

Bylaws of Invictus Academy, Inc. (A California Nonprofit Public Benefit Corporation)**Board Bylaws**

Below are the draft bylaws for Invictus Academy, which will be put to a vote for adoption upon authorization of the school.

**ARTICLE I
NAME**

Section 1. NAME. The name of this corporation is Invictus Academy, Inc. (“Corporation”).

**ARTICLE II
PRINCIPAL OFFICE OF THE CORPORATION**

Section 1. PRINCIPAL OFFICE OF THE CORPORATION. The principal office for the transaction of the business of the Corporation may be established at any place or places within or without the State of California by resolution of the Board, provided that as long as this Corporation has a charter to operate a school granted by West Contra Costa Unified District (“WCCUSD”), the principal office shall be in the geographic boundaries of WCCUSD.

Section 2. OTHER OFFICES OF THE CORPORATION. The Board of Directors may at any time establish branch or subordinate offices at any place or places where this corporation is qualified to conduct its activities.

**ARTICLE III
GENERAL AND SPECIFIC PURPOSES; LIMITATIONS**

Section 1. GENERAL AND SPECIFIC PURPOSES. The purpose of this corporation is to manage, operate, guide, direct and promote one or more California public charter schools (or “Charter School”). Also in the context of these purposes, the Corporation shall not, except to an insubstantial degree, engage in any other activities or exercise of power that do not further the purposes of the Corporation.

The Corporation shall not carry on any other activities not permitted to be carried on by: (a) a corporation exempt from federal income tax under section 501(c)(3) of the Internal Revenue Code, or the corresponding section of any future federal tax code; or (b) a corporation, contributions to which are deductible under section 170(c)(2) of the Internal Revenue Code, or the corresponding section of any future federal tax code. No substantial part of the activities of the Corporation shall consist of the carrying on of propaganda, or otherwise attempting to influence legislation, and the Corporation shall not participate in, or intervene in (including the publishing or distributing of statements) any political campaign on behalf of or in opposition to any candidate for public office.

ARTICLE IV CONSTRUCTION AND DEFINITIONS

Section 1. CONSTRUCTION AND DEFINITIONS. Unless the context indicates otherwise, the general provisions, rules of construction, and definitions in the California Nonprofit Corporation Law shall govern the construction of these bylaws. Without limiting the generality of the preceding sentence, the masculine gender includes the feminine and neuter, the singular includes the plural, and the plural includes the singular, and the term “person” includes both a legal entity and a natural person.

ARTICLE V DEDICATION OF ASSETS

Section 1. DEDICATION OF ASSETS. This corporation’s assets are irrevocably dedicated to public benefit purposes as set forth in the charter that authorized the Corporation to operate a charter school (“Charter”) and its Articles of Incorporation. No part of the net earnings, properties, or assets of the corporation, on dissolution or otherwise, shall inure to the benefit of any private person or individual, or to any director or officer of the corporation. On liquidation or dissolution, all properties and assets remaining after payment, or provision for payment, of all debts and liabilities of the corporation shall be distributed to a nonprofit fund, foundation, or corporation that is organized and operated exclusively for charitable purposes and that has established its exempt status under Internal Revenue Code section 501(c)(3).

ARTICLE VI CORPORATIONS WITHOUT MEMBERS

Section 1. CORPORATIONS WITHOUT MEMBERS. This corporation shall have no voting members within the meaning of the Nonprofit Corporation Law. The corporation’s Board of Directors may, in its discretion, admit individuals to one or more classes of nonvoting members; the class or classes shall have such rights and obligations as the Board of Directors finds appropriate.

ARTICLE VII BOARD OF DIRECTORS

Section 1. GENERAL POWERS. Subject to the provisions and limitations of the California Nonprofit Public Benefit Corporation Law and any other applicable laws, and subject to any limitations of the articles of incorporation or bylaws, the corporation’s activities and affairs shall be managed, and all corporate powers shall be exercised, by or under the direction of the Board of Directors (“Board”).

Section 2. **SPECIFIC POWERS.** Without prejudice to the general powers set forth in Section 1 of these bylaws, but subject to the same limitations, the Board of Directors shall have the power to:

- a. Appoint and remove, at the pleasure of the Board of Directors, all corporate officers, agents, and employees; prescribe powers and duties for them as are consistent with the law, the articles of incorporation, and these bylaws.
- b. Fix the compensation of the Executive Director (the “Executive Director”) of Invictus Academy of Richmond.
- c. Borrow money and incur indebtedness on the corporation’s behalf and cause to be executed and delivered for the corporation’s purposes, in the corporate name, promissory notes, bonds, debentures, deeds of trust, mortgages, pledges, hypothecations, and other evidences of debt and securities.
- d. Adopt and use a corporate seal.

