

**AMENDED AND RESTATED
BY-LAWS OF THE CHILDREN'S SCHOOL**

ARTICLE I - NAME AND PURPOSE

- Section 1. This preschool is incorporated as "The Overlake Day School, Inc." doing business as "The Children's School" (sometimes hereinafter referred to as the "Corporation" or as "the Preschool" as the context requires).
- Section 2. The Corporation is organized and shall at all times be operated in compliance with Section 501(c)(3) of the Internal Revenue Code of 1986, as amended and the regulations promulgated thereunder. The Corporation's purpose is to provide play based education with nurturing care and respect for the preschool aged children who attend the Preschool. The Corporation's mission shall be to provide an atmosphere where children are supported in their endeavors to pose questions, seek solutions, develop friendships and explore their creative abilities.
- Section 3. The Corporation shall receive, manage and invest income, contributions, gifts and bequests in support of its charitable and educational purposes and other purposes as prioritized by the Corporation's Board of Directors. No person shall possess any property right in or to the property or assets of the Corporation, nor shall any part of the Corporation's net earnings inure to the benefit of any member, director, officer or other individual except as permitted by applicable law and regulations. No part of the net earnings or assets of the Corporation shall inure to the benefit of, or be distributed to, its members, Board of Directors, officers, or other private persons, and except as otherwise provided herein. The Corporation shall be authorized and empowered to pay reasonable compensation for services rendered. The Corporation shall make payments and distributions to further the purposes set forth in its Articles of Incorporation and these Bylaws.
- Section 4. The principal office and initial mailing address of the Corporation in the State of Vermont shall be located at 173 Patchen Road, South Burlington, Vermont, 05403. The Corporation may have such other offices, either within or out of the State of Vermont, as the Board of Directors may determine, or as the affairs of the Corporation may require from time to time.
- Section 5. The Corporation shall have and shall continuously maintain in the State of Vermont a registered office, and a registered agent whose office is identical with such registered office, as required by the Vermont Nonprofit Corporation Act. The registered office and appointment of registered agent may be changed from time to time by the Board of Directors.

ARTICLE II- MEMBERSHIP

- Section 1. Each family which has a child or children enrolled in the Preschool shall be entitled to one vote, which may not be split, and which may be cast by one of the parents who is present at a membership meeting of the Corporation (the parent eligible to exercise such vote sometimes referred to individually as "Voting Member" or collectively "Voting Members". Members of the teaching staff and members of the Board of Directors shall also be entitled to one vote at a membership meeting of the Corporation regardless of whether, they are parents of children enrolled in the school.
- Section 2. Member families with a currently enrolled child are required to attend all membership meetings of the Corporation to assist in conducting the business of the Preschool. Member families are encouraged to attend monthly meetings of the Corporation's Board of Directors.
- Section 3. Member families share in the administration of the school by serving on the Board of Directors, on committees and/or as officers appointed by the Board of Directors.
- Section 4. Member families are responsible for the up keep of the property, facilities and equipment owned by the Corporation. Each member family shall be required to participate in two environment days during the school year.

ARTICLE III- BOARD MEMBERS

- Section 1. The Corporation's operations and affairs shall be managed by its Board of Directors. Each board member shall hold office for one year from July 1st through June 30th subject to the right of any board member to elect to renew their term for one or more successive years; subject to a) approval of a majority of the other members of the Board of Directors; and b) approval by the affirmative vote of a majority of the Voting Members at the next meeting of the Corporation's members.
- Section 2. The minimum number of Directors of the Corporation's board shall be three (3). The number of Directors may be increased at any time by a majority vote of the existing Board of Directors, but at no time shall there be less than three (3), nor more than five (5) Directors. The term of any Director shall be as set forth herein or until their death, removal, resignation, incompetency or other event which results in the termination of their directorship. It is intention for the Board of Directors to ensure that it is duly constituted with a sufficient number of qualified individuals, at all times subject to the rights of the Voting Members to ratify and approve those individuals who will serve on the Board of Directors at the first meeting of the Corporation's members following the election of a director and subject

