

AMENDED AND RESTATED BYLAWS
FOR
NEW HORIZONS ELEMENTARY SCHOOL, INC.
(A NONPROFIT SCHOOL)

ADOPTED AS OF
_____, 20__

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AMENDED AND RESTATED BYLAWS
FOR
NEW HORIZONS ELEMENTARY SCHOOL, INC.

ARTICLE 1

OFFICES

Section 1.1. Principal Office. The principal office of the School shall be located at such place as the Board of Directors may fix from time to time.

Section 1.2. Registered Office. The registered office of the School required by the North Carolina Nonprofit Corporation Act to be maintained in the State of North Carolina may be, but need not be, identical with the principal office.

Section 1.3. Other Offices. The School may have offices at such other places, either within or without the State of North Carolina, as the Board of Directors from time to time may determine, or as the affairs of the School from time to time may require.

Section 1.4. Mission. The purpose of the School is to provide education to children of persons interested in an alternative to public education; to provide resources and services that will foster learning in each child; and to support cooperation with teachers to maximize the intellectual, moral, aesthetic, and social development of each student.

ARTICLE 2

MEMBERSHIP AND VOTING

Section 2.1. Membership. Parents of children enrolled in the School shall be admitted as members in the School upon the payment of student tuition as established. There shall be one (1) class of members.

Section 2.2. Notice of Membership. Upon acquiring a membership, each new member immediately shall give written notice to the School stating the name and mailing address of such new member.

Section 2.3. Transfer of Membership. Memberships are not transferable and no member shall have any property rights in the School, the property owned thereby, nor in any membership therein.

Section 2.4. Vote/Voting Rights. Each member of the School is entitled to one (1) vote on all matters as to which members may be entitled to vote under the North Carolina Nonprofit Corporation Act, unless specifically provided otherwise in these Bylaws, or the Articles of Incorporation; provided, however, no family shall have more than a total of two (2) votes.

Section 2.5. Delinquency. No member may vote at any meeting of the School or be elected to serve on the Board of Directors or be appointed to serve on any committee if payment by such member of any financial obligation to the School is delinquent more than thirty (30) days and the amount necessary to bring the account

current has not been paid by the record date set pursuant to Section 3.7 hereof for the applicable members' meeting (in the case of a member voting or being elected to serve on the Board of Directors) or has not been paid by the date of appointment, in the case of appointment to serve on any committee.

Section 2.6. Manner of Voting. Voting by members at a meeting shall be by voice vote or a show of hands unless any member present at the meeting requests, and by an affirmative vote of a majority of the votes cast the members consent to, a vote by written ballot. Except in the election of directors as provided in Section 4.1 herein, if a quorum is present, action on a matter at a meeting of members is approved by the affirmative vote of a majority of the votes cast, unless a greater vote is required by the North Carolina Nonprofit Corporation Act, the School's Articles of Incorporation, or the Bylaws.

Section 2.7. Proxies. Members may vote either in person or by an agent authorized by written proxy. Proxies shall be in writing, shall be dated, shall be signed by the member or a Person authorized by the member, or in cases where the member is more than one Person, by or on behalf of all such Persons. A proxy shall be valid for eleven (11) months unless a shorter term is provided in the proxy and all proxies shall be filed with the Secretary. Such proxies shall be deemed revoked by signing and delivering to the Secretary or other officer presiding over the meeting to tabulate proxy votes a writing stating that the appointment of the proxy is revoked.

Section 2.8. Membership Benefits. The School may issue certificates, cards or other indicia of membership that the Board of Directors may determine to be appropriate, and members shall be entitled to such other benefits as may be from time to time determined by the Board of Directors.

ARTICLE 3

MEETING OF MEMBERS

Section 3.1. Place of Meeting. All meetings of members shall be held at the principal office of the School or at such other place within New Hanover County, North Carolina as shall be designated in the notice of the meeting.

Section 3.2. Annual Meetings. Meetings of members of the School shall be held at least once a year. The annual meeting of members shall be held at such date and time as may be determined on an annual basis by the Board of Directors and stated in the notice of such members' meeting. The annual meeting of members shall be held for the purpose of electing directors of the School and for such other purposes as may be included in the notice of such meeting.

