

**BOARD OF GOVERNORS**  
**Arizona Collaborative Learning Partners**  
**02/23/23**  
**REGULAR MEETING**  
**Agenda**  
**4:00 PM MST**

**Meeting Called to Order at:** \_\_\_\_\_

**Voice Roll Call**

<b>Board Member</b>	<b>Present</b>	<b>Absent</b>	<b>Position</b>
Kathryn Watterson			Chair
David Aardsma			Member
Catherine Durben			Member
Bonnie Fournier			Member
Leonora Ketyer			Secretary

**Adoption of Agenda**

<b>Board Member</b>	<b>Aye</b>	<b>No</b>	<b>Abstain</b>
Kathryn Watterson			
David Aardsma			
Catherine Durben			
Bonnie Fournier			
Leonora Ketyer			

**Public Speakers**

Speakers to items for action are welcome. Speakers to items not on the agenda for action will be heard at the conclusion of the public input period. Each speaker is allowed a maximum of three minutes for his or her comments. Exceptions are made for items labeled “Public Hearing”.

**Receipt of Communication:**

None

## Information Item

### **Suggested Amendment to the ACLP Bylaws:**

Because ACLP has a current board in place with five Directors, it has been recommended that a Board term rotation schedule be implemented. At a subsequent meeting, ACLP may transition to a new board structure by implementing a term rotation schedule. At that meeting, a resolution to be considered provides that the terms of all the current board members will transition to a rotational schedule on June 30,2023 at which time the new staggered board structure will become effective.

At the June 2023 annual meeting, the Corporate Board may allocate the directors between Term 1 and Term 2. The Term 1 directors will have an initial term of 3 years with each successive term of 3 years. To achieve the staggering, the Tier 2 directors will have an initial term of 2 years with each successive term of three years.

In so doing, ACLP will not need to hold elections for two years, then the Tier 2 positions will be filled for another three years in year two, in year three the Tier 1 positions will be filled for another three years, and the cycle will repeat thereafter. There is no limit on the number of terms a Board member may have.

### **Motion for Adjournment**

<b>Board Member</b>	<b>Present</b>	<b>Absent</b>	<b>Position</b>
Kimberly Cox			Chair
Leonora Ketyer			Member
Catherine Durben			Member
Kathryn Watterson			Member
David Aardsma			Member
Bonnie Fournier			Member

Meeting Adjourned at: \_\_\_\_\_

**RESOLUTION OF THE BOARD OF DIRECTORS  
OF  
ARIZONA COLLABORATIVE LEARNING PARTNERS, INC.,  
AN ARIZONA NONPROFIT CORPORATION**

At a duly called meeting of the Board of Directors (the “Corporate Board”) of ARIZONA COLLABORATIVE LEARNING PARTNERS, INC., an Arizona nonprofit corporation (the “Corporation”), held on the 22<sup>nd</sup> day of June, 2023, the following resolution was passed:

RESOLVED, Section 4.4 of the Bylaws of the Corporation is deleted in its entirety and replaced with the following:

Section 4.4 *Number; Composition; Qualifications.* The number of Directors on the Board of Directors will be no less than three (3) and no more than seven (7).

At the meeting of the Board of Directors to be held on March 23, 2023 (the “Board Composition Meeting”), the Board of Directors shall be divided into two (2) classes, designated Term I and Term II (each, a “Term”).

1. At the Board Composition Meeting, three (3) of those persons then serving on the Board of Directors will be designated as Term I Directors, whose initial terms that will expire upon election and qualification of persons to fill the Term I positions at the annual meeting of Board of Directors to be held in June of 2023. The Term I Directors elected at the annual meeting to be held in June of 2023 shall thereafter serve for a term of three (3) years that will expire at the annual meeting to be held in June of 2026.
2. At the Board Composition Meeting, two (2) of those persons then serving on the Board of Directors will be designated as Term II Directors, whose initial terms that will expire upon election and qualification of persons to fill the Term II positions at the annual meeting of Board of Directors to be held in June of 2023.
3. At the annual meeting of the Directors to be held in June of 2023, the Board of Directors shall elect either two (2) persons or four (4) persons to serve as the Term II Directors who shall serve shall serve a term of two years that will expire at the annual meeting of the Board of Directors to be held June of 2025. At the annual meeting of the Board of Directors to be held in June of 2025, the Board of Directors will replace the Term II Directors who shall thereafter serve for a term of three (3) years.
4. At each annual meeting of the Board of Directors thereafter at which an election of Term I class or Term II class is due, successors to the respective Term of Directors whose term expires at that annual meeting shall be elected for a three (3) year term, but if any such annual meeting of the Board of Directors is not held or the Directors for a Term are not elected at the annual meeting for any year in which such election is due, the Directors for any Term may be elected at any special meeting of the Board of Directors held for that purpose.

If the number of Directors serving on the Board of Directors is changed, any increase or decrease shall be apportioned among the Term classes so as to maintain the number of Directors in each class as nearly equal as possible, and any additional Directors of any class elected to fill a vacancy resulting from an increase in such class shall hold office for a term that shall coincide

with the remaining term of that class, but in no case will a decrease in the number of Directors shorten the term of any incumbent Director. A Director shall hold office until the annual meeting of the Board of Directors for the year in which the Director's Term expires and until the Director's successor shall be elected and qualified, subject, however, to prior death, resignation, retirement, disqualification or removal from office.

There is no limit on the number of terms that a Director may serve. A majority of the Board of Directors must reside in the United States of America.

RESOLVED, that the Secretary of the Corporation is hereby instructed to cause a copy of the foregoing amendment to be inserted into the Bylaws of the Corporation.

FURTHER RESOLVED, that the Amended and Restated Bylaws of the Corporation in the form attached hereto as Exhibit A (the "Bylaws") is hereby substituted for the Bylaws of the Corporation formerly adopted on April 3, 2020 by the Board of Directors as the Bylaws of the Corporation and that the Secretary of the Corporation is hereby instructed to cause the same to be inserted into the minute book of the Corporation.

Resolutions declared adopted.

The undersigned duly qualified and acting Secretary of the Corporate Board of Arizona Collaborative Learning Partners, an Arizona nonprofit corporation, hereby certifies that the foregoing is a true and complete copy of a resolution adopted by the Corporate Board at a duly called meeting held on the 23rd day of March, 2023, the original of which resolution is a part of the Board's minutes.

By: \_\_\_\_\_  
Leonora Ketyer, Director and Secretary

Exhibit "A"  
Bylaws

*Draft for Discussion*

**AMENDED AND RESTATED  
BYLAWS**

**OF**

**ARIZONA COLLABORATIVE LEARNING PARTNERS, INC.,  
an Arizona nonprofit corporation**

**ARTICLE 1  
NAME**

Section 1.1 *Name.* The name of this nonprofit corporation will be ARIZONA COLLABORATIVE LEARNING PARTNERS, INC. (the “Corporation”).

**ARTICLE 2  
PURPOSES AND DEDICATION**

Section 2.1 *Purposes.* This Corporation is organized and will operate as a nonprofit corporation under the laws of the State of Arizona, exclusively for charitable and educational purposes within the meaning of Section 501(c)(3) of the Internal Revenue Code, including, but not limited to operation of public charter schools, including virtual academies, in the State of Arizona and such other states as determined by the Board of Directors (each school will be individually referred to hereinafter as a “charter school” or collectively as “charter schools”).

Section 2.2 *Not-for-profit Corporation; Nonpartisan Activities.* This Corporation has been formed under the Arizona Nonprofit Corporation Act (Arizona Revised Statutes (“A.R.S.”) § 10-3101 *et seq.*) for the purposes described above, and it will be nonprofit and nonpartisan. The Corporation will neither directly nor indirectly perform any act or transact any business that would jeopardize any tax-exempt status of the Corporation under the Arizona Nonprofit Corporation Act and any Internal Revenue laws, including the tax-exempt status of the Corporation under Section 501(c)(3) of the Internal Revenue Code and its regulations as any of those laws and regulations may exist or may hereafter be amended. No substantial part of the activities of the Corporation will consist of the publication or dissemination of materials with the purpose of attempting to influence legislation. The Corporation will not participate or intervene in any political campaign on behalf of any candidate for public office, or for or against any cause or measure being submitted to the people for a vote.

Section 2.3 *Dedication of Assets.* This Corporation’s assets are irrevocably dedicated to charitable purposes. No part of the net earnings, properties, or assets of the Corporation will, during the Corporation’s existence or upon dissolution or otherwise, 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 will be distributed to entities, trusts, funds, or corporations that are organized and operated exclusively for charitable purposes and that have established exempt status under Section 501(c)(3) of the Internal Revenue Code.

Section 2.4 *Prohibition against Private Inurement and Excess Benefit.*

a. No director, officer, employee of the Corporation, member of any committee of the Corporation, or any other private individual will receive at any time, any of the net earnings or pecuniary profit of the Corporation, except that the Corporation may pay reasonable compensation for services rendered in accordance with these Bylaws; provided, however, that compensation will not be paid if such payment would constitute an unreasonable act of self-dealing, or would result in the termination of the Corporation's tax-exempt status under Section 501(c)(3) of the Internal Revenue Code.

b. In the event of the Corporation's dissolution, no Director, officer, employee of the Corporation, member of a committee of the Corporation, or any other private individual will be entitled to share in the distribution of any of the corporate assets. All Directors will be deemed to have expressly consented and agreed that upon such dissolution or winding up of the Corporation's affairs, whether voluntary or involuntary, all of the Corporation's assets remaining after all debts have been satisfied will be distributed exclusively to other tax-exempt corporations that operate with similar purposes as the Corporation's purposes provided in these Bylaws and in the Articles of Incorporation.

Section 2.5 *Non-Discrimination Policy.* The Corporation, in its operation as public charitable organization will not discriminate on the basis of gender, religion, race, color, sexual orientation, or national and ethnic origin in the administration of its programs.

ARTICLE 3  
MEMBERSHIP

Section 3.1 *No Membership.* Unless and until these Bylaws are amended to provide otherwise, the Corporation will have no membership.

ARTICLE 4  
BOARD OF DIRECTORS

Section 4.1 *Board of Directors.* The corporate board of the Corporation will be known and described as the "Board of Directors" or the "Board" and each member of the Board of Directors will be known and described as a "Director" of the Corporation.

Section 4.2 *General Powers.* Subject to the limitations of the Arizona Nonprofit Corporation Act, the Corporation's Articles of Incorporation, and these Bylaws, the activities and affairs of the Corporation will be conducted and all corporate powers will be exercised by or under the direction of the Board. The Board may delegate the management of the Corporation's activities to any person(s), management company, or committees, however composed, provided that the activities and affairs of the Corporation will be managed and all corporate powers will be exercised under the ultimate direction of the Board. No assignment, referral, or delegation of authority by the Board or anyone acting under such delegation will preclude the Board from exercising full authority over the conduct of the corporation's activities, and the Board may rescind any such assignment, referral, or delegation at any time.