to the right of the Voting Members to remove a member of the Board of Directors in accordance with Section 9 of this Article III. At the penultimate meeting of the Board of Directors in each fiscal year, the Board of Directors shall determine which of its members will be stepping down and which of its members wish to continue serving. Any individual who wishes to continue serving on the Board of Directors shall notify the other board members of such intention. At the final meeting of the Board of Directors in each fiscal year, the board shall elect that number of individuals to serve as shall be necessary to fill any upcoming vacancies. Those vacancies shall be filled upon the expiration of the term of the individual whose seat will become vacant. Those individuals who will be renewing their terms or who are newly elected shall be subject to the approval of the Voting Members at the next meeting of the Voting Members.

- Section 3. Parents of current or former students of the Preschool shall be eligible to serve on the Corporation's Board of Directors.
- Section 4. In the event the Board of Directors votes to add additional seats or if a vacancy shall exist in one of the existing Board seats, the remaining members of the Board of Directors shall, by the affirmative vote of a majority of the board members, fill the new seat or fill the vacancy in an existing seat. Any individuals so elected shall be subject to: a) the approval of the Voting Members at the next meeting of the Voting Members; and b) removal in accordance with Section 9 of this Article III.
- Section 5. In an emergency situation, the Board of Directors can, without noticing a meeting, unanimously take action in person, via telephone, web conference or other electronic communications permitted under these Bylaws provided minutes of such action are filed by the Secretary as soon as required by applicable law.
- Section 6. Board members are self-nominated and elected by a majority vote of the members of the existing Board of Directors subject to a) the approval of the Voting Members at the next meeting of the Voting Members; and b) removal in accordance with Section 9 of this Article III.
- Section 7. Board members shall serve as unpaid volunteers.
- Section 8. Administration of these By-laws shall rest in the hands of the Board of Directors.
- Section 9. A board member may be removed with or without cause by the affirmative vote of two thirds of the other members of the Board of Directors as permitted by applicable law. A board member may also be removed from office by the presentation of a petition, signed by 50% of the member families with currently enrolled children, to the Board of Directors. The petition shall be

acted upon within two weeks at either a special meeting called for this purpose or a regularly scheduled Corporation meeting. At this meeting a vote of the member families present shall be held to decide whether the board member is removed; provided, however, no director may be removed without the affirmative vote of a majority of all of the Voting Members. The board vacancy shall be addressed in the manner contemplated in Section 4 above.

ARTICLE IV – OFFICERS

- Section 1. The officers of the Corporation shall be the President, Secretary and Treasurer, and such other officers as may be appointed by the Board of Directors in accordance with the provisions of this Article VI. These officers will have the authority and perform the duties as specified herein and as may be prescribed from time to time by the Board of Directors.
- Section 2. All officers of the Corporation shall be appointed by the Board of Directors at its first meeting each fiscal year for a term of one (1) year. Each officer shall hold office until his or her successor shall have been duly elected and qualified. Re-appointment is permissible.
- Section 3. Any officer may be removed by the affirmative vote of a majority of the Directors present at the meeting during which such action is to be taken. Such removal shall be done without prejudice of the rights of the officer removed.
- Section 4. A vacancy in any office because of death, resignation, removal, disqualification, or otherwise, may be filled by the Board of Directors for the unexpired portion of the term.
- Section 5. Any officer may resign his/her position by delivering written notice of resignation to the President and the Secretary. Such resignation shall be effective on the date provided therein. A copy of such resignation shall be delivered by the resigning officer to the Board of Directors.

