

CHARTER DAY SCHOOL, INC.

a Public Charter School
organized under Chapter 55A of the
General Statutes of North Carolina

BY-LAWS

Article I. ARTICLES OF INCORPORATION

The name, location of principal office, and purposes of the Charter Day School, Inc. (the "Corporation") shall be as set forth in the Articles of Incorporation. These By-Laws, the powers of the Corporation and of its Trustees and Officers, and all matters concerning the conduct and regulation of the business of the Corporation, shall be subject to such provisions in regard thereto, if any, as are set forth in the Articles of Incorporation, and the Articles of Incorporation are hereby made a part of these By-Laws. All references in these By-Laws to the Articles of Incorporation shall be construed to mean the Articles of Incorporation of the Corporation as from time to time amended.

Article II. MEMBERSHIP

The Corporation shall have no members. The Board of Trustees shall take any and all actions and votes required or permitted to be taken by Members under Chapter 55A of the General Statutes of North Carolina. Any such action or vote so taken shall be taken by action or vote of the same percentage or number of Trustees of the Corporation as would be required of Members so acting or voting. References to Members in these By-Laws shall refer to the Board of Trustees so acting or voting.

Article III. SPONSORS, BENEFACTORS, CONTRIBUTORS, ADVISERS FRIENDS OF THE CORPORATION

The Trustees may designate certain persons or groups of persons as sponsors, benefactors, contributors, advisers or friends of the Corporation or such other title as they deem appropriate. Such persons shall serve in an honorary capacity and, except as the Trustees shall otherwise designate, shall in such capacity have no right to notice of or to vote at any meeting, shall not be considered for purposes of establishing a quorum, and shall have no other rights or responsibilities.

Article IV. BOARD OF TRUSTEES

Section 4.01 *Number and Election of Trustees.*

The Board of Trustees shall consist of not less than three Trustees. Trustees shall be elected at the annual meeting of the Trustees and each Trustee shall serve until the next

succeeding annual meeting of the Trustees or special meeting in lieu thereof, and until his/her successor is duly elected, or until he/she sooner dies, resigns or is removed.

Section 4.02 Vacancies.

Vacancies created by the death, removal or resignation of one or more Trustees, or otherwise, may be filled by the affirmative vote of a majority of the Trustees remaining in office, even if a quorum is not present when such a vote is taken.

Section 4.03 Powers.

The management of the affairs of the Corporation shall be vested in and exercised by the Board of Trustees, who shall pursue such policies and principles as shall be in accordance with law, the provisions of the Articles of Incorporation and these By-Laws. The Board of Trustees shall be considered as having the powers of a Board of Directors and shall be deemed to be acting as the Board of Directors for all purposes of Chapter 55A of the General Statutes of North Carolina. To the extent permitted by law, the Board of Trustees may, by general resolution, delegate to officers of the Corporation such powers as they may see fit.

Section 4.04 Compensation and Expenses.

The Board of Trustees may receive reasonable compensation for its services as such, and the Board of Trustees shall have the power and authority, in its exclusive discretion, to contract for and to pay Trustees compensation for unusual or special services rendered to the Corporation, provided, that any such compensation shall be reasonable and appropriate to the value of the services rendered by the Trustees.

Section 4.05 Resignation of Trustees.

Any Trustee may resign from the Corporation by delivering a written resignation to the Board of Trustees, its presiding officer or to the Corporation.

Section 4.06 Removals.

The Board of Trustees may, by affirmative vote of a majority of the Trustees in office, remove any Trustee from office with or without cause.

Section 4.07 Meetings of the Board of Trustees.

An annual meeting of the Board of Trustees to re-elect Trustees and to elect the President, Secretary, Treasurer and other officers shall be held each year by the second Friday in June, provided that any such annual meeting must comply with all applicable laws requiring such meetings to be announced or open to the public. If an annual meeting is not held, the President or any Trustee shall call a special meeting of the Board of Trustees for such purpose.

