

BY LAWS
OF
THE EAST SIDE CHARTER SCHOOL OF WILMINGTON, INC.
AS AMENDED AND RESTATED JANUARY 25, 2006
And Further Amended July 18 and August 22, 2007

ARTICLE I

CORPORATION

Section 1.1 Corporate Name. The name of the corporation shall be the East Side Charter School of Wilmington, Inc. ("Corporation", "East Side Charter" or "School"), a Delaware non-stock, non-profit corporation.

Section 1.2 Principal Office. The principal office of the corporation shall be located in Wilmington, Delaware. The School may have such other offices, either within or without the City of Wilmington, as the Board of Directors may determine or as the affairs of East Side Charter may require from time to time.

ARTICLE II

CORPORATE PURPOSE

Section 2.1 Purposes. The purposes of East Side Charter are to operate exclusively for educational and charitable purposes within the meaning of Section 501(c)(3) of the United States Internal Revenue Code of 1986, as it may be amended from time to time, or any corresponding provision of any future Internal Revenue Code (the "Code"), including but not limited to:

- (a) Developing a community-based school to facilitate the education of low-income children to enable them to compete with students of comparable age from all sections of society;
- (b) Addressing the special needs of economically deprived students not currently available in traditional scholastic systems, thereby enabling the students to excel academically and socially with those skills needed to achieve success in a demanding and highly competitive global society; and
- (c) Engaging in any and all other activities as currently deemed appropriate in furtherance of the above stated purposes.

ARTICLE III CORPORATE POWERS

Section 3.1 East Side Charter shall have the power to take any action permitted by the Delaware General Corporation Law (the "Act"), the Articles of Incorporation, Section 501(c)(3) of the Code and these Corporate Bylaws, as they may be amended from time to time.

Section 3.2. All of the assets and the earnings of East Side Charter shall be used exclusively for scientific, educational or charitable purposes within the meaning of Section 501(c)(3) of Code, as set forth above, in the course of which operation:

- (a) No part of the net earnings of East Side Charter shall inure to the benefit of, or be distributable to, its directors, officers, or any interested persons, except that East Side Charter shall be authorized and empowered to pay reasonable compensation for services rendered and to make payments and distributions in furtherance of the purposes set forth herein;
- (b) No substantial part of the activities of East Side Charter shall be the carrying on of propaganda, or otherwise attempting to influence legislation, and East Side Charter shall not participate in, or intervene in (including the publishing or distribution of statements), any political campaign on behalf of or in opposition to any candidate for public office except as authorized under the Code;
- (c) Notwithstanding any other provisions contained herein, East Side Charter shall not carry on any other activities not permitted to be carried on by a corporation exempt from tax under Section 501(c)(3) of the Code; and
- (d) In furtherance of the stated goals, objectives and purposes of East Side Charter, the School shall not base any decision, determine the course of conduct or discriminate in any way on the basis of age, race, gender, religion, or political affiliations or beliefs, provided that East Side Charter may conduct school classes for children of certain specified ages only.

ARTICLE IV BOARD OF DIRECTORS

Section 4.1 General Powers. The business and affairs of East Side Charter shall be managed by the Board of Directors (the "Board"). Broadly defined, the focus of the Board shall be on adopting policies that govern the implementation of the organization's purposes and mission through approved programs and services, ensuring the availability of adequate resources for that purpose. This role is separate and distinct from the role of the Head of School, who determines the means of implementation. In addition to the powers and authority expressly granted by these Bylaws, the Board may exercise all powers of the corporation and do all acts that are not prohibited by applicable law, by the Articles of Incorporation or by these Bylaws.

Section 4.2. Membership. The Board shall consist of at least one (1) person who is a parent or guardian of an East Side Charter student and at least one person who is a teacher at East Side Charter. The President of the Parent Teacher Organization of East Side Charter School shall be an *ex officio*, voting member of the Board and shall count against the limit of members provided in Section 4.3, provided that if the President of the Parent Teacher Organization is an employee of East Side Charter School, then such member of that organization who is not an employee of East Side Charter School and who is appointed by that organization shall serve instead of the President so long as the President remains an employee of East Side Charter School. [Amended 7/18/2007] The Head of School shall be a non-voting member of the Board and shall not count against the limit of members provided in Section 4.3. The President of the East Side Community Learning Center Foundation shall be a non-voting member of the Board and shall not count against the limit of members provided in Section 4.3. Should a person who is a State of Delaware employee, officer, and/or honorary official of the State of Delaware be elected to the Board, that individual will have no fiduciary duties and/or responsibilities to East Side Charter as it relates to matters between East Side Charter and the State of Delaware and that individual is hereby prohibited from lobbying, advocating, influencing or furthering the mission and goals of East Side Charter or otherwise representing East Side Charter before any agency or department of the State of Delaware. When and so long as East Side Charter is a party to a Master Agreement with Innovative Schools Development Corporation (“ISDC), and such agreement so requires it,

(a) ISDC shall be entitled to appoint one person as a member of the Board (“ISDC Member”) who shall not count against the limit of members provided in Section 4.3;

(b) East Side Charter shall provide ISDC with copies of all materials, data, reports and other information submitted to or prepared for the Board which said requirement may be satisfied by providing copies of such material to the ISDC Member.

