GOVERNANCE STRENGTH AND STABILITY OF GOVERNING BODY

Part 1: The Governing Board.

Espiritu Community Development Corporation ("*Espiritu*" or the "*Corporation*") is a 501(c)(3) non-profit organization duly organized under the laws of the State of Arizona and is governed by its six member Governing Board of Directors (each a "*Director*" and collectively the "*Governing Board*"). The Governing Board members currently include the Armando Ruiz as President and Chief Executive Officer, and Armando Ruiz, Adrian Daniel Ruiz, Monica Ivana Rivera, Frances Castillo, Margaret April, and Jorge Ignacio Sandoval as Directors. The Governing Board makes the major decisions with respect to the Espiritu's policies, business, management and operations.

Armando Ruiz (Education, Legal Compliance, Legislative Public Policy), the President and Chief Executive Officer of Espiritu, is the Superintendent of the school. Mr. Ruiz received his Juris Doctor from Arizona State College of Law in 1981 and his Bachelor of Science in Psychology and Bachelor of Arts in Chicano Studies from Loyola Marymount University in 1979. Mr. Ruiz has matriculation towards a Masters in Public Administration from Arizona State University. Mr. Ruiz has an extensive corporate background having served as the Executive Assistant to the Governor of the State of Arizona where he supervised a staff of thirty-six (36) individuals and oversaw an annual budget of Twenty Million and 00/100 Dollars ($20,000,000.00) and as the Executive Director to the South Mountain YMCA where he raised Three Million and 00/100 Dollars ($3,000,000.00) in corporate contributions towards a capital campaign to expand the Pre-School and Toddle Care facilities at the YMCA. Mr. Ruiz has also served the State of Arizona as a State Senator and Member of the State House of Representatives where he served on the Appropriations, Transportation and Joint Legislative Budget Committees.

Adrian Daniel Ruiz (Finance and Accounting) is the Business and Operations Manager of Espiritu and a Director on the Governing Board. He received his Bachelor of Science in Business Finance magna cum laude from Arizona State University in 2008. Mr. Ruiz has a diverse finance background having worked in a finance and accounting capacity with community outreach organizations for the last nine years.

Jorge Ignacio Sandoval (Leadership Training and Development; Community Outreach and Activism) is currently employed as a seminarian with the Diocese of Phoenix and is a Director on the Governing Board. Mr. Sandoval received his Bachelor of Philosophy from Pontifical College Josephinum in 2009 and a Bachelor of Science in Accounting from Loyola Marymount University in 1999. Mr. Sandoval has a diverse leadership and community outreach background having worked as a lay missionary for a prominent international outreach organization throughout the United States, Europe, Africa, Asia and Latin America.

Frances Castillo (Finance and Accounting) is a Director on the Governing Board. He is the current Vice-President of the South Mountain Interfaith Coalition and Treasurer of the St. Catherine Guadalupana Association. Mr. Castillo also currently sits on the Governor's Commission to select Superior Court Judges. Mr. Castillo is an active community member by volunteering with local community outreach programs such as the Mission of Mercy Health.

Margaret Abril (Community Outreach and Activism; Community Member at Large) is a Director on the Governing Board. Ms. Abril has a broad community outreach and activism background having

organized the participation of the Governor of the State of Arizona and the Mayor of Phoenix in the Neighborhood Watch program.

Monica Ivana Rivera (Leadership Training and Development) is the Leadership Development Manager and is a Director on the Governing Board. Ms. Rivera received her Bachelor of Health Administration from Piura Region II in 1999 and her Bachelor of Health Sciences from University of Antenor Orrego of Trujillo-Peru in 1997 and brings over ten (10) years of administrative experience to Espiritu having been employed in an administrative capacity in various international healthcare organizations. Ms. Rivera plays an active role in the leadership of the community having received training as a lay missionary for a prominent international outreach organization throughout the United States, Europe, Africa, Asia and Latin America.

Part 2: Recruitment/Selection and Training Development of the Governing Board.

Espiritu understands that the ability of a charter school to carry out its mission depends on the strength and diversity of its Governing Board and therefore is committed to the recruitment and retention of members that support the school's mission and seek to promote it within the community. In fulfillment of the foregoing objective, Espiritu actively recruits members that have a demonstrated background in community leadership and community service. As such, each member plays a pivotal role in the promotion and support of the school within the close-knit community.

Among the desirable qualifications for each Director promulgated by Espiritu are: (i) demonstrates interest in community service and outreach; (ii) willingness to give time, effort and resources to the mission, vision and values of the school implemented by the Governing Board; (iii) ability to command community confidence and respect; (iv) ability to provide special skills, knowledge and expertise determined to be needed by the Corporation; and (v) ability to assess information and execute important decisions.

In accordance with the recruitment policy so adopted by the Governing Board, each Director must: (i) attend all Governing Board meetings, training sessions, and special meetings or executive sessions, as needed; (ii) understand the purpose, goals, objectives, programs and functions; (iii) participate fully and openly in all Governing Board meetings; (iv) actively identify and recruit qualified members to the Governing Board; (v) serve on a minimum of one (1) committee at the discretion of the Governing Board; (vi) represent the Corporation positively to the community; and (vii) solicit funds and participate in fundraising activities.

In addition to the formation of the foregoing recruitment policies, Espiritu has implemented a Nominating Committee, which is a year-round committee whose primary focus is the recruitment to, and the training, development and evaluation of the Governing Board members in accordance with the foregoing standards. Specifically, the duties and responsibilities of the Nominating Committee are, but are not limited to: (i) development of a written description of the duties and responsibilities that are required of each member of the Governing Board; (ii) determination and analysis of strategies to ensure diversity of Governing Board members; and (iii) establishment curriculum and conduct orientation training sessions (the "*Orientation Training*") for new members of the Governing Board to ensure that each member can effectively carryout their management and oversight functions in accordance with its Charter Contract, State and Federal law, and the Bylaws.

The Governing Board has found that the Orientation Training sessions are essential in educating the members of the Governing Board with respect to their legal and fiduciary obligations under the

Charter Contract, State and Federal law, and the Bylaws. Each member is required to attend an Orientation Training session within the first three (3) weeks of becoming a member of the Governing Board. The Orientation Training is a three-day training workshop, which addresses the following policy areas and concerns: (i) presentation of a detailed list of expectations of each Director, which includes consistent attendance at regular Governing Board meetings, participation as an active member on it least one committee, and participation in the fund-raising activities of the school in a manner appropriate for that Director; (ii) presentation of materials summarizing the requirements of Arizona's Open Meeting Law in accordance with the Bylaws; and (iii) presentation of the text of critical corporate policies, including, without limitation, the conflict of interest policy adopted by the Governing Board.

The Nominating Committee is further charged with the responsibility of performing an annual profile of the then current Governing Board in order to formulate recruiting priorities based on the sought-after skills and knowledge needed on the Governing Board and what the current Governing Board possess.

Espiritu has recently undergone an annual profile of its Governing Board and has determined that the composition of the Governing Board would benefit from the appointment of one (1) teacher employed by and in good standing with the Governing Board and one (1) parent of a child that is enrolled at and in good standing with the school in order to fully represent and reflect the diversity of the community it seeks to represents. The Nominating Committee is in the process of slating specific individuals to be appointed to these positions on the Governing Board.

Continuing Education and Training Process to Governing Board

In addition to the individual Orientation Training sessions required once a person becomes a member, Espiritu mandates that each member of the Governing Board attend an annual retreat and training seminar (the "*Annual Training*"), the curriculum of which is established by the Corporate Compliance Committee in accordance with the Bylaws. Each Annual Training session, at a minimum, includes a seminar addressing each of the following areas: (i) law and legislative policy, with a particular focus on adherence to Open Meeting Law and public disclosure requirements; (ii) leadership development; (iii) corporate governance, with a particular focus on highlighting the fiduciary responsibilities on each Director and continuing obligations under the Charter Contract; (iv) finance and accounting, with a particular focus on maintaining corporate records and audit policies; and (v) fundraising. The goal in requiring each member to attend the Annual Training is to ensure that each Director is well versed in their evolving legal and ethical responsibilities as a Director.

Part 3: Governance Structure and Organization of School's Governing Body.

A. ***Role, Responsibilities, and Obligations of the Governing Body and Decision-Making Structure at the Governing Body Level***.

Espiritu acts through the actions of the Governing Board. The Governing Board directs and supervises all business necessary for the school to carry out its objectives and purposes, including, when required, the ratification of acts to be carried out on behalf of the charter school pursuant to Arizona Charter School Law, A.R.S. § 15-181 et. seq. The Governing Board has codified the policies and procedures that govern the internal management of the Governing Board through the adoption of its Amended & Restated Bylaws (the "*Bylaws*"). The Bylaws establish the respective lines of

authority and describe which actions are appropriate for each corporate category. *A copy of the Bylaws is attached*.

Qualifications and Duties

The authorized number of Directors shall be not less than three (3) and not more than seven (7). The exact authorized number of Directors shall be determined from time to time by the Governing Board. There are currently six (6) members on the Governing Board: Armando Ruiz, Adrian Daniel Ruiz, Jorge Igancio Sandoval, Frances Castillo, Margaret April and Monica Ivana Rivera.

Each Director is elected by the then current Governing Board. The Nominating Committee plays a critical role in advising the Governing Board of the recruiting priorities of the Governing Board based on an annual profile comparing the sought-after skills and knowledge needed on the Governing Board and what the current Governing Board possess.

