secretary