(c) Whether or not ISDC exercises its right to appoint an ISDC Member, a designated representative of ISDC shall be entitled to attend any meeting of the Board, including any meeting conducted in executive session pursuant to 29 Delaware Code Section 10001, *et seq.* and East Side Charter shall provide ISDC with notice of all such meetings.

(d) Notwithstanding the foregoing, neither the ISDC Member or other designated representative of ISDC may be present at any Board meeting during discussion of East Side Charter’s relationship with ISDC or any portion of such meeting where such attendance would cause East Side Charter to lose the benefit of attorney client privilege. In addition, and in any event, any ISDC Member or other designated ISDC representative shall agree to maintain the confidentiality of discussions by the Board at any Board meeting.

Section 4.3 Number and Election. The Board shall consist of such number of Directors, at least nine (9) but not more than twenty one (21), as may be determined from time to time by resolution of the Board to ensure appropriate oversight of the organization's activities.

To reach the requisite number of Directors as determined by resolution of the Board, Directors may be elected to the Board upon nomination by the Nominating Committee and approval by the vote of a majority of the Directors present at a meeting.

Section 4.4 Term of Office. Directors shall serve a term of three (3) years. Each Director, including a Director elected to fill a vacancy, shall hold office until the expiration of the term for which elected and until a successor has been elected and taken office. If possible, terms shall be staggered so that

approximately one-third (1/3) of the Board shall stand for nomination and election each year to assure some continuity. Directors shall be limited to two consecutive terms of three years, plus any partial initial term that any such director might serve. Notwithstanding the foregoing, the term of the member serving *ex officio* pursuant to the second sentence of Section 4.2 shall be coterminous with the period of time that person qualifies as a member pursuant to that sentence and that member's term shall not be otherwise limited. [Amended 7/18/2007]

Section 4.5 Resignation. Any Director may resign at any time by delivering a written resignation to the Chairperson or Vice Chairperson of the Board. The acceptance of any such resignation, unless required by the terms thereof, shall not be necessary to make it effective.

Section 4.6 Vacancies. Vacancies in the Board may be filled by the remaining Directors at their discretion. A Director elected under this paragraph shall hold office for the remainder of the term of the Directorship that was vacated and shall sit until a successor has been elected and taken office.

Section 4.7 Annual Meeting of the Board. The annual organizational meeting of the Board for, among other purposes, the election of officers, shall be held on the fourth Wednesday of every October, unless otherwise changed by the Board.

Section 4.8 Regular Meetings. The Board may provide by resolution the time and place for the holding of additional regular meetings of the Board without other notice than such resolution. Any business may be transacted at any regularly called meeting of the Board at which a quorum is declared present. The Board shall hold no less than one regular meeting each quarter, including the Annual Meeting. Any business may be transacted at any regular meeting of the Board.

Section 4.9 Special Meetings. Special meetings of the Board may be called by or at the request of the Chairperson or any three Directors.

Section 4.10 Notice of Meetings. Notice of all Board meetings, except as herein otherwise provided, shall be delivered, mailed or sent electronically to each Director's residence or usual place of business at least five days before the meeting. Such notice may be waived by a Director. Each such notice shall state the general business to be transacted, the day, time and place of such a meeting, and, in the case of a special meeting, by whose request it was called.

Section 4.11 Quorum. A simple majority of the Directors then in office shall constitute a quorum for the transaction of business at any meeting of the Board. A Director may be considered present if attending any meeting of the Board of Directors by way of speaker telephone. If less than a majority of the Directors are present at a meeting, a majority of those Directors who are present may adjourn the meeting without further notice.

Section 4.12 Voting. At all meetings of the Board, except as otherwise provided by law or by these Bylaws, all matters shall be decided by the majority of Directors present at the meeting.

