BYLAWS

OF

ETHOS ACADEMY: A CHALLENGE FOUNDATION ACADEMY, INC.

ARTICLE I
CORPORATE NAME

1.1 **Name**. The name of the corporation is Ethos Academy: A Challenge Foundation Academy, Inc. (referred to herein as the "Corporation").

ARTICLE II
OFFICES

2.1 **Offices**. Until such time as the Corporation establishes a charter-school campus and commences operations at such location, the Corporation's principal office, known place of business and place where its records shall be kept is 33625 N. North Valley Parkway, Phoenix, Arizona 85085, and thereafter such principal office shall be located at the charter-school campus; provided, however, that the Corporation may change its principal office, or adopt other and additional offices, either within or outside the State of Arizona (the "State"), as the Corporation's Board of Directors may, from time to time, determine.

ARTICLE III
NONPROFIT CORPORATION

3.1 **Purposes**. The Corporation is established as a nonprofit corporation for any lawful purpose permitted under State law. Initially, the Corporation will establish, market and operate one or more public charter schools in accordance with the laws of the State. For purposes of federal laws, the Corporation is organized only for charitable, scientific and educational purposes as defined by the Internal Revenue Code of 1986, as amended (the "Code"), Section 501(c)(3), including distributions to organizations that qualify as exempt under Section 501(c)(3) of the Code. The Corporation shall not willfully, directly or indirectly, unlawfully carry on propaganda, or otherwise attempt to influence legislation, nor shall any of its funds be used to support or oppose any political issue or candidate nor perform any other act or omission that will jeopardize its status as a nonprofit corporation in the State or jeopardize any tax-exempt status of the Corporation provided under the nonprofit corporation laws of the State or the Code, including the tax-exempt status of the Corporation under Section 501(c)(3) of the Code and its regulations as any of those laws and regulations may exist or may hereafter be amended. No part of the assets or net earnings of the Corporation, current or accumulated, shall inure to the benefit of any private individual except for any and all contracts that may be entered into with any individuals as provided and afforded by these Bylaws and appropriate resolutions of the Board.

ARTICLE IV
MEMBERSHIP

4.1 **Members**. The Corporation has one corporate member. The corporate member is TeamCFA Foundation, an Oregon nonprofit corporation (the "Member").

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ARTICLE V
BOARD OF DIRECTORS

5.1 **Name**. The Board of Directors of the Corporation shall be publicly known and described as the "Governing Board" (and hereafter be referred to as the "Board"). Any individual serving on the Board shall be referred to as a "Director."

5.2 **General Powers**. The Board shall have all of the duties and powers required or permitted by applicable law. All corporate powers shall be exercised by or under the authority of, and the business and affairs of the Corporation shall be managed under the direction of, the Board.

5.3 **Number of Directors**. Prior to the first meeting of the Board, the Corporation shall have four Directors as specified in the Corporation's Articles of Incorporation. After the first meeting of the Board, the number of Directors shall be no less than three and no more than 13, provided that said number may be changed by an amendment to these Bylaws, duly adopted by the Board, subject always to any restrictions of law as to the minimum number of Directors.

5.4 **Appointment of Directors**. All Directors shall be appointed by the Member. Directors may be removed, replaced or changed as provided in these Bylaws. Directors need not be residents of the State.

5.5 **Term of Office**. Each Director shall hold office for a period of two years from the date he or she is appointed and qualified, or until his or her prior death, incapacitation, resignation, replacement or removal. Directors may serve multiple consecutive terms without restriction as to the number of terms permitted.

5.6 **Qualifications**. Directors must be more than 20 years of age. Each Director must pass a background check, or other regulatory inquiries, as required by State law, federal law or other governmental agencies having proper regulatory authority over the affairs of the Corporation or its activities, as amended from time to time, which will include as a minimum, a law-enforcement fingerprint check showing that there exists no criminal record which could adversely affect the Corporation or its operations. Directors must, in the opinion of the Member, possess experience and qualifications that further the Corporation's mission.

