

**BYLAWS
OF
METHOD SCHOOLS CORPORATION**

**ARTICLE I
Purposes**

The corporation is organized for the public purposes as specified in its Articles of Incorporation.

**ARTICLE II
Offices**

Section 1. Principal Office.

The corporation's principal office shall be located at such place within the County of San Diego, California as the Board of Trustees ("Board") shall determine. The Board has full power and authority to change the principal office from one location to another within the attendance boundaries in the County of San Diego, California.

Section 2. Other Offices.

Branch or subordinate offices may at any time be established by the Board at any place or places where the corporation is qualified to do business.

**ARTICLE III
Membership**

Section 1. No Members.

The Corporation shall have no members as that term is defined in Section 5056 of the California Nonprofit Corporation Law.

Section 2. Associates.

Nothing in this Article shall be construed to limit the corporation's right to refer to persons associated with it as "members" even though such persons are not members, and no such reference by the corporation shall render anyone a member within the meaning of Section 5056 of the California Nonprofit Corporation Law. Such individuals may originate and take part in the discussion of any subject that may properly come before any meeting of the Board, but may not vote. The corporation may confer, by amendment of its Articles of Incorporation or of these Bylaws, some or all of a member's rights, set forth in the California Nonprofit Corporation Law, upon any person who does not have the right to vote for the election of trustees/directors, on a disposition of substantially all of the assets of the corporation, on a merger, on a dissolution, or on changes to the corporation's Articles of Incorporation or Bylaws, but no such person shall be a member within the meaning of Section 5056.

ARTICLE IV
Board of Trustees

Section 1. Powers.

Subject to the limitations of the California Nonprofit Public Benefit Corporation Law, the corporation's Articles of Incorporation and these Bylaws, and such California local public agency laws of general application as may be applicable to the corporation, the activities and affairs of the corporation shall be conducted and all corporate powers shall 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 shall be managed and all corporate powers shall 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 shall 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.

Without prejudice to its general powers, but subject to the same limitations set forth above, the Board shall have the following powers in addition to any other powers enumerated in these Bylaws and permitted by law:

i. 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; to fix their compensation; and to require security from them for faithful service;

ii. To conduct the affairs and activities of the corporation and to make such rules and regulations therefore which are not inconsistent with law, the corporation's Articles of Incorporation or these Bylaws;

iii. To adopt, make and use a corporate seal and to alter the form of the seal from time to time;

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

v. To carry on a business and apply any revenues in excess of expenses that results from the business activity to any activity in which it may lawfully engage;

vi. 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;

vii. 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

viii. 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.

ix. To carry out such other duties as are described in the Charter of the Method Schools (“School”) as approved by the Dehesa School District and any other school districts who legally approve a charter presented by the School.

Section 2. Number of Trustees.

The number of trustees of the corporation shall be five (5) unless and until changed by amendment of the Articles of Incorporation or by amendment of these bylaws.

Section 3. Appointment and Election.

a. The following persons shall be an *ex officio*, non- voting trustees of the Board: (i) the founding director of the School and, (2) The Chief Financial Officer/Treasurer (hereinafter referred to as the Business Manager).

b. The Board shall appoint four (4) trustees, (i) at least one of whom may be a parent of one or more children who are actively enrolled in the School during such parent’s entire term as a trustee, provided that such parent shall not be an employee of the corporation or the School (“Parent Trustee”); (ii) The remainder may be individuals living in the community and/or a business person in the community served by the board.

Section 4. Terms of Office of Trustees.

a. In accordance with Section 5220(d) of the California Nonprofit Public Benefit Corporation Law, all trustees appointed under Section 3.b of this Article shall hold office until the person entitled to appoint the trustee removes the trustee or appoints a new trustee, or these bylaws are amended to provide otherwise or are repealed; and all *ex officio* trustees shall hold office until such individual(s) no longer hold the position(s) described in Section 3.a of this Article or these bylaws are amended to provide otherwise or are repealed.

b. Board Trustee One (1) shall have a term of office of one (1) year.

c. Board Trustee Two (2) shall have a term of office of two (2) years.

d. Board Trustee Three (3) and Four (4) shall have a term of office of three (3) years.

As seats become vacant, the incoming Board Trustees’ terms of office will be for three (3) years.

Section 5. Resignation and Removal.