Section 3.3. Special Meetings. Special meetings of the members may be called at any time by (a) the Chairperson, or (b) the Board of Directors of the School, or (c) the holders of at least ten percent (10%) of all the votes entitled to be cast on any issue proposed in such request to be considered at the meeting and in which case shall be noticed by the Secretary of the School within thirty (30) days upon receipt of a written request signed, dated and received by the Secretary. The signatures on a petition requesting a special meeting shall be valid for a period of ninety (90) days after the date

of the first signature. The member petition for special meeting shall: (1) specify the purposes for which the meeting is to be held; (2) be dated, and (3) be delivered to the Secretary in writing.

Section 3.4. Notice of Meetings. Notice of meetings of members shall be given by the Chairperson, Executive Director, Secretary, or other person calling the meeting by any means that is fair and reasonable, and for this purpose, written or printed notice stating the time, place, and date of the meeting shall be delivered by hand delivery or by United States mail (postage prepaid), or by electronic means, including by electronic mail over the internet to an electronic mailing address designated in writing by the member (a) not less than ten (10) nor more than sixty (60) days before the date thereof, or (b) not less than thirty (30) nor more than sixty (60) days before the date thereof, if such notice is mailed by other than first class, registered, or certified mail, to each member of record entitled to vote at such meeting, unless the North Carolina Nonprofit Corporation Act or the School's Articles of Incorporation require that such notice be given to all members with respect to such meeting. If mailed, such notice shall be deemed to be effective when deposited in the United States mail, correctly addressed to the member at the member's address as it appears on the current record of members of the Association, with postage thereon prepaid. For this purpose, a member's address shall be the mailing address of the Member or to any other mailing address designated in writing by the Member to the School.

Notwithstanding the foregoing, if the notice provided for the above clearly would not be fair and reasonable under the circumstances then existing, then notice appropriate for the circumstances shall be given; **PROVIDED, HOWEVER, THAT** notice of a meeting where any of the following matters are to be voted on in all events shall be given as provided in the first paragraph of this Section: (i) director conflict of interest or indemnification, (ii) amendment to the School's Articles of Incorporation, or Bylaws; (iii) plan of merger or dissolution, or (iv) a sale of assets other than in the regular course of the School's activities.

The notice of any meeting shall state the items on the agenda, including a summary or copy of any proposed amendment to the Bylaws or Articles, and any proposal to remove a director or officer, and shall include any other matters and a copy or summary of any proposed action that expressly is required by the provisions of the North Carolina Nonprofit Corporation Act. Only those matters which are stated in the notice may be acted upon at a meeting of members.

Also, notice of an annual, regular, or special meeting of members shall give notice of any matter a member intends to raise at the meeting if the School receives a written request of any matter the members intend to raise by members entitled to call a special meeting pursuant to Section 3.3 ("Special Meetings") of this Article, and such written request is received by the Secretary or Chairperson of the School at least ten (10) days before the School gives notice of such meeting.

If any meeting of members is adjourned by the vote of a majority of votes cast on the motion to adjourn to a different date, time, or place, notice need not be given of the new date, time, or place if the new date, time, or place is announced at the meeting before adjournment and if a new record date is not fixed for the adjourned meeting. If a new record date for the adjourned meeting is or must be fixed pursuant to North Carolina

law, notice of the adjourned meeting must be given as provided in this Section to the members of record entitled to vote at the meeting as of the new record date.

Section 3.5. Waiver of Notice of Meetings. Any member may waive notice of any meeting before or after the meeting. The waiver must be in writing, signed by the member, and delivered to the School for inclusion in the minutes or filing with the corporate records. A member's attendance, in person or by proxy, at a meeting (a) waives objection to lack of notice or defective notice of the meeting, unless the member or the member's proxy at the beginning of the meeting objects to holding the meeting or transacting business thereat, and (b) waives objection to consideration of a particular matter at the meeting that is not within the purpose or purposes described in the meeting notice, unless the member or the member's proxy objects to considering the matter before it is voted upon.