Section 3. **DESIGNATED DIRECTORS AND TERMS** The authorized number of directors of the Corporation (“Directors”) shall be not less than seven (7) or more than fifteen (15); the exact authorized number to be fixed from time to time, within these limits, by resolution of the Board. All directors shall have full voting rights. Directors shall be sought who reflect the qualities, qualifications, and diversity determined by the Board delineated in the Job Description of the Board of Directors. All Directors (other than founding Directors) shall be elected at the annual meeting of the Board by the affirmative vote of two-thirds of the Directors then in office and in attendance at the meeting, assuming a quorum is present.

As soon as possible after their appointment, the total number of initial Directors shall be divided into three approximately equal groups. One group shall be designated initially to serve a three-year term, one group shall be designated initially to serve a two-year term, and the final group shall be designated initially to serve a one-year term. Each Director shall determine whether he or she will serve an initial one-, two- or three-year term by drawing lots. Thereafter, at subsequent annual meetings, the term of office for each Director to be elected shall be three years. Each Director, including a Director elected to fill a vacancy as more fully described in Section 12, shall hold office until the expiration of the term for which he or she was elected and until the election and qualification of a successor, or until that Director’s earlier resignation or removal in accordance with these Bylaws and California Nonprofit Corporation Law.

Section 4. **RESTRICTION ON INTERESTED PERSONS AS DIRECTORS.** No persons serving on the Board of Directors may be interested persons. An interested person is (a) any person compensated by the corporation for services rendered to it within the previous 12 months, whether as a full-time or part-time employee, independent contractor, or otherwise, excluding any reasonable compensation paid to a director as director; and (b) any brother, sister, ancestor, descendant, spouse, brother-in-law, sister-in-law, son-in-law, daughter-in-law, mother-in-law, or father-in-law of such person. However, any violation of this paragraph shall not affect the validity or

enforceability of transactions entered into by the corporation. The Board may adopt other policies circumscribing potential conflicts of interest.

Section 5. DIRECTORS' TERM. Except for the staggering of the initial Directors, as detailed in Section 3 above, each director shall serve a term of three (3) years from the date of their appointment, and until a successor director has been designated and qualified. A full three-year term shall be considered to have been served upon the passage of three (3) annual meetings. No director shall serve more than two (2) consecutive three-year terms.

Section 6. NOMINATIONS BY COMMITTEE. The Board will appoint a committee to designate qualified candidates for election to the Board. The slate of nominees shall be presented to the Board at the annual meeting of the Board, although additional candidates may be identified and nominated between annual meetings, as necessary.

Section 7. USE OF CORPORATE FUNDS TO SUPPORT NOMINEE. No corporation funds may be expended to support a nominee under any circumstances.

Section 8. EVENTS CAUSING VACANCIES ON BOARD. A vacancy or vacancies on the Board shall occur in the event of (a) the death, resignation, or removal of any director; (b) the declaration by resolution of the Board of a vacancy in the office of a director who has been convicted of a felony, declared of unsound mind by a court order, or found by final order or judgment of any court to have breached a duty under California Nonprofit Public Benefit Corporation Law, Chapter 2, Article 3; or (c) the increase of the authorized number of directors.

Section 9. RESIGNATION OF DIRECTORS. Except as provided below, any director may resign by giving written notice to the Chair of the Board, or the Secretary, or to the Board as a whole. 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 elect a successor to take office as of the date when the resignation becomes effective.

Section 10. DIRECTOR MAY NOT RESIGN IF NO DIRECTOR REMAINS. Except on notice to the California Attorney General, no director may resign if the corporation would be left without a duly elected director or directors.

Section 11. REMOVAL OF DIRECTORS. The Board may by resolution declare vacant 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 California Nonprofit Corporation Law.

The Board may by resolution declare vacant the office of a Director who fails to attend three consecutive or four total Board meetings during any fiscal year unless the absences are due to mitigating factors that have been previously disclosed to and approved by the Board.

The Board may, by a majority vote of the Directors who meet all of the required qualifications to be a Director, declare vacant the office of any Director who fails or ceases to meet

any required qualification that was in effect at the beginning of that Director's current term of office.

Directors may be removed without cause by a majority of Directors then in office.