Section 4.3 *Specific Powers.* Without prejudice to its general powers, but subject to the same limitations set forth in Section 1.4 above, the Board will have the following powers in addition to any other powers enumerated in these Bylaws and permitted by law:

a. To select and remove all of the officers, agents, and employees of the corporation; to prescribe powers and duties for them which are not inconsistent with law, the Corporation's Articles of Incorporation or these Bylaws, and to fix their compensation;

b. To conduct, manage, and control the affairs and activities of the Corporation and to make such rules and regulations therefor that are not inconsistent with the law, the Corporation's Articles of Incorporation or these Bylaws as it deems best;

c. To adopt, make, and use a corporate seal, and to alter the form of the seal from time to time as it deems best;

d. To borrow money and incur indebtedness for the purpose of the Corporation, and to cause to be executed and delivered in the corporate name, promissory notes, bonds, debentures, deeds of trust, mortgages, pledges, hypothecations and other evidences of debt and securities;

f. To act as trustee under any trust incidental to the principal object of the Corporation, and receive, hold, administer, exchange, and expend funds and property subject to such trust;

g. To acquire by purchase, exchange, lease, gift, devise, bequest, or otherwise, and to hold, improve, lease, sublease, mortgage, transfer in trust, encumber, convey or otherwise dispose of real and personal property; and

h. To assume any obligations, enter into any contracts or other instruments, and do any and all other things incidental or expedient to the attainment of any corporate purpose.

Section 4.4 *Number; Composition; Qualifications.* The number of Directors on the Board of Directors will be no less than three (3) and no more than seven (7).

At the meeting of the Board of Directors to be held on March 23, 2023 (the "Board Composition Meeting"), the Board of Directors shall be divided into two (2) classes, designated Term I and Term II (each, a "Term").

5. At the Board Composition Meeting, three (3) of those persons then serving on the Board of Directors will be designated as Term I Directors, whose initial terms that will expire upon election and qualification of persons to fill the Term I positions at the annual meeting of Board of Directors to be held in June of 2023. The Term I Directors elected at the annual meeting to be held in June of 2023 shall thereafter serve for a term of three (3) years that will expire at the annual meeting to be held in June of 2026.
6. At the Board Composition Meeting, two (2) of those persons then serving on the Board of Directors will be designated as Term II Directors, whose initial terms that will expire upon election and qualification of persons to fill the Term II positions at the annual meeting of Board of Directors to be held in June of 2023.



7. At the annual meeting of the Directors to be held in June of 2023, the Board of Directors shall elect either two (2) persons or four (4) persons to serve as the Term II Directors who shall serve shall serve a term of two years that will expire at the annual meeting of the Board of Directors to be held June of 2025. At the annual meeting of the Board of Directors to be held in June of 2025, the Board of Directors will replace the Term II Directors who shall thereafter serve for a term of three (3) years.
8. At each annual meeting of the Board of Directors thereafter at which an election of Term I class or Term II class is due, successors to the respective Term of Directors whose term expires at that annual meeting shall be elected for a three (3) year term, but if any such annual meeting of the Board of Directors is not held or the Directors for a Term are not elected at the annual meeting for any year in which such election is due, the Directors for any Term may be elected at any special meeting of the Board of Directors held for that purpose.

If the number of Directors serving on the Board of Directors is changed, any increase or decrease shall be apportioned among the Term classes so as to maintain the number of Directors in each class as nearly equal as possible, and any additional Directors of any class elected to fill a vacancy resulting from an increase in such class shall hold office for a term that shall coincide with the remaining term of that class, but in no case will a decrease in the number of Directors shorten the term of any incumbent Director. A Director shall hold office until the annual meeting of the Board of Directors for the year in which the Director's Term expires and until the Director's successor shall be elected and qualified, subject, however, to prior death, resignation, retirement, disqualification or removal from office.

There is no limit on the number of terms that a Director may serve. A majority of the Board of Directors must reside in the United States of America.

*Section 4.5 Restriction on Interested Persons as Directors.* No more than 20% of the persons serving on the Board of Directors may be interested persons. An "interested person" is (a) any person compensated by the Corporation for services rendered to it within the previous 12 months, whether as a full-time or part-time employee, independent contractor, or otherwise, and (b) any spouse, child, grandchild, parent, grandparent, brother or sister by whole or half-blood of the Board of Director's member, or the child, grandchild, parent, grandparent, brother, or sister by whole or half-blood of the Board of Director's member's spouse. However, any violation of this Section 4.5 will not affect the validity or enforceability of transactions entered into by the Corporation. The Board of Directors may adopt other policies circumscribing potential conflicts of interest.

*Section 4.6 Events Causing Vacancies.* A vacancy or vacancies on the Board of Directors will occur in the following instances: (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 Arizona Nonprofit Corporation Act; or (c) the increase of the authorized number of Directors.

*Section 4.7 Resignation of Directors.* Except as provided below, any Director may resign by giving written notice to the Chairperson of the Board of Directors of the Corporation, if any, or to the President or the Secretary. The resignation will be effective when the notice is

given unless the notice specifies a later time for the resignation to become effective. If a Director's resignation is effective at a later time, the Board of Directors may elect a successor Director to take office as of the date when the resignation becomes effective. The Board of Directors of the Corporation need not "accept" a resignation for it to be effective.

Section 4.8 *Removal of Directors.* Any Director may be removed, with or without cause, by a majority vote of the Board of Directors of the Corporation at a special meeting called for that purpose, or at a regular meeting, provided that notice of that meeting and of the removal issue is given in compliance with the applicable law. Any vacancy caused by the removal of a Director will be filled as provided in Section 5.5, herein.

Section 4.9 *Place of Meetings.* Meetings will be held at a place within the State of Arizona designated by the Board of Directors that has been designated by resolution of the Board of Directors or in the notice of the meeting.

Section 4.10 *Annual and Regular Meetings.* The Directors will meet at least once in each fiscal year for the purpose of the election of Directors, appointment of officers, review and approval of the corporate budget and transaction of other business. The Board of Directors may hold such other meetings from time to time at such time and place fixed by the Board of Directors by resolution, or stated in the notice of the meeting. If the scheduled date falls on a legal holiday, the meeting will be held on the next full business day. At the meeting, officers may be appointed and other proper business may be transacted. Including the annual meeting, the Directors will meet not less than three times per fiscal year at such places and times as will be determined by the Board of Directors.

Section 4.11 *Special Meetings.* Special meetings of the Board of Directors may be called at any time by the Chairperson of the Board of Directors, if any, or by any two Directors. The party or parties calling a special meeting will determine the place, date, and time thereof.

Section 4.12 *Notices of Meetings.* The notice must state the time and place for the meeting, and must include an agenda of matters to be discussed.

Section 4.13 *Quorum.* A majority of the voting Board of Directors then in office will constitute a quorum. All acts or decisions of the Board of Directors will be by majority vote based upon the presence of a quorum.

Section 4.14 *Actions Without a Meeting; Teleconference Meetings.*

(a) Unless otherwise restricted by the Articles of Incorporation or these Bylaws, any action required or permitted to be taken by the Board may be taken without a meeting if a majority of the Directors consent in writing. Such consent may be communicated to the Chairperson of the Board of Directors, if any, the President, or the Secretary through fax, mail, or electronic mail. Consents must be filed with the minutes of the proceedings of the Board of Directors to memorialize the action of the Board of Directors.

(b) Directors on the Board of Directors may participate in teleconference meetings.

Section 4.15 *Adjournment*. The Board of Directors may adjourn any Board of Directors meeting to another time or place. If a meeting is adjourned for more than twenty-four (24) hours, notice of such adjournment to another time or place will be given, prior to the time schedule for the continuation of the meeting, to any Director who was not present at the time of the adjournment.

Section 4.16 *Non-Liability of Directors*. No Director or Officer of the Corporation will be personally liable for the debts, liabilities, or other obligations of the Corporation.

Section 4.17 *Standard of Care*. A Director will perform all duties customarily performed by a director of a corporation, including duties as a member of any committee of the Board of Directors of the Directors on which the Director may serve, in good faith, in a manner that the Director believes to be in the best interests of the Corporation, and with such care, including the duty to make a reasonable inquiries, as an ordinarily prudent person in a like situation would use under similar circumstances. In performing the duties of a Director, a Director may rely on information, opinions, reports or statements, including financial statements and other financial data, in each case prepared or presented by: (i) one or more officers or employees of the Corporation whom the Director believes to be reliable and competent in the matters presented; (ii) legal counsel, independent accountants, or other persons as to matters that the Director believes to be within such person's professional or expert competence; or (iii) a committee of the Board of Directors upon which the Director does not serve as to matters within that committee's designated authority, provided the Director believes that the committee merits confidence and the Director acts in good faith, after reasonable inquiry when the need therefor is indicated by the circumstances, and without knowledge that would cause such reliance to be unwarranted.

## ARTICLE 5 GOVERNING BOARDS

Section 5.1 *Establishment of Governing Boards*. For each charter school or charter contract (each, a "Charter"), as required by applicable law or as determined by the Board, the Board of Directors may establish a local "Governing Board," to perform such duties and acts as required by applicable law or established in writing by the Board of Directors. Each member of the Governing Board will also be known and described as a "Governing Board Director."

Section 5.2 *Name*. Each such Governing Board, if established, will be known and described as the "Governing Board of the name of the school established by the Corporation".

Section 5.3 *General Powers; Express Limitation to Act*. Except as otherwise provided for herein, the Governing Board will be responsible for the ratification of the acts of the charter school administrators and the performance of any and all other acts required to be performed by a governing board of a charter school by state or federal statute and/or by the Charter contract entered into by the Corporation and the Arizona State Board for Charter Schools, including acts associated with the normal day-to-day operations of the school, but not including acts reserved for the Board of Directors of the Corporation described in Article 4, above. Notwithstanding the foregoing, the Governing Board will not under any circumstances, except by resolution of the Governing Board and with the authorization, approval, or ratification of the Board of Directors: (a) enter into a contract or execute and deliver any instrument in the name of and on behalf of the

Corporation; (b) enter into any loan in the name of and on behalf of the Corporation and no indebtedness may be issued in its name; (c) acquire, own, sell, lease, contract or otherwise dispose of the Corporation's business assets; or (d) recast, modify, consolidate, or extend any debt obligations of the Corporation. Except as authorized by the Corporation, no member of the Governing Board will have any power to bind the Corporation by any contract or engagement or pledge the Corporation's credit, or to render the Corporation liable for any purpose in any amount. Notwithstanding anything set forth herein to the contrary, the Board of Directors will have the absolute right to amend, modify, reject, or overturn any decision made by the Governing Board in its sole and absolute discretion of the Board of Directors.

