

APPENDIX 4.4: BYLAWS

Chicago Preparatory Charter Middle School Bylaws – DRAFT

ARTICLE I **NAME AND CORPORATE PURPOSES**

SECTION A. GENERAL PURPOSES

The name of the organization shall be Chicago Preparatory Charter Middle School. The purposes for which Chicago Preparatory Charter Middle School, an Illinois nonprofit corporation (the “Corporation”), is organized are:

1. To operate exclusively for educational purposes within the meaning of Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (or the corresponding provision of any future United States Internal Revenue Law) (the “Code”); and
2. Subject to, and within the limits of the purpose set forth in paragraph 1 above, the Corporation’s purpose is also to prepare students in grades 5-8 to excel in and graduate from high school and college.

SECTION B. STATEMENT OF NONDISCRIMINATION

The Corporation shall not directly or indirectly discriminate against any person or organization because of race, color, gender, age, religion, disability, national origin, ancestry, marital status, sexual preference, parental status, military discharge status or source of income.

SECTION C. POWERS AND LIMITATIONS

1. The Corporation, being organized exclusively for charitable and educational purposes, may make distributions to organizations that qualify as exempt organizations under section 501(c)(3) of the Code.
2. No part of the net earnings of the Corporation shall inure to the benefit of, or be distributable to its directors, officers or other private persons, except that the Corporation shall be authorized and empowered to pay reasonable compensation for services rendered and to make payments and distributions in furtherance of the purposes set forth in Section A above, and no Director or officer of the Corporation or any private individual shall be entitled to share in any distribution of any of the assets of the Corporation upon its dissolution.
3. No substantial part of the activities of the Corporation shall consist of carrying on propaganda, or otherwise attempting to influence legislation except as may otherwise be permitted in accordance with an election pursuant to Section 501(h) of the Code; nor shall it in any manner or to any extent participate in or intervene in (including the publishing or distribution of statements) any political campaign on behalf of any candidate for public office; nor shall the Corporation engage in any activities that are unlawful under applicable federal, state or local laws.
4. Notwithstanding any other provision of these Bylaws, the Corporation shall not carry on any other activities not permitted to be carried on (1) by a corporation exempt from federal income tax under section 501 (c)(3) of the Code or (2) by a corporation, contributions to which are deductible under section 170 (c)(2) of the Code.

SECTION D. PRINCIPAL OFFICE

The Corporation shall continuously maintain in the State of Illinois a registered office and a registered agent whose office is identical with such registered office. The Corporation may have other offices within or without the state and need not be identical with the principal office in the State of Illinois. The address of the registered office and registered agent may be changed from time to time by the Board of Directors of the Corporation (the "Board"). The initial registered office of the Corporation shall be at 1441 West Cullerton Street, Chicago, Illinois 60608, and the name of the initial registered agent shall be Mary Griffin.

ARTICLE II **MEMBERSHIP**

There shall be no members of the Corporation, and the organization shall be governed by a self-perpetuating board of directors.

ARTICLE III **BOARD OF DIRECTORS**

SECTION A. GENERAL POWERS

The affairs and overall policy of the Corporation shall be administered by, and under the supervision of, the Board.

SECTION B. NUMBER AND TENURE

The number of members of the Board (the "Directors") shall initially be nine (9). The number of Directors may be fixed or changed from time to time, within a minimum of seven (7) and a maximum of eleven (11) by resolution of the Board without amendment to these Bylaws. The Executive Director of the Corporation, if one is elected or appointed by the Board, shall be an ex-officio non-voting member of the Board for purposes of notice and quorum but shall not be elected for a term as a Director and shall not count towards the minimum or maximum number of Directors for purposes of this Section B of Article III. The Board may, from time to time, by amendment of these Bylaws, change the minimum and maximum number of Directors, but in no case shall the minimum number of Directors be less than seven (7). Each Director shall hold office for a term of three (3) years unless the Board shall expressly resolve to elect a Director for a shorter term. Beginning after the date of the implementation of these bylaws, the first Board election shall provide for staggered terms of office so that, as nearly as practicable, one-third (1/3) of the Directors shall thereafter be elected at each annual meeting of the Board. Directors shall not be permitted to serve more than two (2) consecutive terms. Notwithstanding the foregoing, the initial members of the Board shall have terms fixed by resolution of the Board.