ARTICLE V – OFFICER RESPONSIBILITIES

- Section 1. Duties of the officers:
- A. The **President** of the Corporation will serve a one year term with the possibility of re-election.
The President's responsibilities and powers will be as follows:
1. Presiding at all meetings of the Corporation and the Board of Directors.
 2. Having general and active management of the business of the Corporation and seeing that all orders and resolutions of the

- Board of Directors are carried into effect.
3. Serving as an ex-officio member of all standing committees and exercising the general powers and duties usually vested in the office of a president of a corporation.
 4. Collecting a report from each committee chairperson and each board member to be passed on to the next person holding those positions.
 5. Staying informed of the Preschool's legal responsibilities and liabilities.
 6. Signing all contracts, certificates, and other instruments of the Corporation authorized by the Board of Directors. Performing such other duties and exercising such other powers as may be assigned by these Bylaws or by the Board of Directors.
 7. Appointing members and chairs to each of the committees of the Board of Directors as specified below and such additional officers and committees as the Board of Directors may deem necessary for the transaction of the business of the Corporation, the President having the power to remove any individual serving on a committee, other officers (except those specifically designated herein) and committees or to fill vacancies thereof.

B. The **Treasurer** of the Corporation shall:

1. Oversee all of the finances and be a signature for all bank accounts for the corporation.
2. Present a proposed budget for approval to the Corporation for the coming school year.
3. Serve as a liaison between the Preschool and state/federal financial regulating agencies (Unemployment Compensation, Dept. of Taxes-Business Taxes: tax exempt status, Internal Revenue Service).
4. In conjunction with the Preschool's Director, ensure that quarterly and annual tax returns are filed with the IRS and the State of Vermont by the required due dates.
5. Serve as a member of the Scholarship Committee and make recommendations to the Board of Directors for awards in accordance with the Preschool Scholarship Policy.
6. Establish salary ranges for all staff, with consultation as appropriate by the Board of Directors.
7. Keep, or delegate and oversee the keeping of, full and accurate accounts of the receipts and disbursements in books belonging to the Corporation, and deposit or delegate and oversee the depositing of, all monies and other valuable effects in the name and to the credit of the Corporation in

such banks and depositories as may be designated by the Board of Directors.

- C. The duties of the **Secretary** shall include:
1. Keeping minutes of all Corporation and Board of Director meetings in one or more books provided for that purpose.
 2. Distributing minutes to all Board members, parents and staff.
 3. Posting minutes on the parent bulletin board no later than two weeks after the meeting.
 4. Preparing and distributing correspondence of the Board including advance notification of all board and corporation meetings.
 5. Finding a substitute to record minutes should he/she be absent for a board or corporation meeting.
 6. The Secretary is the custodian of the corporate records.
 7. Keeping a register of the mailing or post office address of each Director, which shall be furnished by the Director.
 8. In general, the Secretary shall perform all the duties incident to the office of the secretary. The Secretary shall also perform other such duties as from time to time may be assigned by the President or by the Board of Directors.
- D. The standing committees are as follows:
1. **Environment** - Responsible for maintenance and improvements to buildings and grounds. Maintains a list of tasks to be done on the school's property, facility, and equipment. Coordinates parent volunteers to complete tasks.
 2. **Enrollment** - Responsible for seeing that enrollment is full. Coordinates Open Houses, contacts prospective parents and arranges visits and followups. Addresses issues around low enrollment, open slots, etc.
 3. **Marketing** - Plans and implements appropriate marketing activities such as advertisements, newspaper articles, press releases, brochures, posters, etc.
 4. **Personnel** - Oversees the hiring and dismissal of all staff positions. Responsible for the maintenance of personnel policies, job descriptions, staff training, contracts, etc. Conducts annual teacher and program evaluations.
 5. **Special Events** – Assists the teachers with TCS celebrations that occur at the school (i.e. Harvest Soup) and coordinate regular community building events (i.e. Halloween party, swimming, pot lucks) that occur outside the school day.

6. **Spring Fling** - Coordinates the annual spring fundraiser to support the school scholarship fund.