Subject to the provisions of Section 5226 of the California Nonprofit Public Benefit Corporation Law, any trustee may resign effective upon giving written notice to the chairman, the president, the secretary, or the Board, unless the notice specifies a later effective time. If the resignation is effective at a future time, a successor may be selected before such time, to take office when the resignation becomes effective. If a trustee is appointed, such trustee may be removed only by the person entitled to appoint the trustee. All other trustees may be removed only upon the vote of a majority of the trustees then in office.

Section 6. Vacancies.

i. A Board vacancy or vacancies shall be deemed to exist if any trustee dies, resigns, or is removed, or if the authorized number of trustees is increased.

ii. Notwithstanding Section 5, the Board may declare vacant the office of any trustee who has been convicted of a felony, or has been found to have breached any duty arising under Article 3 of Chapter 2 of the California Nonprofit Public Benefit Corporation Law or to be of unsound mind by any court of competent jurisdiction.

iii. A vacancy on the Board shall be filled only by the person entitled to appoint the trustee; provided that a vacancy on the Board to which the trustee is elected may only be filled by a vote of a majority of the trustees then in office. Each trustee so elected, appointed, or designated shall hold office until the expiration of the term of the replaced trustee and continue to hold office until a qualified successor has been elected, appointed, or designated.

iv. No reduction of the authorized number of trustees shall have the effect of removing any trustee prior to the expiration of the trustee's term of office.

Section 7. Place of Meeting.

Meetings of the Board shall be held at the principal office of the corporation or at any other place within or without the State of California which has been designated in the notice of the meeting or, if there is no notice, by resolution of the Board.

Section 8. Meetings; Annual Meeting.

Notwithstanding any other provision of these bylaws, all meetings of the Board and its committees shall be called, noticed, and held in compliance with the provisions of the Ralph M. Brown Act ("Brown Act") to the extent required by law.

Annually the Board shall meet for the purpose of organization, appointment of officers and the transaction of such other business as may properly be brought before the meeting. This meeting shall be held at a time, date and place as may be specified and noticed by resolution of the Board.

Section 9. Regular Meetings.

Regular meetings of the Board, including annual meetings, shall be held at such times and places as may from time to time be fixed by the Board.

Section 10. Special Meetings.

Special meetings of the Board for any purpose may be called at any time by the chairman of the Board, if there is such an officer, the president, the secretary or any two trustees. The party calling such special meeting shall determine the place, date and time thereof.

Section 11. Notice of Special Meetings.

i. Special meetings of the Board may be held only after each trustee has received (48) hours' notice given by email, personally or by phone.

ii. Any such notice shall be addressed or delivered to each trustee at the trustee's address as it is shown on the records of the corporation or as may have been given to the corporation by the trustee for purposes of notice or, if an address is not shown on the corporation's records or is not readily ascertainable, at the place at which the meetings of the trustees are regularly held.

iii. Notice by mail shall be deemed received at the time a properly addressed written notice is deposited in the United States mail, postage prepaid. Any other written notice shall be deemed received at the time it is personally delivered to the recipient or is delivered to a common carrier for transmission, or is actually transmitted by the person giving the notice by electronic means to the recipient. Oral notice shall be deemed received at the time it is communicated, in person or by telephone or wireless, to the recipient or to a person at the office of the recipient whom the person giving the notice has reason to believe will promptly communicate it to the receiver.

iv. The notice of special meeting shall state the time of the meeting, and the place if the place is other than the principal office of the corporation, and the general nature of the business proposed to be transacted at the meeting. No business, other than the business the general nature of which was set forth in the notice of the meeting, may be transacted at a special meeting.

Section 12. Quorum.

A majority of the voting trustees then in office shall constitute a quorum. Every act or decision done or made by a majority of the trustees present at a meeting duly held at which a quorum is present is an act of the Board. A meeting at which a quorum is initially present may continue to transact business notwithstanding the withdrawal of trustees, if any action taken is approved by at least a majority of the required quorum for such meeting. Trustees may not vote by proxy.

Section 13. Consent to Meetings.

Except as otherwise provided in the Brown Act, the transactions of the Board at any meeting, however called and noticed or wherever held, shall be as valid as though done at a meeting duly held after regular call and notice if a quorum be present, and if, either before or after the meeting, each trustee entitled to vote, not present in person signs a written waiver of notice, or a consent to the holding of such meeting, or approval of the minutes thereof. All such waivers, consents or approvals shall be filed with the corporate records and made a part of the minutes of the meeting. Notice of a meeting need not be given to any trustee who attends the meeting without protesting prior to or at the commencement of the meeting, the lack of notice to such trustee.