Regular meetings of the Board of Trustees may be held at such places and at such times as the Board may from time to time determine, provided that any such regular meeting must comply with all applicable laws requiring such meetings to be announced or open to the public. The Board of Trustees shall hold at least six regular meetings each year.

Special meetings of the Board of Trustees may be held at any time and at any place when called by the President, or one or more Trustees, upon reasonable notice, stating the time and place of said meeting, given to each Trustee by the Secretary or, in the case of the death, absence, incapacity or refusal of the Secretary, by the officer or Trustee(s) calling the meeting, or at any time, provided all the Trustees are present or waive notice thereof before or after the meeting by a writing which is filed with the records of the meeting. Notice to a Trustee of any meeting shall be deemed to be sufficient if sent by mail at least three (3) days prior to such meeting, addressed to him/her at his/her usual or last known business or residence address, or by facsimile or telegram at least twenty-four hours before the meeting, or if given in person, either by telephone or by handing him a written notice at least twenty-four hours before the meeting. Notwithstanding anything to the contrary, any special meeting must comply with all applicable laws requiring such meetings to be announced or open to the public.

The Board of Trustees may permit any or all directors to participate in an annual, regular or special meeting by, or conduct such meeting through the use of, any means of communication by which all directors participating may simultaneously hear each other during the meeting. A director participating in a meeting by this means is deemed to be present in person at the meeting.

Section 4.08 Quorum.

A majority of the Trustees in office shall constitute a quorum. When a quorum is present at any such meeting, the vote of a majority of the Trustees present shall be necessary and sufficient for election to any office or for a decision on any matter, except as otherwise required by law, by the Articles of Incorporation, or by these By-Laws. Whether or not a quorum is present, any meeting may be adjourned from time to time by a majority of the votes cast upon the question, without notice other than by announcement at the meeting, and without further notice to any absent Trustee. At any adjourned meeting at which a quorum shall be present, any business may be transacted which might have been transacted at the meeting as originally called.

Section 4.09 Committees of Trustees.

The Board of Trustees, by vote of a majority of the Trustees then in office, may at any time appoint such committees of the Board of Trustees as are deemed desirable, including an executive committee and/or one or more other committees, provided that at least two (2) Trustees sit on each committee. The Board of Trustees may from time to time designate or alter, within the limits permitted by this Section, the duties and powers of such committees or change their membership, and may at any time abolish such committees or any of them.

Any committee shall be vested with such powers of the Board of Trustees as the Board may determine in the vote establishing such committee or in a subsequent vote of a

majority of Trustees then in office, provided, however, that no such committee shall have any power prohibited by law or the Articles of Incorporation, or the power to:

authorize distributions;

to approve dissolution, merger or the sale, pledge or transfer of all or substantially all the Corporation's assets;

to elect, appoint or remove Trustees or fill vacancies on the Board of Trustees or any of its committees; or

to adopt, amend or repeal the Articles of Incorporation or these By-Laws;

and provided further, that the fact that a particular power appears in the foregoing enumeration of powers denied to committees of the Board of Trustees shall not be construed to over-ride by implication any other provision of the Articles of Incorporation or these By-Laws, limiting or denying to the Board of Trustees the right to exercise such power.

Each member of a committee shall hold office until the next annual meeting of the Board of Trustees (or until such other time as the Board of Trustees may determine, either in the vote establishing the committee or at the election of such member) and until his/her successor is elected and qualified, or until he sooner dies, resigns, is removed, or is replaced by change of membership, or until the committee is sooner abolished by the Board of Trustees.

A majority of the members of any committee, but not fewer than two, shall constitute a quorum for the transaction of business, but any meeting may be adjourned from time to time by a majority of the votes cast upon the question, whether or not a quorum is present, and the meeting may be held as adjourned without further notice. Each committee may make rules not inconsistent herewith for the holding and conduct of its meetings, but unless otherwise provided in such rules its meetings shall be held and conducted in the same manner, as nearly as may be, as is provided in these By-Laws for meetings of the Board of Trustees. The Board of Trustees shall have the power to rescind any vote or resolution of any committee; provided, however, that no rights of third parties shall be impaired by such rescission.