Section 3.6. Quorum. Unless provided otherwise by the School's Articles of Incorporation or these Bylaws, thirty-three and 1/3 percent (33 1/3%) of the votes entitled to be cast on a matter, represented in person or by proxy, shall constitute a quorum on that matter at the opening of a meeting of members. Once a member is present or represented by proxy for any purpose at a meeting, such member is deemed present for quorum purposes for the remainder of the meeting and for any adjournment of that meeting unless a new record date (set forth in Section 3.7 below) is or must be set for that adjourned meeting under the North Carolina Nonprofit Corporation Act.

Section 3.7. Record Date to Determine Members and List of Members. The record date for determining which Persons are members and therefore entitled to vote shall be the close of business on the thirtieth (30th) day prior to the date of the meeting, unless the Board of Directors shall determine a record date closer to the meeting date. The Board of Directors is not permitted to set a record date retroactively. The membership list shall be current as of the record date. Before each meeting of members, the School shall prepare an alphabetical list of the members entitled to notice of the meeting and entitled to vote at the meeting, showing each such member's address and the number of votes each such member is entitled to cast at the meeting. As a part of the aforementioned membership list and prepared on the same basis, the School shall list, current through the time of the membership meeting, a list of members, if any, who are entitled to vote at the meeting, but not entitled to notice of the meeting. The list shall be kept on file at the principal office of the School for the period beginning two (2) business days after notice of the meeting is given and continuing through the meeting, and shall be available for inspection by any member, personally or by or with such member's representative, at any time prior to the meeting. A determination of members entitled to notice of, or to vote at, a membership meeting is effective for any adjournment of the meeting unless the Board of Directors fixes a new date for determining the right to notice or the right to vote, which the Board shall do if the meeting is adjourned to a date more than 120 days after the date fixed for the original meeting.

Section 3.8. Conduct of Meetings. The Chairperson shall preside over all meetings of the School and the Secretary shall keep the minutes of the meetings and record all resolutions adopted at the meetings and proceedings occurring at such meetings. The Chairperson may appoint a parliamentarian at any meeting of the School. Meetings of the Members shall be conducted in accordance with the most recent edition of *Robert's Rules of Order Newly Revised*.

Section 3.9. Action By Written Ballot. Any action that may be taken at any annual, regular, or special meeting of Members may be taken without a meeting if the School delivers a written ballot to every Member entitled to vote on the matter. A written ballot shall: (a) set forth each proposed action, and (b) provide an opportunity to vote for or against each proposed action. Approval by written ballot pursuant to this section shall be valid only when the number of votes cast by ballot equals or exceeds the quorum required to be present at a meeting authorizing the action, and the number of approvals equals or exceeds the number of votes that would be required to approve the matter at a meeting at which the same total number of votes were cast. All solicitations for votes by written ballot shall indicate the time by which a ballot shall be received by the School in order to be counted. A written ballot shall not be revoked.

ARTICLE 4

BOARD OF DIRECTORS

Section 4.1. Number, Election of Directors, and Terms of Office of Directors.

(a) Election of Directors by Members. The number of directors of the School shall be seven (7), nine (9), or eleven (11), as from time to time may be fixed or changed within said minimum and maximum by the members or the Board. The entire Board shall be elected by the members with one (1) vote for each member. All members of the Board shall be Members of the School and not less than two (2) Board member positions shall be held by teachers at the School. Except as provided in Section 4.4 hereof, the directors shall be elected at the annual meeting of members; and those persons who receive the highest number of votes by the members entitled to vote in the election at a meeting at which a quorum is present shall be deemed to have been elected. All ties shall be broken by coin-toss.

(b) Terms of Directors. Each director shall hold office for a term of two (2) years or until such director's death, resignation, retirement, removal or disqualification. Despite the expiration of a director's term, the director continues to serve as such until the director's successor is elected and qualifies, or there is a decrease in the number of directors. Nothing herein shall prevent directors from serving consecutive terms.