Section 14. Action Without Meeting.

Except as otherwise provided in the Brown Act, any action required or permitted to be taken by the Board under any provision of the Nonprofit Public Benefit Corporation Law may be taken without a meeting if all members of the Board shall individually or collectively consent in writing to such action, and if permitted by applicable public open meeting laws, if any. Such consent(s) shall be filed with the minutes of the proceedings of the Board and shall have the same force and effect as a unanimous vote of such trustees.

Section 15. Telephonic and Electronic Video Meetings.

Except as otherwise provided in the Brown Act, members of the Board may participate in a meeting through the use of conference telephone, electronic video screen communication, or other communications equipment, to the extent permitted by applicable open meeting laws, if any. Participation in a meeting through use of conference telephone constitutes presence in person at that meeting as long as all members participating in the meeting are able to hear one another. Participation in a meeting through use of electronic video screen communication or other communications equipment (other than conference telephone) constitutes presence in person at that meeting if (i) each member participating can communicate with all other members concurrently, (ii) each member is provided the means of participating in all matters before the Board including, without limitation, the capacity to propose, or to interpose an objection to, specific action to be taken, and (iii) the corporation has adopted and implemented some means of verifying both that the person participating in the meeting is a trustee or other person entitled to participate in the meeting and that all actions of, or votes by, the Board are taken or cast only by the trustees and not by persons who are not trustees.

Section 16. Adjournment.

A majority of the trustees present, whether or not a quorum is present, may adjourn any trustees 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 shall be given, prior to the time schedule for the continuation of the meeting, to the trustees who were not present at the time of the adjournment, and to the public in the manner prescribed by any applicable public open meeting law.

Section 17. Rights of Inspection.

Every trustee has the absolute right at any reasonable time to inspect and copy all books, records and documents of every kind and to inspect the physical properties of the corporation, to the full extent permitted under applicable federal and state laws regarding pupil confidentiality.

Section 18. Board Committees.

The Board may appoint an executive committee and one or more other committees each consisting of two (2) or more trustees to serve at the pleasure of the Board, and delegate to such committee any of the authority of the Board, except with respect to:

- a. The approval of any action for which the California Nonprofit Public Benefit corporation Law requires the approval of the Board;
- b. The filling of vacancies on the Board or on any committee which has the authority of the Board;
- c. The fixing of compensation of the trustees for serving on the Board or on any committee;
- d. The amendment or repeal of bylaws or the adoption of new bylaws;
- e. The amendment or repeal of any resolution of the Board which by its express terms is not so amendable or repealable;
- f. The appointment of other committees having the authority of the Board;
- g. The expenditure of corporate funds to support a nominee for trustee after there are more people nominated for trustee than can be elected; or
- h. The approval of any self-dealing transaction as such transactions are defined in Section 5233(a) of the California Nonprofit Public Benefit corporation Law, except as permitted under Section 24 of this Article.

Any such committee must be created, and the members thereof appointed, by resolution adopted by a majority of the number of trustees then in office, and any such

committee may be designated as an executive committee or by such other name as the Board shall specify. The Board may appoint, in the same manner, alternate members to a committee who may replace any absent member at any meeting of the committee. The Board shall have the power to prescribe the manner in which proceedings of any such committee shall be conducted. In the absence of any such prescription, such committee shall have the power to prescribe the manner in which its proceedings shall be conducted. Unless the Board, such committee, or these bylaws shall otherwise provide, the regular and special meetings and other actions of any such committee shall be governed by the provisions of this Article applicable to meetings and actions of the Board. Minutes shall be kept of each meeting of each committee.

Section 19. 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 which do not have the powers of the Board. The president, with the approval of the Board, shall appoint members to serve on such committees, and shall designate the committee chairman. If a trustee is on a committee, he or she shall be the chairman. Each member of a committee shall 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 chairman of the Board (if there is such a position), the chairman of the committee or a majority of the committee's voting members. Each committee shall 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 shall constitute a quorum for the transaction of business at any meeting of the committee. Each committee may keep minutes of its proceedings and shall 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 chairman of the committee or to the president. Such resignation, which may or may not be made contingent upon formal acceptance, shall take effect upon the date of receipt or at any later time specified in the notice. The chairman may, with prior approval of the Board, remove any appointed member of a committee. The president, with the Board's approval, shall 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.