ARTICLE VI - CORPORATION MEETINGS

- Section 1. The President shall call at least two full meetings of the Corporation's membership each year. All member families with currently enrolled children are required to attend. The meetings should be scheduled in the fall and in the spring.
- Section 2. A special meeting of the full membership may be called at the discretion of the President or by the presentation to the President or other corporate officer of a petition signed by 5% of the member-families with currently enrolled children requesting such a meeting.
- Section 3. A written notification of the regularly scheduled meetings of the Corporation's membership shall be given to each member family with a currently enrolled child at least two weeks in advance of the meeting. Notice of a special membership meeting shall be provided to members no less than two weeks in advance of such meeting.
- Section 4. All meetings of the Corporation and the Board of Directors shall be held within the State of Vermont at the principal place of business of the corporation, or such other place within the State of Vermont as shall be determined from time to time by the Board of Directors. The place at which a meeting shall be held shall be stated in the notice of the meeting.
- Section 5. Each voting member from each member family shall be entitled to one vote at a meeting of the Corporation's membership.
- Section 6. A quorum of the members consists of a majority of the number of Voting Members entitled to vote at a regular or special meeting of the Corporation's membership.
- Section 7. No proxy shall be voted at any meeting of the Corporation's membership. A written poll is not a proxy and should be stated as such.
- Section 8. Each member of staff shall be entitled to one vote at a meeting of the Corporation's membership. If any member of the staff is part of a member family, that family shall be entitled to only one vote.
- Section 9. The members shall use and refer to Robert's Rules of Order during Corporation meetings. In the event of any inconsistency between Robert's Rules of Order and these by-laws, these by-laws take precedence.
- Section 10. Unless otherwise provided by the Articles of Incorporation or these Bylaws, members may participate in a meeting of the Corporation's membership by

means of a telephone conference, web conference, or similar communications equipment through which all persons participating in the meeting can hear or otherwise interact with each other, and participation in a meeting pursuant to this Section 10 shall constitute presence in person at such meeting.

ARTICLE VII - BOARD MEETINGS

- Section 1. The Board of Directors shall meet at least at least five (5) regular meetings during each calendar year at such time and place as the Board of Directors in its discretion shall determine. Notice of the regular meetings of the Board of Directors shall not be required. All member families are encouraged to attend and participate in discussions, but only board members vote on matters which come before the board.
- Section 2. The procedures for board meetings are governed by Robert's Rules of Order.
- Section 3. The Corporation's Education Director shall attend all meetings of the Board of Directors as an ex-officio, non-voting member to assist the Board with the conduct of such meetings and to aid in compliance with applicable rules, laws, regulations whether as it relates to the conduct of such meetings or with respect to the subject matter being discussed at such meetings.
- Section 4. Three (3) or more members of the board constitutes a quorum for transaction of business.
- Section 5. Special meetings of the Board of Directors may be called by the President or by any two (2) board members at any time by means of such written notice, no less than two (2) days before the date of the meeting, by mail, of the time, place and purpose thereof to each board member. Notice by telephone, e-mail, text message, facsimile, telegram, or other form of electronic transmission which provides a record or footprint of transmission shall be acceptable.
- Section 5. The Board of Directors, at its discretion, may meet in executive session open only to the board members and invited consultants. All such meetings shall comply with the State of Vermont's open meeting law to the extent such laws are applicable to the subject matter in question. A motion to go into executive session shall indicate the business of the executive session, and no other matter may then be considered. A majority of board members must vote to go into executive session. Only employee contracts; mediation or grievances which the premature public disclosure of would place the Preschool or a person at substantial disadvantage; the appointment, employment, evaluation, disciplinary action or dismissal of a board member or employee; scholarships; and other issues deemed confidential shall be discussed in executive session.

