

**First State Military Academy
355 West Duck Creed Road
Clayton, Delaware 19938**

BY-LAWS

SEPTEMBER 26, 2023

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355 West Duck Creed Road
Clayton, Delaware 19938**

BY-LAWS

SEPTEMBER 2023

ARTICLE I - TITLE

Section 1. Name. The name of the Corporation shall be First State Military Academy, hereinafter referred to as the "Corporation."

ARTICLE II - PURPOSE

Section 1. Purpose. The purpose of the Corporation is stated in its Certificate of Incorporation. The Corporation is organized, and shall be operated exclusively, for educational purposes. No part of its earnings shall inure to the benefit of any member or officer. Charter schools, as public schools, cannot participate in 501(c)(3)(h).

Section 2. Mission Statement. The mission of First State Military Academy is to provide an educational experience that focuses on developing the intellectual, physical and emotional growth of our cadets. Through an environment of academic rigor, military discipline, citizenship, leadership and the application of strong moral values, graduates will develop respect for themselves, and respect for all those with whom they have an interdependent relationship, ensuring successful entry into adult life.

Section 3. Business. The business of the Corporation is restricted to the operation of First State Military Academy, hereinafter referred to as the "School." The Corporation will conduct before-school programs, after-school programs, and educational programs related to the School that are offered extraneous to the traditional school year.

Section 4. Non-Discrimination. The Corporation shall not discriminate on the basis of race, religion, national origin, gender, or age in either the hiring or other employment practices of the school, or in its admission policies for students. Further, the corporation shall be open to all students in Delaware on a space available basis and shall not discriminate in its admission policies or practices. The Corporation shall conduct all its activities in accordance with all applicable local, state and federal anti-discrimination laws, and in accordance with all other laws and regulations applicable to the operation of public charter schools in the State of Delaware.

ARTICLE III - OFFICES

Section 1. Registered Office. The registered office of the Corporation shall be 355 W. Duck Creek Rd, Clayton, DE 19938. The registered agent at such address shall be C. Scott Kidner at 15 Kings Highway, Dover, DE 19901. The corporation shall have, and continuously maintain, its principal office in Kent County, Delaware.

Section 2. Other Offices. The Corporation may also have an office, or offices, at any other place, or places, that its business may require.

ARTICLE IV - MEMBERS

Non-membership Corporation. The Corporation shall have no members. The Directors shall have all powers and duties necessary for the conduct of the activities of the Corporation.

ARTICLE V - BOARD OF DIRECTORS

Section 1. Number. The Board of Directors, hereinafter referred to as the “Board,” shall consist of no less than seven and no more than thirteen members. However, the composition of the Board shall be an odd number. Members of the Board are Directors. The number of Directors constituting the Board may, at any time, be reduced or increased upon the majority vote of the Directors.

Section 2. Qualifications. Persons should possess talents and abilities necessary to govern a charter school. Consistent with the mission of the Corporation, and at the discretion of the Board, they will serve the long-term interests of the school faithfully and effectively.

A) Key Qualifications:

1. Technical proficiency in their career field
2. Knowledge of the community
3. Commitment to the School’s mission and strategic directions
4. Commitment of time
5. Willingness to learn

B) Evaluation. The performance of the Directors is validated in the context of the performance of the Board as a whole, and is based upon the fulfillment of the duties and responsibilities outlined in these by-laws.

Note: The Board shall maintain a parent member and teacher member at all times.

Section 3. Voting Rights. Directors shall have one vote.

Section 4. Liability. No Director shall be personally liable for the debts, liabilities, or obligations of the Corporation.

Section 5. Terms. Each Director shall serve two-year terms, each expiring upon resignation, or the election of his or her successor.

Section 6. Vacancies. Any vacancies created by the removal or resignation of any Director shall be filled by election of those currently serving the Board. The Directors may, at their discretion, fill any vacancy created by the removal or resignation of a member by an affirmative vote of three-quarters of the Directors then serving; provided, however, that any vacancy that leaves the Board with no parent member must be filled by a parent or legal guardian of a student enrolled in the School, and any vacancy that leaves the Board with no teacher member must be filled by a certified teacher employed as a teacher at the School.

Section 7. Removal. The Board of Directors may remove a Board member at any time by three-quarters vote of the remaining Board without cause, as provided by the Delaware General Corporation Law (DGCL). Further, the Board may remove any Board member by a simple majority vote of the remaining Board members if subject Board member:

A) Has failed to attend more than two of the regular Board meetings in any calendar year without excuse.

- B) Has been convicted of a felony.
- C) Has been found by final order or judgment of any court to have breached any duty imposed by the DGCL.
- D) Has failed to meet the required standards as outlined in the Powers and Functions of Directors section of these by-laws.
- E) Non-compliance with the Board's Code of Conduct.
- F) Disruptive or unbecoming behavior at school events, assemblies, Parent and Alumni Organization meetings, or Board meetings.
- G) For such other causes as the Board may determine.