Section 4.2. Qualifications. No person shall be eligible for election by the members of the School as a director unless such person is a Member or is the individual nominee of a Member which is other than an individual; provided, however, teachers may also serve on the Board per Section 4.1(a) above. No Member or representative of such Member shall be elected as a director or continue to serve as a director if such Member is more than thirty (30) days delinquent in meeting any financial obligation owed to the School, if such delinquency is not cured by the record date set pursuant to Section 3.7 hereof for such members' meeting in the case of an election of directors.

Section 4.3. Voting, Quorum, and Manner of Acting. Each director shall be entitled to one (1) vote on all matters that come before the School. A majority of the directors in office immediately before a meeting begins shall constitute a quorum for the

transaction of business at any meeting of the Board of Directors. Unless a vote of greater percentage is required by the School's Articles of Incorporation, these Bylaws, the North Carolina Nonprofit Corporation Act, the act of the majority of the directors present at a meeting at which a quorum is present shall be the act of the Board of Directors. A director who participates in a meeting by any means of communication by which all directors may simultaneously hear each other during the meeting shall be deemed present at a meeting for all purposes.

Section 4.4. Removal or Resignation of Directors and Filling of Vacancies.

(a) Any director may be removed from office at any time with or without cause by at least a sixty-seven (67%) vote of all members present and entitled to vote at any meeting of members at which a quorum is present. A director may not be removed by the members at a meeting unless the notice of the meeting states that the purpose, or one of the purposes, of the meeting is removal of the director so removed. If any directors are so removed, new directors may be elected at the same meeting. In addition, any director not in attendance at three (3) consecutive regular meetings of the Board may be removed by majority vote of the Board.

(b) A vacancy on the Board of Directors caused by a removal of a director by the members shall be filled by a vote of the members. A vacancy among the directors caused by any reason other than the removal of a director by the members shall be filled by the remaining directors at a meeting of the Board held for such purpose promptly after the occurrence of such vacancy. If the directors remaining in office do not constitute a quorum of the Board, the directors may fill the vacancy by the affirmative vote of a majority of the remaining directors, or by the sole remaining director, as the case may be. The term of a director elected to fill a vacancy in a directorship elected by members expires at the next election of directors by members, and the term of the director filling any other vacancy expires at the end of the unexpired term that such director is filling.

(c) A director may resign at any time by giving notice to the Board of Directors, the Chairperson, or the Secretary. Unless otherwise specified, such resignation shall take effect upon the receipt thereof and the acceptance of such resignation shall not be necessary to make it effective. A director shall be deemed conclusively to have resigned upon disposition by the Member of the Membership which made such individual eligible to be a director or upon any other event of disqualification set forth in these Bylaws.

Section 4.5. Powers and Duties of the Board. The business and affairs of the School shall be managed and directed by the Board of Directors. Except as provided below, the Board of Directors shall have all of the powers and duties necessary for the administration of the affairs of the School, including, but not by way of limitation, all powers as set forth in Article 3 of Chapter 55A of the North Carolina General Statutes (North Carolina Nonprofit Corporation Act) but may not do any such acts and things which are required by the School Documents to be exercised and done by the members; provided, however, that all such powers, duties, acts, and things shall be exercised consistent with the provisions of the Bylaws and Articles of Incorporation. In addition to the duties imposed by any resolution of the School that hereafter may be adopted, the

Board of Directors shall perform the following duties and take the following actions on behalf of the School, subject to any voting rights of the members provide by these Bylaws and the Articles, or by law:

(a) Administer the operation and management of the School's facilities, including: (i) all of the real property, improvements and facilities of the School, (ii) all personal property and equipment held and maintained by the School for the joint use and enjoyment of all Member, (iii) real and personal property leased or rented to the School, (iv) access, parking and other easements benefiting the School, and (v) all permits for the construction, maintenance and operation of the School (collectively, "Property").

(b) Designate, hire, dismiss, and, where appropriate, compensate the personnel necessary to operate and manage the School, as well as purchase equipment, supplies, and materials to be used by such personnel in the performance of their duties.

(c) Establish and collect the tuition specified herein, deposit the proceeds thereof in depositories designated by the Board of Directors and use the proceeds to administer the operation and management of the School.