At a minimum, each member of the Governing Board must: (i) be over the age of eighteen (18); (ii) pass a background check as required by the Department of Education and any appropriate sponsoring board of the Corporation, which will include as a minimum, a fingerprint check showing that there exists no criminal records which could adversely affect the Corporation or its operation as a public school; and (iii) possesses significant experience and qualifications to further the Governing Board's commitment to the strategic mission, vision and mission of the school.

Each Director shall be elected to a term of one (1) year until a successor Director has been designated and qualified by the Governing Board. All Directors are required to discharge the duties of their respective positions in good faith and with that diligence and care which reasonably prudent persons would exercise in similar circumstances and like positions.

Meetings and Open Meeting Law

The Governing Board shall meet at least once in each fiscal year (July 1 – June 30) for the purpose of the election of Directors, appointment of officers, review and approval of the corporate budget and transaction of other business as the Governing Board deems appropriate. An annual meeting of Directors is held on the first Friday of June of each year at 6:00 p.m., unless the Governing Board fixes another date or time and so notifies the Directors as provided herein. The call, notice, holding, and conduct of meetings of the Governing Board is held in accordance with A.R.S. Sections 38-431 to 431.09, otherwise known and referred to as Arizona's "*Open Meeting Law*".

Special meetings of the Board of Directors for any purpose may be called at any time by the President, the Secretary, or any two (2) Directors and must be held in accordance with Open Meeting Law. Executive sessions may be called at any time for the purposes identified in A.R.S. Section 38-431.03 and must be held in accordance with Open Meeting Law.

A majority of the Directors then in office, but no fewer than three (3) Directors constitute a quorum for the transaction of business of the Governing Board. Each Director is entitled to one (1) vote. The following actions shall require a vote by a majority of all Directors then in office to be effective: (i) approval of contracts or transactions in which a Director has a direct or indirect material financial interest, provided that the vote of any interested Director is not counted; (ii) creation of, and appointment to, a committee to serve at the discretion of the Governing Board; (iii) removal of a Director without cause; and (iv) indemnification of Directors in accordance with the Bylaws.

All actions of the Governing Board shall comply with Open Meeting Law. In the event that an action is taken in violation of the Open Meeting Law, such action shall be null and void, unless such action has been ratified by the Governing Board in accordance with A.R.S. Section 38-431.05. Any action that the Governing Board is required or permitted to take may be taken without a meeting if all Directors consent in writing to the action and such meeting is held in accordance with Open Meeting Law; provided, however, that the consent of any Director who has a material financial interest in a transaction to which the Corporation is a party and who is an interested director shall not be required for approval of that transaction. Such action by written consent shall have the same force and effect as any other validly approved action of the Governing Board. All such consents shall be filed with the minutes of the proceedings of the Governing Board.

Interested Party Transactions and Conflict of Interest

Except as otherwise provided in the Bylaws, the Corporation cannot be a party to any transaction: (i) in which one or more of its Directors or officers has a material financial interest; or (ii) with any corporation, firm, association, or other entity in which one or more Directors or officers has a material financial interest, unless: (a) the Corporation enters into the transaction for its own benefit; (b) the transaction is fair and reasonable to the Corporation at the time the transaction is entered into; (c) prior to consummating the transaction or any part thereof, the Governing Board authorizes or approves the transaction in good faith, by a vote of a majority of Directors then in office (without counting the vote of the interested Director), and with knowledge of the material facts concerning the transaction and the interested Director's or officer's financial interest in the transaction; (d) prior to authorizing or approving the transaction, the Governing Board considers and in good faith determines after reasonable investigation that the Corporation could not obtain a more advantageous arrangement with reasonable effort under the circumstances; and (e) the minutes of the Governing Board at which such action was taken reflect that the Governing Board considered and made the findings described in subsections (a) through (d) of this subsection.

Under the Bylaws, a Director or officer shall not be deemed to have a "material financial interest" in a transaction: (i) that fixes the compensation of a Director as a Director or officer; (ii) if the contract or transaction is part of a public or charitable program of the Corporation and it (a) is approved or authorized by the Corporation in good faith and without unjustified favoritism, and (b) results in a benefit to one or more Directors or their families only because they are in the class of persons intended to be benefited by the program; or (iii) where the interested Director has no actual knowledge of the transaction and it does not exceed the lesser of one percent of the gross receipts of the corporation for the preceding year or One Hundred Thousand and 00/100 Dollars ($100,000.00).

Corporate Loans and Interested Party Transactions

In no event shall the Corporation be permitted to make any loan of money or property to or guarantee the obligation of any current or former Director or officer, unless approved by the Attorney General of the State of Arizona; except that, however, the Corporation may advance money to a current Director or officer for expenses reasonably anticipated to be incurred in the performance of duties of such Director or officer, if in the absence of such advance, such Director or officer would be entitled to be reimbursed for such expenses by the Corporation in accordance with the Corporation's reimbursement policy established by the Independent Audit Committee. Any loan approved in accordance with the Bylaws must state the following: (i) name of borrower; (ii) purpose of the loan; (iii) original principal amount; (iv) whether there is a written promissory note; (v) whether the principal amount includes salary and/or compensation advances; (vi) whether the whether the loan

was approved by the Governing Board or the appropriate committee, if permitted under the Bylaws; and (vii) the repayment schedule in accordance with approved accounting plan.

No contract or other transaction between the Corporation and any corporation, firm or association of which one or more Directors are directors is either void or voidable because such Directors are present at the Governing Board or a committee meeting that authorizes, approves or ratifies the contract or transaction, if: (i) the material facts as to the transaction and as to such Director's other directorship are fully disclosed or known to the Governing Board or committee, and the Governing 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 Director (subject to the quorum provisions of the Bylaws); or if (b) the contract or transaction is just and reasonable as to the Corporation at the time it is authorized, approved or ratified.

Each Director owes an absolute duty of loyalty to the Corporation.

Committees of the Governing Board

The Governing Board, by resolution adopted by a majority of the Directors then in office, may create one or more committees, each consisting of two (2) or more Directors and no one who is not a Director, to serve at the pleasure and discretion of the Governing Board. The committees created by the Governing Board report directly to the Governing Board. In its capacity to control, manage and oversee the affairs of the school, the Governing Board has formed the following committees, each of which consist of at least two (2) Directors, to serve at the direction of the Governing Board:

- **Compensation Committee**. All members of the Compensation Committee shall be disinterested persons under the Bylaws. The Bylaws define an "interested person" as being (i) any person compensated by Espiritu for services rendered to it within the previous twelve (12) months, whether as a full-time or part-time employee, independent contractor, or otherwise, excluding any reasonable compensation paid to a Director as director in accordance with the Bylaws, (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 such person, and (iii) a member in a commonly controlled, related or supporting organization. The Compensation Committee shall determine the amount and terms, if applicable, of the compensation to be paid to officers and administrative personnel. Any compensation approved by such committee shall be based on comparable data supporting the amount of compensation, which data shall be documented in the minutes of the committee meeting establishing same.

- **Corporate Compliance Committee**. The Corporate Compliance Committee shall (i) ensure that the Governing Board is acting in compliance with Open Meeting Law, (ii) ensure that the minutes of the meetings and actions taken by written action or by executive session are contemporaneously documented in the corporate records, (iii) ensure that the percentage of interested persons comprising the Governing Board as set forth in the Bylaws is being adhered to, (iv) evaluate the effectiveness or the Governing Board as a whole, (v) adopt and implement a whistle-blower policy for handling complaints and for procedures or employees to report suspected fiscal impropriety, (vi) adopt and implement a document integrity, retention and distribution policy, and (vii) arrange and implement educational and training seminars to be held, at a minimum, once per year, which shall be aimed at educating the

In accordance with subsection (ii), above, an essential function of the Corporate Compliance Committee is to oversee the adherence to the conflict of interest policy adopted by the Governing Board to be followed by the members of the Governing Board in executing their duties. Each Director is informed and advised of the conflict of interest policy prior to entering or assuming the duties of the position and has agreed to be bound by the conflict of interest policy set forth in the Bylaws which provides, in part, for the disclosure of any duality of interest or possible conflict of interest on the part of any Director and that such duality of interest or possible conflict must be made a part of the corporate records either through an annual procedure or when the interest becomes a matter requiring Governing Board action and then recorded in the appropriate minutes wherein an action related to this issue is taken. No Director having a duality of interest or possible conflict of interest can vote or use his or her personal influence on the issue being decided however, the Director may participate in the information gathering and answer appropriate questions related to the issue. The minutes of any meeting where a conflict is present must reflect: (i) that a disclosure of the conflict was made; (ii) the Director with the conflict abstained from voting; and (iii) any other relevant factors necessary.

- **Finance and Independent Audit Committee**. The Finance and Independent Audit Committee shall consist of disinterested persons, at least one (1) of whom is a financial expert and such committee shall (i) adopt and implement a financial management policy and ensure that the Governing Board keeps complete, current, and accurate financial reports, (ii) review the Governing Board's financial activities, (iii) adopt and implement a reimbursement policy, including, without limitation, the reimbursement of travel and entertainment expenditures, (iv) ensure that the financial statements are compiled and annually reviewed by an independent accountant, audited by an independent accountant and for overseeing such process, (v) adopt and implement a policy whereby financial wrongdoing can be reported to the committee and responded to and/or corrected by the committee; and (vi) adopt a tax-exempt bond compliance policy and ensure that all actions taken by the Corporations are in compliance with such policy.