Voting to remove a Board member may occur at any regular meeting or a special meeting called for that purpose. The Board member being considered for removal shall be given at least a two week notice of such a meeting and the proposed action. He/She shall be given the opportunity to address the Board regarding such action prior to any vote on removal. Upon final action, said Board member shall be notified in writing.

Section 8. Compensation. Board members shall serve without compensation. However, the Board may approve reimbursement of a Board member's actual and necessary out-of-pocket expenses while a Board member is conducting approved Board business. Board members must present receipts for all such expenses, which shall be for the Board member only, and shall be itemized and documented. Such expenses must be approved by a motion of the Board prior to the expenditure being incurred or, if not possible, within two months (or at the next regularly scheduled Board meeting if more than two months elapse between Board meetings) after such expenditure is incurred.

Section 9. Resignations. Any Director may resign from a committee of the Board, an office of the Board, or the Board itself by giving written notice to the Chair or the Secretary. Any such resignation shall take effect on the date of receipt of such notice, or at any later time therein specified. Unless otherwise specified, the acceptance of such resignation shall not be necessary to make it effective.

Section 10. Fiduciary Duties. Directors shall stand in fiduciary relation to the Corporation and shall perform his or her duties as a Director, including his or her duties as an officer or a member of any committee of the Board upon which he or she may serve, in good faith, in a manner he or she reasonably believes to be in the best interest of the Corporation and with such care, including reasonable inquiry, skill and diligence as a person of ordinary prudence would use under similar circumstances. A Director of the Corporation shall have no personal liability to the Corporation, or its members, for monetary damages for breach of fiduciary duty as a Director, provided that this provision shall not eliminate the liability of a Director:

- A) For any breach of the Director's duty of loyalty to the Corporation or its members.
- B) For acts or omissions not in good faith, or which involve intentional misconduct, or for a knowing violation of law.
- C) Under Section 174 of the Delaware General Corporation Law.
- D) For any transaction from which the Director derived an improper personal benefit.

Section 11. Board Member Responsibilities.

- A) **Accountability.** The Board of Directors is collectively accountable, first and foremost, to the vision and cadets of First State Military Academy. Members are also accountable to the community, funders, and stakeholders that have an interest in First State Military Academy. The Board is accountable for the School's performance in relation to its mission.
- B) **Authority.** Individual Board members have no authority to approve actions by the School, to direct staff, or to speak on behalf of the School, unless given such authority by the Board.
- C) **Responsibility.** Board members are responsible for acting in the best long-term interests of the School and its community and will bring to the task informed decision making, broad knowledge, and an inclusive perspective.
- D) **General Duties and Responsibilities.** Every member of the Board of Directors is expected to do the following:
1. To set a vision, mission, and annual goals that align Board work with the School and assess the same annually, and to realign as needed. Participate in the review of the School's mission and objectives and the development of a strategic plan. Work as a team member and support Board decisions.
 2. To ensure that the conditions exist under which excellent teaching and student performance is paramount. Monitor the performance of the School in relation to objectives and core values.
 3. To require outstanding student performance based on clearly delineated standards, and to work with the Principal and or Commandant to raise student achievement, and to involve the community in the attainment of that goal.
 4. Envision the community's educational future and formulate the goals, define the outcomes, and set the course for the school's success, reviewing and realigning as necessary.
 5. Demand the continuous assessment and reporting of all conditions affecting education and ensure that the School's Principal and or Commandant is accountable for results in student learning.
 6. Each member shall make an in person visit to the campus quarterly during the normal school day to observe a teacher's class and or speak with teachers, staff, cadets, or military instructors. Each member should make general observation of the campus buildings, structures and grounds. Each member should attend a minimum of one of the Corporation's School sponsored events quarterly. It is strongly encouraged that members make every effort to attend all major functions in order to be informed and able to represent the Corporation in the community. Visibility of the members at the Corporation's School functions should convey true interest in and allegiance to those who carry the weight of operating the School's daily routine.
 7. To help the Corporation increase its presence and connection in the community, it is suggested that members invite at least one community leader, business person, or a member of the community at large each semester to visit the campus to observe or take part in a School sponsored event that is in conjunction with the Principal and or Commandant's activities and the goals of the School's outreach.

8. Prepare for and attend Board meetings. This includes reviewing all documents provided prior to the meeting and keeping abreast of current affairs and details of the Corporation.
9. Monitor the approved budgets financial performance
10. Abide by the by-laws, code of conduct, and other policies that apply to the Board. Establish, review, and monitor policies that guide core operational practices (e.g., financial management, human resource management).
11. Participate in hiring, evaluating, and releasing the Principal and or Commandant.
12. Participate in the recruitment of new Board members.
13. Participate in committee work.
14. Attend and participate in all Board meetings in person or via video teleconference.
15. Keep informed about community issues relevant to the mission and objectives of the School.
16. Financially support the School, at whatever level, on a yearly basis.