(d) Adopt, amend, and repeal any reasonable Rules and Regulations not inconsistent with these Bylaws, including, but not limited to Rules and Regulations for the conduct of volunteers and the day-to-day operation of the activities of the School.

(e) Open bank accounts on behalf of the School and designate the signatories thereon.

(f) Enforce by legal means the provisions of the School Documents as are in effect from time to time.

(g) Act with respect to all matters arising out of any eminent domain proceeding affecting the Property and the School.

(h) Obtain and carry insurance and pay the premiums therefore and adjust and settle any claims thereunder.

(i) Pay the cost of all authorized goods and services rendered to the School.

(j) Borrow money on behalf of the School when required for any valid purpose.

(k) Enter into contracts to carry out the business and activities of the School.

Section 4.6. Meeting of Directors.

(a) Types of Meetings. Regular meetings of the Board of Directors may be held at such time and place as shall be determined from time to time by a majority of the directors; provided, however, such meetings shall be held at least twice during each fiscal year. Special meetings of the Board of Directors may be called by the Chairperson, and shall be called by the Chairperson or Secretary upon the written request of at least two (2) directors. The Chairperson or presiding officer may call the Board into executive session on sensitive matters such as personnel, litigation strategy or hearings with respect to violations of the Bylaws or Rules and Regulation. Any final action taken by the Board in executive session shall be recorded in the minutes.

(b) Notice. Regular meetings of the Board of Directors may be held without notice. The Chairperson, or any two (2) directors may call and give notice of a meeting of the Board of Directors. The person or persons calling a special meeting of the Board of Directors, at least two (2) days before the meeting, shall give notice thereof by any usual means of communication. Such notice need not specify the purpose for which the meeting is called. Any duly convened regular or special meeting may be adjourned by the directors to a later time without further notice.

(c) Waiver of Notice. Any director may waive notice of any meeting before or after the meeting. The waiver must be in writing, signed by the director entitled to the notice, and delivered to the School for inclusion in the minutes or filing with the corporate records. The attendance by a director at, or the participation of a director in, a meeting shall constitute a waiver of any required notice of such meeting, unless the director, at the beginning of the meeting (or promptly upon the director's arrival thereat), objects to holding the meeting or to transacting any business at the meeting and does not thereafter vote for or assent to action taken at the meeting.

(d) Conduct of Meetings. The Chairperson shall preside over meetings of the Board of Directors and the Secretary shall keep the minutes of the meeting and record all resolutions adopted at the meetings and proceedings occurring at the meetings. The Chairperson shall, in his/her reasonable discretion, determine the procedural manner in which each meeting shall be conducted and such meeting need not be conducted according to *Robert's Rules of Order Newly Revised* unless a majority of the Board so requires.

Section 4.7. Action by Directors Without Meeting. Action required or permitted to be taken at a meeting of the Board of Directors may be taken without a meeting if the action is taken by all members of the Board and evidenced by one or more written consents signed by each director before or after such action, describing the action taken, and delivered to the Secretary of the School for inclusion in the minutes or filing with the corporate records.

ARTICLE 5

OFFICERS

Section 5.1. Designation and Duties of Officers. The principal officers of the School shall be the Chairperson (who shall also serve as Chairman of the Board of Directors), the Vice Chairperson, the Secretary and the Treasurer, all of whom shall be elected by the Board of Directors. The Board of Directors may also elect an assistant

treasurer, an assistant secretary and such other officers as in its judgment may be necessary. All officers shall be Members, officers of a corporate Member, partners of partnership Members, or members of limited liability company Members and shall be members of the Board of Directors. Each officer shall perform such duties as are normally associated with such office in parliamentary organizations, except to the extent, if any, inconsistent with these Bylaws, and shall perform such other duties as may be assigned to such office by resolution of the Board of Directors. If any officer is unable for any reason to perform the duties of the office, the Chairperson (or the Board of Directors if the Chairperson fails to do so) may appoint another qualified individual to act in such officer's stead on an interim basis.