Section 4.13 Organization. The Chairperson of the Board shall preside at all meetings of the Board and shall have such powers and duties not inconsistent with these Bylaws, as they may be amended from time to time by the Board. The Chairperson of the Board shall be elected each year by the Board at its annual meeting. The Board shall elect a Vice Chairperson who shall possess the powers and discharge the duties of the Chairperson in the latter's absence or disability, and have such powers and duties not inconsistent with these Bylaws, as may be amended from time to time by the Board.

Section 4.14 Action by Unanimous Consent. Any action required by law to be taken at a meeting of Directors or any action which may be taken at a meeting of Directors, may be taken without a meeting if consent is given in writing, setting forth the action so taken, by all of the Directors.

Section 4.15 Manner of Acting. Any act of the majority of Directors present at any meeting at which there is a quorum shall be an act of the Board of Directors, unless the act of a greater number is required by the Articles of Incorporation, the Act, or these Bylaws, as may be amended from time to time.

Section 4.16 Removal of a Director. Any Director may be removed by a majority vote of the Directors at a duly constituted meeting whenever a Board member fails to fulfill his/her duties or if in the judgment of the Board the best interests of the School are served.

Section 4.17 Advisory Board. The Board may appoint an Advisory Board. The Advisory Board shall consist of that number of individuals (determined by the Board from time to time) whose experience, knowledge and expertise make their participation and guidance valuable to the Board's consideration.

Section 4.18 Members of the Corporation. The directors of the Corporation shall also be its members. All actions by the Board shall also be considered actions by its members.

ARTICLE V OFFICERS

Section 5.1 Titles and Qualifications. The officers of East Side Charter shall be a Chairperson, a Vice Chairperson, a Secretary, a Treasurer, and such other officers as the Board of Directors may from time to time designate. No two offices may be held by the same person.

Section 5.2 Election and Term of Office. The officers of East Side Charter shall be elected each year by the Board at its regular annual meeting. If the election of officers shall not be held at such meeting, such election shall be held as soon thereafter as possible. New officers may be created and filled at any meeting of the Board after notice has been given to other Directors.

Each officer shall hold office until his/her successor shall have been duly elected and taken office; or until his/her death, resignation or removal in the matter hereinafter provided. Election of an officer shall not of itself create contract rights.

Section 5.3 Nominating Committee. Not less than one (1) month prior to the annual meeting of the Board, the Chairperson shall appoint, with the approval of the Board, a Nominating Committee which shall consist of not less than three Directors. The Nominating Committee shall nominate at least one candidate for each office to be filled on the Board.

Section 5.4 Resignation. Any officer may resign at any time by delivering a written resignation to the Chairperson or Vice Chairperson of the Board. The acceptance of any resignation, unless required by the terms thereof, shall not be necessary to make it effective.

Section 5.5 Removal. Any officer elected by the Board may be removed by a majority vote of the Directors present at a duly constituted meeting whenever, in their judgment, the best interests of East Side Charter would be served thereby.

Section 5.6 Vacancies. Any vacancy in an office shall be filled for the unexpired portion of the term by the Board.

Section 5.7 Chairperson. The Chairperson of the Board shall:

- (a) serve as the chief volunteer officer of East Side Charter and shall consult with the Head of School in achieving East Side Charter's mission;
- (b) provide leadership to the Board in policy-making matters;
- (c) chair meetings of the Board or make arrangements for the Vice-Chairperson to do so;
- (d) appoint chairpersons of committees and serve ex officio as a member of committees and attends their meetings when possible;
- (e) help guide and mediate Board actions with respect to organizational priorities and governance concerns; monitor financial planning and financial reports; communicate with the Head of School and review with the Head of School any issues of concern to the Board;
- (e) play a leading role in fund raising activities;
- (g) formally evaluate performance of the Head of School and, informally, evaluate the effectiveness of Board members;
- (h) evaluate the performance of the organization in achieving its mission and make an annual report thereof to the Board; and
- (i) perform other responsibilities as assigned by the Board.

Section 5.8 Vice Chairperson. The Vice Chairperson shall act under the direction of the Chairperson and in their absence or disability and shall perform the duties and exercise the powers of the Chairperson. The Vice Chairman shall perform such other duties and have such other powers as the Chairperson or the Board may from time to time prescribe.

Section 5.9 Treasurer. The Treasurer shall have charge and custody of all funds of the corporation. The Treasurer shall adopt established generally accepted reasonable accounting and fiscal procedures necessary to assure fiscal stability of the corporation and maintain or cause to have maintained an accurate accounting system and shall present financial reports to the Board in such manner and form as the Board may from time to time determine. The Treasurer shall have the primary oversight responsibility to monitor all financial transactions of the corporation and to ensure an annual financial audit by certified accountants. The Treasurer will work with appropriate Board members to designate Audit and Finance Committees to maximize Board involvement in the area of financial oversight while avoiding duplication of tasks. The Treasurer shall also recommend to the Board bonding or other appropriate forms of insurance for staff and volunteers who handle monies for the corporation.