ARTICLE VI - POWERS AND FUNCTIONS OF DIRECTORS

Section 1. Powers. Subject to limitations imposed by law, the Certificate of Incorporation, or these by-laws, all corporate powers shall be exercised by or under the authority of the Board. The Board has the power to manage the property of the Corporation and the business of the Corporation, as described in Article II, Section 3, of these by-laws. The Directors shall have no voting rights, other than as provided by the General Corporation Law of the State of Delaware and the provisions of these by-laws.

Section 2. Conducting Business. All business conducted by the Board of Directors shall be conducted in accordance with the General Corporation Laws of the State of Delaware and these by-laws. Meetings shall be governed and conducted with parliamentary procedures in accordance with Roberts Rules of Order. Without limiting the foregoing, the Board shall conduct the business of the Corporation, including:

- A) Adopting the by-laws of the Corporation, subject to the consent of a majority of the members.
- B) Determining the general policies and strategic planning of the Corporation.
- C) Establishing the annual budget and approving major expenditures.
- D) Selecting projects and approving the overall budget of said projects.
- E) Approving the administrative budget of the Corporation.
- F) Approving the annual reports of the Corporation
- G) Approving the annual financial statements of the Corporation.

- H) Electing officers and filling vacancies in said offices as may occur from time to time during the year.
- I) Selecting and approving the senior administrative officers of the Corporation, Principal and Commandant.
- J) Approving those teachers and staff presented by the Principal and or Commandant to the Board for approval.

ARTICLE VII - MEETINGS OF THE BOARD

Section 1. Compliance with the Provisions of the Freedom of Information Act. The Board shall conduct its meetings as if it were a public body as defined in 29 Del. C. § 10002(a), and according to the requirements of Chapter 100 of said title 29 (the "Act"). In addition to the published notices required by the Act, notices of each meeting of the Board shall be forwarded to its members by any method which preserves proof of such notices.

Section 2. Meetings. Meetings shall be held monthly on such date and time as notified by the Chair or Secretary and according to the by-laws of the Corporation. Special meetings of the Board may be held at the call of the Chair, or any three Directors, for any purpose. Such request by any three Directors shall be given to the Chair and shall state the purpose of the proposed meeting.

Section 3. Notice. A notice of any meeting, setting forth the time, date and location shall be given by the Secretary in person, by mail, by telephone, by facsimile, or by electronic mail not less than seven days in advance of the meeting to each Director at the address last shown on the records of the Corporation. Unless otherwise indicated in the notice thereof, any and all business may be transacted at any special meeting. If after a "State of Emergency" has been declared by the Governor of this State, such that in person meetings are restricted, all subsequent meetings of the Board will be conducted via electronic means, with all the necessary notice provisions as directed by current state law or as amended by the State of Emergency, shall be acceptable.

Section 4. Quorum. A quorum for the transaction of business at any meeting of the Board shall consist of the majority of the voting members then serving, except as may otherwise be required by law. An act of the majority of members present and voting at a duly called meeting shall be the act of the Board, except as may otherwise be provided elsewhere by these by-laws.

Section 5. Meeting Attendance. Directors are expected to attend all Board meetings. It shall be the duty of the Secretary to communicate with any Director after two unexcused, consecutive absences to ascertain the Director's interest in retaining Board membership. Failure to provide an adequate response may qualify as sufficient cause for removal from the Board. The manner in which a Board member attends, participates and votes during a meeting shall be directed by Delaware law, regulation, State of Emergency guidance and these by-laws.

- A) All meetings shall be hybrid meetings that are both in person and virtual. Attending virtual will be considered the same as attending in person. To ensure the integrity of the meeting and the voting, virtual attendance must include both audio and live video of the Director from their remote location. Absence of video and or audio will negate any vote of remote Director.

Section 7. Reliance. A member of the Board, or of any committee or office thereof, shall in the performance of his or her duties, be fully protected in relying in good faith upon the records of the Corporation and upon such information, opinions, reports, or statements presented to the Corporation by any of its Directors, employees, or committees of the Board, or by any other person as to matters the member reasonably believes are within such other person's professional or expert competence and who

has been selected with reasonable care by, or on behalf, of the Corporation.

Section 8. Corporate Compensation Voting. Only Directors who are not employees of the Corporation, or related to employees of the Corporation, may vote on matters related to the compensation of employees of the Corporation, or concerning any personnel matter relating to employees of the Corporation. Directors who are employees of the Corporation, except for the Principal and or Commandant, may not attend those portions of the meeting on matters related to the compensation of employees of the Corporation, or any personnel matter relating to employees of the Corporation, without the approval of the Board Chair.

ARTICLE VIII - COMMITTEES OF THE BOARD

Section 1. Establishment by Board. The Board shall appoint, or shall provide for the appointment of, committees consisting of Directors and such other persons that the Director and or Chair of the Committee deems advisable to have on the committee with such duties and powers as the Board may designate and prescribe. In the absence or disqualification of any member of any committee and any alternate member in his or her place, the Board may appoint another Director to act at the meeting in the place of any such absent or disqualified member. The Board may suspend, alter, continue, or terminate any of such committees or the powers and functions thereof.