- Section 6. Unless otherwise provided by the Articles of Incorporation or these Bylaws, members of the Board of Directors, or any committee designated by the Board of Directors, may participate in a meeting of the Board of Directors or such committee by means of a telephone conference, web conference, or similar communications equipment through which all persons participating in the meeting can hear or otherwise interact with each other, and participation in a meeting pursuant to this Section 6 shall constitute presence in person at such meeting.
- Section 7. Any action required by the Articles of Incorporation or by these Bylaws to be taken at a meeting of the Board of Directors, or any action which may be taken at a meeting of the Board of Directors, may be taken without a meeting if a consent in writing setting forth the action to be taken signed by all members of the Board of Directors, such action to be filed in the minutes of the proceedings of the Board of Directors. Alternatively, any action required by the Articles of Incorporation or by these Bylaws to be taken at a meeting of the Board of Directors, or any action which may be taken at a meeting of the Board of Directors may be taken without a meeting if a consent setting forth the action to be taken is delivered to each of the Directors via email and such action is authorized by the clear and unambiguous expression of approval by that number of Directors necessary to approve such action which approval is returned via a reply email with a hard copy print out of each approval filed in the minutes of the proceedings of the Board. The aforementioned consent shall have the same effect as a vote taken at a properly noticed meeting of the Board of Directors. Action taken under this Section is effective when the last Director signs or approves the consent, unless the consent specifies a different effective date.

ARTICLE VIII - FINANCE

- Section 1. Responsibility for signing checks rests with the Treasurer and Education Director. Other board members shall be authorized by the full board to do so as necessary. The Education Director shall be responsible for updating necessary signature cards for the bank account(s).
- Section 2. The board shall obtain the approval of the full membership for any non-budgeted expenses over \$10,000.00.
- Section 3. The Board of Directors shall have full power and authority to borrow money whenever in the discretion of the Board, the general interest of the Corporation so requires and in such case the Board of Directors may authorize the proper officers of the Corporation to make, execute and deliver on behalf of the Corporation such notes, bonds or other evidence of indebtedness that the Board of Directors shall deem proper. The Board of Directors shall have full power to mortgage the property of the Corporation or any part thereof as security for such indebtedness and no action on the part of the membership of

the Corporation shall be requisite to the validity of any such note, bond or other evidence of indebtedness or mortgage.

- Section 4. Except where these Bylaws say otherwise, the Board of Directors may give any officer or agent of the corporation the power to enter into any contract or sign any instrument for the Corporation. Without an authorization, no person may have any power to:
- a. bind the Corporation by a contract;
 - b. pledge its credit; or
 - c. make the Corporation financially liable for any reason or in any amount.
- Section 5. An officer designated by the Board of Directors must sign any papers which show corporate debt or obligation.
- Section 6. The preschool will withhold SUTA taxes. The school will pay SUTA out of cash flow on real time basis as required.
- Section 7. The fiscal year of the preschool shall be from July 1 to June 30.

ARTICLE IX –CONTRACTS, CHECKS, DEPOSITS, AND FUNDS

- Section 1. The Board of Directors may authorize any officer, or officers, agent or agents of the Corporation, in addition to the officers so authorized by the Bylaws, to enter into any contract, or execute and deliver any instrument, in the name of and on behalf of the Corporation. Authority may be general or confined to specific instances.
- Section 2. Except as may otherwise be determined by the Board of Directors, the Treasurer or outside bookkeeping firm, as the Board of Directors may select, shall prepare the daily bank deposits, post invoices and print checks for payments. The President shall review the work of the Treasurer or bookkeeper. The Treasurer or bookkeeper shall prepare monthly financial statements (which shall be provided to the Board of Directors), quarterly tax payments and payroll.
- Section 3. All checks, drafts or orders for the payment of money, notes, or other evidences of indebtedness issued in the name of the Corporation, shall be signed by such officer or officers, agent or agents of the Corporation, and in such manner as shall from time to time be determined by resolution of the Board of Directors. The President shall review reports of all checks, drafts or orders for payment of money, notes, or other evidences of indebtedness prepared by the Treasurer or outside bookkeeper, as the Board of Directors may select.
- Section 4. All funds of the Corporation shall be deposited from time to time to the credit of the Corporation in such banks, trust companies, or other

depositories as the Board of Directors may select. A majority vote of all Directors shall be required for purposes of selecting the depositories of the Corporation.