*Section 5.4 Number; Composition; Qualifications.* The number of directors on the Governing Board (each, a "Governing Board Director") will be no less than five (5) and no more than nine (9). All Governing Board Directors will be designated by the existing Board of Directors of the Corporation. All Governing Board Directors will be designated at the Corporation's annual meeting of the Board of Directors. Each Governing Board Director will hold office unless otherwise removed from office in accordance with these Bylaws, or until a successor director has been designated and qualified. The Board of Directors will endeavor that the Governing Board be comprised of: (i) parents of students currently enrolled at the charter school; (ii) community members; (iii) full-time certificated employees; (iv) the principal of the school as a non-voting member; and (v) a current member of the Board of Directors as a non-voting member. Each Governing Board Director must: (a) be over the age of eighteen (18); (b) pass a background check or other regulatory inquiries as required by Arizona law, federal law, or regulations of governmental agencies having regulatory authority over the affairs of the school or charter contract, which will include, at a minimum, a fingerprint check showing that there exists no criminal records that could adversely affect the Corporation or its operation of the charter school; and (c) establish that each Governing Board Director possesses significant experience and qualifications to further the educational and charitable purposes of the Corporation as set forth herein, including, without limitation, educational, business, managerial, or fund-raising skills.

*Section 5.5 Voting Restrictions on Employee Governing Board Members.* Governing Board Directors who are employed by the charter school are deemed to have a disqualifying interest for purposes of personnel actions, budget adoption, and employee evaluation issues. The requirements of the school conflict of interest code, including disclosure and recusal, must be followed for any disqualifying interest. The above enumerated disqualifying interests are not exclusive and are in addition to any disqualifying interests that may be determined on a case-by-case basis.

*Section 5.6 Director Term.* Each Governing Board Member will hold office for three (3) years, not to exceed two successive terms, or until a successor director has been designated and qualified. Directors are encouraged to serve two consecutive terms. The "term" of service is defined as either the completion of three (3) years of service, or the end of the relationship with the charter school, which means, for employee representative directors, termination or resignation of employment with the charter school, and for parent representative directors, the failure to have at least one child attending charter school, whichever occurs first.

*Section 5.7 Events Causing Governing Board Vacancies.* A vacancy or vacancies on the Governing Board will occur in the following instances: (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 Arizona Nonprofit Corporation Act; (c) the increase of the authorized number of Directors; or (d) for employee representative Directors, termination, or resignation of employment with the charter school; and (e) for parent representative Directors, the failure to have at least one child attending the charter school.

Section 5.8 *Resignation of Governing Board Directors.* Except as provided below, any Governing Board Director may resign by giving written notice to the Chairman of the Board of Directors of the Corporation, if any, or to the President or Secretary of the Corporation, or to the Chairperson of the Governing Board, if any. The resignation will be effective when the notice is given unless the notice specifies a later time for the resignation to become effective. If a Governing Board Director's resignation is effective at a later time, the Governing Board of Directors may elect a successor to take office as of the date when the resignation becomes effective. Neither the Governing Board nor the Board of Directors of the Corporation must "accept" a resignation for it to be effective.

Section 5.9 *Removal of Governing Board Directors.* Any Governing Board Director may be removed, with or without cause, by vote of the Board of Directors of the Corporation at a special meeting called for that purpose, or at a regular meeting, provided that notice of that meeting and of the removal issue is given in compliance with the applicable law. Any vacancy caused by the removal of a Director will be filled as provided in Section 5.10, herein.

Section 5.10 *Vacancies Filled by the Board.* Vacancies on the Governing Board may be filled by the recommendation of the other Governing Board Directors and approval of the Board of Directors.

Section 5.11 *Place of Meetings.* Meetings will be held at such location or locations as identified by the Governing Board and approved by the Corporate Board. The Governing Board may designate that a meeting be held at any place within Arizona that has been designated by resolution of the Governing Board or in the notice of the meeting.

Section 5.12 *Meetings; Annual Meetings.* At a minimum, the Governing Board will meet monthly during the school year for the purpose of organization and the transaction of such other business as may properly be brought before the Governing Board. Governing Board meetings will be held at times, dates, and places as may be specified and noticed by resolution of the Governing Board. All meetings of the Governing Board will be called, held, and conducted in accordance with the terms and provisions of A.R.S. § 38-431 *et seq.* ("Open Meeting Law"). In the event that an action is taken in violation of Open Meeting Law, such action will be null and void, unless such action has been ratified by the Board of Directors in accordance with the provisions of Open Meeting Law.

Section 5.13 *Regular Meetings.* Regular meetings of the Governing Board will be held on the on the second Monday of each month during the school year, unless: (i) such date falls on a holiday observed by the federal or state government, in which event, the meeting will be held on the next succeeding Thursday; (ii) another date is designated by such Governing Board and notice is properly given; or (iii) the Governing Board votes to cancel a regular meeting.

Section 5.14 *Special Meetings*. Special meetings of the Governing Board may be called at any time by the Chairperson of the Governing Board, if any, or by any two (2) Governing Board Directors. The party or parties calling a special meeting will determine the place, date, and time thereof.

Section 5.15 *Notice of Meetings*. The notice must state the time and place for the meeting, and must include an agenda of matters to be discussed in compliance with Meeting Law.

Section 5.16 *Quorum*. A majority of the voting Governing Board Directors then in office will constitute a quorum. All acts or decisions of the Governing Board will be by majority vote based upon the presence of a quorum.

Section 5.17 *Teleconference Meetings*. Members of the Governing Board may participate in teleconference meetings so long as the public may also attend, and so long as the requirements under Open Meeting Law are satisfied.

Section 5.18 *Executive Session*. The Governing Board may hold private executive sessions in accordance with Open Meeting Law. Legal action involving a final vote or decision will not be taken at an executive session, except that the Governing Board may instruct the Corporation's attorneys or representatives as provided for under the Open Meeting Law. A public vote taken in accordance with Open Meeting Law will be taken before any legal action binds the Governing Board in accordance with A.R.S. Section 38-431.03(D). Notice and/or agendas for an executive session will state the provision of law authorizing the executive session; provided, however, that the notice and/or agenda will in no event include information that would defeat the purpose of the executive session. Minutes of executive sessions must be kept confidential except from (a) the Governing Board members; (b) officers, appointees or employees who were the subject of discussion or consideration of such executive session; (c) the auditor general on a request made in connection with an audit authorized by law; and (iv) a county attorney or the attorney general when investigating alleged violations of Open Meeting Law.

Section 5.19 *Adjournment*. The Governing Board may adjourn any Governing Board meeting to another time or place. If a meeting is adjourned for more than twenty-four (24) hours, notice of such adjournment to another time or place will be given, prior to the time schedule for the continuation of the meeting, to any Governing Board Directors who were not present at the time of the adjournment, and to the public in the manner prescribed by the Open Meeting Law.

Section 5.20 *Compensation and Reimbursement*. Governing Board Directors may not receive compensation for their services as members of the Governing Board. However, reimbursement of expenses, as the Board of Director of the Corporation may establish to be just and reasonable, may be provided.

Section 5.21 *Non-Liability of Governing Board Directors*. No Governing Board Director will be personally liable for the debts, liabilities, or other obligations of the Corporation.

Section 5.22 *Standard of Care.* A Governing Board Director will perform all duties of a Director, including duties as a member of any committee of the Governing Board on which the Governing Board Director may serve, in good faith, in a manner such Governing Board Director believes to be in the best interests of the charter school, and with such care, including the duty to make a reasonable inquiries, as an ordinarily prudent person in a like situation would use under similar circumstances. In performing the duties of a Governing Board Director, a Director may rely on information, opinions, reports or statements, including financial statements and other financial data, in each case prepared or presented by: (i) one or more officers or employees of the Corporation whom the Director believes to be reliable and competent in the matters presented; (ii) legal counsel, independent accountants, or other persons as to matters that the Director believes to be within such person's professional or expert competence; or (iii) a committee of the Governing Board upon which the Director does not serve as to matters within that committee's designated authority, provided the Director believes that the committee merits confidence and the Director acts in good faith, after reasonable inquiry when the need therefor is indicated by the circumstances, and without knowledge that would cause such reliance to be unwarranted.

Section 5.23 *Compliance with Laws Governing Student Records.* The charter school, the Board of Directors, and the Governing Board will 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 6 OFFICERS

Section 6.1 *Officers.* The officers of the Corporation will consist of not less than a President and Secretary, and any such other officers as the Board of Directors may appoint, including, without limitation, a Treasurer and/or any number of Vice-Presidents. A person may hold more than one of these offices at one time; provided, however, that the offices of President and Secretary may not be held by the same person. Officers may be elected for three (3) consecutive terms. Except as authorized by the Board of Directors, no officer will have any power to bind the Corporation by any contract or engagement or pledge its credit or to render it liable for any purpose in any amount.

Section 6.2 *Appointment and Qualification.* The Board will appoint all officers of the Corporation for terms of one (1) year, or until their successors are appointed and qualified.

Section 6.3 *Removal.* Subject to the rights, if any, of the officer under any contract of employment, any officer of the Corporation may be removed with or without cause by the Board at any time.

Section 6.4 *Resignation.* Any officer may resign at any time by giving written notice to any member of the Board. Any such notice of resignation will take effect at the date of the receipt of that notice or at any later time specified by that notice and unless otherwise specified in that notice, the acceptance of the resignation will not be necessary to make it effective. The Board does not have to "accept" a resignation for it to be effective. Any resignation is without prejudice to the rights, if any, of the Corporation under any contract to which the officer is a party.

Section 6.5 *Vacancies.* In the event of a vacancy in any office other than the President, or one appointed in accordance with these Bylaws, such vacancy will be filled temporarily by appointment by the Chairperson of the Board, or if non, the President of the Corporation. The appointee will remain in office for sixty (60) days, or until the next regular meeting of the Board, whichever comes first. Thereafter, the position can be filled only by action of the Board. After the next regular meeting of the Board or sixty days, whichever comes first, the Board will fill the vacant office in the manner prescribed in these Bylaws for regular appointments to that office. If the vacancy is in the office of the President, the Board will fill the vacant office in the manner prescribed in these Bylaws for regular appointments to that office.

Section 6.6 *President.* The President, subject to the control of the Board, and will have general charge of the Corporation's business, and supervision of its affairs. The President will exercise and perform such other powers and duties as may be from time to time assigned to him by the Board or prescribed by the Bylaws. The President will be an ex-officio member of all committees, countersign all financial certificates, and enforce the Bylaws.

Section 6.7 *Secretary.* The Secretary will 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 minutes of meetings will include the time and place that the meeting was held; whether the meeting was annual, regular, or special, and, if special, how authorized; the notice given; the names of persons present at the meetings. The Secretary will keep or cause to be kept, at the principal office of the Corporation, a copy of the Articles of Incorporation and Bylaws, as amended to date. The Secretary will give, or cause to be given, notice of all meetings of the Board, and of committees of the Board that these Bylaws require to be given. The Secretary will keep the corporate seal, if any, in safe custody and will have such other powers and perform such other duties as the Board or the Bylaws may require.