Section 2. Action. Unless otherwise provided in the resolution of the Board designating a committee, a majority of the members of the whole committee shall constitute a quorum unless the committee shall consist of one or two members, in which case one member shall constitute a quorum. All matters properly brought before the committee shall be determined by a majority vote of the members present.

Section 3. Action without Formal Meeting. Any action that may be taken by a committee at a meeting may be taken without a meeting if all members thereof consent thereto in writing and such writing is filed with the minutes of the proceedings of such committee; provided, however, that no such action without a meeting may be taken if such action were to be regarded as the sort of action that may only be taken at a public meeting as required by the Act.

Section 4. Procedures. Each committee may determine the procedural rules for meeting and conducting its business and shall act in accordance therewith, except as otherwise provided by law. Adequate provision shall be made for notice to all members of any committee of all meetings of that committee.

Section 5. The Executive Committee. This Committee shall not have any power or authority with respect to Board actions specifically set forth in the Certificate of Incorporation. Subject to the foregoing and subject to the Delaware General Corporation Law, the Executive Committee shall exercise all other powers of the Board between the meetings of the Board, except the power to fill vacancies in its own membership, which vacancies shall be filled by the Board.

Section 6. Executive Committee Members. The members of the Executive Committee shall be the Chair of the Board, the Vice Chair of the Board, the Treasurer and Secretary.

A) Each of the Executive Committee members shall be voted on by the Board of Directors.

1. If there is a vacancy in any of the Executive Committee positions, the Board will hold at any regularly scheduled meeting a nomination that will be opened and closed at the same meeting.
2. After the nomination process there will be a vote of all Board members present to elect each member of the Executive Committee. The existing Chair or Vice Chair will decide if a secret ballot is necessary when there are multiple nominations.

3. Each Executive Committee member's term will serve concurrently with their board position.

Section 7. Standing Committees. The responsibilities of the Standing Committees may include, but shall not be limited to, the following:

- A) Strategic Planning and Development. This Committee is commissioned by the Board and is responsible to the Board to assume the primary oversight of the efforts established by the Principal and or Commandant for raising grant and non-grant funds for the Corporation. Further, this committee shall develop a strategic plan for the Corporation, communicate said plan, and be responsible for measuring achievement and implementation of that plan. The Board, in consultation with the Strategic Planning and Development Committee, the Finance Committee, and the Principal and or Commandant, will determine the fundraising goal for the Strategic Planning and Development Committee, as well as for Corporation-based committees and grants.
- B) Finance. This Committee is commissioned by the Board, is responsible to the Board, and is chaired by the Board Treasurer for working with the Principal, Commandant and or his/her designate to:
 - 1) Create the upcoming fiscal year budget.
 - 2) Present budget recommendations to the Board.
 - 3) Monitor implementation of the approved budget on a regular basis and recommend proposed budget revisions.
 - 4) Recommend to the Board appropriate policies for the management of the Corporation's assets.
 - 5) Make recommendations to the full Board with respect to compensation for all employees of the Corporation.
 - 6) Interact with the auditors of the Corporation and implement, or propose for implementation, any changes to policies and procedures recommended by the auditors.
- C) Citizens Budget Oversight Committee (CBOC). This Committee is commissioned by the Board and is required pursuant to 14 Delaware Code §1508. It is solely established to oversee the financial position of the Corporation. The Board shall retain all policy and decision-making authorities granted pursuant to Delaware Code. The Corporation may establish its own policy for its CBOC. The CBOC shall have access, either electronically or in hard copy format, to financial documents and financial information the Corporation has in its possession. Redactions are permitted only to protect confidential personal information regarding students or employees. Each member of the CBOC is required to attend and receive a Certificate of Completion for the CBOC Training developed by the Department of Education. The training must be completed within three months of a member's appointment to the CBOC.
- D) Academic Committee. This Committee is commissioned by the Board to assume the primary responsibility for working with the Principal and or Commandant to define academic excellence and leadership achievement, to ensure that all Directors know the charter promises that were made to the community, the parents and the Delaware Department of Education, and to devise clear and consistent measures to monitor progress on these goals and communicate progress to the individuals mentioned above.

- E) Board Governance Committee. This Committee is commissioned by the Board, and accountable to the Board to assume the primary responsibility for matters pertaining to parliamentary procedure for conducting meetings, Board recruitment, nominations, orientation, training and evaluation in accordance with these by-laws, as well as established policies and practices approved by the Board. This committee is also charged with evaluating the Board composition and terms to ensure the needed skill sets are present, and that the appropriate number of Board members are selected, as noted in Article V above. This committee is also responsible for developing a Board handbook and revising such handbook as needed.

- F) Facilities Committee. This Committee is commissioned by the Board, and is directly responsible for all construction and renovation, including site work located on the school property. This committee will provide oversight and direction to the organizations hired to implement the ongoing maintenance, renovation, and new construction of the School's buildings and land.