SECTION C. QUALIFICATIONS

Those who seek to be Directors of the Corporation must abide in all respects with the corporate policies set forth in these Bylaws and must characterize personal commitment to the values of the Corporation.

SECTION D. ELECTION

Directors shall be elected at the annual meeting of the Board. Directors shall be elected by a majority vote of the Directors present at such meeting, provided that there is a quorum present. Directors so elected shall serve a term beginning on the date of his or her appointment. Each Director shall hold office until the first of the following to occur: (i) his or her successor shall have been duly elected and shall have qualified; (ii) his or her death or disability; (iii) he or she shall resign in writing; or (iv) he or she shall have been removed in the manner hereinafter provided.

SECTION E. RESIGNATION AND REMOVAL

Any Director may resign at any time by giving written notice to the Chair of the Board. Such resignation, which may or may not be made contingent on formal acceptance, shall take effect on the date of receipt or at any later time specified therein; provided, however, that if such resignation would cause the number of Directors to be less than the minimum as provided in Section B of this Article III, such resignation shall not be effective until a successor Director is elected by the Board. Any member of the Board may be removed with or without cause at any time by resolution adopted by a majority of the Board.

SECTION F. VACANCIES

Notwithstanding Section D above, any vacancy occurring in the Board, including, without limitation, a vacancy by reason of an increase in the number of Directors and a vacancy as a result of the resignation or removal of a Director, shall be filled by the Board as soon as is practicable and shall require approval by a two-thirds (2/3) vote of the remaining Directors. A Director so elected to fill a vacancy shall be elected for the unexpired term of his or her predecessor in office. If a vacancy is filled pursuant to this Section and there is no applicable predecessor in office, then the new Director's term shall be concurrent with the term of the upcoming Board election conducted pursuant to Section D of this Article III.

SECTION G. DIRECTORS

Members of the Board of Directors:

- i. Shall receive no payment of honoraria, excepting reimbursement for expenses incurred in performance of voluntary Corporation activities in accordance with Corporation policies.
- ii. Shall serve the Corporation with the highest degree of undivided duty, loyalty, and care and shall undertake no enterprise to profit personally from their position with the Corporation.
- iii. All participants in Board work are bound by the Code of Conduct, Conflict of Interest and Confidentiality policy statements.
- iv. Shall have no direct or indirect financial interest in the assets or leases of the Corporation; any Director who individually or as part of a business or professional firm is involved in the business transactions or current professional services of the Corporation shall disclose this relationship and shall not participate in any vote taken with respect to such transactions or services.

ARTICLE IV **MEETINGS OF THE BOARD OF DIRECTORS**

SECTION A. PUBLIC MEETINGS AND NOTICE

The Board shall in all respects comply with Illinois' Open Meetings Act, 5 ILCS 120 et seq. (the "Open Meetings Act"), by making its meetings open to the public. Notice of regular meetings shall be made in accordance with the Open Meetings Act.

SECTION B. MANNER OF ACTING

Except as provided by applicable law, these Bylaws or the Articles of Incorporation of the Corporation (the "Articles"), any decision, action, approval or consent required or permitted to be taken by the Board of Directors may be taken by the Directors only (i) with approval by a majority of the votes by Directors present at a meeting at which a quorum is present, or (ii) by written consent in accordance with applicable law.

ARTICLE V **COMMITTEES**

SECTION A. COMMITTEES

The Board shall have power to appoint committees for the purpose of conducting certain aspects of the corporate business not otherwise delegated. Committees may not act on behalf of, and have no authority to bind, the Corporation. The designation of such committees shall not operate to relieve the Board, or any individual Director, of any responsibility imposed upon it, her or him by law. The Chair or the chairperson of any committee may create an ad hoc committee or sub-committee. The creation, purpose and membership of any such ad hoc committee or subcommittee shall be reported to the Board. Each committee may adopt rules for its own governance not inconsistent with these Bylaws or with rules adopted by the Board.