- Section 5. The Board of Directors may accept or refuse to accept on behalf of the Corporation any contribution, donation, gift, bequest, or devise for the general purposes, or for any special purpose, of the Corporation.
- Section 6. The records and books of account of the Corporation shall be audited in such a manner and with such frequency as may be deemed necessary or appropriate, and also shall make such inquiry as the Board of Directors deems necessary or advisable into the condition of all funds held by the Corporation. Such audit shall be performed by any such person or firm as the Board of Directors deems advisable.
- Section 7. The Corporation shall keep correct and complete books and records of account, and shall also keep minutes of the proceedings of meetings of the Board of Directors, and committees having any of the authority of the Board of Directors, and shall keep at its registered or principal office a record giving the names and addresses of the Directors entitled to vote. All books and records of the Corporation may be inspected by any member of the Board of Directors, or his/her agent, or attorney, for any proper purpose, at any reasonable time.

ARTICLE X - INSURANCE AND INDEMNIFICATION

- Section 1. The Corporation shall indemnify any and all of its board members and/or committee chairpersons; former board members and/or former committee chairpersons against expenses actually and necessarily incurred by them in connection with the defense of any action, lawsuit, or proceeding in which they are made parties or a party by reason of having been a board member and/or committee chairperson, except in cases where the aforesaid member has been found to have breached his/her fiduciary duties.
- Section 2. The Corporation shall annually purchase general liability insurance.
- Section 3. The Corporation shall annually purchase workman's compensation insurance for all staff members.

ARTICLE XI – PROHIBITED TRANSACTIONS

The Corporation shall not accept any gift or contribution from: (i) a person, other than an organization described in Sections 509(a)(1), 509(a)(2) or 509(a)(4), who directly or indirectly “controls” (as that term is defined under the Code) that organization, either alone or together with persons described in clauses (ii) and (iii); (ii) a member of the family (determined under the provisions of Section 4958(f)(4) of the Code) of an individual described in clause (i); or (iii) a 35%

controlled entity (as defined in Section 4958(f)(3) of the Code by substituting "persons described in clause (i) or (ii) of Section 509(f)(2)(B)" for "persons described in subparagraph (A) or (B) of paragraph (1)" in Section 4958(f)(3)(A)(i) of the Code).

The Corporation shall make no grant, loan, compensation or other similar payment to a substantial contributor or persons related to: (i) a substantial contributor (as defined in Section 4958(c)(3)(C) of the Code) to the Corporation; (ii) a member of the family (determined under the provisions of Section 4958(f)(4) of the Code) of a substantial contributor; or (iii) a 35% controlled entity (as defined in Section 4958(f)(3) of the Code by substituting "persons described in clause (i) or (ii) of Section 509(f)(2)(B)" for "persons described in subparagraph (A) or (B) of paragraph (1)" in Section 4958(f)(3)(A)(i) of the Code).

The Corporation shall make no loans to a disqualified person (as defined in Section 4958(f)(1) of the Code), other than an organization described in Sections 509(a)(1), 509(a)(2) or 509(a)(4).

ARTICLE XII- CONFLICT OF INTEREST POLICY

Section 1. 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 a member, officer, or director of the Corporation or might result in a possible excess benefit transaction. This policy is intended to supplement but not replace any applicable state and federal laws governing conflict of interest applicable to nonprofit and charitable organizations.

Section 2. Definitions.

a. Interested Person: Any director, principal officer, or member of a committee with powers delegated to it by the Board of Directors, who has a direct or indirect financial interest, as defined below, is an interested person.

b. Financial Interest: A person has a financial interest if the person has, directly or indirectly, through business, investment, or family:

- i. An ownership or investment interest in any entity with which the Corporation has a transaction or arrangement;
- ii. A compensation arrangement with the Corporation or with any entity or individual with which the Corporation has a transaction or arrangement; or
- iii. A potential ownership or investment interest in, or compensation arrangement with, any entity or

individual with which the Corporation is negotiating a transaction or arrangement.