Section 5.2. Election of Officers. The officers of the School shall be elected annually by the Board of Directors at the organizational meeting of each new Board and shall hold office at the pleasure of the Board. Any officer may hold more than one position; provided, however, that the offices of Chairperson, Vice Chairperson and Secretary shall be held by three different individuals. Each officer shall hold office for a term one (1) year or until such officer's death, resignation, retirement, removal or disqualification, or until the election and qualification of such officer's successor. Nothing herein shall prevent officers from serving consecutive terms.

Section 5.3. Removal and Resignation. Any officer or agent may be removed by the Board of Directors at any time with or without cause; but such removal shall be without prejudice to the contract rights, if any, of the person so removed. An officer may resign at any time by notifying the School, orally or in writing, of such resignation. A resignation shall be effective upon receipt by the School unless it specifies in writing a later effective date. In the event a resignation so specifies a later effective date, the Board of Directors may fill the pending vacancy prior to such date; however, the successor to the resigning officer may not take office until the effective date. An officer's resignation does not affect the School's contract rights, if any, with such officer.

Section 5.4. Vacancies. A vacancy in any office may be filled by appointment by the Board of Directors. The individual appointed to fill a vacancy shall serve for the remainder of the term of the officer such individual replaces.

Section 5.5. Chairperson. The Chairperson shall be the principal executive officer of the School and, subject to the control of the Board of Directors, shall supervise and control the management of the School in accordance with these Bylaws. The Chairperson, when present, shall preside at all meetings of members. The Chairperson, with any other proper officer, may sign any deeds, leases, mortgages, bonds, contracts or other instruments which lawfully may be executed on behalf of the School, except where required or permitted by law otherwise to be signed and executed and except where the signing and execution thereof shall be delegated by the Board of Directors to some other officer or agent. In general, the Chairperson shall perform all duties incident to the office of Chairperson and such other duties as from time to time may be assigned by the Board of Directors.

Section 5.6. Vice Chairperson. In the absence of the Chairperson or in the event of the Chairperson's death, inability or refusal to act, the Vice Chairpersons in the order of their length of service as Vice Chairpersons, unless otherwise determined by the Board of Directors, shall perform the duties of the Chairperson, and when so acting

shall have all the powers of and be subject to all the restrictions upon the Chairperson. Any Vice Chairperson shall perform such other duties as from time to time may be assigned by the Chairperson or by the Board of Directors.

Section 5.7. Secretary. The Secretary shall: keep the minutes of all meetings of the School and of the Board of Directors; have charge of such books and papers as the Board may direct and as may be required by Article 16 of the North Carolina Nonprofit Corporation Act; give or cause to be given all notices required to be given by the School; give each Member notice of each assessment against such Member's Membership as soon as practicable after assessment is made; provide for each Member, upon request, a copy of the rules and regulations of the School; maintain a register setting forth the place to which all notices to members and Lenders hereunder shall be delivered; make it possible for any member to inspect and copy at reasonable times and by appointment the records of the School in accordance with and as required by the North Carolina Nonprofit Corporation Act; and, in general, perform all the duties incident to the office of Secretary.

Section 5.8. Assistant Secretaries. In the absence of the Secretary or in the event of the Secretary's death, inability or refusal to act, the Assistant Secretaries in the order of their length of service as Assistant Secretaries, unless otherwise determined by the Board of Directors, shall perform the duties of the Secretary, and when so acting shall have all the powers of and be subject to all the restrictions upon the Secretary. Assistant Secretaries shall perform such other duties as from time to time may be assigned by the Secretary, by the Chairperson, or by the Board of Directors.

Section 5.9. Treasurer: The Treasurer shall have custody of all funds and securities belonging to the School and shall receive, deposit or disburse the same under the direction of the Board of Directors. The Treasurer shall maintain appropriate accounting records as may be required by law and, in general, perform all the duties incident to the office of Treasurer and such other duties as from time to time may be assigned by the Chairperson or by the Board of Directors.