Any director may be removed, with or without cause, by the vote of the majority of the members of the entire Board at a special meeting called for that purpose, or at a regular meeting, provided that notice of that meeting and of the removal are given in compliance with the provisions of the Ralph M. Brown Act ("Brown Act"). (Chapter 9 (commencing with Section 54950) of Division 2 of Title 5 of the Government Code). Any vacancy caused by the removal of a director shall be filled as provided in Section 12.

Section 12. VACANCIES FILLED BY BOARD. Vacancies on the Board of Directors may be filled by majority vote of the Board of Directors or, if the number of directors then in office is less than the designated minimum of seven (7), by (a) the affirmative vote of two-thirds of the directors then in office at a regular or special meeting of the Board, or (b) a sole remaining director. A vacancy on the Board of Directors may also be filled by unanimous written consent of the Directors then in office. Each director to fill vacancy shall hold office until expiration of term of replaced Director.

Section 13. NO VACANCY ON REDUCTION OF NUMBER OF DIRECTORS. Any reduction of the authorized number of directors shall not result in any directors being removed before his or her term of office expires.

Section 14. PLACE OF BOARD OF DIRECTORS MEETINGS. Meetings shall be held at a place to be designated within WCCUSD's boundaries as set forth in the notice of the meeting. All meetings of the Board shall be called, held and conducted in accordance with the terms and provisions of the Brown Act.

Section 15. MEETINGS; ANNUAL MEETINGS. All meetings of the Board and its committees shall be called, noticed, and held in compliance with the provisions of the Brown Act. The Board shall meet annually for the purpose of organization, appointment of officers, and the transaction of such other business as may properly be brought before the meeting. This meeting shall be held at a time, date, and place as noticed by the Board in accordance with the Brown Act.

Section 16. REGULAR MEETINGS. Regular meetings of the Board, including annual meetings, shall be held at such times and places as may from time to time be fixed by the Board. The Board shall meet at least ten times annually. At least seventy-two (72) hours before a regular meeting, the Board or its designee shall post an agenda containing a brief general description of each item of business to be transacted or discussed at the meeting. The agenda shall be posted in a location that is accessible to the public/constituents.

Section 17. SPECIAL MEETINGS. Special meetings of the Board for any purpose may be called at any time by the Chair of the Board or by a majority of the Board of Directors. The party calling a special meeting shall determine the place, date, and time thereof.

Section 18. NOTICE OF SPECIAL MEETINGS. In accordance with the Brown Act, special meetings of the Board may be held only after at least twenty-four (24) hours' notice is given to the public through posting the call and notice of the meeting in a location that is freely accessible to members of the public and on the Corporation's website. Directors shall also receive at least twenty-four (24) hours' notice of the special meeting, as follows:

- a. Any such notice shall be addressed or delivered to each director at the director's address as it is shown on the records of the Corporation, or as may have been given to the Corporation by the director for purposes of notice, or, if an address is not shown on the Corporation's records or is not readily ascertainable, at the place at which the meetings of the Board of Directors are regularly held.
- b. Written notice, other than notice by mail, shall be deemed received at the time it is personally delivered to the recipient or is delivered to a common carrier for transmission, or is actually transmitted by the person giving the notice by electronic means to the recipient. Notices of special meetings of the Board of Directors sent by first-class mail shall be deposited in the United States mail at least three (3) days before the time set for the meeting. Oral notice shall be deemed received at the time it is communicated, in person or by telephone or wireless, to the recipient or to a person at the office of the recipient whom the person giving the notice has reason to believe will promptly communicate it to the receiver.
- c. The notice of special meeting shall state the time of the meeting, and the place if the place is other than the principal office of the Corporation, and the general nature of the business proposed to be transacted at the meeting. No business, other than the business the general nature of which was set forth in the notice of the meeting, may be transacted at a special meeting.

Section 19. QUORUM. A majority of the directors then in office shall constitute a quorum. All acts or decisions of the Board will be by majority vote of the Directors in attendance, based upon the presence of a quorum, unless a majority vote of the entire Board is otherwise required under the California Corporations Code, as specified in these bylaws. Every act taken or decision made by a vote of the majority of the Directors present at a meeting duly held at which a quorum is present is the act of the Board, unless a greater number is expressly required by California Nonprofit Corporation Law, the Articles of Incorporation or these Bylaws. A meeting at which a quorum is initially present but due to the withdrawal of Directors, is no longer present, may not transact business; those Directors present may either (a) elect to continue as a committee or (b) adjourn to a future date. Directors may not vote by proxy.