Article V. OFFICERS

Section 5.01 Officers.

The officers of the Corporation shall be a President, a Treasurer, a Secretary, a Chairman of the Board and such other officers as the Board of Trustees may, in its discretion, elect or appoint. The Corporation may also have such agents, if any, as the Board of Trustees may, in its discretion, appoint. The President need not be a Trustee. So far as is permitted by law, any two or more offices may be held by the same person.

Subject to law, to the Articles of Incorporation, and the other provisions of these By-Laws, each officer shall have, in addition to the duties and powers herein set forth, such duties and powers as the Board of Trustees may from time to time designate.

The President, the Treasurer, and the Secretary shall be elected by the Board of Trustees at its annual meeting, by vote of a majority of the full Board of Trustees for a term not exceeding three (3) years. Such other offices of the Corporation as may be created in accordance with these By-Laws may be filled at such meeting by vote of a majority of the full Board of Trustees, or at any other time, by vote of a majority of the Trustees then in office.

Each officer shall hold office until the next annual meeting of the Board of Trustees or until his successor is elected or appointed, or until he/she sooner dies, resigns, is removed, or becomes disqualified. Each agent shall retain his/her authority at the pleasure of the Board of Trustees.

Any officer, employee, or agent of the Corporation may be required, as and if determined by the Board of Trustees, to give bond for the faithful performance of his/her duties.

Section 5.02 *President.*

The President shall be the chief executive officer of the Corporation and shall have general charge and supervision of the business, property and affairs of the Corporation unless otherwise provided by law, the Articles of Incorporation, the By-Laws, or by specific vote of the Board of Trustees. The President shall preside at all meetings of the Board of Trustees at which he/she is present except as otherwise voted by the Board of Trustees.

Section 5.03 *Secretary.*

The Secretary shall record all proceedings of the Trustees in books to be kept therefor, and shall have custody of the Corporation's records, documents and valuable papers in the absence of the Secretary from any such meeting, the Secretary, if any, may act as temporary Secretary, and shall record the proceedings thereof in the aforesaid books, or a temporary Secretary may be chosen by vote of the meeting.

Unless the Board of Trustees shall otherwise designate, the Secretary shall have custody of the corporate seal and be responsible for affixing it to such documents as may required to be sealed.

The Secretary shall attend all meetings of the Board of Trustees and shall record the proceedings thereat in books provided for that purpose which shall be open during business hours to the inspection of any Trustee. He/She shall notify the Trustees of the meetings in accordance with these By-Laws and shall have and may exercise such other powers and duties as the Board of Trustees may prescribe. In the absence of the Secretary at a meeting of the Board of Trustees, a temporary Secretary shall be chosen.

The Secretary shall have such other duties and powers as are commonly incident to the office of a corporate Secretary, and such other duties and powers as may be prescribed from time to time by the Board of Trustees or by the President.

Section 5.04 Treasurer.

The Treasurer shall be the chief financial officer of the Corporation and shall be in charge of its funds and the disbursements thereof, subject to the President and the Board of Trustees, and shall have such duties and powers as are commonly incident to the office of a corporate treasurer and such other duties and powers as may be prescribed from time to time by the Board of Trustees or by the President. The Treasurer shall be responsible to and shall report to the Board of Trustees, but in the ordinary conduct of the Corporation's business, shall be under supervision of the President.

Section 5.05 Resignations.

Any officer of the Corporation may resign at any time by giving written notice to the Corporation by delivery thereof to the President, the Secretary, or to a meeting of the Board of Trustees.

Section 5.06 Removals.