Section 5.10. Assistant Treasurers. In the absence of the Treasurer or in the event of the Treasurer's death, inability or refusal to act, the Assistant Treasurers in the order of their length of service as Assistant Treasurers, unless otherwise determined by the Board of Directors, shall perform the duties of the Treasurer, and when so acting shall have all the powers of and be subject to all the restrictions upon the Treasurer. Assistant Treasurers shall perform such other duties as from time to time may be assigned by the Treasurer, by the Chairperson, or by the Board of Directors.

ARTICLE 6

COMMITTEES

Section 6.1. Committees of the Board. The Board of Directors, by resolution of a majority of the number of directors in office, may designate two or more directors to constitute an Executive Committee and such other committees as the Board shall deem advisable, each of which, to the extent authorized by the North Carolina Nonprofit Corporation Act and provided in such resolution, shall have and may exercise all of the authority of the Board of Directors in the management of the School. Each

committee member serves at the pleasure of the Board of Directors. The provisions of these Bylaws governing meetings, action without meeting, notice and waiver of notice, and quorum and voting requirements of the Board of Directors apply to any committees of the Board of Directors established pursuant to this Section. The designation of any committee of the Board of Directors and the delegation thereto of the Board's authority shall not operate to relieve the Board of Directors, or any member thereof, of any responsibility imposed upon him or her by law.

Section 6.2. Other Committees. Other committees not having and exercising the authority of the Board of Directors in the management of the School may be designated by resolution adopted by a majority of the directors present at a meeting at which a quorum is present. Such committee shall have such duties and responsibilities as may be set forth in the resolution designating the committee. For committees set up under this Section 6.2 to which decision making authority is delegated by the Board of Directors or in any School Documents, the provisions of these Bylaws governing meetings, action without meeting, notice and waiver of notice, quorum and voting requirements of the Board of Directors shall apply to any such committees. Further such committees shall keep a written record of actions taken by such committees.

ARTICLE 7

INDEMNIFICATION AND OTHER DIRECTOR AND OFFICER ISSUES

Section 7.1. Execution of Documents. Unless as may otherwise be provided in a resolution of the Board of Directors, all agreements, contracts, deeds, leases, checks and other instruments of the School for expenditures or obligations shall be executed by any two (2) individuals designated by the Board of Directors.

Section 7.2. Indemnification. The School shall indemnify, to the fullest extent permitted by law and this Article, any person who is or was a party or is threatened to be made a party to any threatened, pending, or completed action, suit, or proceeding (and any appeal therein), whether civil, criminal, administrative, arbitrative, or investigative and whether or not brought by or on behalf of the School, by reason of the fact that such person is or was a director or officer of the School, or is or was serving at the request of the School as a director, officer, partner, trustee, employee, or agent of another School, partnership, joint venture, trust, or other enterprise or as a trustee or administrator under an employee benefit plan, or arising out of such party's activities in any of the foregoing capacities, against all liability and litigation expense, including reasonable attorneys' fees; PROVIDED, HOWEVER, THAT the School shall not indemnify any such person against liability or expense incurred on account of such person's activities which were at the time taken known or believed by such person to be clearly in conflict with the best interests of the School or if such person received an improper personal benefit from such activities. The School likewise shall indemnify any such person for all reasonable costs and expenses (including attorneys' fees) incurred by such person in connection with the enforcement of such person's right to indemnification granted herein.

The School shall pay all expenses incurred by any claimant hereunder in defending a civil or criminal action, suit, or proceeding as set forth above in advance of the final disposition of such action, suit, or proceeding upon receipt of and undertaking

by or on behalf of such claimant to repay such amount unless it ultimately shall be determined that such claimant is entitled to be indemnified by the School against such expenses.

The Board of Directors of the School shall take all such action as may be necessary and appropriate to authorize the School to pay the indemnification required by this Bylaw, including without limitation, (a) a determination by a majority vote of disinterested directors (i) that the activities giving rise to the liability or expense for which indemnification is requested were not, at the time taken, known or believed by the person requesting indemnification to be clearly in conflict with the best interests of the School and (ii) that the person requesting indemnification did not receive an improper personal benefit from the activities giving rise to the liability or expense for which indemnification is requested, and (b) to the extent needed, giving notice to the members of the School.

