

As Adopted By BOT on February 21, 2001

REVISED AND ADOPTED:

May 8, 2002
September 10, 2003
January 14, 2004
May 12, 2004
September 14, 2005
January 10, 2007
January 9, 2008
May 12, 2010
July 13, 2011
June 20, 2012
June 13, 2013
April 9, 2014

BYLAWS OF INDEPENDENCE CHARTER SCHOOL

ARTICLE I: NAME

The name of the corporation is Independence Charter School ("ICS" or the "School").

ARTICLE II: PURPOSES AND OPERATION

Section 2.1. Purposes. ICS is incorporated under the Nonprofit Corporation Law of 1988 of the Commonwealth of Pennsylvania, and ICS does not contemplate pecuniary gain or profit, incidental or otherwise. The nature of the activities to be conducted, and the purposes to be promoted or carried out by ICS, shall be exclusively those within the purview of Section 501(c)(3) of the Internal Revenue Code of 1986, as amended ("Code") or the corresponding provisions of any subsequent tax laws of the United States. Without limiting the generality of the foregoing, the purposes of ICS shall be:

- a. To operate as a public K-8 school under the provisions of the Pennsylvania Charter School Law, Act 22, 24 P.S. §17-1717-A, *et seq.* ("Act 22").
- b. To accept cash, services and in-kind contributions (collectively, "Contributions") from individuals, corporations, partnerships, banking associations, private foundations, organizations exempt from federal taxation under Section 501(c)(3) of the Code, or the corresponding provisions of any subsequent tax laws of the United States, and other entities;
- c. To use the proceeds of such Contributions in order to help satisfy the capital and program requirements of ICS;
- d. To do all things which may be necessary, appropriate or convenient to the achievement of the

foregoing purposes and which may lawfully be done by a nonprofit corporation under and pursuant to the laws of the Commonwealth of Pennsylvania.

e. No part of the net earnings of ICS shall inure to the benefit of, or be distributable to its directors, officers or other private persons, except that ICS 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 the preceding paragraphs and in the Articles of Incorporation of ICS (the "Articles"). Except as may be permitted under the provisions of Section 501(h) of the Code, or corresponding provisions of any subsequent tax laws of the United States, no substantial part of the activities of ICS shall be the carrying on of propaganda or otherwise attempting to influence legislation, and ICS shall not participate in, or intervene in (including the publishing or distribution of statements) any political campaign on behalf of any candidate for public office.

f. Notwithstanding any other provision of these bylaws or the Articles, ICS shall not perform any other activities not permitted to be performed (a) by a corporation exempt from federal income tax under Section 501(a) and Section 501(c)(3) of the Code (or the corresponding provision of any subsequent tax laws of the United States) or (b) by a corporation, contributions to which are deductible under Section 170(a) and Section 170(c)(2) of the Code (or the corresponding provision of any subsequent tax laws of the United States).

g. Upon any dissolution or termination of the existence of ICS, all of its property and assets shall, after payment or making provision for payment of the lawful debts of ICS and the expenses of its dissolution or termination, be delivered, conveyed and paid over to the School District of Philadelphia, or if the School District of Philadelphia does not exist or is not a qualified organization at the time of such deliverance, conveyance and payment, to such one or more qualified organizations as may be ordered by the court having jurisdiction over the dissolution and liquidation of ICS, pursuant to the appropriate subchapter of chapter 59 of Title 15 of the Pennsylvania Consolidated Statutes Annotated. Any provision of law to the contrary notwithstanding, ICS shall not be merged or consolidated with any corporation other than a qualified organization. As used in this subsection (g), the term "qualified organization" shall mean an organization exempt from Federal Income Tax under Section 501(a) and Section 501(c)(3), and described in Section 170(b)(1)(A) (other than in clauses (vii) and (viii)) of the Code, or corresponding provisions of any subsequent tax laws of the United States), and which has been in existence and so described for a continuous period of at least sixty

(60) calendar months.

Section 2.2. Operation. ICS shall operate on a non-stock and non-membership basis and shall not distribute any part of its income or profits to its directors or officers.