Compensation includes direct and indirect remuneration as well as gifts or favors that are not insubstantial.

A financial interest is not necessarily a conflict of interest. Under Section 4 of this Article XVI, a person who has a financial interest may have a conflict of interest only if the appropriate Board of Directors or a committee established for such purpose decides that a conflict of interest exists.

Section 3. In connection with any actual or possible conflict of interest, an interested person must disclose the existence of the financial interest and be given the opportunity to disclose all material facts to the Directors and members of committees with powers delegated to it by the Board of Directors considering the proposed transaction or arrangement.

Section 4. After disclosure of the financial interest and all material facts, and after any discussion with the interested person, he/she shall leave the Board of Directors meeting or committee meeting while the determination of a conflict of interest is discussed and voted upon. The remaining Board or committee members shall decide if a conflict of interest exists.

Section 5. An interested person may make a presentation to the Board of Directors or committee meeting, but after the presentation, he/she shall leave the meeting during the discussion of, and the vote on, the transaction or arrangement involving the possible conflict of interest.

The President or chairperson of the Board of Directors or committee shall, if appropriate, appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement. If the interested person serves as the President or chairperson of the Board of Directors or committee, the other Directors shall designate a temporary chair for such purpose. After exercising due diligence, the Board of Directors or committee shall determine whether the Corporation can obtain with reasonable efforts a more advantageous transaction or arrangement from a person or entity that would not give rise to a conflict of interest.

If a more advantageous transaction or arrangement is not reasonably possible under circumstances not producing a conflict of interest, the Board of Directors or committee shall determine by a majority vote of the disinterested directors whether the transaction or arrangement is in the Corporation's best interest, for its own benefit, and whether it is fair and reasonable. In conformity with the above determination it shall make its decision as to whether to enter into the transaction or arrangement.

Section 6. If the Board of Directors or a committee of the Board has reasonable cause to believe a member has failed to disclose actual or possible conflicts of interest, it shall inform the member of the basis for such belief and afford the member an opportunity to explain the alleged failure to disclose. If, after hearing the member's response and after making further investigation as warranted by the circumstances, the Board of Directors or committee of the Board determines the member has failed to disclose an actual or possible conflict of interest, it shall take appropriate disciplinary and corrective action.

Section 7. The minutes of the Board of Directors and all committees with Board delegated powers shall contain:

- a. The names of the persons who disclosed or otherwise were found to have a financial interest in connection with an actual or possible conflict of interest, the nature of the financial interest, any action taken to determine whether a conflict of interest was present, and the Board of Directors' or committee's decision as to whether a conflict of interest in fact existed.
- b. The names of the persons who were present for discussions and votes relating to the transaction or arrangement, the content of the discussion, including any alternatives to the proposed transaction or arrangement, and a record of any votes taken in connection with the proceedings.

Section 8. A voting member of the Board of Directors who receives compensation, directly or indirectly, from the Corporation for services is precluded from voting on matters pertaining to that Board member's compensation.

A voting member of any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from the Corporation for services is precluded from voting on matters pertaining to that member's compensation.

No voting member of the Board of Directors or any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from the Corporation, either individually or collectively, is prohibited from providing information to any committee regarding compensation.

Section 9. Each Director, principal officer and member of a committee with Board delegated powers shall annually sign a statement which affirms such person:

- a. Has received a copy of the conflicts of interest policy,
- b. Has read and understands the policy,

- c. Has agreed to comply with the policy, and
- d. Understands the Corporation is charitable and in order to maintain its federal tax exemption it must engage primarily in activities which accomplish one or more of its tax- exempt purposes.