The following actions shall require a vote by a majority of all Directors then in office in order to be effective: (a) Creation of, and appointment to, Committees (but not advisory committees) as described in Section 22; (b) Removal of a Director without cause as described in Section 11; and (c) Indemnification of Directors as described in Article 12. Directors may not vote by proxy.

Section 20. ADJOURNMENT. A majority of the directors present, whether or not a quorum is present, may adjourn any Board meeting to another time or place. Notice of such adjournment to another time or place shall be given, prior to the time schedule for the continuation of the meeting, to the directors who were not present at the time of the adjournment, and to the public in the manner prescribed by the Brown Act.

Section 21. COMPENSATION AND REIMBURSEMENT. Directors may not receive compensation for their services as directors or officers, only such reimbursement of expenses as the

Board may establish by resolution to be just and reasonable as to the corporation at the time that the resolution is adopted.

Section 22. CREATION AND POWERS OF COMMITTEES. The Board, by resolution adopted by a majority of the directors then in office, may create one or more committees of the Board, each consisting of two or more directors and no one who is not a director, to serve at the pleasure of the Board. Appointments to committees of the Board shall be by majority vote of the authorized number of directors. The Board may appoint one or more directors as alternate members of any such committee, who may replace any absent member at any meeting. Any such committee shall have all the authority of the Board, to the extent provided in the Board resolution, except that no committee may:

- a. Take any final action on any matter that, under the California Nonprofit Public Benefit Corporation Law, also requires approval of entire Board;
- b. Fill vacancies on the Board or any committee of the Board;
- c. Amend or repeal bylaws or adopt new bylaws;
- d. Amend or repeal any resolution of the Board that by its express terms is not so amendable or subject to repeal;
- e. Create any other committees of the Board or appoint the members of committees of the Board; or
- f. Expend corporate funds to support a nominee for director if more people have been nominated for director than can be elected.

The Board may also create one or more advisory committees composed of directors and non-directors. It is the intent of the Board to encourage the participation and involvement of faculty, staff, parents, students and administrators through attending and participating in open committee meetings. The Board may establish, by resolution adopted by a majority of the directors then in office, advisory committees to serve at the pleasure of the Board.

Section 23. MEETINGS AND ACTION OF COMMITTEES. Meetings and actions of committees of the Board shall be governed by, held, and taken under the provisions of these bylaws concerning meetings, other Board actions, and the Brown Act, if applicable, except that the time for general meetings of such committees and the calling of special meetings of such committees may be set either by Board resolution or, if none, by resolution of the committee. Minutes of each meeting shall be kept and shall be filed with the corporate records. The Board may adopt rules for the governance of any committee as long as the rules are consistent with these bylaws. If the Board has not adopted rules, the committee may do so.

Section 24. NON-LIABILITY OF DIRECTORS. No director shall be personally liable for the debts, liabilities, or other obligations of this corporation.

Section 25. COMPLIANCE WITH LAWS GOVERNING STUDENT RECORDS. The Corporation and the Board of Directors shall comply with all applicable provisions of the Family Education Rights Privacy Act ("FERPA") as set forth in Title 20 of the United States Code Section 1232g and attendant regulations as they may be amended from time to time.

ARTICLE VIII OFFICERS OF THE CORPORATION

Section 1. **OFFICES HELD.** The officers of this corporation shall be a Chair, a Vice-Chair, a Secretary, and a Treasurer.

Section 2. **ELECTION OF OFFICERS.** The officers of this corporation shall be chosen annually by the Board at the corporation's annual meeting and shall serve at the pleasure of the Board.

Section 3. **REMOVAL OF OFFICERS.** The Board may remove any officer with or without cause.

Section 4. **RESIGNATION OF OFFICERS.** Any officer may resign at any time by giving written notice to the Board. The resignation shall take effect on the date the notice is received or at any later time specified in the notice. Unless otherwise specified in the notice, the resignation need not be accepted to be effective. Any resignation shall be without prejudice to any rights of the corporation under any contract to which the officer is a party.

Section 5. **VACANCIES IN OFFICE.** A vacancy in any office because of death, resignation, removal, disqualification, or any other cause shall be filled in the manner prescribed in these bylaws for normal appointment to that office, by majority vote of the Board. However, in the event that the office of Chair becomes vacant, the Vice-Chair shall become the Chair for the unexpired portion of the term.