- **Fundraising and Solicitation Committee**. The Fundraising and Solicitation Committee, at least one (1) member of which shall act as the liaison between the Governing Board and community, shall (i) develop and oversee the strategic plan adopted by the Governing Board that promotes the school within the community, (ii) ensure that solicitation materials and other correspondence to prospective donors are accurate and truthful, (iii) ensure that contributions are being used in accordance with the donor's intent, (iv) ensure that donors are being provided with acknowledgement of charitable contributions in accordance with federal tax law, and (v) adopt and implement gift acceptance, community benefit and charity care policies to determine the situations in which an acceptance of a gift or donation would compromise the ethics, finances, or mission of the school.

- **Nominating Committee**. The Nominating Committee shall (i) secure candidates for positions and shall present a slate of qualified, acceptable candidates to the Governing Board for approval, and (ii) establish and adopt a policy for nominating candidate and shall ensure that all recruitment and retention activities are in compliance.

A breakdown of the policies and procedures adopted and implemented by the foregoing committees is provided in the schedule set forth below:

Corporate Policy	**Oversight Committee**	**Committee Chair**
Conflict of Interest Policy	Corporate Compliance Committee	Adrian Daniel Ruiz
Document Integrity, Retention and Destruction Policy	Corporate Compliance Committee	Adrian Daniel Ruiz
Gift Acceptance Policy	Fundraising and Solicitation Committee	Margaret April
Community Benefit Policy	Fundraising and Solicitation Committee	Margaret April
Charity Care Policy	Fundraising and Solicitation Committee	Margaret April
Financial Management Policy	Finance and Independent Audit Committee	Jorge Ignacio Sandoval
Whistle-Blower Policy	Finance and Independent Audit Committee	Jorge Ignacio Sandoval
Tax-Exempt Bond Compliance Policy	Finance and Independent Audit Committee	Jorge Ignacio Sandoval
Reimbursement Policy	Finance and Independent Audit Committee	Jorge Ignacio Sandoval
Recruitment Policy	Nominating Committee	Monica Ivana Rivera

B. ***Commitment to Train Directors in Open Meeting Law***.

All actions of the Governing Board must comply with Open Meeting Law, in accordance with the Bylaws. Espiritu takes all steps necessary to educate each Director on the requirements of Open Meeting Law initially upon being appointed to the Governing Board through the Orientation Training that each Director is required to attend within the first three (3) weeks of his or her appointment and annually through each Director's mandatory attendance at the Annual Training seminar series conducted by the Corporate Compliance Committee.

A member of the Corporate Compliance Committee is required to attend each Orientation Training to ensure that each Director fully understands the materials on Open Meeting Law and to make itself available for any questions. Moreover, at the Orientation Training, each Director is provided with a handout prepared by Liz Hill, Assistant Ombudsman, entitled "Open Meeting Law 101: Arizona's Open Meeting Law in a Nutshell" which thoroughly explains the requirements of Open Meeting Law. *See attached*.

The Governing Board, through the Corporate Compliance Committee, conducts an annual internal review to ensure that full and accurate minutes of its meetings are maintained and available to the public in accordance with Open Meeting Law.

Part 4: Role of Governing Board in Monitoring Academic Performance

Policies that Promote Academic Achievement

The Governing Board believes that academic curriculum, instructional objectives and its evaluation are important to student's classroom performance, emotional and moral growth. The Governing Board has formulated the following general goals in fulfillment of its main objective of increasing academic performance:

CURRICULUM:

Curriculum is the road map for student's academic performance and as such it must cover the following key ingredients:

- Input from educational staff, students, parents/guardians and community;
- Annual data regarding student achievement;
- Alignment of learning standards, assessment and graduation requirements;
- Community and student expectations for courses and programs.

Espiritu's strategic curriculum is to provide instruction in four core areas: Math/Science, Language Arts, History/Social Studies, and the Classics. The foundation of Espiritu's philosophy is the Traditional Classical educational system, where education has three types of learning, with each corresponding to particular grade levels:

Kinder-6th Grade:	(Grammar) Memorization of basic facts; acquisition of classical languages, and history
Grades 7—9:	(Logic) Piecing together of basic facts and logical interpretation of them
Grades 10-14:	(Rhetoric) Clear articulation of logical thoughts

Espiritu's campus is a prepared learning environment organized into small village schools. Each village school corresponds to the Traditional levels: Kindergarten through the Third Grade, Grades 4-6; Junior High (Grades 7-8) and College Prep (Grades 9-12). The classrooms are designed to give structure, organization, and order to the learning experience where the teacher, as the facilitator of the learning process, prepares an Individual Learning Plan for each student to complement his/her unique learning needs.

The Governing Board plays an active role in the evaluation of the curriculum and ensures that the curriculum is current and is linked to instructional needs. The Governing Board holds administrative officials and personnel responsible for adhering to the academic standards set by the Governing Board and continually establishes criteria for the evaluation of the curriculum and instructional programs to ensure that (i) the school is meeting state and national standards and requirements, as well as required testing, (ii) the curriculum and instructional programs are perpetually updated to

provide latest in instruction meet the stated objectives, and (iii) each student receives a lifetime professional success, ethical and moral embodiment.

INSTRUCTION:

The Governing Board believes that instructional goals provide the integrated framework for delivering the school curriculum as well as giving the students the knowledge and skills necessary to become productive members of the community. As such, the Governing Board has adopted the following guidelines for achieving instructional goals: (i) align instructional goals with learning standards for students; (ii) focus on the school's overall vision/mission for the operation and management of the school and its visibility and involvement in the community; and (iii) assure that each school achieves the academic requirements necessary for the school to make Adequate Yearly Progress (AYP) as defined in Arizona's plan for complying with the federal No Child Left Behind Act (NCLB).

In fulfilling the foregoing objectives, the Governing Board has implemented a strategic academic plan whereby it has formulated the following clear measurement tools that accurately identify the academic performance of all of its students:

- The overall percentage of students passing AIMS − 75%;
- The overall percentage of students in "Excelling" – 5%;
- The reduction of the overall percentage of students in "Falls Far Below" – 8%;
- The increase of the overall percentage of students who will improve their AIMS score even if they do not pass the exam – 75%;
- The increase the level of proficiency in ELL students in reading and writing skills – 10%;
- Reading and Math Points calculated for:
  - For each village
  - For each classroom within that village
  - For each student within that classroom
- An individual learning plan will be provided for each student;
- Develop and implement math and reading strategies based on student achievement data;
- Merge and integrate student data with the web-site
- Communicate with parents the following every quarter:
  - At <u>what level should</u> the student be, according to our standards?
  - At <u>what level is</u> the student according to our standards?
  - <u>What is the strategy</u> to continue to challenge the student to perform above level, or bring him or her to the desired performance?

These activities are performed in concert with the academic staff, parents and the community leadership.

Policies that Set Forth Fiscal Responsibility

The Governing Board expects that the administrative personnel will actively keep the Governing Board current on the budgeting and management decisions as they impact the academic curriculum and standards determined by the Governing Board. The Governing Board plays an active part in

monitoring the financial allocations to ensure that the academic goals and visions of the school are implemented in accordance with the Charter Contract and State and Federal guidelines.

The Governing Board, through the Independent Audit Committee, has adopted the following fiscal policies to ensure that corporate resources and funding are not being misused: (i) a financial management policy that includes requiring the administrative personnel to attend regular training sessions and educational seminars offered by supervising and regulatory agencies to ensure that complete, current, and accurate financial reports are being maintained; (ii) a reimbursement policy, including, without limitation, the reimbursement of travel and entertainment expenditures for the Governing Board; (iii) a whistle-blower policy whereby financial wrongdoing can be reported to the committee and responded to and/or corrected by the committee in a private, confidential environment; and (iv) a tax-exempt bond compliance policy and ensure that all actions taken by the Corporations are in compliance with such policy.

The Governing Board, through the oversight of the Independent Audit Committee, independently reviews the school's monthly balance sheet of assets and liabilities and monthly income expense sheet to ensure that internal financial reporting techniques are being strictly adhered to. In this capacity as well, the Independent Audit Committee is responsible for ensuring that such financial reports and statements are reviewed and audited on an annual basis by an independent accountant and for monitoring the internal operations of the school to avoid material findings of fact with respect to same. The Governing Board continues to retain Walker & Armstrong LLP, Certified Public Accountants and Advisors, as the accountant for the Corporation.

Policies that Impact the Health of the Organization as a Whole

The Governing Board has created and implemented the concept known as "*Spirit Centers*" for teachers, parents and students of the school in order to provide them with the additional resources, training and information needed to succeed. In general, each Spirit Center provides for frequent orientation classes and retreats in addition to training and information materials to familiarize the teachers, parents and students with the mission and direction of the school.

The Parent Spirit Center

The philosophy behind the Parent Spirit Center is simple – to create a place where parents are free and comfortable to drop by at any time and familiarize themselves with the academic curriculum promoted by the school and the Arizona Department of Education. A sample of the information that the parents will be provided with: (i) the level that their child should be performing at according to the Arizona State Education standards; (ii) the level that their child is performing at while enrolled at the school; and (iii) individualized techniques that assist the parent in bringing their child up to the desired performance level. State of the art technology at each Spirit Center, including, without limitation, access to the Internet, newsletters and videos, will give parents the much needed access to materials created by the Arizona State Education and the tools to effectively assess the performance level of their child in relation to other children in the community. The Parent Spirit Center will also provide orientation classes and retreats for parents in order to familiarize parents with the mission and vision of the school. The Governing Board hopes that each parent's involvement in the education that their child is receiving at the school will expand as a result of the resources provided to them at the Parent Spirit Center.