Section 2.3. Limitation of Corporate Activities. The activities of ICS shall at all times be so conducted and limited as to enable ICS to meet the requirements for:

- a. a corporation exempt from Federal Income Tax under Section 501(c)(3) of the Code or corresponding provisions of any subsequent tax laws of the United States;
- b. a corporation, the contributions to which are deductible under Section 170(c)(2) of the Code, or corresponding provisions of any subsequent tax laws of the United States.

Section 2.4. Offices.

- a. The registered office of ICS shall be 1600 Lombard Street, Philadelphia, PA 19146.
- b. ICS may also have an office or offices at such other place or places either within or without the Commonwealth of Pennsylvania as its Board of Trustees may from time to time determine or the business of ICS requires.

ARTICLE III: FOUNDERS

Section 3.1. Definition. For all lawful purposes related to ICS, the term “Founder” shall mean (a) each of the individuals listed below and (b) any individual specially designated as a Founder by the ICS Board of Trustees prior to March 9, 2011:

Rebecca H. Baehr
Michelle Campbell
Luciano Conte
AnnMarie Draycott
Lori-Nan Engler Buzan
Bruce Fenton
Barbara Gelman
Michele Golembeski
Sean Hennessy
Derrick Johnson
Stephanie Kindt
Eli Lesser
Sachiko Tohda Levinson
Rosina S. Miller
Lisa Nelson-Haynes
Krista Pfeiffer
Luis Felipe Restrepo
Steve Schatz
Gary Sheperd
Dana Twyman

Jay M. Borowsky
Julia L. Colton
Eric L. Cramer
John Eagen
Keith Ellison
Roxanne D. Galeota
Susan Gobreski
James Govert
Elizabeth Jacquot
Nicole Kilcullen
Howard Lander
Marc Levinson
Jennifer Lewandowski
Laval Miller-Wilson
Cosmo Pagano
Pamela M. Prell
Laura Sadtler
Donna Sharer
Marquita Toland-Holmes
Herbert S. Wolfson

ARTICLE IV: BOARD OF TRUSTEES

Section 4.1. General Powers. The business and affairs of ICS shall be managed by a Board of Trustees (the “Board”) comprising no fewer than nine and no more than nineteen voting members (each, a “Member” or “Trustee”) selected in accordance with Section 4.5 below, except as otherwise provided by applicable law or these bylaws. The Board will govern all operations of ICS, but may delegate day-to-day management to a Chief Executive Officer (“CEO”). The Board, in consultation with the CEO, shall establish a reporting relationship between the Board and ICS’s staff. The Board shall establish policies and procedures for operating ICS in accordance with its approved public school charter and shall monitor ICS compliance with such policies and procedures, and shall establish budgets and operating procedures aimed at preserving the continued financial viability of ICS.

Section 4.2. Specific Responsibilities. The Board will develop policies for ICS regarding (a) strategic issues, including the Founders’ vision and the School’s overall mission and (b) operational issues such as the school calendar, curriculum matters, discipline and a code of conduct for students, faculty and staff and other matters. The Board shall develop, in consultation with the CEO, a School Action Plan, including the following items, among others: staff position descriptions; education standards and benchmarks. The Board shall monitor ICS’s progress toward stated goals. The Board will have fiduciary responsibility for ICS and shall use all reasonable endeavors to cause ICS to comply with all legal, regulatory, reporting, safety and other requirements. The Board will carry out or oversee fund development activities. The Board will plan ICS’s institutional development/expansion and linkages to other educational, cultural, community and family support institutions.

Section 4.3 Matters Requiring Board Action. No ICS employee, officer, agent, representative or other person affiliated with ICS may undertake any of the actions enumerated in this Section without the prior consent of the Board pursuant to a duly adopted resolution:

- (a) textbook adoption;
- (b) appointing or dismissing any employee of ICS;
- (c) adopting an annual budget for ICS;
- (e) adopting a purchasing policy;
- (f) purchasing or selling land;
- (g) leasing new buildings or changing locations for ICS;
- (h) incurring or increasing any indebtedness;
- (i) adopting new courses of study;
- (j) designating or changing depositories for school funds;
- (k) entering into a contract that obligates ICS to perform an act or acts, obligates ICS to refrain from acting or obligates ICS to pay for goods and/or services, except as set forth in the ICS Purchasing Policy, as adopted and amended by the Board;
- (l) fixing salaries or compensation of administrators, teachers, or other school employees;
- (m) entering into contracts with and making appropriations to an intermediate unit, school district or Area Vocational/Technical School for ICS’s proportionate share of the cost of services provided or to be provided by the foregoing entities; or

(m) other matters designated by the Board from time to time.