The Board of Trustees may, by affirmative vote of a majority of the Trustees in office, remove from office the President, the Secretary, the Treasurer or any other officer or agent of the Corporation whenever, in their judgment, the best interest of the Corporation will be served thereby, with or without cause, without prejudice to the contract rights, if any, of the individuals so being removed. Any officer may be removed for cause only after reasonable notice and opportunity to be heard.

Section 5.07 Vacancies.

If the office of any member of any committee or any other office becomes vacant, the Board of Trustees may elect or appoint a successor or successors by vote of a majority of the Trustees then in office. Each successor as an officer shall hold office for the unexpired term and until his/her successor shall be elected or appointed and qualified, or until he/she sooner dies, resigns, is removed or becomes disqualified.

Section 5.08 Compensation.

Officers may receive reasonable compensation for their services as such, and the Board of Trustees shall have the power and authority, in its exclusive discretion, to contract for and to pay officers compensation for unusual or special services rendered to the Corporation; provided, that any such compensation shall be reasonable and appropriate to the value of the services rendered by the officers.

**Article VI. INDEMNIFICATION OF TRUSTEES, OFFICERS
EMPLOYEES OR OTHERS**

Section 6.01

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, suit or proceeding, whether

civil, criminal, administrative or investigative (other than an action by or in the right of the Corporation) by reason of the fact that he/she is or was a trustee, officer, employee or agent of the Corporation, or is or was serving at the request of the Corporation as a Trustee, officer, trustee, employee, or agent of another corporation, partnership, joint venture, trust or other enterprise in which this Corporation directly or indirectly owns shares or of which it is a creditor, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him/her in connection with such action, suit or proceeding if he/she acted in good faith and (a) in a manner he/she reasonably believed (i) in the case of conduct in his/her official capacity, to be in the best interests of the Corporation, and, (ii) in all other cases, at least not opposed to its best interests, and (b) with respect to any criminal action or proceeding, had no reasonable cause to believe his/her conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction or upon a plea of no contest or its equivalent, shall not, of itself, be determinative that the person did not meet the standard of conduct described in this section.

Section 6.02

The Corporation shall not indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the Corporation to procure a judgment in its favor by reason of the fact that he/she is or was a trustee, officer, employee or agent of the Corporation, or is or was serving at the request of the Corporation as a director, officer, trustee, employee, or agent of another corporation, partnership, joint venture, trust or other enterprise in which this Corporation directly or indirectly owns shares or of which it is a creditor, against expenses, including attorneys' fees, judgments and fines and, except as hereafter set forth, amounts paid in settlement of such action or suit, if he/she failed to act in good faith and in a manner he/she reasonably believed to be in or not opposed to the best interests of the Corporation, except that if a proceeding by or in the right of the Corporation is concluded without a final adjudication on the issue of liability, indemnity is limited to reasonable expenses incurred in conjunction with the proceeding, and except that no indemnification may be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable to the Corporation; or in connection with any other proceeding charging improper personal benefit to such person, whether or not involving action in his/her official capacity in which such person was adjudged to be liable to the corporation.

Section 6.03

To the extent that a trustee, officer, employee or agent of the Corporation has been successful on the merits or otherwise in defense of any action, suit or proceeding referred to in paragraphs (1) and (2), or in defense of any claim, issue or matter therein, he/she shall be indemnified against expenses (including attorneys' fees) actually and reasonably incurred by him/her in connection therewith.

Section 6.04

Any indemnification under paragraphs (1) and (2) (unless ordered by a court) shall be made by the Corporation only as authorized in the specific case upon a determination that indemnification of the trustee, officer, employee or agent is proper in the circumstances because he/she has met the applicable standard of conduct set forth in paragraphs (1) and (2). Such determination shall be made (i) by the Board of Trustees by a majority vote of a quorum consisting of Trustees who were not parties to such action, suit or proceeding, or (ii) if such quorum is not obtainable, by a majority of a committee of the Board of Trustees designated to act in the matter by a majority vote of all Trustees, consisting solely of two or more Trustees who at the time of the vote are not named defendants or, (iii) by special legal counsel selected by the Board of Trustees or its committee in the manner prescribed in subsections (i) and (ii) of this Section 4, or if a quorum of the board cannot be obtained under subsection (i) and a committee cannot be designated under subsection (ii), selected by a majority vote of the full board.