5.7 **Board Offices**. The officers of the Board shall comprise a President of the Board, Vice President of the Board, Secretary of the Board and Treasurer of the Board. The President of the Board shall be appointed by the Member. The Vice President of the Board, Secretary of the Board and Treasurer of the Board shall be elected by majority vote of the Board; provided, however, that, excepting the initial officers of the Board, Directors nominated and elected for such offices shall have been Directors for a minimum period of four months prior to holding such office. Although Directors shall hold the office of director for two-year terms, Directors appointed or elected as officers of the Board shall serve as officers for a period of one year; provided, however, if so appointed or elected, any Director may serve as an officer of the Board for multiple terms without restriction as to the number of terms permitted.

5.8 **Director Deadlock**. In the event of a voting deadlock of the Board, the Board shall, within five business days after the deadlock vote, submit the action under consideration, in writing, to the Member. The Member shall decide such action under consideration, in its discretion, and deliver its written decision to the Board within 20 days. The Member's decision shall be final and binding on the Corporation, the Board and each Director and, to the extent required by these Bylaws or applicable law, the Board shall take and document appropriate action as directed by the Member.

5.9 **Vacancies**. Any vacancy on the Board occurring by reason of an increase in the number of Directors shall be filled by the Member. In the event any Director dies, becomes incapacitated, resigns, is disqualified or removed from office, or otherwise vacates his or her office, the unexpired portion of such Director's term of office shall be filled by the Member.

5.10 **Resignation**. Any Director may resign at any time by giving 30 days prior written notice to the Secretary of the Board and the Member, although the Board may waive the 30-day period for good cause.

Unless a longer period is specified in such written notice, or the Board waives the 30-day period for good cause, such resignation shall take effect 30 days after the Board's and the Member's receipt of such notice, and the acceptance of such resignation shall not be necessary to make it effective.

5.11 **Removal**. Any Director may be removed from the Board, with or without cause, at any time by the Member. Any Director who is absent from more than 50 percent of Board meetings within any 12-month period will be removed automatically, unless the Member takes affirmative action to waive this provision and retain such Director.

5.12 **Directors' Compensation**. No salary shall be paid to Directors for their services in their capacity as Directors. By resolution of the Board, however, a fixed reasonable sum of expenses of attendance, if any, may be allowed for attendance at such regular or special meetings of the Board; provided, however, nothing herein contained shall be construed or interpreted to prevent any person serving as a Director from also serving as an Officer, employee or independent contractor of the Corporation and receiving a salary or other compensation in such capacity.

5.13 **Full Time Services Not Required**. Nothing in these Bylaws shall be deemed to require that a Director spend his or her full time or any specific amount of time managing the Corporation's business; however, any Director shall generally be available for Board meetings and for reasonable periods of time to fulfill his or her obligation as a Director.

5.14 **Contracts**. No contract or other transaction between the Corporation and any other individual or entity shall be impaired, affected or invalidated, nor shall any Director be liable in any way by reason of the fact that any one or more of the Directors may be interested in any such other entity or may serve as a director, officer or employee of any such other entity; provided that, notwithstanding the presence of any interested Director at the meeting at which such action is taken, the Board authorizes, approves or ratifies such contract or transaction by majority vote (not counting the vote of any interested Director) after the interested Director fully discloses to the Board, in writing, his or her interests or involvements with such other entities and other relevant material facts, including, without limitation, the nature of such Director's involvement with such other entities, such Director's ability to influence the action of such other entities and any tangible or intangible benefit or profit that may accrue to such Director as a result of any contract or transaction between the Corporation and such other entity. In addition, the contract or transaction must be fair and reasonable to the Corporation when it is authorized, approved or ratified in accordance with the Conflicts of Interest Policy (as defined in Section 5.15 of this Article V). Although the interested Director must abstain from voting on such matter due to the inherent conflict of interest and may not be counted when calculating a majority, he or she may be included when determining a quorum.