Section 4.4. Meetings. The Board shall hold regular meetings at least bi-monthly (each, an "Ordinary Meeting"). The board will publicize the dates of all ordinary meetings prior to the start of the academic year. The Board will hold its "Annual Meeting" in June and special meetings (each, a "Special Meeting") when called pursuant to Section 4.10.

Section 4.5. Selection of Members. The Board of Trustees will consist of no fewer than nine (9) and no greater than seventeen (17) trustees. Terms of board service shall be three (3) years and trustees can be re-elected to a second, consecutive three (3)-year term. Trustees may not serve more than two consecutive three year terms. However, after a minimum of one year's absence from the board, a former board member who has served for two consecutive terms can be re-elected to the board. The limitation on two consecutive terms applies each time a board member returns to the board after at least one year's absence.

4.5.1. Nominations. The Board shall assign to a committee the responsibility to nominate individuals to serve on the Board of Trustees. This Committee shall make a good faith effort to present its nominations to the Board of Trustees no less than fourteen (14) days prior to the meeting at which the nominee is to be voted on.

4.5.2. Election. The Board shall vote on any such nominations, and a nominee shall be deemed elected if (s)he received the affirmative vote of two-thirds (2/3) of the Board Members present at the meeting.

4.5.3. Election at Ordinary Meetings. The Board regularly elects new members at its Annual Meeting. The Board may, however, at its discretion, choose to elect new Board members at an Ordinary Meeting. In order to elect a Board member at an Ordinary Meeting, the nominating Committee must submit that member's name and credentials to the full board no less than thirty (30) days before the next meeting. For the purposes of calculating the length of the term of any Member elected under the provisions of this section, (s)he will be considered to have been elected at the Annual Meeting prior to their actual election. Election of a Member to fill a vacancy will not require the resolution described in this section.

4.5.4 Parent Seats. Two (2) seats on the Board (each, a "Parent Seat") shall be reserved for persons who are Parents, as defined in this paragraph. A "Parent" shall be any person who is the parent or lawful guardian of a student who is attending ICS. During the summer, a student is considered to be attending ICS if that student attended during the previous academic year and is expected to continue to attend the following year.

4.5.4.1. Elections. An election in which all Parents are eligible to vote shall be the means for selecting the persons to fill the Parent Seats. Such election shall be organized and administered by the Board under election rules and procedures that the Board, in its sole discretion, deems appropriate. The election for Parent Seats shall be held annually; conducted in April or May, prior to the Board's Annual Meeting in June.

4.5.4.2 Terms. The term of a Parent Seat shall be two (2) years, with one term expiring each year. The term shall begin at the end of the annual meeting in June. Any person holding a Parent Seat may be re-elected for one or more additional terms provided that at the time of such re-election (s)he continues to meet the definition of Parent.

Section 4.6 Staff Representative Seat. One (1) non-voting, *ex officio*, seat on the Board shall be reserved for a full-time employee of Independence Charter School.

4.6.1 Role. The Staff Rep is a volunteer, non-paid position. The purpose of the Staff Rep is to facilitate communication and mutual understanding between the Board of Trustees and the ICS Staff. Staff Rep will attend monthly meetings of the ICS Board of Trustees and other duties as agreed on by the Staff Rep and the Board President or his/her designee. The Staff Rep is not a Member of the Board and does not participate in Executive Sessions or Board Retreats, except as specifically invited by the Board President or his/her designee.

4.6.2 Election, Eligibility, Terms. The Staff Rep shall be selected by an annual vote of all full-time ICS staff, to be held at the end of the school year. Staff Representatives may not be members of school administration (CEO, Principals, Director of Operations). The term for this seat shall be one year. Any person holding a Staff Rep Seat may be re-elected for one or more additional terms provided that s/he continues to be employed full-time at ICS. If Staff Rep ceases to be employed full-time at ICS, s/he must relinquish the seat.