Section 6.8 *Treasurer.* The Treasurer, if such an office exists, will send or cause to be given to the 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 will be open to inspection by any Board Director at all reasonable times. The Treasurer will (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 of Directors may designate; (b) disburse the Corporation's funds as the Board of Directors may order; (c) render to the President, the Board, or the Board of Directors, 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.

Section 6.9 *Compensation.* Officers may receive salaries paid by the Corporation. The salaries of officers, if any, will be fixed from time to time by resolution of the Board or by the person or committee to whom the Board has delegated this function, and no officer will be prevented from receiving such salary by reason of the fact that he or she is also a Director. In all cases, any salaries received by officers will be reasonable and given in return for services actually rendered for the Corporation that relate to the performance of the public benefit purposes of the Corporation. No salaried officer serving as a Director will be permitted to vote on his or her own compensation as an officer. The Board will periodically review the fairness of compensation, including benefits paid to a specific officer (a) once the officer is hired, (b) upon



any extension or renewal of the officer's term, and (c) when the officer's compensation is modified, unless all employees are subject to the same general modification of compensation.

## ARTICLE 7 COMMITTEES

Section 7.1 *Board Committees.* The Board may create one or more standing or ad hoc committees, each consisting of at least two (2) members of the Board, to serve at the direction of the Board. Appointments to such Board committees will be by majority vote of the Directors then in office, and the Chairperson of such Board committees will be appointed by the Chairperson of the Board, if any, or the President. The Board may appoint one or more Directors as alternate members of any such committee, who may replace any absent member at any meeting. Unless otherwise provided in these Bylaws or by the laws of the State of Arizona, each committee will have all of the authority of the Board to the extent delegated by the Board, except that no committee, regardless of Board resolution, may:

- a. Fill vacancies on the Board or on any committee that has the authority of the Board;
- b. Fix compensation of Directors for serving on the Board or any committee;
- c. Amend or repeal Bylaws or adopt new Bylaws;
- d. Amend or repeal any resolution of the Board;
- e. Appoint committees of the Board or the members thereof; or
- f. Take any action for which Arizona law requires the approval of the Board.

Section 7.2 *Meetings and Action of Board Committees.* The Board will have the power to prescribe the manner in which proceedings of any such Board committee will be conducted. In the absence of any such prescription, the committee will have the power to prescribe the manner in which its proceedings will be conducted. Unless the Board or such committee will otherwise provide, meetings and actions of Board committees will be governed by, held and taken in accordance with, the provisions of Article 4 of these Bylaws that concern meetings of the Board, with such changes in those provisions as necessary to substitute the committee and its members for the Board and its members, except that the time of regular meetings of the committees may be determined either by resolution of the Board, or by resolution of the committee. Special meetings of committees may also be called by resolution of the Board or by resolution of the committee. Notice of special meetings of Board committees will be given to any and all alternate members who will have the right to attend all meetings of the committee. The Board may adopt rules for the government of any Board committee not inconsistent with the provisions of these Bylaws.

### Section 7.3 *Other Committees.*

a. The President, subject to the limitations imposed by the Board, or the Board, may create other committees, either standing or special, to serve the Board that do not have the powers of the Board. The President will appoint members to serve on such committees,

and will designate the committee chairperson. Each member of a committee will continue as such until the next annual election of officers and until his or her successor is appointed, unless the member sooner resigns or is removed from the committee.

b. Meetings of a committee may be called by the President of the Board, the Chairperson of the committee, or a majority of the committee's voting members. Each committee will meet as often as is necessary to perform its duties. Notice of a meeting of a committee may be given at any time and in any manner reasonably designed to inform the committee members of the time and place of the meeting. A majority of the voting members of a committee will constitute a quorum for the transaction of business at any meeting of the committee. Each committee may keep minutes of its proceedings and will report periodically to the Board. A committee may take action by majority vote.

c. Any member of a committee may resign at any time by giving written notice to the chairperson of the committee or to the President of the Board. Such resignation will take effect upon the date of receipt or at any later time specified in the notice. The committee does not have to "accept" a resignation for it to be effective. The President may, with the Board's approval, remove any appointed member of a committee. The President, with the Board's approval, will appoint a member to fill a vacancy in any committee or any position created by an increase in the membership for the unexpired portion of the term.

## ARTICLE 8 SELF-DEALING TRANSACTIONS

Section 8.1 *Definition of Self-Dealing Transaction.* A self-dealing transaction is a transaction to which the Corporation is a party and in which one or more of the Directors (each an "Interested Director") has a material financial interest. Notwithstanding this definition of self-dealing transaction, the following transactions are not self-dealing transactions, and are subject to the Board's general standard of care:

a. An action by the Board fixing the compensation of a Director as a Director or officer of the Corporation; a Director whose compensation is being address must, however, recuse himself or herself from all deliberations and voting on the issue;

b. A transaction that is part of a public or charitable program of the Corporation if the transaction is (1) approved or authorized by the Corporation in good faith and without unjustified favoritism, and (2) results in a benefit to one or more Directors or their families because they are in a class of persons intended to be benefited by the program;

c. A transaction of which the interested Directors have no actual knowledge, and which does not exceed one percent (1%) of the Corporation's gross receipts for the fiscal year immediately preceding the year in which such transaction occurs or, One Hundred Thousand Dollars (\$100,000), whichever amount is smaller.

Section 8.2 *Action of the Board.* If the transaction appears to be a self-dealing transaction, the Interested Director must demonstrate the following in order to sustain the validity of the transaction:

a. That, prior to consummating the transaction or any part thereof, the Board authorized or approved the transaction in good faith by vote of a majority of the Directors then in office excluding the vote of the interested Director(s) and with knowledge of the material facts concerning the transaction and the interested Director's interest in it. Except as provided in Section 7.2, action by a committee of the Board will not satisfy this requirement; and

b. That either:

(1) prior to authorizing or approving the transaction, the Board considered and in good faith determined after reasonable investigation that the Corporation could not have obtained a more advantageous arrangement with reasonable effort under the circumstances; or

(2) the Corporation in fact could not have obtained a more advantageous arrangement with reasonable effort under the circumstances; and

c. That the Corporation entered into the transaction for its own benefit; and

d. That the transaction was fair and reasonable as to the Corporation at the time the Corporation entered into the transaction.

Section 8.3 *Interested Director's Vote.* In determining whether the Board validly met to authorize or approve a self-dealing transaction, interested Directors may be counted to determine the presence of a quorum, but an interested Director's vote may not be counted toward the required majority for such authorization, approval or ratification.

Section 8.4 *Committee Approval.* A Board committee may approve a self-dealing transaction in a manner consistent with the standards prescribed for approval by the Board if (i) it was not reasonably practical to obtain approval of the Board prior to entering into the transaction; (ii) the Board determines in good faith that the committee met the same requirements the Board would have had to meet in approving the transaction; and (iii) and the Board ratifies the transaction at its next meeting by a vote of a majority of the Directors then in office, excluding the vote of the Interested Director(s).

Section 8.5 *Persons Liable and Extent of Liability.* If a self-dealing transaction has not been approved as provided above, the Interested Director(s) may be required to do such things and pay such damages as a court, or federal or state agency with jurisdiction over the issue may provide as an equitable and fair remedy to the Corporation, considering any benefit received by it and whether or not the Interested Director(s) acted in good faith and with the intent to further the best interests of the Corporation.

Section 8.6 *Corporate Loans and Advances.* The Corporation will not make any loan of money or property to, or guarantee the obligation of any Director or officer, provided, however, that the Corporation may advance money to a Director or officer of the Corporation or any subsidiary for expenses reasonably anticipated to be incurred in the performance of the duties of such officer or Director, if, in the absence of such advance, that Director or officer would be entitled to be reimbursed for those expenses by the Corporation, its parent or any subsidiary.

Section 8.7 *Annual Statement of Certain Transactions.* An annual statement will be furnished to the Directors for any fiscal year in which a transaction or indemnification of the kind described in a. or b., below, took place:

a. A transaction in which the Corporation, a parent, or subsidiary was a party and a Director or officer of the Corporation, a parent, subsidiary, or holder of more than ten percent (10%) of the voting power of the Corporation, a parent, or subsidiary had a direct or indirect material financial interest and which involved fifty thousand dollars (\$50,000) or more, or that was one of a number of transactions that involved the same Director, and that amounted in the aggregate to Fifty Thousand Dollars (\$50,000) or more; or

b. Any indemnifications or advances aggregating more than Ten Thousand Dollars (\$10,000) paid during the fiscal year to any officer or Director of the Corporation or a parent or subsidiary.

Such statement will be mailed or delivered to the Directors within one hundred twenty (120) days after the close of the Corporation's fiscal year.

## ARTICLE 9 INDEMNIFICATION

Section 9.1 *Definitions.* For the purposes of this Article,

“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 of another foreign or domestic corporation, partnership, joint venture, trust, or other enterprise;

“Proceeding” means any threatened, pending, or completed action or proceeding, whether civil, criminal, administrative, or investigative; and

“Expenses” includes, without limitation, all attorneys’ fees, costs, and any other expenses incurred in the defense of any claims or Proceedings against an Agent by reason of his or her position or relationship as Agent, and all attorneys’ fees, costs, and other expenses incurred in establishing a right to indemnification under this Article 9.

Section 9.2 *Successful Defense by Agent.* To the extent that an Agent of the Corporation has been successful on the merits in the defense of any Proceeding referred to in this Article 9, or in the defense of any claim, issue, or matter therein, the Agent will be indemnified against Expenses actually and reasonably incurred by the Agent in connection with the claim. If an Agent either settles any such claim or sustains a judgment rendered against him or her, then the provisions of Article 9, Sections 9.3 through 9.5 below will determine whether the Agent is entitled to indemnification.

Section 9.3 *Actions Brought by Persons Other than the Corporation.* Subject to the required findings to be made pursuant to Section 9.5 below, the Corporation will indemnify any person who was or is a party, or is threatened to be made a party to any Proceedings (other than an action brought by or on behalf of the Corporation, or by an officer, Director, or person granted related status by the Attorney General, or by the Attorney General on the ground that the

defendant Director was or is engaging in self-dealing within the meaning of A.R.S. Section 10-2006), or by the Attorney General or a person granted related 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, for all Expenses, judgments, fines, settlements, and other amounts actually and reasonably incurred in connection with the Proceeding.