Section 6. **CHAIR OF THE BOARD.** The Chair of the Board shall preside at the Board meetings and shall exercise and perform such other powers and duties as the Board of Directors may assign from time to time. In the case of a tie vote, the Chair of the Board shall abstain from the vote, allowing an odd number of directors to vote on the matter. If a Chair of the Board of Directors is elected, there shall also be a Vice-Chair of the Board. In the absence of the Chair, the Vice-Chair shall preside at Board meetings and shall exercise and perform such other powers and duties as the Board may assign from time to time.

Section 7. **SECRETARY.** 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 and of committees of the Board. The Corporation shall keep a minute book in written form which shall contain a record of all actions by the Board or any committee including (i) the time, date and place of each meeting; (ii) whether a meeting is regular or special and, if special, how called; (iii) the manner of giving notice of each meeting and a copy thereof; (iv) the names of those present at each meeting of the Board or any Committee thereof; (v) the minutes of all meetings; (vi) any written waivers of notice, consents to the holding of a meeting or approvals of the minutes thereof; (vii) all written consents for action without a meeting; (viii) all protests concerning lack of notice; and (ix) formal dissents from Board actions.

The Secretary shall keep or cause to be kept, at the principal California office, a copy of the articles of incorporation and bylaws, as amended to date.

The Secretary shall give, or cause to be given, notice of all meetings of the Board and of committees of the Board of Directors that these bylaws require to be given. The Secretary shall keep

the corporate seal, if any, in safe custody and shall have such other powers and perform such other duties as the Board of Directors or the bylaws may require.

Section 8. **TREASURER.** The Treasurer shall keep and maintain, or cause to be kept and maintained, adequate and correct books and accounts of the corporation's properties and transactions. The Treasurer shall send or cause to be given to directors such financial statements and reports as are required to be given by law, by these bylaws, or by the Board. The books of account shall be open to inspection by any director at all reasonable times.

The Treasurer shall (a) 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; (b) disburse the corporation's funds as the Board may order; (c) render to the Chair of the Board, and the Board, when requested, an account of all transactions as Treasurer and of the financial condition of the corporation; and (d) have such other powers and perform such other duties as the Board or the bylaws may require.

ARTICLE IX CONTRACTS WITH DIRECTORS

Section 1. **CONTRACTS WITH DIRECTORS.** The Corporation shall not enter into a contract or transaction in which a director directly or indirectly has a material financial interest (nor any other corporation, firm, association, or other entity in which one or more of this Corporation's directors are directors have a material financial interest).

ARTICLE X CONTRACTS WITH NON-DIRECTOR DESIGNATED EMPLOYEES

Section 1. **CONTRACTS WITH NON-DIRECTOR DESIGNATED EMPLOYEES.** The Corporation shall not enter into a contract or transaction in which a non-director designated employee (e.g., officers and other key decision-making employees) directly or indirectly has a material financial interest.

ARTICLE XI LOANS TO DIRECTORS AND OFFICERS

Section 1. **LOANS TO DIRECTORS AND OFFICERS.** This Corporation shall not lend any money or property to or guarantee the obligation of any director or officer without the approval of the California Attorney General; provided, however, that the corporation may advance money to a director or officer of the corporation for expenses reasonably anticipated to be incurred in the performance of his or her duties if that director or officer would be entitled to reimbursement for such expenses of the corporation.

ARTICLE XII INDEMNIFICATION

Section 1. **INDEMNIFICATION.** To the fullest extent permitted by law, this Corporation shall indemnify its directors, officers, employees, and other persons described in Corporations Code Section 5238(a), including persons formerly occupying any such positions,

against all expenses, judgments, fines, settlements, and other amounts actually and reasonably incurred by them in connection with any “proceeding,” as that term is used in that section, and including an action by or in the right of the corporation by reason of the fact that the person is or was a person described in that section. “Expenses,” as used in this bylaw, shall have the same meaning as in that section of the Corporations Code.

On written request to the Board by any person seeking indemnification under Corporations Code Section 5238 (b) or Section 5238 (c) the Board shall promptly decide under Corporations Code Section 5238 (e) whether the applicable standard of conduct set forth in Corporations Code Section 5238 (b) or Section 5238 (c) has been met and, if so, the Board shall authorize indemnification.

ARTICLE XIII INSURANCE

Section 1. **INSURANCE.** This Corporation shall have the right to purchase and maintain insurance to the full extent permitted by law on behalf of its directors, officers, employees, and other agents, to cover any liability asserted against or incurred by any director, officer, employee, or agent in such capacity or arising from the director’s, officer’s, employee’s, or agent’s status as such.