- G) Marketing/Communications Committee. This Committee is commissioned by the Board to support the School's enrollment process and programs, to support the external communications of the Board and school, to increase publicity of the school, and help develop and support these communications in a manner that strengthens the unique attributes of the school using traditional and nontraditional platforms.

Section 8. Standing Committee Chairs. In addition to the foregoing responsibilities of each Standing Committee, each Chair shall make a report at each Board meeting and at such other times that the Board or the Executive Committee may request from time to time.

Section 9. Standing Committee Membership. Except for the Citizens Budget Oversight Committee (CBOC), the membership for each Standing Committee shall incorporate the following:

- A) Be led by a member of the Board, excluding the Chair and Vice Chair.
- B) Have no more than five members, unless deemed necessary by the committee Chair and approved by the Board.
- C) Committee Chairs may seek out members from the community at large (to include cadets' families and School staff and personnel) to fill their committees, with the intention of choosing people who will provide the skill set needed to accomplish the committee's charge. This also allows for the observation of potential future Board members, as needed.
- D) Terms of Office for each non-Board member will be two years from the start date, with the option to extend the term an additional two terms, for a total of six full years.

Section 10. CBOC Membership. This Committee shall incorporate the following:

- A) The CBOC Committee, as dictated by the State of Delaware, shall have at least five members with representation from educators and parents of students in the school and, when practical, representation from the Department of Education. In addition, where possible, the committee shall have at least two members with formal educational or vocational backgrounds relevant to oversight of school district financial statements.
- B) Each member shall serve two-year terms, each expiring upon resignation or the election of his or her successor, with a majority vote of the existing members of the CBOC. Terms may not exceed six years. A person may terminate his or her position upon notice given to the Chair.

- C) Selection of committee members must follow the process for posting and selection as outlined in the Title 14 Delaware Administrative Code.
- D) CBOC Policy pursuant to Regulation 736: Local School District and Citizens Budget Oversight Committee.
1. First State Military Academy's (FSMA) Citizens Budget Oversight Committee (CBOC) is established in compliance with Regulation 736. The School's Board of Directors shall retain all policy and decision-making authority.
 2. The CBOC will have full access, either electronically or in hard copy format, to all financial documents and financial information the School has in its possession, with redactions permitted only to protect confidential personal information regarding students or employees.
 3. The CBOC will provide regular updates to the Board regarding activities related to its service.
 4. The CBOC will be comprised of a minimum of five members, with at least one member an educator from the school, one member a parent whose child currently attends the school and, where possible, two members with personal or professional experience that would lend to expertise in charter school financial oversight, and one Delaware Department of Education liaison. The CBOC shall meet at a minimum once a quarter, and at a date and time as established by the Chair.
 5. CBOC members shall not be compensated.
 6. The CBOC shall include members not currently serving on the School's existing Board Finance Committee.
 7. If necessary to meet the CBOC membership requirements outlined above, additional CBOC members will be selected by the Finance Committee of the Board.
 - a) Request for CBOC members can occur in a manner as deemed appropriate by the Chair, but such requests will attract individuals that have a nexus to the purpose of the CBOC.
 - b) Interested parties may apply to the CBOC by completing the attached application.
 - c) Appointment will take place at the CBOC's next meeting.
 8. The CBOC Chair will be appointed by the Chair of the Board of Directors of FSMA and shall be, if practical, the Vice-Chair of the Board's Finance Committee.
 9. Members of the CBOC are expected to:
 - a) Attend required finance training provided by the Department of Education
 - b) Maintain expertise that will enhance effective financial oversight of the charter school.

Section 11. Advisory Panel. In addition to the committees set forth above, the Board may establish a number of Community Advisory Panels ("CAP") to assist and advise the Board, as needed, in planning and conducting the affairs of the Corporation by studying and making recommendations about issues, questions, and concerns that may affect the Board's decision-making regarding governance and

stewardship issues. The CAP members shall be appointed and removed by a majority vote of the Board. The Board shall reserve the right to solicit third party advice on the selection or removal of CAP members, and the CAP itself shall form its own rules of operation for the above-mentioned purposes. The Principal and or Commandant will be an ex-officio member of any Panel(s) formed.

Section 12. Ad Hoc Committees. Each ad hoc committee shall have a charge specific to its permitted activities. The charge shall include the date on which the committee is to present its final report to the Board of Directors, and to be dissolved. Members of ad hoc committees shall be drawn from those that may be deemed appropriate by the Board.

Section 13. Committee Meetings. The Executive Committee and the Standing Committees shall meet at stated times, or on notice to all by any of their own number. However, each committee is required to meet at least quarterly. They shall loosely follow Robert's Rules of Order. A majority shall constitute a quorum. The affirmative vote of a majority of the members present shall determine all matters brought before the committee. All committee meetings shall comply with the requirements of the Freedom of Information Act as set forth in Article VII, Section 1 above.