Section 20. Fees and Compensation.

Trustees and members of committees shall not receive any compensation for their services; however, the Board may approve reimbursement of a trustee's actual and necessary expenses incurred in the conduct of the corporation's business.

Section 21. Nonliability of Trustees.

No trustee shall be personally liable for the debts, liabilities or other obligations of this corporation.

Section 22. Interested Persons.

No one serving on the Board may be “interested persons.” An “interested person” is (i) any person compensated by the corporation for services rendered to it within the previous twelve (12) months whether as a full- or part-time employee, independent contractor, or otherwise, excluding any reasonable compensation paid to a trustee as trustee, and (ii) any brother, sister, ancestor, descendant, spouse, brother-in-law, sister-in-law, son-in-law, daughter-in-law, mother-in-law or father-in-law of any such person. However, any violation of the provisions of this Section shall not affect the validity or enforceability of any transaction entered into by the corporation.

Section 23. Standard of Care.

A trustee shall perform the duties of a trustee, including duties as a member of any committee of the Board upon which the trustee may serve, in good faith, in a manner such trustee believes to be in the best interests of the corporation and with such care, including reasonable inquiry, as an ordinarily prudent person in a like position would use under similar circumstances. In performing the duties of a trustee, a trustee shall be entitled to 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 trustee believes to be reliable and competent in the matters presented;
- ii. Counsel, independent accountants or other persons as to matters which the trustee believes to be within such person's professional or expert competence; or
- iii. A committee of the Board upon which the trustee does not serve as to matters within its designated authority, provided the trustee believes merits confidence and the trustee acts in good faith, after reasonable inquiry when the need therefore is indicated by the circumstances and without knowledge that would cause such reliance to be unwarranted.

Section 24. Self-Dealing Transactions.

Self-dealing transactions means transactions to which the corporation is a party and in which one or more of the trustees (“interested trustee(s)”) has a material financial interest. Notwithstanding this definition of self-dealing transaction, the following transactions do not constitute self-dealing transactions:

- i. An action by the Board fixing the compensation of a trustee as a trustee or officer of the corporation;
- ii. A transaction which 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 trustees or their families because they are in a class of persons intended to be benefited by the public or charitable program;

iii. A transaction of which the interested trustees have no actual knowledge, and which does not exceed the lesser of 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).

iv. A transaction the Attorney General has approved either before or after it was consummated.

v. A transaction with respect to which the following facts are established:

(1) The corporation entered into the transaction for its own benefit;

(2) The transaction was fair and reasonable as to the corporation at the time the corporation entered into the transaction;

(3) 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 trustees then in office excluding the vote of the interested trustee(s) and with knowledge of the material facts concerning the transaction and the interested trustee's interest in it. Except as provided in paragraph (5) of this subsection, action by a committee of the Board will not satisfy this requirement; and

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

(5) A committee or person authorized by the Board approved the transaction in a manner consistent with the standards prescribed for approval by the Board under this subsection; it was not reasonably practical to obtain approval of the Board prior to entering into the transaction; and the Board, after determining in good faith that the conditions set forth in this paragraph (5) of this subsection were satisfied, ratified the transaction at its next meeting by a vote of a majority of the trustees then in office, excluding the vote of the interested trustee(s).

Section 25. Interested Trustee's Vote.

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

Section 26. Persons Liable and Extent of Liability.

If a self-dealing transaction has not been approved as provided in Section 24 of this Article, the interested trustee(s) may be required to do such things and pay such damages as a court may provide as an equitable and fair remedy to the corporation, considering any

benefit received by it and whether or not the interested trustee(s) acted in good faith and with the intent to further the best interests of the corporation.

Section 27. Contracts or Transactions With Mutual Trustees.

No contract or other transaction between the corporation and any domestic or foreign corporation, firm or association of which one or more of the corporation's trustees are trustees is either void or voidable because such trustee(s) are present at the meeting of the Board or committee thereof which authorizes, approves or ratifies the contract or transaction if:

i. The material facts as to the transaction and as to such trustee's other directorship are fully disclosed or known to the Board or committee, and the Board or committee authorizes, approves or ratifies the contract or transaction in good faith by a vote sufficient without counting the vote of the common trustee(s); or

ii. As to contracts or transactions not approved as provided in subsection i. of this Section, the contract or transaction is just and reasonable as to the corporation at the time it is authorized, approved or ratified.