ARTICLE XIV MAINTENANCE OF CORPORATE RECORDS

Section 1. **MAINTENANCE OF CORPORATE RECORDS.** This corporation shall keep:

- a. Adequate and correct books and records of account;
- b. Written minutes of the proceedings of the Board and committees of the Board; and
- c. Such reports and records as required by law.

ARTICLE XV INSPECTION RIGHTS

Section 1. **DIRECTORS’ RIGHT TO INSPECT.** Every director shall have the right at any reasonable time to inspect the corporation’s books, records, documents of every kind, physical properties, and the records of each subsidiary as permitted by California and federal law. The inspection may be made in person or by the director’s agent or attorney. The right of inspection includes the right to copy and make extracts of documents as permitted by California and federal law. This right to inspect may be circumscribed in instances where the right to inspect conflicts with California or federal law (e.g., restrictions on the release of educational records under FERPA) pertaining to access to books, records, and documents.

Section 2. **ACCOUNTING RECORDS AND MINUTES.** On written demand on the Corporation, any director may inspect, copy, and make extracts of the accounting books and records and the minutes of the proceedings of the Board and committees of the Board at any reasonable time for a purpose reasonably related to the director’s interest as a director. Any such inspection and copying may be made in person or by the director’s agent or attorney. This right of inspection extends to the records of any subsidiary of the corporation.

Section 3. **MAINTENANCE AND INSPECTION OF ARTICLES AND BYLAWS.** This Corporation shall keep at its principal California office the original or a copy of the articles of incorporation and bylaws, as amended to the current date, which shall be open to inspection by the directors at all reasonable times during office hours.

Section 4. **MAINTENANCE AND INSPECTION OF FEDERAL TAX EXEMPTION APPLICATION AND ANNUAL INFORMATION RETURNS.** The Corporation shall at all times keep at its principal office a copy of its federal tax exemption application and, for three years from their date of filing, its annual information returns. These documents shall be open to public inspection and copying to the extent required by the Code.

ARTICLE XVI REQUIRED REPORTS

Section 1. **ANNUAL REPORTS.** The Board shall cause an annual report to be sent to itself (the members of the Board of Directors) within 120 days after the end of the corporation's fiscal year. That report shall contain the following information, in appropriate detail:

- a. The assets and liabilities, including the trust funds, or the corporation as of the end of the fiscal year;
- b. The principal changes in assets and liabilities, including trust funds;
- c. The Corporation's revenue or receipts, both unrestricted and restricted to particular purposes;
- d. The Corporation's expenses or disbursement for both general and restricted purposes;
- e. Any information required under these bylaws; and
- f. An independent accountant's report or, if none, the certificate of an authorized officer of the Corporation that such statements were prepared without audit from the corporation's books and records.

Section 2. **ANNUAL STATEMENT OF CERTAIN TRANSACTIONS AND INDEMNIFICATIONS.** As part of the annual report to all directors, or as a separate document if no annual report is issued, the Corporation shall, within 120 days after the end of the Corporation's fiscal year, annually prepare and mail or deliver to each director and furnish to each director a statement of any transaction or indemnification of the following kind:

- a. Any transaction (i) in which the Corporation, or its parent or subsidiary, was a party, (ii) in which an "interested person" had a direct or indirect material financial interest, and (iii) which involved more than \$50,000 or was one of several transactions with the same interested person involving, in the aggregate, more than \$50,000. For this purpose, an "interested person" is either:
 - (1) Any officer of the Corporation, its parent, or subsidiary (but mere common directorship shall not be considered such an interest); or

- (2) Any holder of more than 10 percent of the voting power of the corporation, its parent, or its subsidiary. The statement shall include a brief description of the transaction, the names of interested persons involved, their relationship to the Corporation, the nature of their interest, provided that if the transaction was with a partnership in which the interested person is a partner, only the interest of the partnership need be stated.

ARTICLE XVII BYLAW AMENDMENTS

Section 1. BYLAW AMENDMENTS. The Board may adopt, amend or repeal any of these Bylaws by a two-thirds vote of the directors present at a meeting duly held at which a quorum is present, except that no amendment shall make any provisions of these Bylaws inconsistent with the Charter, the Corporation's Articles of Incorporation, or any applicable laws.

ARTICLE XVIII FISCAL YEAR

Section 1. FISCAL YEAR OF THE CORPORATION. The fiscal year of the Corporation shall begin on July 1st and end on June 30th of each year.