SECTION B. GOVERNANCE COMMITTEE

There shall be a standing nominating committee, known as the Governance Committee. The Governance Committee shall be composed of at least three (3) persons recommended by the Chair and elected by the Board of Directors at its annual meeting. Each Governance Committee member shall serve a term of two (2) years, and these terms shall be staggered to ensure continuity of committee membership. The Governance Committee shall elect its own chair. The duties of the Governance Committee shall be: (i) to study the qualifications of candidates and present a slate of the best qualified as nominees for the vacant Director positions on the Board; (ii) to present a slate of nominees for Officers to the Board for election at the annual meeting; (iii) to recommend candidates to the Board to fill vacancies that arise outside the regular nominating process; (iv) to provide ongoing orientation to Directors; (v) to oversee an annual Executive Director assessment process to ensure optimum performance; and (vi) to recommend the appointment of a past Chair to the Board, if necessary, in the interests of continuity.

ARTICLE VI **OFFICERS AND AGENTS**

SECTION A. OFFICERS

The officers of the Corporation shall consist of a Chair, a Vice Chair, an Executive Director, a Secretary and a Treasurer, and may also include such other officers as may be elected in accordance with the provisions of this Article, each of whom shall be elected by the Board. The Board of Directors may elect or appoint such other officers as it shall deem desirable, such officers to have the authority and perform the duties prescribed, from time to time, by the Board. The Executive Director will be an advisory, nonvoting member of the Board (*ex officio*).

SECTION B. CHAIR

The Chair shall convene, and preside at, regularly scheduled Board meetings, and shall arrange for other members of the Board to preside at each meeting. The Chair shall concentrate on the business affairs of the Corporation and bring to the attention of the Board any matter that she or he believes requires the attention or action of the Board. In general, the Board Chair shall perform such duties as from time to time may be prescribed by the Board or these Bylaws.

SECTION C. VICE CHAIR

During the absence or disability of the Chair, the Vice Chair shall exercise all of the functions of the Chair. The Vice Chair shall have such powers and discharge such duties as may be assigned to him or her from time to time by the Board.

SECTION D. EXECUTIVE DIRECTOR

The Executive Director shall have such powers and discharge such duties as may be assigned to him or her from time to time by the Board. The term of office of the Executive Director shall be such term as set by the Board. The annual salary paid to the Executive Director shall be determined by the Board.

SECTION E. SECRETARY

The Secretary shall: (a) be responsible for the keeping of the minutes of the Board and committee meetings in one or more books provided for that purpose and shall submit such minutes to the Board within thirty (30) days of such meeting; (b) see that all notices are duly given in accordance with the provisions of these Bylaws or as required by law; (c) be custodian of the corporate records, including, but not limited to, keeping a register of the post office address of each Director, which shall be furnished to the Secretary by each Director; (d) have the authority to certify the bylaws, resolutions of the Board of Directors and committees thereof, and other documents of the Corporation as true and correct copies thereof; and (e) in general, discharge all duties incident to the office of secretary and such other duties as from time to time may be assigned to him or her by the Chair or by the Board.

SECTION F. TREASURER

The Treasurer shall: (a) oversee that the Corporation maintain adequate financial books; (b) oversee the regular books of account of the Corporation, and make them available for inspection to the Directors; (c) render to the Board from time to time as may be required of him or her, an account of the financial condition of the Corporation; (d) oversee all funds and securities of the Corporation; (e) oversee that the Corporation deposit all such moneys in the name of the Corporation in such banks, trust companies or other depositories as shall be selected in accordance with the provisions of these Bylaws; and (g) in general, discharge all duties incident to the office of treasurer, and such other duties as may be assigned to him or her by the Chair or by the Board.

SECTION G. DELEGATION OF AUTHORITY

In the event that the office of the Chair becomes vacant, the Vice-Chair shall become Chair for the unexpired portion of the term or until the Chair is replaced. In the event that the office of Vice-Chair or Secretary or Treasurer becomes vacant, the Chair shall appoint interim Officers to fill such vacant offices until a scheduled meeting of the Board can be held. In case of the absence of any officer of the Corporation, or for any other reason that it may deem sufficient, the Board may either delegate the powers or duties of such officer to any Director or employee of the Corporation for a time specified by the Board, or may eliminate some or all of such powers or duties of such officer, provided a majority of the entire Board concurs therewith.