The Teacher/Staff Spirit Center

The Governing Board intends to utilize the Teacher/Staff Spirit Center as a centralized location where the teachers and staff can research academic resources for classroom materials. The same state of the art technology will allow teachers and staff to communicate and share information and resources with other State teachers and administrative staff creating a free flow of information. The Teacher/Staff Spirit Center will also provide orientation classes and retreats for the teachers and staff in order to familiarize the teachers and staff with the mission and vision of the school. Further, the Teacher/Staff Spirit Center will provide frequent educational training seminars to ensure that the teachers and staff stay current on the evolving academic curriculum and standards set by the Arizona Department of Education and the Governing Board.

The Student Spirit Center

The focus of the Student Spirit Center is the development of the mind and body of the individual student. The Student Spirit Center will provide a centralized location where clubs and organizations can meet during the lunch hour as well as after school, including the Servant Leadership Program which is designed to encourage students to be of service within their community by actively participating in local volunteer opportunities. Again, the state of the art technology will allow students to stay connected with the global community. The Student Spirit Center will also house a library and tutoring center for math, language and reading to provide students extended studying and tutoring hours in the foregoing focus areas.

AMENDED & RESTATED BYLAWS
OF
ESPIRITU COMMUNITY DEVELOPMENT CORPORATION
an Arizona Non-Profit Corporation

THESE BYLAWS ARE BEING AMENDED AND RESTATED IN ORDER TO CORRECT CERTAIN ERRORS CONTAINED IN THE BYLAWS DATED JANUARY 18, 1994.

ARTICLE I: NAME, PURPOSES AND DEDICATION

Section 1. **Name**. The name of this non-profit corporation shall be Espiritu Community Development Corporation (the "Corporation").

Section 2. **Purposes**. This Corporation is organized and shall be operated as a non-profit corporation under the laws of the State of Arizona, exclusively for charitable and educational purposes within the meaning of Section 501(c)(3) of the Internal Revenue Code, including, but not limited to, the operation of charter schools in the State of Arizona pursuant to A.R.S. §15-181.

Section 3. **Not For Profit Corporation; Nonpartisan Activities**. This Corporation has been formed under the Arizona Nonprofit Corporation Act for the purposes described above, and it shall be nonprofit and nonpartisan. The Corporation shall not directly or indirectly perform any act or transaction any business that would jeopardize its status as a public school in the State of Arizona or to jeopardize any tax-exempt status of the Corporation under the Arizona Nonprofit Corporation Act and any Internal Revenue laws, including, the tax-exempt status of a corporation under Section 501(c)(3) of the Internal Revenue Code and its regulations as any of those laws and regulations may exist or may hereafter be amended. No substantial part of the activities of the Corporation shall consist of the publication or dissemination of materials with the purpose of attempting to influence legislation, and the Corporation shall not participate or intervene in any political campaign on behalf of any candidate for public office or for or against any cause or measure being submitted to the people for a vote.

Section 4. **Dedication of Assets**. This Corporation's assets are irrevocably dedicated to charitable purposes. No part of the net earnings, properties, or assets of the Corporation, on dissolution or otherwise, shall inure to the benefit of any private person or individual, or to any Director or officer of the Corporation. On liquidation or dissolution, all properties and assets remaining after payment, or provision for payment, of all debts and liabilities of the Corporation shall be distributed to entities, trusts, funds, or corporations that are organized and operated exclusively for charitable purposes and that have established exempt status under Internal Revenue Code Section 501(c)(3).

Section 5. **Prohibition against Private Inurement and Excess Benefit**.

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

(2) No Director, officer, employee of the Corporation, member of a committee of the Corporation, or any other private individual shall 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 operating with similar purposes as the Corporation's purposes provided in the Articles of Incorporation.

Section 6. **Non-Discrimination Policy**. The Corporation, in its operation as a public charter school, that is non-sectarian and publicly funded, shall admit students of any gender, religion, race, color, national and ethnic origin to all the rights, privileges, programs, and activities generally accorded or made available to students at the charter school. Any charter school managed and/or operated by the Corporation shall not discriminate on the basis of gender, religion, race, color, national and ethnic origin in the charter school's administration of its educational policies, admissions policies, or charter school administered programs.

ARTICLE II: MEMBERS AND OFFICES

Section 1. **Members**. This Corporation shall not have members within the meaning of the Arizona Nonprofit Corporation Act.

Section 2. **Offices**. Offices may be established and maintained at such place or places in the State of Arizona as the Board of Directors may from time to time designate. The Board of Directors shall designate the location of the principal executive office of the Corporation.

ARTICLE III: DIRECTORS

Section 1. **Number of Directors**. The authorized number of Directors shall at all have not less than three (3) and not more than seven (7). The exact authorized number of Directors shall be determined from time to time by the Board of Directors of the Corporation. The initial authorized number of Directors shall be three (3).

Section 2. **Election of Directors**. The Directors of the Corporation shall elect the Directors of the Corporation. Each Director shall be elected to a term of one (1) year each and until a successor Director has been designated and qualified.

Section 3. **Duties and Qualifications; Conflict of Interest Policy**. The affairs of the Corporation shall be managed by a Board of Directors. The Board of Directors shall have the duty and power to control, manage and oversee all affairs of the Corporation, including, without limitation, (i) shall review and approve the Corporation's purpose statement; (ii) shall approve and oversee the Corporation's strategic plan and maintain strategic oversight of corporate operational matters; (iii) shall provide for an annual audit; (iv) shall adopt a financial management policy; (v) shall adopt a whistle-blower policy; (vi) shall adopt a document integrity, retention and destruction policy; (v) shall adopt and implement policy regarding tax exempt bond compliance; (vi) a reimbursement policy, including travel and entertainment expenditures; (vi) a gift acceptance policy; (vii) community benefit policy; (viii) charity care policy; (ix) a recruitment policy; (x) shall approve and adopt an annual budget; (xi) shall select, evaluate and determine the level of compensation for a Director and/or officer; (xii) ensure the inclusiveness and diversity of the Corporation; (xiii) shall approve all contracts and purchases; (xiv) shall provide for an annual audit; and (xv) shall direct and supervise all business necessary for the Corporation to carry out its objectives and purposes, including, when required, the ratification of acts to be carried out on behalf of a charter school being operated by the Corporation pursuant to Arizona Charter School Law, A.R.S. § 15-181, et seq.

In lieu of the adoption of any formal conflict of interest policy, the Board of Directors shall be bound by the provisions in this Article III, Section 3 and Article VI. No Director having a duality of interest or possible conflict of interest shall vote or use his/her personal influence on the issue being decided however, the Director may participate in the information gathering and answer appropriate questions related to the issue. The minutes of any meeting where a conflict is present should reflect: (a) that a disclosure of the conflict was made; (b) the Director with the conflict abstained from voting; and (c) any other relevant factors necessary. All Directors shall be informed and advised of the terms and conditions of this Article III, Section 3 an Article VI prior to entering or assuming the duties of his/her office. The Board shall be allowed to rely on statements and opinions of the Corporation's legal counsel, accountants, and other experts in making decisions related to the fairness or reasonableness of any transactions where duality of interests exist.

Section 4. **Compensation**. Subject to the terms and conditions of Article III, Section 5 below, the Corporation shall not pay any compensation to Directors for services rendered to the Corporation as Directors, except that Directors may be reimbursed for expenses incurred in the performance of their duties to the Corporation, in reasonable amounts as approved in advance by the Board.

Section 5. **Qualifications; Restriction on Interested Persons as Directors**.

Each member of the Board of Directors must: (a) be over the age of eighteen (18); (b) pass a background check as required by the Department of Education and any appropriate sponsoring board of the Corporation, which will include as a minimum, a fingerprint check showing that there exists no criminal records which could adversely affect the Corporation or its operation as a public school; and (c) establish that each Director possesses significant experience and qualifications to further the Board of Director's commitment to the educational and charitable purposes of the Corporation as set forth herein, including, without limitation, educational, business, managerial and fund-raising skills.

No more than sixty-seven percent (67%) of the persons serving on the Board of Directors may be "interested persons." For the purpose of this Article III, Section 5, an interested person is (a) any person compensated by the Corporation or a related organization for services rendered to it within the previous twelve (12) months or in excess of ten thousand and 00/100 dollars ($10,000.00), whether as a full-time or part-time employee, independent contractor, or otherwise, excluding any reasonable compensation paid to a Director as Director in accordance with these Bylaws; (b) any brother, sister, ancestor, descendant, spouse, brother-in-law, sister-in-law, son-in-law, daughter-in-law, mother-in-law, or father-in-law of such person; or (c) any person who received, directly or indirectly, a material financial benefit from the Corporation. However, any violation of this subsection shall not affect the validity or enforceability of transactions entered into by the Corporation.

Section 6. **Regular Meetings**. The Directors shall meet at least once in each fiscal year for the purpose of election of Directors, appointment of officers, review and approval of the corporate budget and transaction of other business and may hold such other meetings from time to time at such time and place fixed by the Board of Directors by resolution. An annual meeting of Directors shall be held on the first Friday of June of each year at 6:00 p.m., unless the Board fixes another date or time and so notifies the Directors as provided herein. If the scheduled date falls on a legal holiday, the meeting shall be held on the next full business day. At the meeting, officers shall be appointed and other proper business may be transacted. The call, notice, holding, and conduct of meetings of the Board of Directors shall be as set forth in accordance with Open Meeting Law, as the same may be amended from time to time.