5.15 **Conflicts of Interest**. The Board shall adopt a conflict of interest policy (the "Conflicts of Interest Policy") to be followed by the Directors of the Board in executing their duties. The Conflicts of Interest Policy must provide for the disclosure of any duality of interest or possible conflict of interest on the part of any Director and such duality of interest or possible conflict must be made part of the record of the Corporation at the time the interest becomes a matter requiring Board action. The Conflicts of Interest Policy shall be provided to all Directors. In the event no formal Conflicts of Interest Policy is adopted, it shall be deemed that the statutory provisions found in A.R.S. §§10-3860 through 10-3864 shall constitute the Conflicts of Interest Policy of the Corporation. No Director having a duality of interest or possible conflict of interest for a particular issue shall vote or use his or her personal influence relating to such issue. The minutes of any meeting where a conflict is present should reflect: (i) that a disclosure of the conflict was made; (ii) that the Director with the conflict abstained from discussion and voting on such matter; and (iii) any other relevant factors deemed necessary by the Board.

5.16 **Committees**. The Board, by resolution, may, from time to time, designate from among the Directors an executive committee, and may also designate from among the Directors and nonmembers of the Board such other committees as the Board may deem desirable, each consisting of one or more Directors, with such powers and authority (to the extent permitted by law) as may be provided in such a resolution. No standing committee, advisory board, special or other committee shall have any general power or authority over any activity of the Corporation, or the school(s) it operates, but only such limited scope and power as specifically designated by the Board or these Bylaws. All standing committees, advisory boards, special and other committees shall make recommendations and advise the Board on issues relevant to their respective directives. The Board shall consider such recommendation or advice, but shall have no obligation to implement any such recommendations nor accept any such advice. Each such committee, and committee members, shall serve at the pleasure of the Board.

5.16.1 Standing Committees. The Board may, in its discretion, authorize such standing committees and advisory boards as it deems appropriate. The chairpersons and all members of standing committees and advisory boards shall be appointed by the Board. It shall be the responsibility of the chairpersons of standing committees and advisory boards to notify members of meetings; however, no quorum shall be required in order for a standing committee or advisory board to meet or to act. Chairpersons of standing committees and advisory boards shall appoint a member of their committee to be the committee secretary to take minutes of the discussions and decisions reached at each meeting of the committee.

5.16.2 Special Committees. The Board may, in its discretion, appoint and discharge special committees for such special tasks as the Board determines. The chairpersons and all members of special committees shall be appointed by the Board. It shall be the responsibility of the chairpersons of special committees to notify members of meetings; however, no quorum shall be required in order for a special committee to meet or to act. Chairpersons of special committees shall appoint a member of their committee to be the committee secretary to take minutes of the discussions and decisions reached at each meeting of the committee. A special committee shall be limited to the accomplishment of the task for which it was established and shall have no power to act except as specifically conferred by the Board. Upon the completion of the task for which such committee is established, it shall be discharged.

ARTICLE VI
MEETINGS OF THE BOARD

6.1 **Regular Meetings of the Board**. At a minimum, the Board shall meet annually. Such annual meetings of the Board shall be held on the fourth Tuesday in May of each calendar year, unless: (i) such date falls on a holiday observed by the federal government or the State, in which event, the meeting shall be held on the next succeeding Tuesday; or (ii) another date is designated by the Board and notice is properly given. The purpose of the annual meetings shall be to: (i) elect Board officers; (ii) approve, authorize or ratify acts of the Board, management and/or school administration; and (iii) transact such other business as may properly come before the Board. Any such meetings of the Board may be held by any means whereby all Directors can communicate adequately throughout the meeting, including, without limitation, telephonically or electronically. Other or more frequent regular meetings of the Board may be established by action of the Board and, if established, shall be held and conducted in accordance with these Bylaws.

6.2 **Special Meetings of the Board**. Special meetings of the Board may be called at any time by the President of the Board or the Member and shall be called by the Secretary of the Board at the combined written request of Directors comprising 40 percent or more of the directors serving on the Board, or as otherwise required under the provisions of applicable law.