4.6.3 Expenses. The Board shall pay all reasonable expenses directly associated with attendance at Board meetings and other official Board functions by occupant of the Staff Rep Seat, including parking and other transportation costs up to \$20 per Board event, as long as those expenses are approved by the CEO in advance.

Section 4.7. Conflicts of Interest; Prohibited Conduct. No Member, nor any member of

his or her immediate family, shall directly or indirectly engage in any business transaction with ICS, extend to or receive credit from ICS (except for *de minimis* amounts less than \$200), accept or engage in paid employment by ICS in any capacity, or receive from ICS any pay for services rendered to ICS. No member of the Philadelphia Board of Education, the School Reform Commission, or any successor organization thereto may serve on the Board.

Section 4.8. Removal of Trustees. A Member shall be considered to have resigned, and his or her seat shall immediately be deemed vacant, if (s)he: (a) engages in any act restricted pursuant to Section 4.7 hereof or (b) is convicted of any felony or of a crime involving moral turpitude or financial impropriety. A Parent Seat shall be deemed vacated without further action by the Board should the Parent serving in such seat at any time cease to meet the definition of Parent. By a 2/3 vote of all Members, not including the Member subject to removal, a Member may be removed from the Board for failure to perform his or her duties as a Member as outlined in Act 22.

Section 4.9. Voting on the Board. All actions by the Board shall be taken pursuant to written resolutions, duly recorded in the minutes. Unless otherwise specified in these Bylaws or pursuant to applicable law, a resolution shall be deemed adopted pursuant to the affirmative vote of a majority of Members present and voting at the relevant meeting. The Board shall cause detailed minutes of each meeting to be kept, showing how each Member voted on each resolution and such other details as the Board may from time to time determine.

Section 4.10. Vacancies. Any Member may resign at any time by giving written notice to the Board. The Secretary shall be authorized to receive such notice on behalf of the Board. A resignation shall take effect at the time specified therein; and the acceptance of a resignation shall not be necessary to make it effective. Any vacancy occurring in the Board, either by resignation, removal, or otherwise, shall be filled by the Board at an Ordinary Meeting or at a Special Meeting called for such purpose. The Member elected to fill the vacancy will serve out the remainder of the term of the resigning Member. Any Member so elected will be eligible to serve the full limit of two consecutive terms once the remainder term is finished.

Section 4.11. Special Meetings. A Special Meeting may be called by or at the request of the CEO or, if any five (5) Trustees make a written request for convening a Special Meeting, the President or the Vice President must call a Special Meeting.

4.11.1. Contents of Notice. Notice of any Special Meeting shall specify (a) the purpose of such Special Meeting and the business proposed to be transacted therein and
(b) the date, time and place (which may be within or outside Pennsylvania) for holding such Special Meeting.

4.11.2. Form of Notice. Notice of a Special Meeting must be in writing and must be given at least five (5) days prior to the meeting. Such notice may be delivered personally, or dispatched via First Class Mail or reputable courier to each Member at his or her business address (in each case with applicable postage or delivery fees prepaid), or be sent by telegraph, telex, fax, e-mail or other similar reliable communication device. Notices shall be deemed received (a) when delivered, if delivered personally, (b) three (3) days after sending via First Class Mail or reputable courier or (c) when sent, if sent by telegram, telex, fax or e-mail, provided that a reliable confirmation of receipt is obtained. A Member waives notice of the Special Meeting by attending or participating in such meeting unless, at the beginning of the meeting, he or she objects to the holding

of the meeting or to the transaction of business at the meeting.

Section 4.12. Quorum. A majority of the number of Members fixed by Section 4.5 of these bylaws shall constitute a quorum for the transaction of business at any meeting of the Board. If a quorum exists at the start of a meeting, the continued existence of such quorum throughout such meeting shall be presumed unless the absence of a quorum is established by a quorum call. Any Member may request a quorum call, as a point of order, during a meeting. In the absence of a quorum, no action may be taken and the meeting shall be adjourned without further notice until the next regularly scheduled meeting or until a Special Meeting is called.