Section 5.10 Secretary. The Secretary or duly designated individual shall keep or cause to be kept, the minutes of all meetings of the Board and shall have charge and custody of the Seal and records of the Board and East Side Charter.

ARTICLE VI COMMITTEES

Section 6.1 Executive Committee.

- (a) The Board may, by resolution adopted by a majority of the Board, appoint from among its members an Executive Committee which shall serve at the pleasure of the Board and shall be subject to the control and direction of the Board. The Executive Committee shall consist of the Officers of the Board and the Chairperson(s) of one or more standing committees.
- (b) The Executive Committee shall have authority to act only during intervals between meetings of the Board. The Executive Committee, to the extent provided in such resolution shall have and may exercise the authority of the Board in the management of the ordinary business and affairs of the corporation, consistent with the General Powers as defined in Article III, Section 1, except that the Executive Committee shall not have the authority of the Board in reference to i) amending the articles of incorporation; ii) amending, altering or repealing the Bylaws or adopting new bylaws; iii) filling vacancies in or removing members of the Board or of any committee appointed by the Board; iv) adopting a plan of merger or adopting a plan of consolidation with another corporation; v) authorizing the sale, lease, exchange or mortgage of all or substantially all of the property and assets of the corporation; vi) authorizing the voluntary dissolution of East Side Charter or revoking proceedings therefor; vii) adopting a plan for the distribution of the assets of East Side Charter; or viii) amending, altering or repealing any resolution of the Board which by its terms provides that it shall not be amended, altered or repealed by such committee.
- (c) The designation and appointment of any such committee and the delegation thereto of authority shall not operate to relieve the Board or any individual Director of any responsibility imposed on them by law.
- (d) The Executive Committee shall report its activities at each Board meeting.

Section 6.2 Other Committees. The Board from time to time may establish other committees which shall have such duties and which shall consist of such a number of Directors as the Board may determine. Members of such committees shall be appointed by the Chairperson. Committee members shall not be required to be Directors of East Side Charter.

Section 6.3 Term of Office. Each member of any committee established pursuant to these Bylaws shall serve until a successor is appointed, unless the committee shall be abolished, or until such member resigns. Any such committee may be abolished or any member removed, with or without cause, at any time by the Board.

Section 6.4 Vacancies. Vacancies on committees may be filled by the Chairperson.

Section 6.5 Quorum. Unless otherwise provided in the resolution of the Board of Directors designating a committee, a majority of the whole committee shall constitute a quorum and the act of a majority of the members present at a meeting at which a quorum is present shall be the act of the committee.

Section 6.6 Rules. Each committee may adopt rules for its own governance not inconsistent with these Bylaws or with rules adopted by the Board.

Section 6.7 Committees. The Board may organize and authorize any body to act as a Committee under its authority and discretion for any chartered purpose in order to accomplish a specified task required, or necessary, in the sole discretion of the Board of Directors. The Committee shall operate in any manner permissible under the laws of the State of Delaware, the Certificate of Incorporation and these Bylaws.

ARTICLE VII

COMPENSATION AND CONTRACTS WITH DIRECTORS AND OFFICERS

Section 7.1 Compensation Of Directors and Officers. Directors of East Side Charter shall serve as such without salary, but the Board may authorize payment by East Side Charter of reasonable expenses incurred by the Directors in the performance of their duties. Except as provided in this section, no Director of East Side Charter shall receive, directly or indirectly, any salary, compensation or gift from East Side Charter.

Section 7.2 Contracts with Directors and Officers. No Director or Officer of East Side Charter shall be interested, directly or indirectly, in any contract relating to the operations conducted by it, nor in any contract for furnishing services or supplies to it, unless:

- (a) such contract shall be authorized by an absolute majority of Directors present and voting at a meeting at which the presence of such Director is not necessary for such authorizations; and
- (b) the facts and nature of such interest shall have been fully disclosed or shown to the members of the Board present at the meeting at which such contract is so authorized.

ARTICLE VIII

INDEMNIFICATION

Section 8.1 Directors, Officers and Committee Members. East Side Charter shall indemnify any Director, Officer or Committee member acting on behalf of East Side Charter, in their official capacity or as member of any Committee, who serves at the request or subject to the discretion of the Board of Directors to the fullest extent permitted by law but only to the extent that indemnification does not result in the imposition of tax under Section 4958 of the Code. No member of the Board of Directors shall be personally liable to East Side Charter or to its members for monetary damages for breach of fiduciary duty as a Director or member, except 1) for any breach of the Director's duty of loyalty to the Corporation or its members, 2) for acts or omissions not in good faith or which involve intentional

misconduct or a knowing violation of the law, or 3) for any transaction from which the Director derived an improper personal benefit.