Section 7. **Special Meetings**. Special meetings of the Board of Directors for any purpose may be called at any time by the Chairperson of the Board, or the President, or the Secretary, or any two (2) Directors in accordance with Open Meeting Law. Executive sessions may be called at any time for the purposes identified in A.R.S. Section 38-431.03 and shall be held in accordance with Open Meeting Law.

Section 8. **Notice of Meetings**.

(1) Except the time and place of a Regular Meeting is set by the Board of Directors by resolution in advance as permitted under Article III, Section 6, notice

of the time and place of all Regular and Special Meetings shall be given to each Director by one of the following methods: (a) personal delivery of written notice; (b) first-class mail, postage paid; or (c) facsimile, electronic mail ("e-mail") or other means of electronic transmission if the recipient has consented to accept notices in this manner. All such notices shall be given or sent to the Director's address, facsimile number or e-mail address as shown on the records of the Corporation. All notices shall be in compliance with Open Meeting Law.

(2) The Board of Directors shall file a statement with the Arizona Secretary of State and any other governmental or quasi-governmental agency setting forth where public notices of meetings shall be posted and shall give additional public notice as is reasonable and practicable as to all meetings.

(3) Notices sent by first-class mail shall be deposited into a United States mail box at least two (2) days before the time set for the meeting. Notices given by personal delivery, facsimile, or e-mail shall be delivered at least twenty-four (24) hours before the time set for said meeting, unless in the case of an actual emergency.

(4) The notice shall state the time and place for the meeting, except that if the meeting is scheduled to be held at the principal office of the Corporation, the notice shall be valid if no place is specified. The notice shall include an agenda of matters to be discussed or decided at the meeting, unless such meeting is called as an executive session or as otherwise provided in these Bylaws.

(5) Regular and Special Meetings of the Board of Directors may be held at any place within the State of Arizona that has been designated in the notice of the meeting, or, if not stated in the notice, or, if there is no notice, designated by resolution of the Board of Directors. If the place of a Regular or Special Meeting is not designated in the notice or fixed by a resolution of the Board of Directors, it shall be held at the principal office of the Corporation.

(6) The transactions of any meeting of the Board of Directors, however called and noticed or wherever held, shall be valid as though taken at a meeting duly held after regular call and notice if (a) a quorum is present, and (b) either before or after the meeting, each of the Directors who is not present at the meeting signs a written waiver of notice, a consent to holding the meeting, or an approval of the minutes. The waiver of notice or consent does not need to specify the purpose of the meeting. All waivers, consents, and approvals shall be filed with the corporate records or made a part of the minutes of the meeting. Also, notice of a meeting is not required to be given to any Director who attends the meeting without protesting before or at its commencement about the lack of adequate notice. Directors can protest the lack of notice only by presenting a written protest to the Secretary either in person, by first-class mail addressed to the Secretary at the principal office of the Corporation as contained in the records of the Corporation as of the date of the protest, or by facsimile addressed to the facsimile number of

the Corporation as contained in the records of the Corporation as of the date of the protest.

Section 9. **Quorum and Action of the Board**.

(1) A majority of the Directors then in office, but no fewer than two (2) Directors, shall constitute a quorum for the transaction of business. Each Director is entitled to one (1) vote.

(2) Every act taken or decision made by a vote of the majority of the Board of Directors present at a meeting duly held at which a quorum is present is the act of the Board, unless a greater number is expressly required by the Arizona Nonprofit Corporation Act, the Articles of Incorporation or these Bylaws. A meeting at which quorum is initially present may continue to transact business, notwithstanding the withdrawal of Directors from the meeting, if any action taken is approved by at least a majority of the required quorum for that meeting.

(3) The following actions shall require a vote by a majority of all Directors then in office to be effective: (a) approval of contracts or transactions in which a Director has a direct or indirect material financial interest as described in Section Article VI, provided that the vote of any interested Director(s) is not counted; (b) creation of, and appointment to, a committee established under Section Article III, Section 12; (c) removal of a Director without cause as described in Article III, Section 13; and (d) indemnification of Directors as described in Article V.

(4) All actions of the Board of Directors shall at all times comply with A.R.S. Sections 38-431 to 431.09 (the "Open Meeting Law"). In the event that an action is taken in violation of the Open Meeting Law, such action shall be null and void, unless such action has been ratified by the Board of Directors in accordance with A.R.S. Section 38-431.05.

Section 10. **Conduct of Meetings**. Meetings of the Board of Directors shall be presided over by the Chairperson, or if there is no Chairperson or the Chairperson is absent, the President or, in the absence of each of these persons, by a chairperson of the meeting chosen by a majority of the Directors present at the meeting. Meetings shall be governed by the rules of procedure as may be determined by the Board from time to time, insofar as such rules are not inconsistent with or in conflict with these Bylaws, with the Articles of Incorporation, or with any provision of law applicable to the Corporation.

Section 11. **Action without Meetings; Executive Session**. Any action that the Board of Directors is required or permitted to take may be taken without a meeting if all Directors consent in writing to the action and such meeting is held in accordance with Open Meeting Law; provided, however, that the consent of any Director who has a material financial interest in a transaction to which the Corporation is a party and who is an "interested director" as defined in A.R.S. Section 10-2006 and these Bylaws, shall not be required for approval of that transaction in

Section 12. **Creation and Powers of Committees**.

The Board of Directors, by resolution adopted by a majority of the Directors then in office, may create one or more committees, each consisting of two (2) or more Directors and no one who is not a Director, to serve at the pleasure of the Board of Directors. Appointments to committees of the Board shall be by majority vote of the Directors then in office. Any such committee shall have all the authority of the Board of Directors, to the extent provided in the Board of Directors resolution, except that no committee may do the following: (i) Fill vacancies on the Board of Directors or any committee of the Board; (ii) Fix compensation of the Directors for serving on the Board of Directors or on any committee; (iii) Amend or repeal bylaws or adopt new bylaws; (iv) Amend or repeal any resolution of the Board of Directors that by its express terms is not so amendable or repealable; (v) Create any other committees of the Board of Directors or appoint the members of committees of the Board; and (vi) Approve a transaction (a) between the Corporation and one or more of its Directors or (b) between the Corporation or any entity in which one or more of its Directors have a material financial interest.

Meetings and action of Committees shall be governed by, and held and taken in accordance with, the provisions of Article III concerning meetings of Directors, with such changes in the context of Article III as are necessary to substitute the Committee and its members for the Board of Directors and its members, except that the time for Regular Meetings of Committees may be determined by resolution of the Board of Directors, and Special Meetings of Committees may also be called by resolution of the Board of Directors. Minutes shall be kept of each meeting of any Committee and shall be filed with the corporate records. The Committee shall report to the Board of Directors from time to time as the Board of Directors may require. The Board of Directors may adopt rules for the governance of any Committee not inconsistent with the provisions by these Bylaws. In the absence of rules adopted by the Board of Directors, the Committee may adopt such rules.

The Board of Directors, by resolution adopted by a majority of the Directors then in office, shall create the following committees to serve at the pleasure of the Board of Directors:

(1) **Nominating Committee**. The nominating committee shall (i) secure candidates for officer positions and shall present a slate of qualified, acceptable candidates to the Board of Directors for approval, and (ii) establish and adopt a policy for nominating candidate and shall ensure that all activities are in compliance.

(2) **Finance and Independent Audit Committee**. The finance committee shall consist of disinterested persons, at least one (1) of whom is a financial expert and such committee shall (i) adopt a financial management policy and ensure that the Corporation keeps complete, current, and accurate financial reports, (ii) review the Corporation's financial activities, (iii) adopt a reimbursement policy, including, without limitation, the reimbursement of travel and entertainment expenditures, (iv) adopt a policy whereby financial wrongdoing can be reported to the committee and responded to and/or corrected by the committee; (vi) adopt e tax-exempt bond compliance policy and ensure that all actions taken by the Corporations are in compliance with such policy; and (v) shall ensure that the Corporation's financial statements are compiled and annually reviewed by an independent accountant and audited by an independent accountant and shall oversee such process.

(4) **Compensation Committee**. All members of the compensation committee shall be disinterested persons under these Bylaws. The compensation committee shall determine the amount and terms, if applicable, of the compensation to be paid to officers and administrative personnel. Any compensation approved by such committee shall be based on comparable data supporting the amount of compensation, which data shall be documented in the minutes of the committee meeting establishing same.

(5) **Corporate Compliance Committee**. The corporate compliance committee shall (i) ensure that the Corporation is in compliance with Open Meeting Law, (ii) ensure that the minutes of the meetings and actions taken by written action or by executive session are contemporaneously documented in the corporate records, (iii) ensure that the percentage of interested persons comprising the Board of Directors as set forth in these Bylaws is being adhered to, (iv) evaluate the effectiveness or the Board of Directors as a whole, (v) adopt a whistle-blower policy for handling complaints and for procedures or employees to report suspected fiscal impropriety, (vi) adopt a document integrity, retention and distribution policy, and (v) arrange and implement training sessions and seminars to be held, at a minimum, once per year, which shall be aimed at educating the Board of Directors on corporate issues such as compliance with Open Meeting Law and corporate governance issues.