Section 4.13. Manner of Acting. The actions of the majority of the Members present at a duly convened meeting shall be the actions of the Board. Except as otherwise provided in these bylaws or by applicable law, meetings of the Board shall be conducted in accordance with the rules of parliamentary procedure specified in Roberts Rules of Order, Revised.

Section 4.14. Reimbursement. By resolution of the Board, any Member may be reimbursed for reasonable expenses, if any, of attendance at meetings.

Section 4.15. Presumption of Assent. A Member who is present at a meeting of the Board or committee of the Board at which action on any matter is taken shall be presumed to have assented to the action taken unless:

- (s)he objects at the beginning of the meeting to the holding of the meeting or the transaction of business at the meeting;
- • (s)he contemporaneously requests that his or her dissent be entered in the minutes of the meeting;
- • (s)he votes "nay" in a roll-call vote recorded in the minutes of the meeting; or
- (s)he gives written notice of dissent to the presiding officer of the meeting before its adjournment or delivers such dissent by registered mail to the presiding officer within three days after the adjournment of the meeting.

Such right to dissent as to a specific action taken at a meeting of the Board or a committee thereof shall not be available to a Member who voted in favor of such action.

Section 4.16. Committees. The Board, by resolution, may establish one or more committees comprised of Members and/or any other qualified persons. Unless specifically enumerated in the resolution establishing a committee, committees shall act in an advisory capacity only, and shall report back to the full Board for decisions. Minutes of all meetings of any committee of the Board shall be kept by the person designated by such committee to keep such minutes. Copies of such minutes and any writing setting forth an action taken by written consent without a meeting shall be distributed to each member of the Board promptly after such meeting is held of such action is taken. Each committee of the Board shall serve at the pleasure of the Board.

Section 4.17. Advisory Board. The Board, by resolution, may establish an honorary or advisory board. The members of any honorary or advisory board may be selected by the Board or by any procedure established by the Board. Persons appointed to an honorary or advisory board shall not be deemed to be Members, officers or employees of ICS solely by virtue of such appointment. The functions of such honorary or advisory board shall not include participation in the management of ICS. Current or former Members of the Board shall be entitled to serve on such honorary or advisory board. The honorary or advisory board shall meet at such times as the Board shall determine. An honorary or advisory board shall exist, and its members shall serve, at the pleasure of the Board.

Section 4.18. Telephonic Meetings. One or more members of the Board of Trustees or any committee designated by the Board may participate in a meeting of the Board or a committee thereof by means of speakerphone, conference telephone or similar communications equipment by which all persons participating in the meeting can hear one another at the same time. Such participation shall constitute presence in person at the meeting. However, the Board is not required to make such communication feasible or possible.

ARTICLE V: OFFICERS

Section 5.1 Officers. The Board shall elect a President, a Vice President, a Secretary, and a Treasurer from among the Members. Election of officers will be held at the Annual Meeting in June. The Board may also appoint a CEO from time to time, pursuant to a written contract adopted in accordance with these Bylaws.

Section 5.2. President; Vice President. The President shall preside over all meetings of the Board; in the absence of the President, the Vice President shall preside over the meetings.

Section 5.3. Treasurer. The Treasurer shall receive, on behalf of ICS, all ICS revenues from all sources whatsoever, including local, state and federal subsidies, private donations or otherwise. The Treasurer shall deposit all ICS revenues in a depository approved by the Board, in an account established in the name of ICS. At each Ordinary Meeting of the Board, the Treasurer shall provide an oral and written report to the Board of the funds received and disbursed by him or her since the previous Ordinary Meeting.

The Treasurer shall disburse monies from ICS accounts only on orders duly approved by the Board. The Treasurer may disburse monies from ICS accounts without prior Board approval only for the payment of amounts owing under any contracts previously approved by the Board, and by which prompt payment ICS will receive a discount or other advantage. In all cases, however, disbursements by the Treasurer shall require written orders duly signed by the President, the Vice President, Secretary or other signatory designated by the Board.

The Board may appoint a business manager to discharge the day-to-day obligations of the Treasurer. Such business manager may be a person employed by ICS or an entity with which ICS has contracted to provide business management services. The appointment of a business manager shall not discharge the Treasurer's responsibility for the matters set forth in this Section. The Treasurer shall supervise and oversee the actions of such business manager and shall make periodic reports to the Board thereon.