Section 6.05

Expenses incurred in defending an action or suit may be paid by the Corporation in advance of the final disposition of such action or suit as authorized by the Board of Trustees in a specific case upon receipt of an undertaking by or on behalf of the trustee, officer, employee or agent to repay such amount unless it shall ultimately be determined that he/she is entitled to be indemnified by the Corporation as authorized in this Article VI.

Section 6.06

The indemnification provided by this Article VI shall not be deemed exclusive of any other rights to which those seeking indemnification may be entitled under any statute, agreement, vote of members or disinterested Trustees or otherwise, both as to action in his official capacity and as to action in another capacity while holding such office, and shall continue as to a person who has ceased to be a trustee, officer, employee or agent and shall inure to the benefit of the heirs, executors and administrators of such a person.

Section 6.07

The Corporation may purchase and maintain insurance on behalf of any person who is or was a trustee, officer, employee or agent of the Corporation, or is or was serving at the request of the Corporation as director, officer, trustee, employee or agent of another corporation, partnership, joint venture, trust or other enterprise in which this Corporation directly or indirectly owns shares or of which it is a creditor, against any liability asserted against him and incurred by him in any such capacity, or arising out of his/her status as such, whether or not the corporation would have the power to indemnify him against such liability under the provisions of this Article VI.

Section 6.08

For the purposes of this Article VI, references to "the Corporation" include all constituent corporations absorbed in a consolidation or merger as well as the resulting or

surviving corporation so that any person who is or was a director, officer, trustee, employee or agent of such a constituent corporation or is or was serving at the request of such constituent corporation as a director, officer, trustee, employee or agent of another corporation, partnership, joint venture, trust or other enterprise in which this Corporation directly or indirectly owns shares or of or which it is a creditor, shall stand in the same position under the provisions of this Article with respect to the resulting or surviving corporation as he would if he/she had served the resulting or surviving corporation in the same capacity.

Article VII. CONTRACTS AND DEALINGS WITH CERTAIN OTHER CORPORATIONS OR FIRMS

The Trustees and officers of this Corporation may be connected with other companies with whom from time to time this Corporation may have business dealings. No contracts or other transactions between this Corporation and any other corporation or firm, and no acts of this Corporation, shall be affected by the fact that the Trustees or officers of this Corporation are pecuniarily or otherwise interested in or are Trustees or officers of such other corporation or firm. Any Trustee individually, or any firm of which such Trustee may be a member, may be a party to or may be pecuniarily or otherwise interested in any contract or transaction of this Corporation, provided that the fact that he/she or such firm or corporation is so interested shall be disclosed or shall have been known to the Board of Trustees prior to the meeting at which, or prior to the Trustees executing their written consents by which, action to authorize, ratify or approve such contract or transaction shall be taken. Any Trustee of this Corporation may vote upon or give his/her written consent to any contract or other transaction between the Corporation and any affiliated corporation without regard to the fact that he/she is also a Trustee or officer of such affiliated corporation, provided such contract or transaction was authorized, ratified or approved by the affirmative vote of a majority of Trustees who have no direct or indirect interests, but a contract or transaction shall not be authorized, ratified or approved by a single Trustee. Any contract, transaction, or act on behalf of the Corporation in a matter in which the Trustees or officers are personally interested as members, Trustees, or otherwise shall not be violative of the proscriptions in the Articles of Incorporation against the Corporation's use or application of its funds for private benefit. In no event, however, shall any person or other entity dealing with the Trustees or officers be obligated to inquire into the authority of the Trustees and officers to enter into and consummate any contract, transaction, or other action.