Notwithstanding the foregoing, this Section shall not apply to self-dealing transactions described in Section 24 of this Article above.

Section 28. Corporate Loans and Advances.

The corporation shall not make any loan of money or property to or guarantee the obligation of any trustee or officer, unless approved by the Attorney General; provided, however, that the corporation may advance money to a trustee 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 trustee, if, in the absence of such advance, such trustee or officer would be entitled to be reimbursed for such expenses by the corporation, its parent or any subsidiary.

Section 29. Annual Report.

Pursuant to Section 6321 of the California Nonprofit Public Benefit Corporation Law, the Business Manager shall cause an annual report to be prepared and sent to each trustee not later than 120 days after the close of the fiscal or calendar year. Such annual report shall be prepared in conformity with the requirements of the California Nonprofit Public Benefit Corporation Law as it may be in effect from time to time.

Section 30. Annual Statement of Certain Transactions and Indemnifications.

Pursuant to Section 6322 of the California Nonprofit Public Benefit Corporation Law, the corporation shall furnish an annual statement of certain transactions and indemnifications to each of the trustees no later than 120 days after the close of the fiscal year. If the corporation issues an annual report as set forth in Section 28 of this Article above, this requirement shall be satisfied by including the required information, as set forth below, in such report. Such annual statement shall describe:

i. Any “covered transaction” (defined below) during the previous fiscal year of the corporation involving (a) more than Fifty Thousand Dollars (\$50,000) or, (b) which was one of a number of “covered transactions” in which the same “interested person” (defined below) had a direct or indirect material financial interest, and which transactions in the aggregate involved more than Fifty Thousand Dollars (\$50,000). The statement shall describe the names of any “interested persons” involved in such covered transactions, including such “interested persons” relationship to the transaction, and, where practicable, the amount of such interest; provided, that in the case of a transaction with a partnership of which the “interested person” is only a partner, only the interest of the partnership need be stated.

ii. For the purposes of this Section, a “covered transaction” is a transaction in which the corporation, its parent or its subsidiary, was a party, and in which either of the following had a direct or indirect material financial interest:

(1) Any trustee or officer of the corporation, or its parent or subsidiary; or

(2) Any holder of more than ten percent (10%) of the voting power of the corporation, its parent or its subsidiary.

iii. The amount and circumstances of any indemnifications or advances aggregating more than Ten Thousand Dollars (\$10,000) paid during the fiscal year of the corporation to any officer or trustee of the corporation.

For purposes of this Section, any person described in either paragraph (1) or (2) of subsection ii. above is an “interested person.”

ARTICLE V Officers

Section 1. Officers.

The officers of this corporation shall be a president, one or more vice presidents, Secretary/Director and a Chief Financial Officer/Treasurer. The corporation may also have, at the discretion of the Board, a chairman of the Board, one or more assistant secretaries, one or more assistant treasurers, and such other officers as may be elected or appointed by the Board. Any number of offices may be held by the same person, except that neither the secretary nor the treasurer may serve concurrently as the president or chairman of the Board.

Section 2. Appointment of Officers.

Except as otherwise specified in Sections 3 and 10 of this Article, the officers of the corporation shall be chosen annually by the Board and each shall hold office until he or she shall resign or shall be removed or otherwise disqualified to serve, or his or her successor shall be elected and qualified.

Section 3. Subordinate Officers.

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

Section 4. President.

The President shall act with impartiality and tact and shall preserve order and decorum at all times. In addition to the duties required to be performed, the President of the Board shall preside at all regular and special meetings at which the President is present.

The board President shall also perform other duties as directed by law, California Department of Education regulations, and the Board.

Section 5. Vice President.

The Vice-President of the Board shall act as President of the Board in the absence of the President.

Section 6. Secretary.

The secretary shall be the Director of the School and, shall keep or cause to be kept, at the principal office of the corporation the State of California, the original or a copy of the corporation's Articles of Incorporation and bylaws, as amended to date, and a register showing the names of all trustees and their respective addresses. The secretary shall keep the seal of the corporation and shall affix the same on such papers and instruments as may be required in the regular course of business, but failure to affix it shall not affect the validity of any instrument. The secretary also shall keep or cause to be kept at the principal office, or at such other place as the Board may order, a book of minutes of all meetings of the Board and its committees, with the time and place of holding; whether regular or special; if special how authorized; the notice thereof given; the names of those present and absent; and the proceedings thereof. The secretary shall give or cause to be given notice of all the meetings of the Board required by these bylaws or by law to be given; shall keep the seal of the corporation in safe custody; shall see that all reports, statements and other documents required by law are properly kept or filed, except to the extent the same are to be kept or filed by the treasurer; and shall have such other powers and perform such other duties as may be prescribed from time to time by the Board.