ARTICLE IX - OFFICERS/CORPORATION

Section 1. Officers. The officers of the Corporation shall consist of a Chair, a Vice-Chair, Principal and or Commandant, a Secretary, a Treasurer and such assistants as the Board may deem necessary. No officer may hold more than one position at the same time. The officers shall perform such duties as described in this Article and shall receive no compensation for these services, except for as agreed to by the Board. Only Directors may serve as the Chair or Vice Chair.

Section 2. Election and Term. The officers of the Corporation shall be elected by and serve at the pleasure of, the Board for terms to expire at the end of their term as these by-laws state, except that a Director may serve until his or her successor is elected and qualified in accordance with these by-laws. A new Director may be elected by the Board at any time to fill a vacancy, and their term will begin at the first meeting of the Board after their election.

Section 3. Vacancies. A vacancy in any of the offices of the Corporation may be filled at any time at the discretion of the Board.

Section 4. Chair. The Chair shall preside at all meetings of the Board, and shall have such other powers and duties as may be prescribed from time to time by the Board.

Section 5. Vice Chair. The Vice Chair shall have such powers and duties as may be prescribed from time to time by the Chair of the Board. In the absence or the disability of the Chair, the Vice Chair shall perform all the duties of the Chair.

Section 6. Senior Administrative Officer. The Senior Administrative Officer/Head of School/ is the Principal and or Commandant who shall:

- A) Be the head of the Corporation and responsible for the day-to-day overall supervision, direction, and control of its affairs with guidance from the Board.
- B) Provide Board briefings on the state of the School at Board meetings and when deemed necessary.
- C) Sit on the Finance Committee as a non-voting member, but will be excused in matters pertaining to the Principal and or Commandant's own compensation.

D) Take on any other such powers, duties, and responsibilities as the Board may prescribe.

E) Shall be ex-officio member to all Board meetings.

Section 7. Secretary. The Secretary shall:

A) Maintain a book of minutes of all meetings of the Board and committees, recording the time, place, and date of said meetings, the names of those in attendance, as well as any actions taken and the vote on such actions.

B) Present those minutes at, or in advance of, regular meetings to the Board where they will be approved by a majority vote of the Board.

C) Maintain a copy of the Corporation by-laws with all amendments, along with the dates those amendments were passed and make available a copy to all Board members upon request.

D) Provide advance notice to the entire Board of the date, time, and location of all subsequent Board and committee meetings.

E) Have such additional powers, duties, and responsibilities as the Board may prescribe.

F) It shall be the duty of the Secretary to communicate with any Director after two unexcused consecutive absences to ascertain the Director's interest in retaining Board membership.

Section 8. Treasurer. The Treasurer shall:

A) Keep adequate and correct financial records and accounts of the Corporation properties, assets, receipts, and disbursements.

B) Be the Chief Financial Officer of the Board and Chair of the Finance Committee and as such, prepare an annual budget in conjunction with the Corporation Principal and or Commandant.

C) Provide monthly financial reports to the Board either in advance of or at regular meetings, and provide general oversight regarding the financial operation of the Corporation.

D) Recommend to the Board, for their approval, that an audit be done annually, so long as one is required by the Corporation's bond investors. The Treasurer will recommend a firm to be hired by the Board to review the books and records of the Corporation and provide a report back to the Board and all who hold a financial interest in the Corporation, no more than three months after the end of the fiscal year.

E) Once the Corporation's bond has been retired the Treasurer may recommend either an annual audit of a Generally Accepted Accounting Principle and or Principal and or Commandants (GAAP) report as outlined by the State of Delaware. The Treasurer is responsible for completing the GAAP with input from the Finance Committee and sending it to the Board for their review prior to submitting it to the State of Delaware. If an audit is requested, the process noted above must be followed.

F) Take on any other powers, duties, or responsibilities as the Board may prescribe.

ARTICLE X - INDEMNIFICATION

Section 1. Right of Indemnification. The Corporation shall indemnify and hold harmless, to the fullest extent permitted by applicable law as it presently exists or may hereafter be amended, any person who was or is made or is threatened to be made a party or is otherwise involved in any action, suit or proceeding, whether civil, criminal, administrative, or investigative (a "proceeding") by reason of the fact that he or she, or a person for whom he or she is the legal representative, is or was a Director or officer of the Corporation, is or was serving at the request of the Corporation as a Director, officer, employee, or agent of another Corporation or of a partnership, joint venture, trust, enterprise, or nonprofit entity, including service with respect to employee benefit plans, against all liability and loss suffered and expenses (including attorneys' fees) incurred by such person. The Corporation shall be required to indemnify a person in connection with a proceeding (or part thereof) initiated by such person only if the proceeding (or part thereof) was authorized by the Board.

Section 2. Prepayment of Expenses. The Corporation shall pay the expenses (including attorneys' fees) incurred in defending any proceeding in advance of its final disposition, provided, however, that the prepayment of expenses incurred by a Director or officer in advance of the final disposition of the proceeding shall be made only upon receipt of an undertaking by the Director or officer to repay all amounts advanced if it should be ultimately determined that the Director or officer is not entitled to be indemnified under this Article or otherwise.