6.3 **Place of Meetings**. All meetings of the Board shall be held at the place designated in the notice or waiver of notice of such a meeting or meetings, whether within or outside the State.

6.4 **Notice of Meetings**. Unless expressly prohibited by State law, written notice of any meeting of the Board, whether a regular or special meeting, stating the place, date and hour of the meeting shall be given to each Director and the Member not less than 24 hours before the date of the meeting. Such notice shall be delivered personally, by United States postal mail, overnight express mail, electronic mail or facsimile. Such notice shall be directed to each Director and the Member at his, her or its address, email address or facsimile number as it appears on the records of the Corporation. Notice is deemed to have been given: (i) upon the date that the notice is personally delivered, electronically mailed or transmitted by facsimile; (ii) one day after deposit in overnight, express mail; and (iii) three days after deposit in United States postal mail, properly addressed or transmitted. Notice of an adjourned meeting need not be given if the date, time and place of the adjourned meeting are provided at the meeting at which the adjournment is taken and if the adjournment does not exceed 61 days.

6.5 **Waiver of Notice**. Attendance of a Director at a meeting shall constitute a waiver of notice of such meeting, except, in the case of a Director, when such attendance at the meeting is for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened. The Member and any Director may waive notice of any meeting of the Board by executing a written waiver of notice either before, at or after the time of the meeting.

6.6 **Presiding at Meetings**. At all meetings of the Board, the President of the Board shall preside. In the absence of the President, the Vice President shall preside. In the absence of the Vice President, the Secretary shall preside. In the absence of the President, the Vice President and the Secretary, an alternate Director appointed in writing by the President, at or prior to the meeting, shall preside until the President returns.

6.7 **Conduct of Meeting; Agenda**. The proceedings of Board meetings shall be conducted in accordance with the latest edition of Roberts Rules of Order, as modified in writing by the Board, when not in conflict with State law, the Articles of Incorporation or these Bylaws. The meeting shall be conducted substantially in accordance with an agenda prepared by the President of the Board or his or her designee. The Director presiding over the meeting shall have the right to limit discussion on any particular item and to establish procedures and provide time limits for any party wishing to speak.

6.8 **Quorum**. A simple majority of the Directors shall constitute a quorum at any meeting of the Board. A Director shall be deemed present at a meeting if the Director attends in person, telephonically or electronically, so long as all Directors can communicate adequately throughout the meeting. Business may be conducted once a quorum is present and may continue until adjournment of the meeting notwithstanding the withdrawal or temporary absence of Directors sufficient to reduce the number present to less than a quorum. If, however, the Directors present are less than required to constitute a quorum, the affirmative vote must be such as would constitute a majority if a quorum were present, and provided further that the affirmative vote of a majority of the Directors then present is sufficient in all cases to adjourn a meeting.

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6.9 **Acts of the Board**. When a quorum is established at any meeting of the Board pursuant to Section 6.8 above, the affirmative vote of a majority of the Directors present at the meeting shall be the act of the Board unless the question is one upon which, by express provision of law, the Articles of Incorporation or these Bylaws, a different vote is required, in which case such express provision shall govern and control the decision of such question. Each Director is entitled to one vote.

6.10 **Meeting Minutes.** A written record of the discussions and decisions reached at each

meeting of the Board in the form of minutes shall be made, and shall, upon approval by the Board at a legally-convened meeting, be made a part of the records of the Corporation.

6.11 **Open Meeting Law**. Upon signing a charter contract with the Arizona State Board for Charter Schools and for so long as the State's open meeting law (A.R.S. §§38-431 through 38-431.09) applies to charter schools, all deliberations and official actions of the Board shall take place at a meeting open to the public in compliance with the State's open meeting law, except in cases where, and to the extent, executive sessions are authorized by State law. Additionally, for so long as the State's open meeting law applies to charter schools, public notice of all meetings of the Board, and of all committees and advisory boards authorized by the Board, shall be given pursuant to and as required by the State's open meeting law and the meeting minutes required by Section 6.10 of this Article VI shall comply with the requirements set forth in the State's open meeting law.