The School Director is hereby authorized to purchase supplies, services and equipment necessary or convenient for the operations of the school, provided that:

- A. The expenditure is consistent with the adopted budget of the corporation.
- B. If the expenditure is not reflected in the adopted budget of the corporation, the expenditure does not exceed \$1,000 and is reported to the Board.

- C. In the event of an emergency affecting the safety, health or continued operations of the corporation, the School Director obtains the prior consent of President or Vice President (if the President is unavailable), and the expenditure does not exceed \$5,000.
- D. The School Director shall, from time to time, develop policies for the procurement of supplies, services and equipment on a competitive or other basis designed to ensure that the Corporation's procurements reflect a competitive cost, consistent with quality and timely delivery to meet the needs of the Corporation, for review and approval of the Board.

1. The School Director shall be responsible for the selection, hiring, and evaluation of the staff of the Corporation, in a manner consistent with adopted budget, the Charter and contracts entered into by the Corporation and the personnel policies adopted by the Board. Pursuant to the Charter, the Board retains responsibility for hiring and evaluating the School Director.

2. Any authority delegated to the School Director may be, further delegated by the School Director.

3. Nothing in this resolution is intended to limit the authority granted to the School Director by the Charter, By-Laws, or any prior resolution or directive of the Board.

Passed and adopted this ___th day of _____, ____.

Section 7. Chief Financial Officer.

The Chief Financial Officer/Treasurer hereinafter referred to as the Business Manager shall keep and maintain or cause to be kept and maintained adequate and correct accounts of the properties and business transactions of the corporation, including accounts of its assets, liabilities, receipts, disbursements, gains and losses. The books of account shall at all times be open to inspection by any trustee. The Business Manager shall deposit or cause to be deposited all monies and other valuables in the name and to the credit of the corporation in such depositories as may be designated by the Board. The Business Manager shall disburse the funds of the corporation as shall be ordered by the Board, shall render to the president and the trustees, upon request, an account of all transactions as Business Manager. The Business Manager will make regular financial reports to the board as required by law.

The Board hires the Business Manager on recommendation of the Director.

Section 8. Removal and Resignation.

Any officer may be removed, either with or without cause, by the Board at any time. Any such removal shall be without prejudice to the rights, if any, of the officer under any contract of employment. Any officer may resign at any time by giving written notice to the corporation, but without prejudice to the rights, if any, of the corporation under any contract to which the officer is a party. Any such resignation shall take effect at the date of the receipt of

such notice or at any later time specified therein, and, unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 9. Vacancies.

A vacancy in any office because of death, resignation, removal, disqualification, or any other cause, shall be filled in the manner prescribed in the by-laws for regular election or appointment to such office, provided that such vacancies shall be filled as they occur and not on an annual basis.

ARTICLE VI
Indemnification

Section 1. Definitions.

For the purposes of this Article, “agent” means any person who is or was a trustee, director, officer, or employee of this corporation, or is or was serving at the request of the corporation as a trustee, director, officer, employee or agent of another foreign or domestic corporation, partnership, joint venture, trust or other enterprise, or was a trustee, director, officer, employee or agent of a foreign or domestic corporation which was a predecessor corporation of this corporation or of another enterprise at the request of such predecessor corporation; and “proceeding” means any threatened, pending completed action or proceeding, whether civil, criminal, administrative or investigative; and “expenses” includes, without limitation, attorneys’ fees and any expenses of establishing a right to indemnification under Sections 4 or 5.b. of this Article.

Section 2. Indemnification in Actions by Third Parties.

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

Section 3. Indemnification in Actions by or in the Right of the Corporation.