Section 9.4 *Action Brought by or on behalf of the Corporation.* The Corporation will indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending, or completed action brought by or on behalf of the Corporation by reason of the fact that the person is or was an Agent of the Corporation, for all Expenses actually and reasonably incurred in connection with the defense of that action, provided that both of the following conditions are met:

(i) The determination of good faith conduct required by Section 9.5, below, must be made in the manner provided for in that Section; and

(ii) Upon application, the court, administrative agency, administrative law judge, or arbitrator before whom the action was brought must determine that, in view of all of the circumstances of the case, the Agent is entitled to indemnity for the Expenses incurred. If the Agent is found to be so entitled, the court, administrative agency, administrative law judge, or arbitrator will determine the appropriate amount of Expenses to be reimbursed.

Section 9.5 *Determination of Agent's Good Faith Conduct.* The indemnification granted to an Agent in Sections 9.3 and 9.4, above, is conditioned on the following:

a. *Required Standard of Conduct.* The Agent seeking reimbursement must be found, in the manner provided below, that he or she acted in good faith, in a manner he or she believed to be in the best interest of the Corporation, and with such care, including reasonable inquiry as an ordinarily prudent person in a like position would use in similar circumstances. The termination of any Proceeding by judgment, order, settlement, conviction, or on a plea of nolo contendere or its equivalent will not, of itself, create a presumption that the person did not act in good faith or in a manner that he or she reasonably believed to be in the best interest of the Corporation, or that he or she had reasonable cause to believe that his or her conduct was unlawful. In the case of a criminal Proceeding, the person must have had a reasonable cause to believe that his or her conduct was unlawful.

b. *Manner of Determination of Good Faith Conduct.* The determination that the Agent acted in a manner complying with subsection (1) above will be made by:

(i) The Board, by a majority of Directors who are not or were not parties to the Proceeding; or

(ii) The court, administrative agency, administrative law judge, or arbitrator before whom the Proceeding is or was pending. Such determination may be made on application brought by the Corporation, the Agent, or the attorney or other person rendering a defense to the Agent, without regard of whether the application by the Agent, attorney, or other person is opposed by the Corporation.

c. *Limitations.* No indemnification or advance will be made under this Article 9, except as otherwise provided for herein, in any circumstance where it appears:

(i) That the indemnification or advance would be inconsistent with a provision of the Articles of Incorporation, 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 that prohibits or otherwise limits indemnification; or

(ii) That the indemnification would be inconsistent with any condition expressly imposed by a court, administrative agency, administrative law judge, or arbitrator in approving a settlement.

Section 9.6 *Advance of Expenses.* Expenses incurred in defending any Proceeding may be advanced by the Corporation before the final disposition of the Proceeding on receipt of an undertaking by or on behalf of the Agent to repay the amount of the advance, unless it is determined ultimately that the Agent is entitled to be indemnified as authorized in this Article 9.

Section 9.7 *Contractual Rights of Non-Directors and Non-Officers.* Nothing contained in this Article 9 will affect any right to indemnification to which persons other than Directors and officers of the Corporation may be entitled by contract or otherwise.

Section 9.8 *Insurance.* The Board may adopt a resolution authorizing the purchase and maintenance of 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 that liability under the provisions of this Section 9.8.

## ARTICLE 10 OTHER PROVISIONS

Section 10.1 *Validity of Instrument.* Subject to the provisions of applicable law, any note, mortgage, evidence of indebtedness, contract, conveyance, or other written instrument, and any assignment or endorsement thereof executed or entered into between the Corporation and any other person will be valid and binding on the Corporation when signed by the President and Secretary of the Corporation, unless the other person has actual knowledge that the signing officers had no authority to execute the same. Any such instruments may be signed by any other person(s) and in such manner as from time to time will be determined by the Board and, unless so authorized by the Board, no officer, agent or employee will have any power or authority to bind the Corporation by any contract or engagement, to pledge its credit, or to render it liable for any purpose or amount.

Section 10.2 *Construction and Definitions.* Unless the context otherwise requires, the general provisions, rules of construction, and definitions contained in the General Provisions of the Arizona Nonprofit Corporation Act (A.R.S. Title 10, Chapter 24) will govern the construction of these Bylaws. Without limiting the generality of the foregoing, words in these Bylaws will be read as the masculine or feminine gender, and as the singular or plural, as the context requires, and the word "person" includes both the Corporation and a natural person. The

captions and headings in these Bylaws are for convenience of reference only are not intended to limit or define the scope or effect of any provision.

Section 10.3 *Fiscal Year*. The fiscal year of the Corporation will be July 1 to June 30 of each calendar year.

Section 10.4 *Financial Statements*. Financial statements will be prepared as soon as reasonably practicable after the close of the fiscal year. The financial statements will contain, but not be limited to, the following information in reasonable and appropriate detail:

- a. The assets and liabilities of the Corporation as of the end of the fiscal year;
- b. The principal changes in assets and liabilities during the fiscal year;
- c. The revenue or receipts of the Corporation, both unrestricted and restricted to particular purposes, for the fiscal year; and
- d. The expenses or disbursements of the Corporation, for both general and restricted purposes during the fiscal year; and

Financial statements will be prepared in accordance with generally accepted accounting principles. Such financial statements will be accompanied by any report thereon of independent accountants, or, if there is no such report, the certificate of an authorized officer of the Corporation that those statements were prepared without audit from the books and records of the Corporation. A report including the financial statements prescribed above will be furnished annually to all Directors of the Corporation.

Section 10.5 *Conflict of Interest*. Any Director, officer, key employee, or committee member having an interest in a contract or other transaction presented to the Board or a committee thereof for authorization, approval, or ratification will make a prompt, full, and frank disclosure of his or her interest to the Board or committee prior to acting on such contract or transaction. Such disclosure will include all relevant and material facts known to such person about the contract or transaction that might reasonably be construed to be adverse to the Corporation's interest. The body to which such disclosure is made will thereupon determine, by majority vote, whether the disclosure shows that a conflict of interest exists or can reasonably be construed to exist. If a conflict is deemed to exist, that person will not vote on, use his or her personal influence on, or participate (other than to present factual information or to respond to questions) in the discussion or deliberations with respect to such contract or transaction. The minutes of the meeting will reflect the disclosure made, the vote thereon and, where applicable, the abstention from voting and participation. The Board may adopt conflict of interest policies requiring:

- a. Regular annual statements from Directors, officers, key employees to disclose existing and potential conflict in interest; and
- b. Corrective and disciplinary actions with respect to violations of the policies.

For the purpose of this Section 10.5, a person will be deemed to have an "interest" in a

contract or other transaction if the person or the person's spouse, child, grandchild, parent, grandparent, brother or sister by whole or half-blood, or the child, grandchild, parent, grandparent, brother, or sister by whole or half-blood of the person's spouse is the party (or one of the parties) contracting or dealing with the Corporation, or is a director, trustee, or officer of, or has a significant financial or influential interest in the entity contracting or dealing with the Corporation.

#### ARTICLE 11 AMENDMENTS

Section 11.1 *Amendment to Bylaws*. These Bylaws may be adopted, amended, or repealed by a two-thirds vote of the Board. Such power is subject to the following limitations: (a) where any provision of these Bylaws requires the vote of a larger proportion of the Directors than otherwise is required by law, such provision may not be altered, amended or repealed except by the vote of such greater number; (b) no amendment may extend the term of a Director beyond that for which such Director was elected; and (c) if these Bylaws are adopted, amended, or repealed at a meeting of the Board, that action may be authorized only at a duly called and held meeting for which notice of such meeting, setting forth the proposed revisions with explanations therefore, is given in accordance with these Bylaws, unless the notice is waived in accordance with these Bylaws.

Draft for Discussion



CERTIFICATE OF ADOPTION OF AMENDED AND RESTATED BYLAWS

I certify that I am the elected and acting Secretary of ARIZONA COLLABORATIVE LEARNING PARTNERS, INC., an Arizona nonprofit corporation, and that the foregoing Amended and Restated Bylaws constitute the Bylaws of such Corporation as adopted by Resolution of the Board of Directors, at a meeting held on March 23, 2023.

Dated: March 23, 2023

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Leonora Ketyer, Secretary

Draft for Discussion

Exhibit "B"  
Conflict of Interest Policy

*Draft for Discussion*

**CONFLICT OF INTEREST POLICY**  
of  
**ARIZONA COLLABORATIVE LEARNING PARTNERS, INC.,**  
an Arizona nonprofit corporation

**ARTICLE 1**  
**PURPOSE**

The purpose of the conflict of interest policy is to protect the interests of ARIZONA COLLABORATIVE LEARNING PARTNERS, INC., an Arizona nonprofit corporation (the “Corporation”) when it is contemplating entering into a transaction or arrangement that might benefit the private interest of a member of the Board of Directors of the Corporation (the “Board”), a person that may be a so-called “disqualified person,” within the meaning of Section 4958(f)(1) of the Internal Revenue Code of 1986, as amended (the “Code”), or another Interested Person. This policy is intended to supplement, but not replace, any applicable state laws governing conflicts of interest applicable to nonprofit organizations, and it shall be interpreted in a manner consistent with the limitations and restrictions imposed under applicable tax laws.

**ARTICLE 2**  
**DEFINITIONS**

**2.1 INTERESTED PERSON**

Any director, principal officer, member of any committee with Board-delegated powers, “disqualified person,” within the meaning of Code Section 4958(f)(1), and any “organization manager,” within the meaning of Code Section 4958(f)(2), who has a direct or indirect financial interest, as defined below, is an “Interested Person,” for purposes of this policy. Additionally, a director who is an Interested Person may also be referred to herein as an “Interested Director”.

**2.2 FINANCIAL INTEREST**

A person has a financial interest if the person has, directly or indirectly, through business, investment or family:

- (a) an ownership or investment interest in any entity with which the Corporation has a transaction or arrangement; or
- (b) a compensation arrangement with the Corporation or with any entity or individual with which the Corporation has a transaction or arrangement; or
- (c) a potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which the Corporation is negotiating a transaction or arrangement.

Compensation includes direct and indirect remuneration as well as gifts or favors that are not insubstantial.

## **ARTICLE 3 PROCEDURES**

### **3.1 DUTY TO DISCLOSE**

In connection with any actual or possible conflict of interest, an Interested Person must disclose the existence and nature of his or her financial interest to the Board and members of committees with any Board-delegated powers considering the proposed transaction or arrangement.

### **3.2 DETERMINING WHETHER A CONFLICT OF INTEREST EXISTS**

After disclosure of the financial interest and all material facts, and after any discussion with the Interested Person, the Interested Person shall leave the Board or committee meeting while the financial interest is discussed and voted upon. The remaining Directors or committee members shall decide if a conflict of interest exists.

### **3.3 PROCEDURES FOR ADDRESSING THE CONFLICT OF INTEREST**

(a) The Interested Person may make a presentation at the Board or committee meeting but, after the presentation, the Interested Person shall leave the meeting during the discussion of, and the vote on, the transaction or arrangement involving the possible conflict of interest.

(b) The disinterested Directors or committee members shall, if appropriate, appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement.