SECTION H. ELECTION AND TERM OF OFFICE

The Governance Committee shall present a slate of Officers to the Board of Directors. The nominated Officers shall be drawn from among the members of the Board of Directors. The election of Officers shall be held at the annual meeting of the Board. The Officers of the Corporation shall be elected by the Board for a term of one (1) year at a meeting of the Directors. If the election of officers shall not be held at such meeting, such election shall be held as soon thereafter as conveniently may be. Newly elected

Officers shall take office on July 1 following the close of the meeting at which they are elected. Each officer shall hold office until the first of the following to occur: (i) his or her successor shall have been duly elected and shall have qualified; (ii) his or her death or disability (iii) he or she shall resign in writing; or (iv) he or she shall have been removed in the manner hereinafter provided. Election or appointment of an Officer or agent shall not in itself create contract rights.

SECTION I. REMOVAL

Any Officer or agent may be removed by the Board whenever, in its judgment, the best interest of the Corporation would be served thereby, but such removal shall be without prejudice to the contract rights, if any, of the person so removed.

SECTION J. VACANCIES

A vacancy in any office because of death, resignation, removal, disqualification or otherwise may be filled by the Board for the unexpired portion of the term.

ARTICLE VII **ADVISORY COUNCILS OR BOARDS**

The Board may, from time to time, appoint advisory boards or special councils for specific purposes that do not require corporate action. The composition of such advisory groups may include persons with professional skills or special experience necessary to advise and inform the Board. Such advisory groups shall not have the authority to commit the Corporation to any legal contracts or agreements whether or not related to the business of the Corporation. The Board shall not lend “apparent authority” to such advisory groups, and all related corporate resolutions shall expressly limit the group’s authority in this respect.

ARTICLE VIII **FINANCIAL POLICIES**

SECTION A. FISCAL YEAR

The fiscal year of the Corporation shall be from July 1st to June 30th.

SECTION B. SALE OF ASSETS

A sale, lease, exchange, mortgage, pledge or other disposition of property or assets of the Corporation outside the normal course of business may be made by the Board upon such terms and conditions and for such consideration, which may consist in whole or in part of cash or property, real or personal, as may be authorized by the Board; provided, however, that a sale, lease, exchange or other disposition of all or substantially all the property and assets of the Corporation shall be authorized only upon receiving the affirmative vote of three-fourths (3/4) of the Directors then in office.

SECTION C. CONTRACTS

The Board may authorize any officer or officers, agent or agents, in addition to the officers so authorized by these Bylaws, to enter into any contracts or execute and deliver any instrument in the name of, and on behalf of, the Corporation, and such authority may be general or confined to specific instances.

SECTION D. LOANS

No loans shall be contracted on behalf of the Corporation and no evidence of indebtedness shall be issued in its name unless authorized by a resolution of the Board. Such authority may be general or confined to specific instances.

SECTION E. CHECKS, DRAFTS, ETC.

All checks, wire transfers, drafts or other orders for the payment of money, notes or other evidence of indebtedness issued in the name of the Corporation, shall be signed by such Officer or Officers, agent or agents of the Corporation and in such manner as shall from time to time be determined by resolution of the Board. The Executive Director is authorized to negotiate contracts for the purchase of goods or services in furtherance of the corporate objectives. Items exceeding \$10,000 shall require the signature of the Treasurer in addition to the signature of the Executive Director.

SECTION F. DEPOSITS

The Board of Directors may designate such fiscal agents, investment advisors and custodians to direct the management of the Corporation's assets. The Board of Directors may at any time, with or without cause, discontinue the use of the services of any such fiscal agent, investment advisor or custodian.

SECTION G. GIFTS

The Board or the Chair 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.

ARTICLE IX INDEMNIFICATION OF DIRECTORS AND OFFICERS

The Corporation shall, to the fullest extent now or hereafter permitted by law, indemnify any person (and/or such person's estate) made, or threatened to be made, a party to any action or proceeding by reason of the fact that such person was an associate, director, officer or other agent of the Corporation, or of any other organization served by him or her in any capacity at the request of the Corporation, against judgments, fines, amounts paid in settlement and reasonable expenses, including attorneys' fees. The Corporation shall purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of the Corporation, or who is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against any liability asserted against such person and incurred by such person in any such capacity, or arising out of his or her status as such, whether or not the Corporation would have the power to indemnify such person against such liability under the provisions of this Article.