(6) **Fundraising and Solicitation Committee**. The fundraising committee, at least one (1) member of which shall act as the liaison between the Corporation and community, shall The independent audit committee shall consist of disinterested persons, at least one (1) of whom is a financial expert shall (i) ensure that solicitation materials and other correspondence to prospective donors are accurate and truthful, (ii) ensure that contributions to the Corporation are being used in accordance with the donor's intent, (iii) ensure that donors are being provided with acknowledgement of charitable contributions in accordance with federal tax law, and (iv) adopt gift acceptance, community benefit and charity care policies to determine the situations in which an acceptance of a gift or donation would compromise the ethics, finances, or mission of the Corporation.

A majority of the Committee members shall constitute a quorum for the transaction of Committee business. Every act taken or decision made by a majority of the Committee members present at a meeting duly held at which a quorum is present shall be regarded as an act of the Committee, subject to the provisions of the Arizona Nonprofit Corporation Act relating to actions that require a majority vote of the entire Board of Directors. A meeting at which a quorum is initially present may continue to transact business, notwithstanding the withdrawal of Committee members, if any action taken is approved by at least a majority of the required quorum for that meeting.

The Board of Directors may, at any time, revoke or modify any or all of the authority that the Board of Directors has delegated to a Committee, increase or decrease (but not below two) the number of members of a Committee, and fill vacancies in a Committee from the members of the Board of Directors.

Section 13. **Vacancies**.

(1) **Events Causing Vacancy**. A vacancy or vacancies in the Board of Directors shall be deemed to exist on the occurrence of the following: (a) the death, resignation, or removal of any Director, (b) the declaration by resolution of the Board of Directors of a vacancy of the office of a Director who has been declared of unsound mind by an order of court or convicted of a felony or has been found by final order or judgment of any court to have breached a duty under A.R.S. Section 10-2006, and following of the Arizona Nonprofit Corporation Act, (c) the increase of the authorized number of Directors, or (d) the failure of the Board of Directors, at any meeting at which any Director or Directors are to be elected, to elect the full authorized number of Directors.

(2) **Resignations**. Except as provided in this subsection any Director may resign, which resignation shall be effective on giving written notice to the Chairman of the Board, the President, the Secretary, or the Board of Directors, unless the notice specifies a later time for the resignation to become effective. If the resignation of a Director is effective at a future time, the Board of Directors may appoint a successor to take office when the resignation becomes effective. No Director may resign when the Corporation would then be left without a duly appointed Director or Directors in charge of its affairs.

(3) **Vacancies Filled**. Any vacancy on the Board of Directors shall be filled by a Director appointed by the Board of Directors. If there is a vacancy on the Board of Directors, including, a vacancy created by the removal of a Director, the Board may fill such vacancy by electing an additional director as soon as practicable after the vacancy occurs. If the number of Directors then in office is less than quorum, additional directors may be elected to fill such vacancies by (a) the unanimous written consent of the Directors then in office, (b) the affirmative vote of a majority of the

(4) **No Vacancy on Reduction of Number of Directors**. No reduction of the authorized number of Directors shall have the effect of removing any Director before that Director's term of office expires.

(5) **Term**. Any Director or appointed officer shall hold office until the expiration of the term for which appointed and the appointment of his successor is appointed.

Section 14. **Delegation**.

The Board of Directors may delegate the management of the activities of the Corporation to any person or persons, management company or Committee however composed, provided that the activities and affairs of the Corporation shall be managed and all corporate powers be exercised under the ultimate direction of the Board of Directors.

ARTICLE IV: OFFICERS

Section 1. **Officers**. The officers of the Corporation shall consist of the President, Secretary, Treasurer, and any such other officers as the Board of Directors may appoint. A person may hold more than one of these offices at one time; provided, however, that the President and the Secretary or Treasurer may not be held by the same person. Officers may be elected for _____ (____) consecutive terms.

Section 2. **Appointment and Qualification**. The Board of Directors shall appoint all officers of the Corporation for terms of one (1) year, or until their successors are appointed and qualified.

Section 3. **Removal**. Subject to the rights, if any, of the officer under any contract of employment, any officer of the Corporation may be removed with or without cause by the Board of Directors at any time.

Section 4. **Resignation**. Any officer may resign at any time by giving written notice to the Corporation. Any such notice of resignation shall take effect at the date of the receipt of that notice or at any later time specified by that notice and unless otherwise specified in that notice, the acceptance of the resignation shall not be necessary to make it effective. Any resignation is without prejudice to the rights, if any, of the Corporation under any contract to which the officer is a party.

Section 5. **Vacancies**. A vacancy in any office because of death, resignation, removal, disqualification, or any other cause shall be filled in the manner prescribed in these Bylaws for regular appointments to that office, provided that such vacancies shall be filled as they occur and not on an annual basis. In the event of a vacancy in any office other than the President or one appointed in accordance with Article

Section 6. **President**. The President shall, if present, preside at all meetings of the Board of Directors and exercise and perform such other powers and duties as may be from time to time assigned to him by the Board of Directors or prescribed by the Bylaws. The President shall be an ex-officio member of all Committees, countersign all financial certificates, and enforce the Bylaws. The President shall serve a one-year term.

Section 7. **Treasurer**. The Treasurer shall send or cause to be given to the Directors such financial statements and reports as are required to be given by law, by these Bylaws, or by the Board. The books of account shall be open to inspection by any Director at all reasonable times. The Treasurer shall (a) deposit, or cause to be deposited, all money and other valuables in the name and to the credit of the Corporation with such depositories as the Board may designate; (b) disburse the Corporation's funds as the Board may order; (c) render to the President and the Board, when requested, an account of all transactions as Treasurer and of the financial condition of the Corporation; and (d) have such other powers and perform such other duties as the Board or the Bylaws may require.

Section 8. **Secretary**. The Secretary shall keep or cause to be kept, at the Corporation's principal office or such other place as the Board may direct, a book of minutes of all meetings, proceedings, and actions of the Board and of Committees of the Board. The minutes of meetings shall include the time and place that the meeting was held; whether the meeting was annual, regular, or special, and, if special, how authorized; the notice given; the names of persons present at Board and committee meetings. The Secretary shall keep or cause to be kept, at the principal office of the Corporation, a copy of the Articles of Incorporation and Bylaws, as amended to date. The Secretary shall give, or cause to be given, notice of all meetings of the Board, and of committees of the Board that these Bylaws require to be given. The Secretary shall keep the corporate seal, if any, in safe custody and shall have such other powers and perform such other duties as the Board or the Bylaws may require.

Section 9. **Compensation**.

(1) ***Salaries Fixed by Board***. The salaries of officers, if any, shall be fixed from time to time by resolution of the Board of Directors or by the person or Committee to whom the Board of Directors has delegated this function, and no officer shall be prevented from receiving such salary by reason of the fact that he or she is also a Director, provided, however, that such compensation paid a Director for serving as an officer shall only be allowed if permitted under the provisions of Article III, Section 4. In all cases, any salaries received by officers

shall be reasonable and given in return for services actually rendered for the Corporation which relate to the performance of the public benefit purposes of the Corporation. No salaried officer serving as a Director shall be permitted to vote on his or her own compensation as an officer.

(2) ***Fairness of Compensation***. The Board shall periodically review the fairness of compensation, including benefits, paid to the President (a) once the officer is hired, (b) upon any extension or renewal of the officer's term of employment, and (c) when the officer's compensation is modified (unless all employees are subject to the same general modification of compensation).

Section 10. **Special Corporate Acts.**

(1) All checks, drafts, notes, bonds, bills of exchange and orders for payment of money of the Corporation from its charter school operations shall be signed by the Treasurer or such other person or persons as the Board of Directors may from time to time designate.

(2) The Board may, in any instance, designate the officer and/or agent who shall have the authority to execute any contract, conveyance, mortgage or other instrument on the Corporation's behalf, or may ratify or confirm any such execution. When the execution of any instrument has been authorized without specifying the executing officers or agents, the President, the Secretary or the Treasurer may execute the same in the name and on behalf of the Corporation and may affix the corporate seal, if any, if necessary, thereto.

ARTICLE V: SECTION 1. INDEMNIFICATION OF DIRECTORS, OFFICERS, EMPLOYEES, AND OTHER AGENTS

Section 1. **Definitions**. For the purpose of this Article V,

"Agent" means any person who is or was a Director, officer, employee, or other agent of the Corporation, or is or was serving at the request of the Corporation as a Director, officer, employee, or agent of another foreign or domestic corporation, partnership, joint venture, trust, or other enterprise;

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

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

Section 2. **Successful Defense by Agent**. To the extent that an Agent of the Corporation has been successful on the merits in the defense of any Proceeding referred to in this

Section 3. **Actions Brought by Persons Other than the Corporation**. Subject to the required findings to be made pursuant to Article V, Section 5 below, the Corporation shall indemnify any person who was or is a party, or is threatened to be made a party, to any Proceedings other than an action brought by, or on behalf of, the Corporation, or by an officer, Director or person granted related status by the Attorney General, or by the Attorney General on the ground that the defendant Director was or is engaging in self dealing within the meaning of A.R.S. Section 10-2006, or by the Attorney General or a person granted related status by the Attorney General for any breach of duty relating to assets held in charitable trust, by reason of the fact that such person is or was an Agent of the Corporation, for all Expenses, judgments, fines, settlements, and other amounts actually and reasonably incurred in connection with the Proceeding.