(c) After exercising due diligence, the disinterested Directors or committee members shall determine whether the Corporation can obtain a more advantageous transaction or arrangement with reasonable efforts from a person or entity that would not give rise to a conflict of interest.

(d) If a more advantageous transaction or arrangement is not reasonably attainable under circumstances that would not give rise to a conflict of interest, the disinterested Directors or committee members shall determine by a majority vote, whether the transaction or arrangement is in the Corporation's best interest, is for its own benefit and is fair and reasonable to the Corporation, in accordance with the provisions of Treasury Regulations Section 53.4958-6. The disinterested Directors' or committee members' decision as to whether to enter into the transaction or arrangement must be made in conformity with such determination.

### **3.4 VIOLATIONS OF THE CONFLICTS OF INTEREST POLICY**

(a) If the disinterested Directors have reasonable cause to believe that an Interested Director has failed to disclose an actual or possible conflict of interest, the disinterested Directors shall inform the Interested Director of the basis for such belief and afford the Interested Director an opportunity to explain the alleged failure to disclose.

(b) If, after hearing the response of the Interested Director and making such further investigation as may be warranted under the circumstances, the disinterested Directors determine that the Interested Director has, in fact, failed to disclose an actual or possible conflict of interest, they shall take appropriate disciplinary and corrective action.

#### **ARTICLE 4 RECORDS OF PROCEEDINGS**

The minutes of the Board meetings and the minutes of all meetings of committees with Board-delegated powers shall contain:

(a) the names of the persons who disclosed or otherwise were found to have a financial interest in connection with an actual or possible conflict of interest, the nature of the financial interest, any action taken to determine whether a conflict of interest was present, and the disinterested Directors' decision as to whether a conflict of interest in fact existed; and

(b) the names of the persons who were present for discussions and votes relating to the transaction or arrangement, the content of the discussion, including any alternatives to the proposed transaction or arrangement, and a record of any votes taken in connection therewith.

#### **ARTICLE 5 COMPENSATION COMMITTEES**

(a) A Director who receives compensation directly or indirectly, or a voting member of any committee whose jurisdiction includes compensation matters and who receives compensation directly or indirectly, from the Corporation for services is precluded from voting on matters pertaining to the applicable Director's or member's compensation.

(b) Individuals who receive compensation, directly or indirectly, from the Corporation, whether as employees or independent contractors, are precluded from membership on any committee whose jurisdiction includes compensation matters.

#### **ARTICLE 6 ANNUAL STATEMENTS**

Each, director, principal officer and member of a committee with Board-delegated powers shall annually sign a statement which affirms that such person:

- (a) has received a copy of this policy;
- (b) has read and understands the policy;
- (c) has agreed to comply with the policy; and

(d) understands that the Corporation is a charitable organization and that in order to maintain the Corporation's federal tax exemption the Corporation must engage primarily in activities which accomplish one or more of the Corporation's tax-exempt purposes.

## **ARTICLE 7 PERIODIC REVIEWS**

To ensure that the Corporation operates in a manner consistent with the Corporation's charitable purposes and that the Corporation does not engage in activities that could jeopardize the Corporation's status as an organization exempt from federal income tax, periodic reviews shall be conducted by the Directors or individuals appointed by the Directors. The periodic reviews shall, at a minimum, include the following subjects:

(a) Whether compensation arrangements and benefits of Interested Persons are reasonable and are the result of arm's-length bargaining; and

(b) Whether each partnership, joint venture and contractor services arrangement between the Corporation and any non-charitable organization conforms to the written policies, are properly recorded, reflect reasonable payments for goods and services, further the Corporation's charitable purposes and do not result in inurement or impermissible private benefit or in an excess benefit transaction.

## **ARTICLE 8 USE OF OUTSIDE EXPERTS**

In conducting the periodic reviews provided for in Article 7 and in making any determinations of whether compensation and any property transfer arrangements are reasonable, the Corporation may, but need not, use outside advisors and may rely on the advice of legal counsel. If outside experts are used, their use shall not relieve the Directors of their responsibility for ensuring that periodic reviews are conducted.

## **ARTICLE 9 AVOIDANCE OF EXCESS BENEFIT TRANSACTIONS**

To ensure that the Corporation operates in a manner that precludes the participation of the Corporation in any "excess benefit transaction" within the meaning of Section 4958 of the Code, the Directors shall be required to annually maintain and update a current list of (i) the "disqualified persons" with whom the Corporation may have dealings, and (ii) the "organization managers" of the Corporation.

Each Director, officer and any other person identified as an organization manager shall certify annually to the Corporation in writing that they have not knowingly participated in an excess benefit transaction.

Exhibit "C"  
Whistleblower Policy

*Draft for Discussion*

**WHISTLEBLOWER POLICY OF  
ARIZONA COLLABORATIVE LEARNING PARTNERS, INC.,  
an Arizona nonprofit corporation**

**I. General**

ARIZONA COLLABORATIVE LEARNING PARTNERS, Inc., an Arizona nonprofit corporation (the “**Corporation**”) is committed to lawful and ethical behavior in all of its activities and requires its trustees, directors, officers, employees and staff members (“**Personnel**”) to observe the highest standards of professional and personal ethics in the performance of their duties and responsibilities. As part of this commitment, the Corporation encourages an open and honest atmosphere in which any good faith problem, complaint, concern, suspected violation, suggestion, or question regarding the Corporation’s business practices can be voiced to the Corporation without fear of retaliation. In this respect, Part III of this Policy, regarding protections from retaliatory acts, is of utmost importance.

**II. The Policy**

The Corporation has enacted this whistleblower policy (this “**Policy**”) to protect any member of Personnel who makes or causes to be made a report (an “**Initial Report**”) regarding what he or she believes or suspects, in each instance in good faith, to be an action, inaction, practice or policy that appears questionable, fraudulent, dishonest or suspicious in nature with respect to, involving or arising from:

- (a) the Corporation’s finances (including any internal or external accounting, controls or auditing matters);
- (b) violations by the Corporation or any of its Personnel (with respect to the Corporation) of any state or federal law or regulation, including but not limited to corruption, malfeasance, bribery, theft, fraud, misuse of property or resources, or coercion;
- (c) providing untruthful information in connection with an inquiry or investigation by a court, agency, law enforcement organization or other governmental or quasi-governmental body;
- (d) an unjustified expenditure of Corporation funds;
- (e) a misuse of Corporation property or resources (including but not limited to Personnel engaging in self-dealing, which is generally a transaction that results in personal benefit or gain);
- (f) gross misconduct, gross incompetence, or gross inefficiency of any Personnel (including but not limited to forgery or the unauthorized alteration, destruction or withholding of documents or files);
- (g) potential violations of Corporation policies (including this Policy); or



- (h) the failure of Personnel to either (x) cooperate in inquiries or investigations, or (y) identify potential violations or violators of this Policy.

The matters described above, together with any similar matters or acts, even if not specifically described above, are “**Financial and Legal Matters.**”

### **III. Protection from Retaliatory Acts**

- (a) Protection Only for Good Faith Conduct

This Policy is intended to protect Personnel who comply with this Policy in good faith. This Policy does not protect any Personnel who make, file, take any action, or cause the making, filing of, or taking of any action with respect to, an Initial Report (i) in bad faith, (ii) not in good faith, (iii) with a malicious intent, and/or (iv) knowing that such Initial Report is false or baseless (“**Bad Faith Acts**”). Filing an Initial Report in which the suspected conduct reported is determined to be proper conduct does not, in and of itself, constitute a Bad Faith Act.

Engaging in a Bad Faith Act is a serious offense and a violation of this Policy. Any member of Personnel who engages in a Bad Faith Act will be subject to disciplinary measures (e.g., termination or removal) or other corrective actions.

- (b) Protection from Retaliatory Acts

This Policy is intended to encourage and enable Personnel to make an Initial Report and comply with this Policy without fearing a Retaliatory Act. Under certain circumstances, a “**Retaliatory Act**” may include, but is not necessarily limited to, being subjected to (i) harassment, (ii) victimization, (iii) intimidation, and/or (iv) adverse employment-related consequences (which may take the form of (a) job assignment or reassignment, in each instance with adverse or perceived adverse implications, (b) promotion with adverse or perceived adverse implications, (c) demotion, (d) compensation related actions or inactions with adverse or perceived adverse implications, (e) training with adverse or perceived adverse implications, (f) discipline, (g) suspension, and/or (h) termination). However, the acts identified above will not in all instances constitute a Retaliatory Act.

The Corporation shall use its best efforts to protect (x) any member of Personnel who files (or is suspected of filing) an Initial Report, and (y) any Personnel who complies with (or is suspected of complying with) this Policy, from Retaliatory Acts. Engaging in a Retaliatory Act is a serious offense and violation of this Policy. Any member of Personnel who engages in a Retaliatory Act will be subject to disciplinary measures (e.g., termination or removal) and/or other corrective actions.

### **IV. Confidentiality**

The Corporation shall keep confidential the identity of any member of Personnel who makes an Initial Report, to the extent reasonably practicable and consistent with applicable law and the Corporation’s policies. The Corporation will balance (i) the desire of Personnel to remain anonymous, and (ii) the Corporation’s desire to be informed about, investigate and address questionable, fraudulent, dishonest or suspicious conduct. Generally this means that, to the extent circumstances permit, the identity of any Personnel who makes an Initial Report will

be shared only (a) with the people who need to know the identity of Personnel to carry out the procedures set forth in this Policy or other applicable Corporation policies, and (b) with law enforcement officials, in appropriate circumstances.

## V. Personnel Reporting of Beliefs, Concerns, Complaints and Suspicions

Each member of Personnel shall promptly make an Initial Report in accordance with this Policy if the member of Personnel believes or suspects, in each instance in good faith, there to be an action, inaction, practice or policy that appears questionable, fraudulent, dishonest or suspicious in nature with respect to, involving or arising from Financial and Legal Matters.

Any member of Personnel may direct an Initial Report to the Corporation's (i) President, (ii) Secretary, (iii) Chairman of the board of directors of the Corporation (the "**Corporate Board**"), (iv) General Counsel, and/or (v) the Corporation's Director of Human Resources (each a "**Compliance Officer**"). Initial Reports may be made orally or in writing and, in each instance, anonymously if the member of Personnel desires (to the extent consistent with Section IV above).

Alternatively, any member of Personnel may direct an Initial Report to any officer, director, supervisor and/or manager with whom such member of Personnel is comfortable approaching. Any officer, director, supervisor and/or manager who is not a Compliance Officer who receives an Initial Report from such member of Personnel shall immediately provide the Initial Report to one or more Compliance Officers. No officer, director, supervisor and/or manager shall be required to identify the member of Personnel who made an Initial Report, unless the Corporate Board, after considering the guidelines provided in Section IV, requires such officer, director, supervisor and/or manager to identify the member of Personnel.