Article VIII. EXECUTION OF PAPERS

Except as the Board of Trustees may generally or in particular cases authorize or direct the execution thereof in some other manner, all deeds, leases, transfers, contracts, proposals, bonds, notes, checks, drafts, and other obligations made, accepted or endorsed by the Corporation shall be signed or endorsed on behalf of the Corporation by the President or the Treasurer or their designees.

Article IX. SOURCE AND INVESTMENT OF FUNDS

Funds for the operation of the Corporation and for the furtherance of its objectives and purposes may be derived from grants and allocations from governmental or private agencies or bodies, donations from public and private organizations, associations and individuals, and such other sources as may be approved by the Board of Trustees. Except as otherwise provided by law or lawfully directed by any grantor or donor, the Corporation may retain or dispose of all or any part of any real or personal property acquired by it and invest and reinvest any funds held by it according to the judgment of the Board of Trustees, without being restricted to the class of investments which fiduciaries are or hereafter may be permitted by law to make.

Article X. PROHIBITION REGARDING THE USE OF FUNDS AND DISTRIBUTION OF ASSETS ON DISSOLUTION

No part of the net earnings or receipts of the Corporation shall inure to the benefit of any Trustee or officer of the Corporation or any private individual, provided, however, that this prohibition shall not prevent the payment to any person of such reasonable compensation for services actually rendered to or for the Corporation in conformity with these By-Laws.

Article XI. SEAL

The seal of the Corporation shall, subject to alteration by the Board of Trustees, consist of a flat-faced circular die with the words "North Carolina" together with the name of the Corporation and the year of incorporation cut or engraved thereon. An impression of the seal impressed upon the original copy of these By-Laws shall be deemed conclusively to be the seal adopted by the Board of Trustees.

Article XII. FISCAL YEAR

The fiscal year of the Corporation shall be from the first day of August through the thirty-first day of July.

Article XIII. AMENDMENTS

The Board of Trustees, by a majority vote of Trustees at the time in office, may alter, amend or repeal these By-Laws, in whole or in part.

AMENDMENT TO BYLAWS
OF
CHARTER DAY SCHOOL, INC.

Pursuant to a vote of the Board of Trustees of Charter Day School, Inc. (the "Corporation") taken at its meeting of record dated February 12, 2002, at which meeting a quorum was present, as reflected by the Minutes of Record of such meeting, the Bylaws of the Corporation have been amended, as of February 12, 2002, so that Article VII thereof now reads, in its entirety, as follows:

"ARTICLE VII. CONFLICTS OF INTERESTS

The Trustees and Officers of this Corporation may have a financial interest in other companies or other persons with which from time to time this Corporation may have business dealings. A Trustee or Officer of this Corporation shall disclose to the Board of Trustees any personal interest which he or she may have in any matter pending before the Board of Trustees, unless such conflict shall have been known to the Board of Trustees prior to the meeting at which, or prior to the Trustees executing their written consents by which, action to authorize, ratify or approve such contract or transaction shall be taken. No Trustee of this Corporation may vote upon or give his or her written consent to any contract or other transaction between the Corporation and any person with respect to which he or she has a direct or indirect financial interest. Any such contract or transaction must be authorized, ratified or approved by the affirmative vote of a majority of those Trustees present at any duly called meeting who have no direct or indirect financial interests, or, alternatively, by written consent of a majority of Trustees who have no direct or indirect financial interests. In Any contract, transaction, or act on behalf of the Corporation in a matter in which one or more Trustees or officers have a direct or indirect financial interest shall not be violative of the proscriptions in the Articles of Incorporation against the Corporation's use or application of its funds for private benefit, so long as the policies outlined in this Article VII have been followed. In no event, however, shall any person or other entity dealing with the Trustees or Officers be obligated to inquire into the authority of the Trustees or Officers to enter into and consummate any contract, transaction, or other action."

The foregoing Amendment shall be placed in the minute book of the Corporation.

CHARTER DAY SCHOOL, INC.

By: _____

Beth Quinn
Beth Quinn, President