Section 3. Claims. If a claim for indemnification or payment of expenses under this Article is not paid in full within sixty days after a written claim therefore has been received by the Corporation, the claimant may file suit to recover the unpaid amount of such claim and, if successful in whole or in part, shall be entitled to be paid the expense of prosecuting such claim. In any such action the corporation shall have the burden of proving that the claimant was not entitled to the requested indemnification or payment of expenses under applicable law.

Section 4. Non-Exclusivity of Rights. The indemnification and advancement rights conferred on any person by this Article X shall not be exclusive of, shall be in addition to and may be broadened by, any other rights that such person may have or hereafter acquire under any statute, provision of the certificate of incorporation, these by-laws, an agreement, vote of members or disinterested Directors, or otherwise.

Section 5. Other Indemnification. The Corporation's obligation, if any, to indemnify any person who has or is serving at its request as a Director, officer, employee, or an agent of another corporation, partnership, joint venture, trust, enterprise, or nonprofit entity shall be reduced by an amount such person may collect as indemnification from such other corporation, partnership, joint venture, trust, enterprise, or nonprofit enterprise.

Section 6. Liability Insurance. The Corporation may purchase and maintain insurance on behalf of any person who was or is a Director, officer, employee, or agent of the Corporation, or is or was serving at the request of the corporation as a Director, officer, employee, or agent of another corporation, partnership, joint venture, trust, or other enterprise against any liability asserted against him or her and incurred by him or her in any such capacity, or arising out of his or her status as such, whether or not the Corporation would have the power or the obligation to indemnify him or her against such liability under the provisions of this Article X.

Section 7. Amendment or Repeal. Any repeal or modification of the foregoing provisions of this Article X shall not adversely affect any right or protection hereunder of any person in respect of any act or omission occurring prior to the time of such repeal or modification.

ARTICLE XI - RECORDS

Section 1. Corporate Records. The Corporation shall keep at its registered office in this State or at its principal place of business wherever situated, an original or duplicate record of the proceedings of

the Directors and the original or copy of its by-laws, including all amendments and alterations thereto to date and a register, giving the names and addresses of the Directors. The Corporation shall also keep complete and accurate books or records of account.

Section 2. Right of Inspection. Every Director shall, upon written demand under Notary Seal stating the purpose thereof, have a right to examine, in person or by agent or attorney, during the usual hours for business for any proper purpose, one reasonably related to the interest of such person as a Director, books and records of account and records of the proceedings of the Directors and to make copies or extracts there from.

Section 3. Execution of Written Instruments. All contracts, deeds, mortgages, obligations, documents and instruments, whether or not requiring a seal, may be executed by the Chair or the Principal and or Commandant as attested by the Treasurer. All checks, notes, drafts and orders for the payment of money shall be signed by one or more other officers or agents as the Board may from time to time designate.

Section 4. Audit. At the close of each fiscal year, the school will complete a full audit, as required by law. The audit will be done by an independent auditor, who is either a Certified Public Accountant or a Registered Municipal Accountant and who has expertise in accounting of tax-exempt organizations. The auditor shall be hired for this purpose by a majority vote of the members of the Board present at the regular public meeting at which the motion to hire the auditor is being considered. The audit shall be done in compliance with Delaware statutes governing charter schools and with all applicable state and federal laws controlling non-profit tax-exempt corporations. The audit report is to be completed no more than three months after the end of the fiscal year. It will be distributed to the Board and all who hold a financial interest in the corporation.

A GAAP Report will be completed by the Treasurer of the Board with assistance from the Finance Committee. The GAAP Report will be presented for review by the Board prior to it being submitted to the State of Delaware.

ARTICLE XII - CONFLICT OF INTEREST POLICY

Section 1. Purpose. The purpose of the conflict of interest policy is to protect the Corporation's interest when it is contemplating entering into a transaction or arrangement that might benefit the private interest of an officer or Director of the Corporation. This policy is intended to supplement but not replace any applicable state laws governing conflicts of interest applicable to nonprofit and charitable corporations.

Section 2. Voting and Disclosure. In order to minimize any risk of any conflict of interest concerning the Board and officers of the Corporation, all Directors and officers shall refrain from voting on any issue in which they have a financial interest. In particular, Teacher Directors are precluded from voting on issues related to teacher compensation at the School. All Directors and officers must make a full disclosure annually of all organizations, together with any other relationships, which, in the judgment of the Director or officer, has the potential for creating a conflict of interest. Furthermore, in the event that the Board considers any matter that may have a material impact on any organization of which a Director or officer serves as a Director, officer, or key employee or as to which a Director or officer otherwise has a material relationship, such Director or officer must disclose such relationship to the Board and must refrain from voting on such matter.