ARTICLE X MISCELLANEOUS

SECTION A. TAX-EXEMPT ORGANIZATION

The Corporation shall function as an organization qualifying under Section 501(c)(3) of the Code.

SECTION B. NOT FOR PROFIT CORPORATION

The Corporation shall have all of the general powers set forth in the provisions of the Illinois General Not For Profit Corporation Act of 1986, as amended, together with the power to solicit and receive grants, contributions and bequests for any corporate purpose and the power to maintain a fund or funds of real or personal property for any corporate purposes, provided, however, that the Corporation shall not

have the power to engage in any activities which are not in furtherance of its purposes as set forth in Article I. The Corporation shall have the right to exercise such other powers as now are, or hereafter may be, conferred by law upon a corporation organized for the purposes hereinabove set forth or necessary or incidental to the powers so conferred, or conducive to the furtherance thereof.

SECTION C. GENERAL LIMITATIONS

The Corporation shall neither have nor exercise any power, nor shall it directly or indirectly engage in any activity, that would (a) prevent it from obtaining an exemption from Federal income taxation as a corporation described in Section 501(c)(3) of the Code, or (b) cause it to lose such exempt status. The Corporation shall not be operated for the purpose of carrying on a trade or business for profit.

SECTION D. PRIVATE FOUNDATION

If for any period the Corporation is a private foundation as defined in Section 509 of the Code, then during such period, the Corporation shall be subject to the following restrictions and prohibitions:

- a. The Corporation shall not engage in any act of self-dealing as defined in Section 4941(d) of the Code.
- b. The Corporation shall distribute its income for each taxable year at such time and in such manner as not to become subject to the tax on undistributed income imposed by Section 4942 of the Code.
- c. The Corporation shall not retain any excess business holdings as defined in Section 4943(c) of the Code.
- d. The Corporation shall not make any investments in such manner as to subject it to tax under Section 4944 of the Code.
- e. The Corporation shall not make any taxable expenditures as defined in Section 4945(d) of the Code.

SECTION E. DISSOLUTION

Upon the dissolution of the Corporation and after paying or making provisions for the payment of all liabilities and obligations of the Corporation, the Board of Directors shall, pursuant to a plan of dissolution, distribute the Corporation's assets to such organization or organizations organized and operated exclusively for charitable, educational, religious, or scientific purposes, as shall at such time qualify as exempt organization(s) under Section 501(c)(1) or Section 501(c)(3) of the Code, as the Board of Directors shall determine.

SECTION F. EFFECT

The provisions of this Article shall be effective at all times, and notwithstanding merger, consolidation, reorganization, termination, dissolution or winding up of the Corporation, voluntarily or involuntarily, or by operation of law or any other provision hereof.

SECTION G. AMENDMENTS

The Articles and these Bylaws may be altered, amended or repealed, and new articles of incorporation and bylaws may be adopted by a two-thirds (2/3) majority of the Directors present at any regular meeting or any special meeting called for that purpose. Notice of the proposed amendment (including the suggested text of the change) shall be given in writing to all Directors at least fifteen (15) days before the meeting at which the vote thereon is to be taken, and shall identify the persons proposing the amendment.

SECTION H. SEVERABILITY

The invalidity or unenforceability of any provision in these Bylaws shall not affect the validity or enforceability of the remaining provisions.

SECTION I. DIRECTOR CONFLICT OF INTEREST

Directors should scrupulously avoid transactions in which the Director has a personal or material financial interest, or with entities of which the Director is an officer, director or general partner. Therefore, the policy of the Corporation concerning conflict of interest and matters involved with compensation of employees has been set forth and attached hereto as Addendum A to these Bylaws.

SECTION J. BOOKS AND RECORDS

The Corporation, at its offices, shall keep correct and complete books and records of account and shall also keep minutes of the proceedings of its Board and committees, and shall keep a record of the names and addresses of all Board and committee members. All books and records of the Corporation may be inspected by a Director, or his or her agent or attorney at any reasonable time.