This corporation may indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action by or in the right of

this corporation, or brought under Section 5233 of the California Nonprofit Public Benefit corporation Law, or brought by the Attorney General or a person granted relator status by the Attorney General for breach of duty relating to assets held in charitable trust, to procure a judgment in its favor by reason of the fact that such person is or was an agent of the corporation, against expenses actually and reasonably incurred by such person in connection with the defense or settlement of such action if such person acted in good faith, in a manner such person believed to be in the best interests of the corporation and with such care, including reasonable inquiry, as an ordinarily prudent person in a like position would use under similar circumstances. No indemnification shall be made under this Section:

i. In respect of any claim, issue or matter as to which such person shall have been adjudged to be liable to this corporation in the performance of such person's duty to the corporation, unless and only to the extent that the court in which such proceeding is or was pending shall determine upon application that, in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for the expenses which such court shall determine;

ii. Of amounts paid in settling or otherwise disposing of a threatened or pending action, with or without court approval; or

iii. Of expenses incurred in defending a threatened or pending action which is settled or otherwise disposed of without court approval, unless it is settled with the approval of the Attorney General.

Section 4. Indemnification Against Expenses.

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

Section 5. Required Determinations.

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

a. A majority vote of a quorum consisting of trustees who are not parties to such proceeding; or

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

Section 6. Advance of Expenses.

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

Section 7. Other Indemnification.

No provision made by this corporation to indemnify its or its subsidiary's trustees, directors or officers for the defense of any proceeding, whether contained in the Articles of Incorporation, bylaws, a resolution of trustees/directors, an agreement, or otherwise, shall be valid unless consistent with this Article. Nothing contained in this Article shall affect any right to indemnification to which (i) persons other than such trustees/directors and officers may be entitled by contract or under the provisions of the California Tort Claims Act, or (ii) such trustees/directors may be entitled under the provisions of the California Tort Claims Act, or (iii) either may otherwise be entitled.

Section 8. Forms of Indemnification Not Permitted.

No indemnification or advance shall be made under this Article, except as provided in Sections 4 or 5.b., in any circumstances where it appears:

a. That it would be inconsistent with a provision of the Articles of Incorporation, these bylaws, or an agreement in effect at the time of the accrual of the alleged cause of action asserted in the proceeding in which the expenses were incurred or other amounts were paid, which prohibits or otherwise limits indemnification; or

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

Section 9. Insurance.

The corporation shall have the power to purchase and maintain insurance on behalf of any agent of this 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 this corporation would have the power to indemnify the agent against such liability under the provisions of this Article; provided, however, that this corporation shall have no power to purchase and maintain such insurance to indemnify any agent of the corporation for a violation of Section 5233 of the California Nonprofit Public Benefit corporation Law.

Section 10. Nonapplicability to Fiduciaries of Employee Benefit Plans.

This Article does not apply to any proceeding against any trustee, investment manager or other fiduciary of an employee benefit plan in such person's capacity as such, even though such person may also be an agent of the corporation as defined in Section 1 of this Article. The corporation shall have power to indemnify such trustee, investment manager or

other fiduciary to the extent permitted by subdivision (f) of Section 207 of the California General Corporation Law.

ARTICLE VII Miscellaneous

Section 1. Fiscal Year.

The fiscal year end of the corporation shall be June 30th.

Section 2. Voting Shares.

The corporation may vote any and all shares held by it in any other corporation by the president or such other officer, agent or proxy as the Board may appoint; and, such officers or any of them, may likewise appoint a proxy to vote such shares.

Section 3. Checks, Drafts, Etc.

All checks, drafts or other orders for payment of money, notes or other evidences of indebtedness issued in the name of or payable to the corporation and any and all securities owned by or held by the corporation requiring signature for transfer shall be signed or endorsed by such person or persons and in such manner as from time to time shall be determined by the Board or the executive committee, if any, or by the president and the chairman of the Board.

Section 4. Endorsement or Execution of Documents and Contracts.

Subject to the provisions of applicable law, any note, mortgage, evidence of indebtedness, contract, conveyance or other instrument in writing and any assignment or endorsement thereof executed or entered into between the corporation and any other person, when signed by the chairman of the Board, the president, certain designated vice-presidents, the secretary or the chief financial officer of the corporation, shall be valid and binding on the corporation in the absence of actual knowledge on the part of the other person that the signing officer(s) had no authority to execute the same. Additionally, by resolution of the Board, general signatory authority may be granted and delegated to other persons on behalf of the corporation. Any such instruments may be signed by any other person or persons and in such manner as from time to time shall be determined by the Board, or the chairman of the Board, or the president. Unless so authorized, no officer, agent or employee shall have any power or authority to bind the corporation to any contract or engagement or to pledge its credit or to render it liable for any purpose or amount.