Section 8.2. Advancement of Expenses. If expenses are incurred by a director, officer, employee or agent in defending a civil or criminal action, suit or proceeding, such expenses shall be paid by East Side Charter in advance of the final disposition of such action, suit or proceeding in the specific case upon receipt of an undertaking by or in behalf of the Director, officer, employee or agent to repay such amount unless it ultimately shall be determined that such person is entitled to be indemnified by East Side Charter as authorized in the Article.

Section 8.3. Insurance. East Side Charter may purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of East Side Charter or is or was serving at the request of East Side Charter, partnership, joint venture, trust, or other enterprise against any liability asserted against such person and incurred by such person in any capacity, or arising out of such person's status as such, whether or not East Side Charter would have the power to indemnify such person against such liability under the provisions of this Article VIII.

Section 8.4. No Retroactive Application. No amendment to these bylaws shall operate retroactively to diminish any right to indemnification or advancement of expenses.

ARTICLE IX

AMENDMENTS TO BYLAWS

Except as set forth in the General Corporation Law of Delaware, these Bylaws may be adopted, amended or repealed by the vote of a majority of Board members at a duly convened meeting of the Board at which a quorum is present and pursuant to written notice to the Board members of that purpose.

ARTICLE X

DISTRIBUTION OF ASSETS UPON DISSOLUTION

Upon the dissolution or liquidation of East Side Charter, the Board of Directors, after paying all or making provision for all the liabilities of East Side Charter shall transfer all the property and assets, of any nature, of East Side Charter to such organizations organized and operated exclusively for such educational or charitable purposes as shall at that time qualify as exempt from taxation under Section 501(c)(3) of the Code.

Any such property or assets not so disposed of in accordance with the aforementioned procedures shall be disposed of by a Court of competent jurisdiction in the County in which the principal office has been located, to such organization or organizations as such Court shall determine, which are organized and operated for such purposes as stated above.

ARTICLE XI

CONTRACTS, CHECKS, DEPOSITS AND FUNDS

Section 12.1 Contracts. The Board of Directors may authorize any officer or officers, agent or agents of East Side Charter, in addition to the officers so authorized by these Corporate Bylaws, to enter into any contract or execute and deliver any instrument in the name of and on behalf of East Side Charter and such authority may be general or expressly limited to specific instances.

Section 12.2 Checks. Drafts. Except for those normally executed in the regular course of business, all checks, drafts or other orders for the payment of money, notes, or other evidences of indebtedness issued in the name of the Corporation, shall be signed by such officer or officers, agent or agents of the Corporation and in such manner as shall from time to time be determined by resolution of the Board of Directors. In the absence of such determination by the Board of Directors, such instruments shall be signed by the Head of School, Chairperson and countersigned by the Chairperson or Treasurer or Secretary of East Side Charter.

Section 12.3 Deposits. All funds of East Side Charter shall be deposited from time to time to the credit of East Side Charter in such banks, trust companies or other depositories as the Board of Directors may select.

Section 12.4 Gifts. The Board of Directors may accept on behalf of the Corporation any contribution, gift, bequest or devise for the general purposes or for any special purpose of the Corporation. Members of the Board of Directors may not accept gifts made personally to them as a result of or by virtue of their membership on the Board.

ARTICLE XII

BOOKS AND RECORDS

The Corporation shall keep correct and complete books and records of account and shall also keep minutes of the proceedings of its Corporate Members, Board of Directors, and Committees having any of the authority of the Board of Directors, and shall keep at the registered or principal office a record giving the names and addresses of the members entitled to vote. All books and records of the Corporation may be inspected by any Corporate Member, or such Corporate Member's agent or attorney for any proper purpose at any reasonable time.

ARTICLE XIII

FISCAL YEAR

The fiscal year of the Corporation shall be the calendar year, beginning on July 1st and end on July 30.

ARTICLE XIV

SEAL

The Corporate seal shall have inscribed thereon the name of the Corporation and the words "Corporate Seal, Delaware".

ARTICLE XVI**WAIVER OF NOTICE**

Whenever any notice is required to be given under the provisions of the Act or under the provisions of the Articles of Incorporation or these Corporate Bylaws, a waiver thereof in writing signed by the person or persons entitle to such notice, whether before or after the time stated therein, shall be deemed equivalent to the giving of such notice.