Section 4. **Action Brought by or on behalf of the Corporation**.

(1) **Claims Settled Out of Court**. If any Agent settles or otherwise disposes of a threatened or pending action brought by or on behalf of the Corporation, with or without court approval, the Agent shall receive no indemnification for either amounts paid pursuant to the terms of the settlement or other disposition or for any Expenses incurred in defending against the Proceeding.

(2) **Claims and Suits Awarded Against Agent**. The Corporation shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending, or completed action brought by or on behalf of the Corporation by reason of the fact that the person is or was an Agent of the Corporation, for all Expenses actually and reasonably incurred in connection with the defense of that action, provided that both of the following are met:

(i) The determination of good faith conduct required by Section 5, below must be made in the manner provided for in that section; and

(ii) Upon application, the court in which the action was brought must determine that, in view of all of the circumstances of the case, the Agent should be entitled to indemnity for the Expenses incurred. If the Agent is found to be so entitled, the court shall determine the appropriate amount of Expenses to be reimbursed.

Section 5. **Determination of Agent's Good Faith Conduct**. The indemnification granted to an Agent in Sections 3 and 4 above is conditioned on the following:

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

(2) **Manner of Determination of Good Faith Conduct**. The determination that the Agent did act in a manner complying with subsection (1) above shall be made by:

(i) The Board of Directors by a majority vote of a quorum consisting of Directors who are not parties to the Proceeding; or

(ii) The court in which the Proceeding is or was pending. Such determination may be made on application brought by the Corporation or the Agent or the attorney or other person rendering a defense to the Agent, whether or not the application by the Agent, attorney, or other person is opposed by the Corporation.

Section 6. **Limitations**. No indemnification or advance shall be made under this Article, except as provided in Sections 2 or 5(b)(ii), in any circumstance when it appears:

(1) That the indemnification or advance would be inconsistent with a provision of the Articles of Incorporation, or an agreement in effect at the time of the accrual of the alleged cause of action asserted in the Proceeding in which the Expenses were incurred or other amounts were paid, which prohibits or otherwise limits indemnification; or

(2) That the indemnification would be inconsistent with any condition expressly imposed by a court in approving a settlement.

Section 7. **Advance of Expenses**. Expenses incurred in defending any Proceeding may be advanced by the Corporation before the final disposition of the Proceeding on receipt of an undertaking by or on behalf of the Agent to repay the amount of the advance unless it is determined ultimately that the Agent is entitled to be indemnified as authorized in this Article.

Section 8. **Contractual Rights of Non-Directors and Non-Officers**. Nothing contained in this Article V shall affect any right to indemnification to which persons other than Directors and officers of the Corporation may be entitled by contract or otherwise.

Section 9. **Insurance**. The Board of Directors may adopt a resolution authorizing the purchase and maintenance of insurance on behalf of any Agent of the Corporation against any liability asserted against or incurred by the Agent in such capacity or arising out of the Agent's status as such, whether or not the Corporation would have the power to indemnify the Agent against that liability under the provisions of this section.

ARTICLE VI: TRANSACTIONS BETWEEN CORPORATION AND DIRECTORS OR OFFICERS

Section 1. **Transactions with Directors and Officers**. Except as described in Article VI, Section 2, the Corporation shall not be a party to any transaction: (a) in which one or more of its Directors or officers has a material financial interest, or (b) with any corporation, firm, association, or other entity in which one or more Directors or officers has a material financial interest.

Section 2. **Requirements to Authorize Interested Party Transactions**. The Corporation shall not be a party to any transaction described in Article VI, Section 1 unless: (a) the Corporation enters into the transaction for its own benefit; (b) the transaction is fair and reasonable to the Corporation at the time the transaction is entered into; (c) prior to consummating the transaction or any part thereof, the Board of Directors authorizes or approves the transaction in good faith, by a vote of a majority of Directors then in office (without counting the vote of the interested Directors), and with knowledge of the material facts concerning the transaction and the interested Director's or officer's financial interest in the transaction; (d) prior to authorizing or approving the transaction, the Board of Directors considers and in good faith determines after reasonable investigation that the Corporation could not obtain a more advantageous arrangement with reasonable effort under the circumstances; and (e) the minutes of the Board of Directors meeting at which such action was taken reflect that the Board of Directors considered and made the findings described in subsections (a) through (d) of this Article VI, Section 2.

Section 3. **Material Financial Interest.** A Director or officer shall not be deemed to have a "material financial interest" in a transaction: (a) that fixes the compensation of a Director as a Director or officer; (b) if the contract or transaction is part of a public or charitable program of the Corporation and it (i) is approved or authorized by the Corporation in good faith and without unjustified favoritism, and (ii) results in a benefit to one or more Directors or their families only because they are in the class of persons intended to be benefited by the program; or (c) where the interested Director has no actual knowledge of the transaction and it does not exceed the lesser of one percent of the gross receipts of the corporation

Section 4. **Loans to Directors and Officers**. The Corporation shall not make any loan of money or property to or guarantee the obligation of any Director or officer, unless approved by the Attorney General; except that, however, the Corporation may advance money to a Director or officer for expenses reasonably anticipated to be incurred in the performance of duties of such Director or officer, if in the absence of such advance, such Director or officer would be entitled to be reimbursed for such expenses by the Corporation.

Section 5. **Interlocking Directorates**. No contract or other transaction between the Corporation and any corporation, firm or association of which one or more Directors are directors is either void or voidable because such Directors are present at the Board or Committee meeting that authorizes, approves or ratifies the contract or transaction, if (a) the material facts as to the transaction and as to such Director'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 Director(s) (subject to the quorum provisions of Article III, Section 9); or if (b) the contract or transaction is just and reasonable as to the Corporation at the time it is authorized, approved or ratified.

Section 6. **Duty of Loyalty; Construction with Article V**. Nothing in this Article VI shall be construed to derogate in any way from the absolute duty of loyalty that every Director and officer owes to the Corporation. Furthermore, nothing in this Article VI shall be construed to override or amend the provisions of Article V. All conflicts between the two articles shall be resolved in favor of Article V.

ARTICLE VII:FISCAL YEAR, FINANCIAL STATEMENTS AND REPORTS

Section 1. **Fiscal Year**. The fiscal year of the Corporation shall be July 1st to June 30th. The annual meeting of the Corporation shall be held at such time and place as the Directors shall decide each year at which time officers for the ensuring year shall be installed. If the meeting cannot be held on this date, the Directors shall call a Special Meeting in lieu of the Regular Meeting.

Section 2. **Financial Statements**.

(1) Financial statements shall be prepared as soon as reasonably practicable after the close of the fiscal year. The financial statements shall contain, but not be limited to, the following information in reasonable and appropriate detail:

(a) The assets and liabilities of the Corporation as of the end of the fiscal year;

(b) The principal changes in assets and liabilities during the fiscal year;

(c) The revenue or receipts of the Corporation, both unrestricted and restricted to particular purposes, for the fiscal year;

(d) The expenses or disbursements of the Corporation, for both general and restricted purposes during the fiscal year; and

(e) Any information required by A.R.S. Section 10-2006.

(2) Financial statements shall be prepared in accordance with generally accepted accounting principles. Such financial statements shall be accompanied by any report thereon of independent accountants, or, if there is no such report, the certificate of an authorized officer of the Corporation that such statements were prepared without audit from the books and records of the Corporation.

(3) A report including the financial statements prescribed above shall be furnished annually to all Directors of the Corporation.

Section 3. **Annual Statement of Certain Transactions and Indemnifications**.

As part of the annual report to all Directors, the Corporation shall, within one hundred twenty (120) days after the end of the Corporation's fiscal year or as reasonably practicable thereafter, annually prepare and furnish to each Director a statement of any transaction or indemnification of the following kind, if any:

(1) Any transaction (a) in which the Corporation, or its subsidiary, was a party, (b) in which an "interested person" had a direct or indirect material financial interest, and (c) which involved more than Fifty Thousand and 00/100 Dollars ($50,000.00) or was one of several transactions with the same interested person involving, in the aggregate, more than Fifty Thousand and 00/100 Dollars ($50,000.00). For this purpose, an "interested person" is any Director or officer of the Corporation, its subsidiary or affiliate (but mere common directorship shall not be considered such an interest).

(2) The statement shall include a brief description of the transaction, the names of interested persons involved, their relationship to the Corporation, the nature of their interest in the transaction and, if practicable, the amount of that interest, provided that if the transaction was with a partnership in which the interested person is a partner, only the interest of the partnership need be stated.

(3) Any indemnifications or advances aggregating more than Ten Thousand and 00/100 Dollars ($10,000.00) paid during the fiscal year to any officer or Director of the Corporation under Article V of these Bylaws.

Section 4. **Confidential.** Except as otherwise required by these Bylaws and Open Meeting Law or publicly disclosed, or in order to appropriately conduct the Corporation's business, the records and reports of the Corporation shall be held in confidence by those persons with access to them.

ARTICLE VIII: GIFTS, DONATIONS AND BEQUESTS

Section 1. **General**. Gifts, donations and bequests may be given directly to the Corporation with directions that the income therefrom shall be used to support the purposes of the Corporation. The 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 as dictated by these Bylaws. The Directors may also decline any gift, bequest or devise or any part thereof, which in their opinion will not be properly available for the Corporation or serve its purposes.