ARTICLE VIII Amendments

These bylaws shall be reviewed at least once every four (4) years and such review shall be documented in the minutes of the Board meetings. These bylaws may be amended or repealed and/or new bylaws adopted only by approval of a majority of the number of trustees then in office.

CERTIFICATE OF ADOPTION

I, the undersigned, do hereby certify:

1. That I am the Secretary of Method Schools School.
2. That the foregoing Bylaws constitute the Bylaws of the corporation as duly adopted by the Board of Trustees on _____, 2013.

Secretary

TABLE OF CONTENTS

	<u>Page</u>
ARTICLE I PURPOSES 1	
ARTICLE II OFFICES 1	
<u>Section 1. Principal Office</u>	1
<u>Section 2. Other Offices</u>	1
ARTICLE III MEMBERSHIP 1	
<u>Section 1. No Members</u>	1
<u>Section 2. Associates</u>	1
ARTICLE IV BOARD OF TRUSTEES 2	
<u>Section 1. Powers</u>	2
<u>Section 2. Number of Trustees</u>	3
<u>Section 3. Appointment and Election</u>	3
<u>Section 4. Terms of Office of Trustees</u>	3
<u>Section 5. Resignation and Removal</u>	4
<u>Section 6. Vacancies</u>	4
<u>Section 7. Place of Meeting</u>	4
<u>Section 8. Meetings; Annual Meeting</u>	5
<u>Section 9. Regular Meetings</u>	5
<u>Section 10. Special Meetings</u>	5
<u>Section 11. Notice of Special Meetings</u>	5
<u>Section 12. Quorum</u>	6
<u>Section 13. Consent to Meetings</u>	6
<u>Section 14. Action Without Meeting</u>	6
<u>Section 15. Telephonic and Electronic Video Meetings</u>	6

<u>Section 16. Adjournment</u>	7
<u>Section 17. Rights of Inspection</u>	7
<u>Section 18. Board Committees</u>	7
<u>Section 19. Other Committees</u>	8
<u>Section 20. Fees and Compensation</u>	8
<u>Section 21. Nonliability of Trustees</u>	8
<u>Section 22. Interested Persons</u>	9
<u>Section 23. Standard of Care</u>	9
<u>Section 24. Self-Dealing Transactions</u>	9
<u>Section 25. Interested Trustee’s Vote</u>	10
<u>Section 26. Persons Liable and Extent of Liability</u>	10
<u>Section 27. Contracts or Transactions With Mutual Trustees</u>	11
<u>Section 28. Corporate Loans and Advances</u>	11
<u>Section 29. Annual Report</u>	11
<u>Section 30. Annual Statement of Certain Transactions and Indemnifications</u>	11

ARTICLE V OFFICERS

<u>Section 1. Officers</u>	12
<u>Section 2. Appointment of Officers</u>	12
<u>Section 3. Subordinate Officers</u>	13
<u>Section 4. Chairman of the Board</u>	
Error! Bookmark not defined.	
<u>Section 5. President</u>	13
<u>Section 6. Vice President</u>	13
<u>Section 7. Secretary</u>	

<u>Section 8. Chief Financial Officer</u>	15
<u>Section 9. Removal and Resignation</u>	15
<u>Section 10. Vacancies</u>	15

ARTICLE VI INDEMNIFICATION

<u>Section 1. Definitions</u>	16
<u>Section 2. Indemnification in Actions by Third Parties</u>	16
<u>Section 3. Indemnification in Actions by or in the Right of the Corporation</u>	16
<u>Section 4. Indemnification Against Expenses</u>	17
<u>Section 5. Required Determinations</u>	17
<u>Section 6. Advance of Expenses</u>	17
<u>Section 7. Other Indemnification</u>	18
<u>Section 8. Forms of Indemnification Not Permitted</u>	18
<u>Section 9. Insurance</u>	18
<u>Section 10. Nonapplicability to Fiduciaries of Employee Benefit Plans</u>	18

ARTICLE VII MISCELLANEOUS

<u>Section 1. Fiscal Year</u>	19
<u>Section 2. Voting Shares</u>	19
<u>Section 3. Checks, Drafts, Etc</u>	19
<u>Section 4. Endorsement or Execution of Documents and Contracts</u>	19

ARTICLE VIII AMENDMENTS

**BYLAWS
OF
METHOD SCHOOLS CORPORATION**

Last Amended 10/5/2013