6.12 **Action Without a Meeting**. Prior to signing a charter contract with the Arizona State Board for Charter Schools and becoming subject to the provisions of Subsection 6.11 of this Article VI, any action required or permitted to be taken at any meeting of the Board, or any committee thereof, may be taken without a meeting if all the Directors or committee members, as applicable, consent thereto in writing and such consents are filed with the minutes of the Board or committee, as applicable. Upon signing a charter contract with the Arizona State Board for Charter Schools and for so long as the State's open meeting law applies to charter schools, this provision shall be null and void and written consents shall not be permissible.

6.13 **Proxies**. Proxy voting shall not be permitted for any Board meeting or action.

ARTICLE VII
CORPORATE OFFICERS

7.1 **Corporate Officers Distinguished from Board Offices.** Section 5.7 of these Bylaws establishes certain Board level offices. These offices must be filled by Directors and are purely ministerial in nature, dealing solely with the functioning of the Board. These board-level offices are not to be confused with ***corporate "Officers"*** that are appointed by the Board to direct and manage the operations of the Corporation's business. Article V of these Bylaws addresses board-level offices. This Article VII addresses corporate Officers.

7.2 **Dual Capacity Officers**. By resolution of the Board (which may be altered or rescinded by the Board at any time), the Board may combine the Board officers and corporate Officers into dual-capacity positions. In such an event, the President of the Board shall also serve as the corporate President, the Secretary of the Board shall also serve as the corporate Secretary and so forth. If the Board resolves to use dual-capacity Officers, all of the provisions of Article V and this Article VII shall apply to such dual-capacity Officers, and, in the event of a conflict between the two Articles, Article V shall control.

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7.3 **Designation of Titles; Appointment**. The Officers of the Corporation shall comprise a corporate President, a corporate Vice President, a corporate Secretary, a corporate Treasurer and may include additional vice presidents, assistant treasurers and such other Officers as the Board may from time to time deem appropriate. All Officers shall have the authority and shall perform the duties prescribed in these Bylaws or as subsequently prescribed, from time to time, by the Board. Any two or more offices may be held by the same person, excepting only the corporate President and the corporate Secretary may not be the same individual. All the Officers of the Corporation shall be appointed by the Board at a regular or special meeting of the Board (except in the case of dual-capacity Officers, the Member shall appoint the corporate President as

required by Section 5.7 above). Subject to Section 5.7 hereof, each Officer shall serve at the pleasure of the Board and shall hold office until such time as the Board removes or replaces such Officer, or until his or her death, incapacitation or resignation.

7.4 **Compensation**. Officers' compensation shall be fixed from time to time by the Board, and no Officer shall be prevented from receiving such compensation by reason of the fact that he or she is also a Director. The salaries of the Officers or the rate by which salaries are fixed shall be set forth in the minutes of the meetings of the Board.

7.5 **Resignation**. Any Officer may resign at any time by giving the written notice of resignation required by such Officer's employment agreement or, if not addressed in an employment agreement, 30-days prior written notice of such resignation to the Board. Unless otherwise specified in such written notice and accepted by the Board, such resignation shall be effective 30 days after receipt of such notice by the Corporation, and the acceptance of such resignation shall not be necessary to make it effective. Notwithstanding the foregoing, the Board, in its discretion, may make such resignation effective at any time prior to the expiration of the required notice period.

7.6 **Removal; Termination.** Subject to any effective and enforceable employment agreement between the Corporation and such Officer, any Officer may be removed from office, with or without cause, at any time by a resolution of the Board.

7.7 **Vacancies**. Subject to Sections 5.7 and 7.3 hereof, a vacancy in any Officer position, by reason of death, incapacitation, resignation, termination or any other cause whatsoever, may be immediately filled, at any time, by the Board at any regular or special meeting of the Board.

7.8 **Duties of Officers**.