Section 5.4. Term; Vacancies. The term of such officers shall be for a period of one (1) year with the exception of the President and Treasurer, who shall be elected to two consecutive one year (1) terms, or until such time as their respective successors are duly elected and qualified; provided, however, that if any officer ceases to be a Member for any reason, his or her term as officer shall immediately cease and the Board shall elect a successor at its next meeting. In the event of a vacancy in any office, the President and the Vice President (or, if the vacant office is the President, the Vice President and any other officer), acting jointly, may designate any other Member to discharge the duties of such vacant office in an acting capacity until a successor is duly elected and qualified.

Section 5.5. The CEO. The CEO shall undertake and be responsible for day-to-day management of ICS within the framework of policies and procedures established by the Board. The CEO shall present recommendations to the Board on all matters pertaining to ICS operations including, but not limited to: education policy, the hiring and dismissal of faculty, staff and their benefits, curriculum, budgeting, contracts with suppliers and vendors, disciplinary matters and all other matters where Board action is required. The CEO shall present his or her recommendations to the Board in writing within a reasonable time prior to the meeting at which Board action is sought and shall provide the Board with such background data and supporting documentation as the Board reasonably requires to make an informed decision. The CEO shall hold an *ex officio* seat on the Board.

SECTION VI: STANDARD OF CARE

Section 6.1. Investment of Surplus Cash. The Board shall invest surplus cash consistent with sound business practice. Authorized types of investments for charter schools shall be:

- United States Treasury bills;
- Short-term obligations of the United States Government or its agencies or instrumentalities;
- Deposits in savings accounts or time deposits or share accounts of institutions insured by the Federal Deposit Insurance Corporation or the Federal Savings and Loan Insurance Corporation or the National Credit Union Share Insurance Fund to the extent that such amounts are so insured, and for any amounts above the insured maximum, provided that approved collateral as provided by law therefore shall be pledged by the depository;
- Obligations of the United States of America or any of its agencies or instrumentalities

backed by the full faith and credit of the United States of America, the Commonwealth of Pennsylvania or any of its agencies or instrumentalities backed by the full faith of the Commonwealth, or of any political subdivision of the Commonwealth of Pennsylvania of any of its agencies or instrumentalities backed by the full faith and credit of the political subdivision; and,

- Shares of an investment company registered under the Investment Company of America Act of 1940 (54 Stat. 789, 15 U.S.C. Sec.80a-1, et seq.) as defined in Pa. 24 P.S. 4-440.1 of the Pennsylvania School Code (the "Pennsylvania School Code").

All Investments shall be subject to the guidelines set forth in the Pennsylvania School Code. The Treasurer shall settle his or her accounts annually with the Board for each school year.

Section 6.2 Standard of Care for Members and Officers. A Member or officer shall perform his or her duties, including his or her duties as a member of any committee of the Board upon which he or she may serve, in good faith, in a manner she or he reasonably believes to be in the best interests of ICS, and with such care as an ordinarily prudent person in a like position would use under similar circumstances. In performing her or his duties, a Member or officer shall be entitled to rely on information, opinions, reports, or statements, including financial statements and other financial data, in each case prepared or presented by the persons herein designated; but he or she shall not be considered to be acting in good faith if he or she has knowledge concerning the matter in question that would cause such reliance to be unwarranted. A person who so performs his or her duties shall not have any liability solely by reason of being or having been a Member or officer of ICS. The designated persons on whom a Member or officer is entitled to rely are:

- One or more officers or employees of ICS whom the Member or officer reasonably believes to be reliable and competent in the matters presented;
- Attorneys, public accountants, or other persons as to matters which the Member or officer reasonably believes to be within such person's professional or expert competence; or,
- A committee of the Board upon which the Member or officer does not serve, duly designated in accordance with Section 4.15 of these bylaws, as to matters within its designated authority, which committee the Member or officer reasonably believes to merit confidence.

No member of the Board shall permit her or his position on the Board to create a conflict between personal business activities and the actions of ICS.