Section 3. Board Approval. No Director or officer, or any spouse, sibling, parent, or child (in each case whether by birth, marriage, guardianship, or legal adoption) of such Director or officer or any employee or other person or entity in which a Director or officer has a material financial interest, shall receive any payment or other direct benefit from the Corporation for any services rendered, unless the Board, after full disclosure of the terms and conditions of such payments, approves such payment.

ARTICLE XIII - CORPORATE SEAL

The Board shall provide a corporate seal, containing the name of the Corporation, which seal shall be in the charge of the Secretary.

ARTICLE XIV - GIFTS

The Board may accept, on behalf of the Corporation, any contribution, gift, bequest, or devise for the general purpose, or any special purpose, of the Corporation. No contribution, gift, bequest, or devise, however, will influence admission policies.

ARTICLE XV - IRREVOCABLE DEDICATION, DISSOLUTION, AND REVERSION

Section 1. Irrevocable Dedication. The Corporation is not organized, nor shall it be operated, for a pecuniary gain or profit. The property, assets, profits and net income of the Corporation are irrevocably dedicated to charitable, scientific, or educational purposes and no part of the profits or net income shall inure to the benefit of any officer or member thereof.

Section 2. Dissolution. Should the Corporation cease to act and be dissolved, its property and assets then remaining, other than those obligated under the Board Member Loan Agreement, shall be paid over to and become the property of a charitable organization designated by the Board, provided, however, that payment shall be made hereunder only to such corporations, trusts, foundations, or other organizations that are organized and operated exclusively for charitable, educational, or scientific purposes and that are exempt from federal income tax or under the corresponding provision of any subsequent law, as organizations described in Section 501(c)(3) of the Code, or in the corresponding provision of any subsequent law, or to the federal government or a state or local government for a public purpose. In the event that an organization herein above named shall not qualify hereunder, the amount that it would have received upon dissolution shall be paid over to one or more other qualifying organization.

ARTICLE XVI - AMENDMENTS

These by-laws may be amended, suspended, revised, replaced or repealed by the affirmative vote of both three-quarters of all of the Directors then serving at a meeting noticed and called for the purpose of amending, suspending, replacing or repealing the by-laws, provided that any such action, is ratified by the affirmative vote of three quarters of all of the Directors.

A) Amendments to these by laws will be noted on Attachment C which will include:

1. The effective date
2. Synopsis of the change
3. Date it was entered into the Master Electronic File
4. Attachment C will be maintained by the Secretary in paper or electronic form for future reference.

ARTICLE XVII - FISCAL YEAR, PAYMENT SYSTEM, AND CONTRACTS

Section 1. Fiscal Year. The fiscal year of the Corporation shall commence on the first day of July of each year and ends on June 30 of the following year.

Section 2. Payment System. The Corporation is mandated to follow the State of Delaware's First State Financials (FSF) process of payment for any outstanding bills. Utilizing the FSF system will be in accordance with the process outlined by the State of Delaware, commencing prior to the first instructional day.

Section 3. Contracts. All of the Corporation's contracts must be approved by the Board of Directors on an ongoing basis.

Section 4. Requisitions. Any requisition in excess of \$25,000 must be presented to the Board prior to submission.

ARTICLE XVIII - EFFECTIVE DATE AND LOCATION

Section 1. Effective Date. These by-laws shall take effect immediately.

Hereby Accepted:

Date:

Hereby Replaced:

Date:

Master Electronic File shall be titled, "First State Military Academy By-laws" and maintained by the Academy administrative offices on their intranet computer system. The Secretary of the Board of Directors will have access to the master electronic file to make the appropriate amendments and or changes to these by-laws.

Attachment A

FIRST STATE MILITARY ACADEMY

Conflict of Interest Form

Name: _____

Position: _____

I have read the First State Military Academy Conflict of Interest Policy and I agree to comply with the policy and bring to the attention of the Chair and Board of Directors any real or perceived conflicts of interest that may arise during the course of my tenure with the organization.

Such conflicts include, but are not limited to, personal affiliations, professional affiliations, business dealings, dealings with other Boards, and so forth. I understand that First State Military Academy is a tax-exempt organization and that, in order to maintain its federal tax exemption, it must engage in activities which are consistent with its tax-exempt purposes.

Additionally, I agree to abide by the direction and decision rendered by the First State Military Academy Board of Directors.

Signed: _____

(Board Member)

Witnessed by: _____

(Chair or Vice-Chair)

Dated: _____

Attachment B

FIRST STATE MILITARY ACADEMY

Application for the Citizens Budget Oversight Committee

Date: _____

Name: _____

Address: _____

Home Telephone number: _____ Cell Phone Number: _____

Email: _____

Relationship to school: *(Please check all that apply.)*

_____ Parent

_____ Educator

_____ Community Member

_____ Friend of FSMA Charter School

Are you willing to commit to serving on this committee for a minimum of 2 years? _____

Please attach a professional resume or explain below in a short paragraph the personal or professional experience that would lend to expertise in school financial oversight.

Attachment C

FIRST STATE MILITARY ACADEMY

By-laws Amendments

Date Entered	Synopsis of Change	Who Entered Master File