7.8.1 **Corporate President.** The corporate President shall be the chief executive officer of the Corporation, serving at the pleasure of the Board, and shall act as the operating and directing head of the Corporation, having general charge of the Corporation's business and supervision of its affairs. Subject to policies established by the Board, he or she shall sign all contracts and agreements requiring execution on behalf of the Corporation and required for the ordinary, day-to-day operations of the Corporation. The President shall keep the Board fully informed as to the business and operations of the Corporation. In addition to the powers and duties elsewhere provided in these Bylaws, when duly authorized by the Board to do so, the President shall sign all deeds, liens, guarantees, licenses and other instruments of a special nature. The President shall also have such other powers and duties as are expressly delegated to the President by the Board in writing.

7.8.2 **Corporate Vice President.** There shall be as many corporate vice presidents as shall be determined by the Board from time to time, and they shall perform such duties as from time to time may be assigned to them by the Board or the corporate President. Such corporate vice president(s), if any, shall familiarize themselves with the affairs of the Corporation and, as authorized by the Board, any one of the corporate vice presidents shall have all the powers and perform all the duties of the corporate President in case of the temporary absence of the corporate President or in the case of his or her temporary inability to act. In case of the permanent absence or inability of the corporate President to act, the office shall be declared vacant by the Board and a successor chosen and appointed by the Board. The corporate vice president(s) shall have such other powers and duties as are expressly delegated to them by the Board in writing.

7.8.3 **Corporate Secretary.** The corporate Secretary shall: see that the minutes of all meetings of the Board and of any standing committees are kept in the corporate records; be the custodian of

the corporate seal and shall determine when to affix it to any proper instrument; give or cause to be given required notices of all meetings of the Board; have charge of all the books and records of the Corporation except the books of account; and in general perform all the duties incident to the office of the secretary of a corporation and such other duties as may be assigned by the corporate President or the Board. The corporate Secretary shall attest by signature to all instruments duly authorized and requiring the same. The corporate Secretary shall have such other powers and duties as are expressly delegated to him or her by the Board in writing.

7.8.4 **Corporate Treasurer.** The corporate Treasurer shall: have general custody of all the funds and securities of the Corporation, except such as may be required by law or agreement to be deposited with any state official, trustee or escrow officer; see to the deposit of the funds of the Corporation in such bank or banks as the Board may designate; maintain, or cause to be maintained, direct and supervise regular books of account; render financial statements to the corporate President and the Board at proper times; and direct and supervise the preparation and filing of such reports, audits, financial statements and returns as may be required by law. The corporate Treasurer shall have such other powers and duties as are expressly delegated to him or her by the Board in writing.

7.8.5 **Assistant Secretaries; Assistant Treasurers.** The Board may, from time to time, fix the number of assistant secretaries or assistant treasurers and determine their respective duties and functions.

7.9 **Fidelity Bonds**. If required by the Board, any Director, Officer, employee or agent of the Corporation shall execute to the Corporation a fidelity bond in such amount, and with such surety or sureties as the Board may direct, conditioned upon the very faithful performance of his or her duties to the Corporation, including responsibility for negligence and for the accounting for all property, funds or securities of the Corporation which may come into his or her hands or control. The premium for any such fidelity bonds shall be paid by the Corporation as an operating expense.

ARTICLE VIII
SCHOOL DIRECTOR

8.1 **Appointment; Compensation**. The Board shall select and appoint a School Director for each respective charter school. School Directors shall have the authority prescribed, from time to time, by the Board and shall receive such compensation as the Board may direct.

8.2 **Duties**. School Directors shall carry out the policies established by, and shall be directly responsible to, the Board. School Directors will have general management of the artistic, academic and administrative operations of the charter school(s) and shall prescribe and direct the course of study, the discipline to be observed, assessment of student performance and shall be responsible for all required reporting to the State. School Directors shall: (i) prepare annual budgets for submission to the Board; (ii) for their respective charter school, employ and discharge all personnel, prescribe their duties and terms of employment and set their salaries within the minimum and maximum limits established by the Board; (iii) conduct annual reviews of all personnel at their respective charter school; and (iv) perform such other duties as may be prescribed by the Board.