A written Initial Report may be sent to:

[REDACTED] [NEED TO IDENTIFY]

## VI. Acknowledgment

Upon receipt of an Initial Report, the Compliance Officer will, to the extent practicable, acknowledge receipt of such Initial Report to the source of such information in writing.

## VII. Investigation

Each Compliance Officer who receives an Initial Report shall inform the Corporate Board of such receipt in a timely manner. The Corporate Board shall reasonably conduct or cause to be reasonably conducted an investigation into the issues raised by the Initial Report (an "**Investigation**"). An Investigation may include the questioning of members of Personnel, seeking the advice of outside counsel, and/or seeking the assistance of an outside auditor or consultant, in each instance as reasonably determined by the Corporate Board or, if the Investigation is delegated to an Investigation Committee (as defined below), as reasonably determined by the Investigation Committee.

The investigation shall be conducted as sensitively and discretely as possible under the circumstances, consistent with permitting a full and fair Investigation and fulfilling the purposes of this Policy and applicable law.

The Corporate Board may, as it deems appropriate, form an investigation committee (“**Investigation Committee**”) to conduct an Investigation and appoint members to such committee. Any individual identified in the Initial Report or at any time suspected of being involved in any matter related to the events contained in an Initial Report is prohibited from serving on the corresponding Investigation Committee as are persons related to such individual or persons under the monetary control of such individual unless otherwise determined by the Corporate Board. If an Investigation Committee is formed, then it shall perform the Investigation, or cause the Investigation of, any Initial Report in the manner and to the extent it determines is reasonable under the circumstances. If reasonable, the Investigation Committee shall report its findings to the Corporate Board during the course of its Investigation. In all instances, the Investigation Committee shall report its findings to the Corporate Board at the conclusion of its Investigation.

### **VIII. Resolution and Corrective Action**

If the Investigation indicates that a violation of law, regulation, or Corporation policy has occurred, then the Corporate Board shall determine and implement, or cause the implementation of, disciplinary measures (including termination or removal) and/or other corrective action(s) as it determines appropriate under the circumstances. If an Investigation Committee has been formed: (a) it shall recommend any appropriate disciplinary measures or other corrective actions to the Corporate Board, and (b) the Corporate Board shall consider, but not be bound by, the Investigation Committee’s recommendations.

After obtaining approval from the Corporate Board, a Compliance Officer may directly, or indirectly through outside counsel or an outside auditor or consultant, notify the member of Personnel who made the Initial Report regarding the Investigation Committee’s and/or the Corporate Board’s findings.

### **IX. Document Retention**

The Corporation shall maintain a record of all Initial Reports and the actions taken with respect thereto and maintain such records in accordance with the Corporation’s document retention and destruction policy. In all events, such records shall include the date of the Initial Report, the nature of the Initial Report, the status of the Investigation regarding such Initial Report, and the ultimate resolution of the Investigation of the Initial Report.

Exhibit "D"  
Compensation Policy

*Draft for Discussion*

## **POLICY FOR BOARD APPROVAL OF COMPENSATION**

### **ARIZONA COLLABORATIVE LEARNING PARTNERS, INC., an Arizona nonprofit corporation**

The Executive Director and any other officer, employee or consultant that has been determined by the corporate board (the “Corporate Board”) of ARIZONA COLLABORATIVE LEARNING PARTNERS, INC., an Arizona nonprofit corporation (the “Corporation”), to be at an executive level or a highly compensated individual (each a “Representative”) are the principal representatives of the Corporation, and the persons responsible for the successful and efficient operation of the Corporation. Therefore, it is the desire of the Corporation to provide a fair yet reasonable and not excessive compensation for each of the Representatives.

The annual process for determining compensation is as follows:

The Corporation shall establish a compensation committee (the “Compensation Committee”) at each annual meeting of the corporate board of the Corporation (the “Corporate Board”) for the purposes of evaluating the performance of each Representative. The Compensation Committee may be composed of Directors on the Corporate Board and any independent consultants or counsel including accountants, legal counsel and human resource professionals. The Compensation Committee will solicit each Representative and ask for his/her input on matters of performance and compensation.

The compensation committee will obtain research and information to make a recommendation to the full Corporate Board for the compensation (salary and benefits) of each Representative (and other highly compensated employees or consultants identified by the Corporate Board) based on a review of comparability data. For example, the Compensation Committee will secure data that documents compensation levels and benefits for similarly qualified individuals in comparable positions at similar organizations. This data may include the following:

1. Salary and benefit compensation studies by independent sources;
2. Written job offers for positions at similar organizations;
3. Documented telephone calls about similar positions at both Corporation and for-profit organizations; and
4. Information obtained from the IRS Form 990 filings of similar organizations.

#### **CORPORATE BOARD APPROVAL PROCESS.**

To approve the compensation for each Representative (and other highly compensated employees and consultants) the Corporate Board must document how it reached its decisions, including the data on which it relied, in minutes of the meeting during which the compensation was approved.

Documentation will include:

- a) A description of the compensation and benefits and the date it was approved;

- b) The members of the Corporate Board who were present during the discussion about compensation and benefits, and the results of the vote;
- c) A description of the comparability data relied upon and how the data was obtained; and
- d) Any actions taken (such as abstaining from discussion and vote) with respect to consideration of the compensation by anyone who is otherwise a member of the board but who had a conflict of interest with respect to the decision on the compensation and benefits.

#### **INDEPENDENCE IN SETTING COMPENSATION**

The President of the Corporation or chair the Corporate Board, who is a volunteer and not compensated by the Corporation, will operate independently without undue influence from any Representative. No member of the Compensation Committee will be a staff member, the relative of a staff member, or have any relationship with staff that could present a conflict of interest.

Draft for Discussion

Exhibit "E"  
Investment Policy

*Draft for Discussion*

**INVESTMENT POLICY  
OF  
ARIZONA COLLABORATIVE LEARNING PARTNERS, INC.,  
an Arizona nonprofit corporation (the “Corporation”)**

**PURPOSE OF INVESTMENT POLICY**

The purpose of this Investment Policy (this “Policy”) is to provide a clear statement of the Corporation’s investment objectives, to define the responsibilities of the Corporation’s board of directors (the “Corporate Board”) and any other parties involved in managing the Corporation’s investments, and to identify or provide target asset allocations, permissible investments and diversification requirements.

**INVESTMENT OBJECTIVE**

The overall investment objective of the Corporation is to maximize the return on invested assets while minimizing risk and expenses. This is done through prudent investing and planning, as well as through the maintenance of a diversified portfolio.

**GENERAL PROVISIONS**

- All transactions shall be for the sole benefit of the Corporation.
- The Corporate Board shall consider updating the Corporation’s investment policy on an annual basis.
- The Corporate Board shall conduct an annual review of the Corporation’s investment assets to verify the existence and marketability of the underlying assets or satisfy themselves that such a review has been conducted in connection with an independent audit (if any) of the Corporation’s financial statements.
- Any investment that is not expressly permitted under this Policy must be formally reviewed and approved by the Corporate Board.
- The Corporate Board will endeavor to operate the Corporation’s investment program in compliance with all applicable state, federal and local laws and regulations concerning management of investment assets.
- Investments shall be diversified with a view to minimizing risk.

**DELEGATION OF RESPONSIBILITY; RELIANCE ON EXPERTS AND ADVISORS**

- The Corporate Board has ultimate responsibility for the investment and management of the Corporation’s investment assets.
- The Corporate Board may delegate authority over the Corporation’s investments to a properly formed and constituted investment committee (an “Investment Committee”) which Investment Committee must be comprised only of directors serving on the Corporate Board and accountable to the Corporate Board.



- The Corporate Board or the Investment Committee may hire outside experts as investment consultants or investment managers.
- The Corporate Board may also establish an advisory committee (which may include non-directors) to provide investment advice to the Corporate Board or to the Investment Committee. Advisory committees have no authority to act for the Corporation, the Corporate Board or the Investment Committee, but may monitor compliance with the investment policy, recommend changes, and assist the Corporation, the Corporate Board or the Investment Committee in selecting and retaining investment managers and/or advisors to implement and execute this Policy.

### **RESPONSIBILITIES OF THE CORPORATE BOARD, OR IF AUTHORITY IS DELEGATED, THE INVESTMENT COMMITTEE**

- The Corporate Board, or if authority is delegated, the Investment Committee, is charged with the responsibility of managing the investment assets of the Corporation. The specific responsibilities of the Corporate Board or the Investment Committee, as applicable, include:
  1. Communicating the Corporation's financial needs to the Investment Managers on a timely basis.
  2. Determining the Corporation's risk tolerance and investment horizon and communicating these to the appropriate parties.
  3. Establishing reasonable and consistent investment objectives, policy guidelines and allocations which will direct the investment of the assets, to be reviewed by the Corporate Board on an annual basis.
  4. Prudently and diligently selecting one or more qualified investment professionals, including investment managers(s), investment consultant(s), and custodian(s).
  5. Regularly evaluating the performance of investment manager(s) to assure adherence to policy guidelines and to monitor investment objective progress.
  6. Developing and enacting proper control procedures; e.g., replacing investment manager(s) due to a fundamental change in the investment management process, or for failure to comply with established guidelines.

### **RESPONSIBILITIES OF INVESTMENT MANAGERS**

- Each investment manager will invest assets placed in his, her or its care in accordance with this investment policy.
- Each investment manager must acknowledge in writing acceptance of responsibility as a fiduciary.
- Each investment manager will have full discretion in making all investment decisions for the assets placed under his, her or its care and management, while operating within all

policies, guidelines, constraints, and philosophies outlined in this Investment Policy. Specific responsibilities of investment manager(s) include:

1. Discretionary investment management, including decisions to buy, sell, or hold individual securities, and to alter allocation within the guidelines established in this statement.
2. Reporting, on a timely basis, monthly investment performance results.
3. Communicating any major changes in the economic outlook, investment strategy, or any other factors that affect implementation of investment process.
4. Informing the Corporate Board, or if authority is delegated, the Investment Committee, regarding any changes in portfolio management personnel, ownership structure, investment philosophy, etc.
5. Voting proxies, if requested by the Corporate Board, or if authority is delegated, the Investment Committee, on behalf of the Corporation.
6. Administering the Corporation's investments at reasonable cost, balanced with avoiding a compromise of quality. These costs include, but are not limited to, management and custodial fees, consulting fees, transaction costs and other administrative costs chargeable to the Corporation.