Any person who at any time after the adoption of this Bylaw serves or has served in any of the aforesaid capacities for or on behalf of the School shall be deemed to be doing or to have done so in reliance upon, and as consideration for, the right of indemnification provided herein. Such right shall inure to the benefit of the legal representatives of any such person and shall not be exclusive of any other rights to which such person may be entitled apart from the provision of this Bylaw.

Section 7.3. Compensation of Directors and Officers. No salary or other compensation shall be paid by the School to any director or officer of the School for serving or acting as such, but this shall not preclude the payment of salary or other compensation for the performance by any person serving as a director or officer for services provided to the School in a capacity other than that of director or officer nor shall it preclude the reimbursement of reasonable, ordinary and necessary expenses incurred in serving or acting as a director or officer.

ARTICLE 8

BOOKS AND RECORDS

Section 8.1. Maintenance of Books and Records and Financial Review. The School shall keep books and records as required by Article 16 of the Nonprofit Corporation Act. The School may cause to be adopted procedures for such level of financial review and compilation of the School as the Board of Directors may determine appropriate, which may include an audit or some lesser level of review.

Section 8.2. Availability. The books and records of the School shall be available for inspection by the members and their attorneys and accountants pursuant to the terms and conditions of Article 16 of the North Carolina Nonprofit Corporation Act.

Section 8.3. Fiscal Year. The fiscal year of the School shall be fixed by the Board of Directors.

Section 8.4. Seal. The corporate seal of the School shall consist of two concentric circles between which is the name of the School and in the center of which is

inscribed "SEAL"; and such seal, in the form approved by the Board of Directors, shall be adopted by the Board as the corporate seal of the School.

ARTICLE 9

NOTICES

Except as specifically provided otherwise in these Bylaws or the Nonprofit Corporation Act, all notices, demands, bills, statements or other communications shall be in writing and shall be deemed to have been duly given if delivered personally, sent by United States mail, postage prepaid, or by electronic means to a member, at the address (including electronic mail address) which the member shall designate in writing and file with the School.

ARTICLE 10

AMENDMENTS TO BYLAWS

These Bylaws may be amended and repealed and new Bylaws may be altered, amended, or repealed at any time by the members and the Board of Directors as follows:

(a) A special meeting of the Board of Directors must be called in accordance with Section 4.6 of these Bylaws. Written notice of such meeting must be given to each director at least five (5) days prior to the time at which the meeting will take place. In addition, the notice must state that the purpose of the meeting is to consider a proposed amendment to the Bylaws. The notice must set forth the date, time, and place of such meeting as well as contain a copy or summary of the amendment to the Bylaws. It will take a majority of directors in office at the time of the meeting to approve the proposed amendment to the bylaws. If the Board of Directors approves the proposed amendment to the bylaws, the Board of Directors must submit the proposed amendment to a vote of the members of the Association. If the Board of Directors fails to adopt the proposed amendment to the bylaws, such amendment shall be submitted to a vote of the membership of the School only if ten percent (10%) of the membership makes such a request to the Board of Directors in writing; and,

(b) A special meeting of the membership must be called in accordance with Section 3.3 of these Bylaws. Written notice of such meeting must be given to all the members in accordance with Section 3.4 of these Bylaws. The notice must state that the purpose of meeting is to consider a proposed amendment to the bylaws. The notice must set forth the date, time, and place of such meeting as well as contain a copy or summary of the amendment to the Bylaws; and,

(c) For such amendment to be adopted at a meeting of the membership, at least fifty percent (50%) of the membership must be in attendance either in person or by proxy ("Bylaw Quorum") and two-thirds of those membership votes in attendance either in person or by proxy or a majority of the total membership votes entitled to be cast, whichever is less, must vote affirmatively to adopt the proposed bylaw amendment.

ARTICLE 11

PRIORITY

In the event that any of the provisions of these Bylaws conflict with the provisions of the Nonprofit Corporation Act, the provisions of the Nonprofit Corporation Act shall control. In the event that any of the provisions of these Bylaws conflict with the provisions of the School's Articles of Incorporation, the provisions of the Articles of Incorporation shall control.

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