8.3 **Regulatory Requirements**. School Directors must obtain State fingerprint clearance cards and satisfy other regulatory inquiries and requirements, as prescribed by State law, federal law or other governmental agencies having proper regulatory authority over the affairs of the Corporation or its activities, as amended from time to time, which will include as a minimum, a law enforcement investigation showing that

there exists no criminal record which could adversely affect the Corporation or its operations.

8.4 **Fidelity Bonds**. If required by the Board, each School Director shall execute to the Corporation a fidelity bond in such amount, and with such surety or sureties as the Board may direct, conditioned upon the very faithful performance of his or her duties to the Corporation, including responsibility for negligence and for the accounting for all property, funds or securities of the Corporation which may come into his or her hands or control. The premium for any such fidelity bonds shall be paid by the Corporation as an operating expense.

ARTICLE IX
INDEMNIFICATION OF DIRECTORS AND OFFICERS

9.1 **Non-Liability for Debts**. The private property of the Directors, Officers and committee members shall be exempt from execution or the liability of any debts of the Corporation and no Director, Officer or committee member shall be liable or responsible for any debts or liabilities of the Corporation.

9.2 **Indemnification**. To the maximum extent permitted by law, the Corporation shall hold harmless and indemnify any person who was or is a party, or is threatened to be made a party, to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative, or investigative, including all appeals (other than an action, suit or proceeding by or in the right of the Corporation), by reason of the fact that he or she is or was a Director, Officer or committee member of the Corporation (collectively, the "Indemnitee") against any and all liability and expenses incurred by the Indemnitee in connection with any threatened or actual proceeding or legal action resulting from the Indemnitee's service to the Corporation or to another entity at the Corporation's written request.

9.2.1 Exclusions. Except insofar as permitted by law, the Corporation shall not indemnify any Indemnitee under this Article IX in connection with: (i) a proceeding by or in the right of the Corporation in which the Indemnitee was adjudged liable to the Corporation; (ii) any other proceeding charging the improper personal benefit to the Indemnitee, whether or not involving action in the Indemnitee's official capacity, in which the Indemnitee was adjudged liable on the basis that personal benefit was improperly received by the Indemnitee; or (iii) any circumstance where the indemnification would adversely affect the tax-exempt status of the Corporation, as determined by the Board in its sole discretion after consultation with legal counsel.

9.3 **Procedure**. The Indemnitee shall notify the Corporation promptly of the threat or commencement of any proceeding or legal action with respect to which the Indemnitee intends to seek indemnification. The Corporation shall be entitled to assume the Indemnitee's defense with counsel reasonably satisfactory to the Indemnitee, unless the Indemnitee provides the Corporation with an opinion of counsel reasonably concluding that there may be a conflict of interest between the Indemnitee and the Corporation in the defense of the proceeding or legal action. If the Corporation assumes the defense, the Corporation shall not be liable to the Indemnitee for legal or other expenses subsequently incurred by the Indemnitee.

9.4 **Expenses Advances**. The Corporation shall automatically advance expenses, including attorneys' fees, incurred or to be incurred by the Indemnitee in defending a proceeding or legal action upon receipt of the following: (i) notice and reasonable proof of the expenses; (ii) a written affirmation of the Indemnitee's good faith belief that the Indemnitee has met the standard of conduct described in A.R.S. §10-3851 or that the proceeding involves conduct for which liability has been eliminated under a provision of the Corporation's Articles of Incorporation pursuant to A.R.S. §10-3202.B.1; and (iii) a written undertaking, executed personally or on the Indemnitee's behalf, to repay the advance if a final decision (after expiration or

exhaustion of any appeal rights) is made that the Indemnitee is not entitled to be indemnified under this Article IX.

9.5 **Settlement of Claims**. The Corporation shall not be obligated to indemnify the Indemnitee for any amounts incurred in settlement if settlement is made without the Corporation's prior written consent. The Corporation shall not enter into any settlement that would impose any penalty or limitation on the Indemnitee without the Indemnitee's prior written consent. Neither the Corporation nor the Indemnitee shall unreasonably withhold consent to any proposed settlement.