SECTION VII: INDEMNIFICATION

Section 7.1. Indemnification. ICS 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 ICS) because he or she is or was a Member, director, officer, employee or agent of ICS, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by the individual in connection with such action, suit or proceeding, if:

- (a) He or she acted in accordance with the standard of care set forth in Section 6.2 of these Bylaws; and
- (b) With respect to any criminal action or proceeding, he or she had no reasonable cause to believe his or her conduct was unlawful.

The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of *nolo contendere* or its equivalent, shall not, of itself, create a presumption that the person did not act in accordance with the requisite standard of care, and, with respect to any criminal action or proceeding, had reasonable cause to believe that his or her conduct was unlawful.

However, no indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been adjudged by a court or administrative body to be liable for negligence or misconduct in the performance of his or her duty to ICS, unless, and only to the extent that the court in which such action or suit was brought shall determine upon application that despite the adjudication of liability, but in view of all the circumstances of the case, such a person is fairly and reasonably entitled to indemnity for such expenses as the court shall deem proper.

Section 7.2. Successful Defense. To the extent that a director, officer, employee or agent of ICS has been successful on the merits or otherwise in the defense of any action, suit or proceeding referred to in Section 7.1, or in defense of any claim, issue or matter therein, he or she shall be indemnified against expenses (including attorneys' fees) actually and reasonably incurred by the individual in connection therewith.

Section 7.3. Specific Cases. Any indemnification under Section 7.1 (unless ordered by a court) shall be made by ICS only as authorized in the specific case, upon a determination that indemnification of the director, officer, employee or agent is proper in the circumstances because he or she has met the applicable standard of conduct set forth in Section 6.2. Such determination shall be made:

- (a) By the Board by a majority vote of a quorum consisting of Members who are not parties to such action, suit or proceeding; or
- (b) If a quorum of the disinterested Members of the Board is not obtainable, or even if obtainable, a quorum of disinterested Members so directs, by independent legal counsel in a

written opinion.

Section 7.4. Advance Payment of Expenses. Expenses incurred in defending a civil or criminal action, suit or proceeding may be paid by ICS in advance of the final disposition of such action, suit or proceeding, as authorized by the Board in the specific case, upon receipt of an undertaking by or on behalf of the Member, director, officer, employee or agent to repay such amount, unless it shall ultimately be determined that he or she is entitled to be indemnified by ICS as authorized in these Bylaws.

Section 7.5. Indemnification Not Exclusive. The indemnification provided by these Bylaws shall not be deemed exclusive of any other rights to which those seeking indemnification may be entitled under the provisions of these Bylaws, agreement, vote of the disinterested Members, or otherwise, both as to action in his or her 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 Member, director, officer, employee or agent, and shall inure to the benefit of the heirs, executors and administrators of such person.

Section 7.6. Insurance. ICS may maintain insurance on behalf of any person who is or was a Member, director, officer, employee or agent of ICS against any liability asserted against the individual and incurred by the individual in any such capacity or arising out of his or her status of such, whether or not ICS would have the power to indemnify the individual against such liability under the provisions of these Bylaws.

ARTICLE VIII: MISCELLANEOUS

Section 8.1. Waiver of Notice. Whenever notice is required by law, a waiver thereof in writing signed by the Member or other person entitled to said notice, whether before, at or after the time stated therein, shall be equivalent to such notice.

Section 8.2. Fiscal Year. The fiscal year of the corporation shall be from July 1st to June 30th of the following year.

Section 8.3. Annual Audit. An annual school audit shall be conducted according to the requirements of Act 22 and Article 24 of the Pennsylvania School Code. The Board shall follow the requirements set forth for school boards therein.

Section 8.4. Amendments. The Board shall have the power to make, amend, and repeal the bylaws of ICS at any Ordinary or Special Meeting of the Board. A vote of no less than 2/3 of all Members is required to amend the bylaws. The bylaws shall be reviewed by the Board or its designated committee for any useful or necessary amendments at least biennially at the appropriate Annual Meeting of the Board.

Section 8.5. Conflicts. In the event of any irreconcilable conflict between these bylaws and applicable law, the latter shall control.

Section 8.6. Definitions. Except as otherwise specifically provided in these bylaws, all terms used in these Bylaws shall have the same definitions as in Act 22.