ARTICLE IX: BOOKS OF ACCOUNTS

Section 1. **Right to Inspect**. Every Director of the Corporation shall have the absolute right at any reasonable time to inspect the Corporation's books, records, documents of every kind, physical properties, and the records of each subsidiary. The inspection may be made in person or by the Director's agent or attorney. The right of inspection includes the right to copy and make extracts of documents.

Section 2. **Maintenance and Inspection of Articles and Bylaws.** This Corporation shall keep at its principal Arizona office the original or a copy of the Articles of Incorporation and Bylaws, as amended to the current date, which shall be open to inspection by the Directors at all reasonable times during office hours.

ARTICLE X:CONSTRUCTION AND DEFINITIONS

Section 1. **General**. Unless the context requires otherwise, the general provisions, rules of construction and definitions in the Arizona Nonprofit Corporation Act shall govern the construction of these Bylaws. Without limiting the generality of the above, the masculine gender includes the feminine and neuter, the singular number includes the plural, the plural number includes the singular, and the term "person" includes both the Corporation and a natural person.

ARTICLE XI:AMENDMENTS

Section 1. **General.** These Bylaws may be adopted, amended or repealed by the Board of Directors. Such power is subject to the following limitations: (a) where any provision of these Bylaws requires the vote of a larger proportion of the Directors than otherwise is required by law, such provision may not be altered, amended or repealed except by the vote if such greater number; (b) no amendment may extend the term of a Director beyond that for which such Director was elected; and (c) if Bylaws are adopted, amended or repealed at a meeting of the Board of Directors, such action is authorized only at a duly called and held meeting for which notice of such meeting, setting forth the proposed revisions with explanations therefore,

DATED as of this ___ day of _____, 2010.

DIRECTORS:

_____

_____

_____

CERTIFICATION OF ADOPTION OF BYLAWS:

I, _____, as Secretary of Espiritu Community Development Corporation, an Arizona non-profit corporation, hereby certify that the foregoing constitutes this Corporation's Bylaws as adopted and in full force and effect on _____, 2010.

OPEN MEETING LAW 101
Arizona's Open Meeting Law in a Nutshell

Information compiled by:
Liz Hill, Assistant Ombudsman – Public Access

Two core concepts

"All meetings of any public body shall be public meetings and all persons so desiring shall be permitted to attend and listen to the deliberations and proceedings." A.R.S § 38-431.01(A).

"It is the public policy of this state that meetings of public bodies be conducted openly and that notices and agendas be provided for such meetings which contain such information as is reasonable necessary to inform the public of the matters to be discussed or decided." A.R.S. § 38-431.09.

Why do we have an Open Meeting Law?

1. To protect the public.
   a. To avoid decision-making in secret.
   b. To promote accountability by encouraging public officials to act responsively and responsibly.
2. To protect public officials.
   a. To avoid being excluded (notice).
   b. To prepare and avoid being blind sided (agenda).
   c. To accurately memorialize what happened (minutes).
3. Maintain Integrity of government.
4. Better informed citizenry.
5. Build trust between government and citizenry.

What constitutes a meeting?

A meeting is a gathering, in person or through technological devices of a quorum of a public body at which they discuss, propose or take legal action, including deliberations. A.R.S. § 38-431(4). This includes telephone and e-mail communications.

Who must comply with Open Meeting Law?

Public bodies. "Public body" means the legislature, all boards and commissions of this state or political subdivisions, all multimember governing bodies of departments, agencies, institutions and instrumentalities of the state or political subdivisions, including without limitation all corporations and other instrumentalities whose boards of directors are appointed or elected by the state or political subdivision. Public body includes all quasi-judicial bodies and all standing, special or advisory committees or subcommittees of, or appointed by, the public body. A.R.S. § 38-431(6).

"Advisory committee" or "subcommittee" means any entity, however designated, that is officially established, on motion and order of a public body or by the presiding officer of the public body, and whose members have been appointed for the specific purpose of making a recommendation concerning a decision to be made or considered or a course of conduct to be taken or considered by the public body. A.R.S. § 38-431(1).

What is Required under the Open Meeting Law?

1. Notice

The open meeting law requires at least 24 hours notice to the members of the public body and the general public. A.R.S. § 38-431.02(C).

Notice must be posted in the public place identified in the disclosure statement and by giving additional notice as is reasonable and practicable. A.R.S. § 38-431.02(A).

2. Agenda

Agendas must contain information reasonably necessary to inform the public of the matters to be discussed or decided. A.R.S. § 38-431.09.

Agendas must be available at least 24 hours before the meeting. A.R.S. § 38- 431.02(G).

3. Public's Rights

The public has a right to:

- Attend
- Listen
- Tape record
- Videotape

Public has no right to:

Speak
Disrupt

4. Calls to the Public

An open call to the public is an agenda item that allows the public to address the public body on topics of concern within the public body's jurisdiction, even though the topic is not specifically included on the agenda. Ariz. Att'y Gen. Op. I99-006.

Although the Open Meeting Law permits the public to attend public meetings, it does not require public participation in the public body's discussions and deliberations and does not require a public body to include an open call to the public on the agenda. *See* Ariz. Att'y Gen. Op. No. I78-001.

An individual public officer may respond to criticism, ask staff to review an item or ask that an item be placed on a future agenda, but he or she may *not* dialogue with the presenter or collectively discuss, consider, or decide an item that is not listed on the agenda. A.R.S. § 38-431.01(H); Ariz. Att'y Gen. Op. I99-006. Note that individual

members of the public body may respond to criticism by individuals who addressed the public body during the call to the public, but the public body may not collectively discuss or take action on the complaint unless the matter is specifically listed on the agenda. A.R.S. § 38-431.01(H).

Public bodies may impose reasonable time, place, and manner restrictions on speakers. Restrictions must be narrowly tailored to affect a compelling state interest and may not be content based. Ariz. Att'y Gen. Op. I99-006.

A member of the public body may not knowingly direct a staff member to communicate in violation of the Open Meeting Law. A.R.S. 38-431.01(I).

In sum:

- *Calls to the public are permitted, but not required.*
- *Should be added as an agenda item.*
- *Public body may limit speaker's time.*
- *Public body may require speakers on the same side with no new comments to select spokesperson*
- *Public body may set ground rules:*
    - *civility*
    - *language*
    - *treat everyone the same*

5. Executive Sessions

Public bodies may hold private executive sessions under a few limited circumstances. In executive sessions, the public is not allowed to attend or listen to the discussions, and the public body is not permitted to take final action. A.R.S. § 38-431.03(D).

Members of the public body may not vote or take a poll in executive sessions. A.R.S. § 38-431.03(D).

There are seven authorized topics for executive sessions:

1. Personnel (must provide 24 hours written notice to employee).
2. Discussion or consideration of records exempt by law from public inspection.
3. Legal advice – with public body's own lawyer(s).
4. Discussion or consultation with public body's lawyer(s) to consider pending or contemplated litigation, settlement discussions, negotiated contracts.
5. Discuss and instruct its representative regarding labor negotiations.
6. Discuss international, interstate, and tribal negotiations.
7. Purchase, sale, or lease of real property.

<u>Notice and Agenda</u>: Agendas for executive sessions may describe the matters to be discussed more generally than agendas for public meetings in order to preserve confidentiality or to prevent compromising the attorney-client privilege. A.R.S. § 38-

431.02(I). Nonetheless, the agenda must provide more than a recital of the statute that authorizes the executive session.

6. Minutes (A.R.S. §§ 38-431.01(B), (C), (D) and -431.03(B))

Public bodies must take meeting minutes of all meetings, including executive sessions.

May be recorded or written, keeping in mind that permanent records must be on paper.

Public session meeting minutes must include:

- Date, time and place of meeting;
- Names of members of the public body present or absent;
- A general description of matters considered; and
- An accurate description of all legal actions proposed, discussed or taken, and the names of members who propose each motion. The minutes shall also include the names of the persons, as given, making statements or presenting material to the public body and a reference to the legal action about which they made statements or presented material.

Executive session minutes must include:

- Date, time and place of meeting;
- Names of members of the public body present or absent;
- A general description of matters considered;
- An accurate description of all instructions given; and
- Such other matters as may be deemed appropriate by the public body.

The minutes or a recording of the public session must be open for public inspection no later than three working days after the meeting, except as otherwise provided in the statute. A.R.S. § 38-431.01(D).

Cities and towns with a population of more than 2,500 persons must post approved city and town council minutes on its website within two working days following approval. A.R.S. § 38-431.01(E)(2).

Minutes of executive sessions must be kept confidential except from certain individuals. A.R.S. § 38-431.03(B).

How long meeting minutes are maintained is determined by the public body's record retention and destruction schedule authorized by Arizona State Library and Archives.

Persons in attendance may record any portion of a public meeting, as long as the recording does not actively interfere with the meeting. Acceptable recording equipment includes tape recorders, cameras, or other means of reproduction. A.R.S. § 38-431.01(F).

7. Where to turn for help

Self-help resources available:
The Arizona Ombudsman – Citizens' Aide handbook – The Arizona Open Meeting Law (available on line at www.azoca.gov under open meetings/publication)
The Arizona Ombudsman's website, www.azoca.gov
Arizona Agency Handbook, Chapter 7, www.azag.gov – Quick Links
Attorney General Opinions – www.azag.gov – Quick Links

Questions/File a complaint:
Arizona Ombudsman-Citizen's Aide (602) 277-7292

File a complaint/Enforcement authority
Attorney General's Open Meeting Law Enforcement Team (602) 542-5025
County Attorney's Office