9.6 **Effect of Repeal**. In order that the Indemnitee may rely on the indemnification promised by this Article IX, no repeal or amendment of this Article IX shall reduce the right of the Indemnitee to payment of expenses or indemnification for acts of the Indemnitee taken before the date of such repeal or amendment.

ARTICLE X
FISCAL YEAR

10.1 **Designation**. The fiscal year of the Corporation shall begin on July 1 and end on June 30.

ARTICLE XI
CORPORATE SEAL

11.1 **Form of Seal**. The corporate seal, if any, shall be in such form as shall be approved from time to time by the Board.

ARTICLE XII
BOOKS AND RECORDS

12.1 **Requirements; Compliance**. The Corporation shall keep correct and complete books and records of account as required by State law and any regulatory agency having proper jurisdiction over the affairs and activities of the Corporation, and shall also keep minutes of the proceedings of the Board, and committees authorized by, or having any of the authority of, the Board, including, without limitation and for so long as the such law applies to charter schools, compliance in all respects with the Records Retention and Disposition for Arizona School Districts and/or State Public Records Law, A.R.S. §§39-121 through 30-122. All books and records of the Corporation may be inspected, for any proper purpose at any reasonable time, by: (i) any Director; (ii) the attorney for such Director; and (iii) as otherwise required by State law.

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ARTICLE XIII
PRIVATE INUREMENT

13.1 **Prohibition Against Private Inurement**. No Director, Officer or employee of the Corporation, member of a committee of the Corporation, nor any other private individual shall: (i) at any time receive any of the net earnings or pecuniary profit of the Corporation, except that the Corporation can pay reasonable compensation for services rendered; provided, however, that compensation shall not be paid if such payment would constitute an act of self-dealing or would result in the termination of the Corporation's tax exempt status under Section 501(c)(3) of the Code; or (ii) be entitled to share in the distribution of any of the

corporate assets in the event of the Corporation's dissolution. All Directors shall 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 shall be distributed exclusively to other tax-exempt corporations, as permitted by applicable law.

ARTICLE XIV
NONDISCRIMINATION STATEMENT

14.1 **Prohibition Against Discrimination**. No charter school operated by the Corporation shall unlawfully discriminate on the basis of race, sex, age, national or ethnic origin or religion in the administration of its educational policies, admissions policies, athletic or other school-administered programs or employment policies.

ARTICLE XV
AMENDMENTS TO BYLAWS

15.1 **Amendments; Procedure**. These Bylaws may not be amended or restated without the written approval of the Member. The Member is hereby expressly permitted to propose restatement or amendment to these Bylaws, and, if so proposed, and after 10 days' prior written notice of such proposed amendment to each of the Member's board of directors and the Board, the Member may adopt such restatement or amendment by majority vote of the Member's board of directors at a duly-called meeting of the Member's board of directors pursuant to the Member's Bylaws. The Board may, at any time, recommend repeal, alteration, amendment or restatement of these Bylaws to the Member by a majority vote of the Directors at any regular or special meeting of the Board. In such case, the Member's board of directors shall either approve, modify or reject such recommendation by majority vote of the Member's board of directors. Notwithstanding the foregoing, no alteration, amendment or restatement of these Bylaws may adversely affect the Corporation's nonprofit status, tax-exempt status under Section 501(c)(3) of the Code or this Article XV except upon the prior written approval of the Member.

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CERTIFICATION OF ADOPTION

As the Secretary of the Board, I hereby certify that the foregoing Bylaws have been adopted as the Bylaws of the Corporation by its Board at a duly-convened meeting of the Board on April 11, 2014, and that these Bylaws, as of the date of this Certificate, have not been repealed, altered, amended, restated or superseded, and remain in full force and effect.

DATED the 11th day of April, 2014.

Secretary of the Board of Directors of Ethos Academy: A Challenge Foundation Academy, Inc., an Arizona nonprofit corporation.