#### **GENERAL INVESTMENT GUIDELINES**

- A copy of this Investment Policy shall be provided to all Investment Managers.
- The Corporation is a tax-exempt Corporation as described in section 501(c)(3) of the Internal Revenue Code. This tax-exempt status should be taken into consideration when making Corporation investments.
- The Corporation is expected to operate in perpetuity; therefore, a 10 year investment horizon shall be employed. Interim fluctuations should be viewed with appropriate perspective.
- A liquid cash account shall be maintained with a zero to very low risk tolerance to keep cash available for grant distributions, tax obligations and other anticipated expenses.
- Transactions shall be executed at reasonable cost, taking into consideration prevailing market conditions and services and research provided by the executing broker.
- **Permitted investments include: [Provide a list of permitted investments here] Cash and cash equivalents, marketable securities including equities and fixed income securities, \_\_\_\_\_, \_\_\_\_\_. [To be determined by Corporation and Accountants/Investment Advisors]**

**[Note: The Corporation should determine its own credit quality standards and prohibited transactions, based on its investment objectives and risk tolerance. The**

**following two bullet items represent samples only and are not recommended for use without review by investment counsel.]**

- No fixed income security shall have an equivalent credit quality below investment grade at the time of purchase, defined as:
  1. BBB by Standard & Poors for straight bonds and convertibles
  2. Baa3 by Moody's Investor Service for straight bonds and convertibles
  3. A1 by Standard & Poors for short term securities
  4. P1 by Moody's Investor Service for short-term securities
  5. AAA for money market accounts
- The following transactions are prohibited: Purchase of non-negotiable securities, derivatives, high risk or junk bonds, private placements, precious metals, commodities, short sales, any margin transactions, straddles, warrants, options, life insurance contracts, leverage or letter stock.

#### **DIVERSIFICATION**

- The Corporation will maintain a reasonable diversification of investment assets between asset classes and investment categories at all times.
- Investments in the equity securities of any one company shall not exceed [5%] of the portfolio nor shall the total securities position (debt and equity) in any one company exceed [10%] of the portfolio.
- Reasonable sector allocations and diversification shall be maintained. No more than [25%] of the entire portfolio may be invested in the securities of any one sector.
- Investments within the investment portfolio should be readily marketable.
- The investment portfolio should not be a blind pool; each investment must be available for review.

#### **ASSET ALLOCATION**

- The asset allocation policy shall be predicated on the following factors:
  1. Historical performance of capital markets adjusted for the perception of the future short and long-term capital market performance.
  2. The correlation of returns among the relevant asset classes.
  3. The perception of future economic conditions, including inflation and interest rate assumptions.
  4. Liquidity requirements for the projected grants and other charitable expenditures.

5. The relationship between the current and projected assets of the Corporation and projected liabilities.

### ALLOCATION RANGE

[Note: The Corporation should determine its own allocations, based on its investment objectives and cash needs. The following allocation schedule is only a sample and is not recommended for use without review by investment counsel.]

Asset Allocation Range	Target	Upper limit
Cash & Equivalents	5%	0 – 15%
Fixed Income	40%	20 – 60%
Equities: Domestic Large Cap	25%	20 – 40%
Equities: Domestic Small/Mid Cap	20%	10 – 25%
Equities: International	10%	5 – 15%

- Rebalancing shall be done on a semi-annual basis or more frequently if deemed necessary.

### PERFORMANCE

- Performance objectives are to be met on a net of fees basis. The investment performance of each asset allocation class will be measured on two levels: against inflation objectives for the total Corporation and against index objectives for individual portfolio components. Investment performance shall be measured no less than quarterly on a net of fees basis. Performance shall be evaluated on a three to five year basis to allow for market fluctuations and volatility.

Exhibit "F"  
Document Retention and Destruction Policy

*Draft for Discussion*

**DOCUMENT RETENTION AND DESTRUCTION POLICY OF  
ARIZONA COLLABORATIVE LEARNING PARTNERS, INC.,  
an Arizona nonprofit corporation**

**I. Purpose**

This Document Retention and Destruction Policy (“Policy”) provides for the systematic review, retention and destruction of documents received or created by ARIZONA COLLABORATIVE LEARNING PARTNERS, INC., an Arizona nonprofit corporation (the “Corporation”). This Policy contains guidelines for how long certain documents should be kept and how records should be destroyed. The Policy is designed to comply with federal and state laws and regulations, to eliminate accidental or innocent destruction of records and to facilitate the Corporation’s operations by promoting efficiency and freeing up valuable storage space.

**II. Document Retention and Destruction**

The Corporation’s documents will be kept for the length of time indicated in Section III below. Documents that are not listed below, but are substantially similar to a type of document that is listed, will be kept for the length of time that is indicated for the substantially similar document. Correspondence, internal memoranda, and e-mail should be retained for the same period as the document they pertain to or support. As an example, a letter pertaining to a particular contract would be retained as long as the contract to which it pertains. Notwithstanding the time indicated below, the remainder of this Policy (e.g., Section VII) shall be considered prior to the destruction or cessation of retention of any document. If a record meets the description of more than one category, then the category requiring a longer retention period under this Policy shall be applicable to such record.

Records should be maintained only for the recommended retention period. Records no longer required to be kept for business or legal purposes should be destroyed by shredding/destruction on company premises, or by contracting with a document shredding/destruction company that can provide a certificate of shred, as appropriate. The process of shredding/destruction should only be undertaken at the direction of the appropriate department head.

All questions about the retention and destruction of specific records or departmental responsibility for maintaining certain types of records should be referred to the Secretary.

**III. Corporate Recordkeeping Time Frames**

**Formation and General**

Annual Reports to Corporation Commission, the Secretary of State or the Attorney General	Permanent
Articles of Incorporation	Permanent
Board Meeting and Board Committee Minutes	Permanent
Board Policies/Resolutions	Permanent

By-laws	Permanent
IRS Determination Letter	Permanent
Construction Documents	Permanent
Correspondence (general)	5 years

## **Accounting and Tax Records**

### **(Other than Employment Related)**

IRS Application for Tax-Exempt Status (Form 1023)	Permanent
State Tax Exemption Documents (e.g., income tax, sales tax, property tax, etc)	Permanent
Annual Audits and Financial Statements	Permanent
Fixed Asset Records	Permanent
Depreciation Schedules	Permanent
General Ledgers	Permanent
Federal and State Information Returns (e.g., Form 990)	Permanent
IRS Form 1099s, W-8 and W-9	Permanent
Audit and controversy records (e.g., all correspondence with the IRS and any other tax or legal authority)	Permanent
“Future Relevance Records” including any document that may have relevance to a transaction occurring in the future (e.g., tax and accounting information such as basis, depreciation schedules, improvements & maintenance costs, etc.)	10 years after the filing of a return on which such information has relevance
Business Expense Records	7 years
Journal Entries	7 years
Invoices	7 years
Sales Records (box office, uniform, concessions, gift shop, miscellaneous sales)	5 years
Petty Cash Vouchers	3 years
Cash Receipts	3 years
Credit Card Receipts	3 years

### **Bank Records**

Check Registers	Permanent
Bank Deposit Slips	7 years
Bank Statements and Reconciliation	7 years
Electronic Fund Transfer Documents	7 years

### **Payroll and Employment Tax Records**

Payroll Registers	Permanent
State Unemployment Tax Records	Permanent
Employee identification records and information	Permanent

Payroll Tax Returns (IRS Forms 940 and 941)	10 years after termination
IRS Forms W-2 and W-4	10 years after termination
Unclaimed wages	10 years
Earnings Records	7 years
Garnishment Records	7 years
Severance agreements and evidence of payments	7 years after final payment

### **Employee Records**

Employment and Termination Agreements	Permanent
Retirement and Pension Plan Documents	Permanent
All Personnel Records (e.g., records relating to promotion, demotion or discharge)	7 years after contract date
Accident Reports and Worker's Compensation Records	Permanent
Time Cards	7 years after termination
Salary Schedules	5 years
Employment Applications	3 years
I-9 Forms	3 years after termination

### **Donor / Grant Records**

Grant Applications and Contracts received	7 years after completion
Grant Applications and Contracts given or granted	Permanent
Donor Records and Acknowledgement Letters	(i) if the donation is part of a series of related donations, then 10 years from the end of the year in which the last related donation is made, (ii) if the donation is of property, then 10 years after the filing of a return on which such information has relevance, and (iii) 10 years in all other instances

### **Legal, Insurance and Safety Records**

Appraisals	Permanent
Copyright Registrations	Permanent
Environmental Studies	Permanent
Insurance Policies	Permanent
Real Estate Documents	Permanent
Stock and Bond Records	Permanent
Trademark Registrations	Permanent
Litigation Resolution Related (i.e., any document related to any litigation, consent decree, release, settlement agreement, final disposition, order, stipulation of dismissal, judgment, etc.)	Permanent



Litigation Claim Related (i.e., any document related to any allegation, petition, court record, filing, pleading, etc.)	7 years following resolution and exhaustion of all administrative and appellate remedies
Leases	6 years after expiration
OSHA Documents	5 years after expiration
General Contracts	7 years

**STUDENT RECORDS**

Student records shall be treated in accordance with the requirements of Arizona Revised Statutes §15-141 and the Family Educational and Privacy Rights Act of 1974 (20 United States Code §§1232g, 1232h and 1232i) and federal regulations issued pursuant to such act as the same may be amended from time to time.

III. **Electronic Documents and Records**

Electronic documents will be retained as if they were paper documents. Therefore, any electronic files, including records of donations made online, that fall into one of the document types on the above schedule will be maintained for the length time indicated. E-mail messages that need to be retained will be printed in hard copy and kept in the appropriate file.

V. **Emergency Planning**

The Corporation’s records will be stored in a safe, secure and accessible manner. Documents and financial files that are essential to keeping the Corporation operating in an emergency will be duplicated or backed up at least every month and maintained off site.

VI. **Litigation**

Each trustee, director, officer, employee and staff member of the Corporation (“Personnel”) has a responsibility to immediately notify the Corporation’s President if such Personnel becomes aware of (i) an official governmental investigation into the Corporation or (ii) a lawsuit against the Corporation, which lawsuit is either commenced or appears imminent.

If the Corporation receives notice of (i) an official governmental investigation or (ii) the filing of a lawsuit against the Corporation, or (iii) of a lawsuit against the Corporation the commencement of which is imminent, then document destruction procedures otherwise applicable under this Policy will be immediately and automatically suspended.

Document destruction will only be suspended for the documents related to the investigation or actual or potential litigation. A suspension of document destruction does not affect the length of time a document will be retained following the termination of the suspension. Instead, after the suspension is lifted, documents will be destroyed after the original required

retention period is met, including any time for which a suspension was in place. However, such item may be required to be retained for a longer period if required by the resolution of the litigation or, in connection with such suspension, such document is properly reclassified as either a *Litigation Resolution Related* document or a *Litigation Claim Related* document and such reclassification lengthens the time for retention of such document.

#### VIII. **Approval, Review and Compliance**

The Board of Directors of the Corporation is the approving authority for this Policy and is responsible for revising this Policy. The Board of Directors of the Corporation will review this Policy as often as required by legal, regulatory, or Corporation governance and, in all cases, at least annually.

The failure of a member of Personnel to follow this Policy could result in possible civil and criminal sanctions against the Corporation and members of Personnel and could also result in disciplinary action by the Corporation against responsible members of Personnel.