Section 10. To ensure the Corporation operates in a manner consistent with charitable purposes and does not engage in activities that could jeopardize its tax-exempt status, periodic reviews shall be conducted. The periodic reviews shall, at a minimum, include the following subjects:

- a. Whether compensation arrangements and benefits are reasonable, based on competent survey information, and the result of arm's length bargaining.
- b. Whether partnerships, joint ventures, and arrangements with management organizations conform to the Corporation's written policies, are properly recorded, reflect reasonable investment or payments for goods and services, further charitable purposes and do not result in inurement, impermissible private benefit or in an excess benefit transaction.

Section 11. When conducting the periodic reviews as provided for in Section 10 of this Article XII, the Corporation may, but need not, use outside advisors. If outside experts are used, their use shall not relieve the governing board of its responsibility for ensuring periodic reviews are conducted.

ARTICLE XIII – CONFIDENTIALITY

Section 1. All information relating to the operation and governance of the Corporation is confidential, including but not limited to: information concerning the Preschool's students and their families, including information obtained through background checks; information concerning the Corporation's employees; donor information; and information provided by contracted third-parties and vendors such as attorneys, accountants, financial advisors, affiliated organizations that is not for public consumption ("Confidential Information").

Section 2. The individual Directors, officers, employees and their respective agents and representatives ("Disclosing Party") shall refrain from disclosing Confidential Information to any third party, absent express authorization provided by the Board of Directors, in writing to make such disclosure. Upon discovery of an unauthorized disclosure, the Disclosing Party shall endeavor to prevent further disclosure or use and shall immediately notify

the Corporation. Such prohibition on disclosure of Confidential Information does not apply if said Confidential Information:

- a. had been within the public domain at the time it was disclosed or has fallen within the public domain except through breach of this Article XIII;
- b. had been developed independently by the Disclosing Party;
- c. was disclosed by the Disclosing Party to satisfy a legal demand by a court of competent jurisdiction or regulatory body, provided that the Disclosing Party make every reasonable effort to timely notify the Corporation that such Confidential Information will be disclosed so as to provide the Corporation with an opportunity to prevent the disclosure of such Confidential Information, and provided further that the Disclosing Party will disclose only that portion of the Confidential Information which is legally required to be disclosed and request confidential treatment of the proprietary information and/or technical data by the court or regulatory body;
- d. was disclosed by the Disclosing Party to satisfy a legal requirement or requirement of a securities exchange or similar authority, provided that the Disclosing Party will disclose only that portion of the Confidential Information which is legally required to be disclosed and request confidential treatment of the Confidential Information from the appropriate court, regulatory body, securities exchange or similar authority; or
- e. Is approved for release by prior written authorization of the Board of Directors of the Corporation.

Section 3. The failure of the Corporation to enforce or to require the performance at any time of the provisions of this Article XIII shall not be construed as a waiver of any of the provisions herein, and shall not affect either the validity of this Article XIII, any other provisions of these Bylaws, or the Corporation's right to enforce each and every provision of these Bylaws.

Section 4. Confidential Information shall not be copied or reproduced without the express written permission of the Board of Directors, except for such copies as may reasonably be required for internal evaluation. Upon termination of the relationship between the Corporation and any Director, officer, employee, agent or other person/party with the Corporation, all Confidential Information must be returned to the Corporation or destroyed unless otherwise prohibited by law.

ARTICLE XIV – AMENDMENTS

Section 1. These Bylaws may be amended in the manner contemplated in 11B V.S.A. Section 10.21 as the same may be amended from time to time. Within one

month of any amendments, a revised copy of the Bylaws incorporating all changes shall be made available to all member families. One copy shall be posted at the school.

ARTICLE XV – CONFLICTS

Section 1. These Bylaws take precedence over other policy statements.

ARTICLE XVI - DISSOLUTION

Section 1. In the event of liquidation, dissolution or winding up of the Corporation in any manner or for any reason whatever, all of the assets of the Corporation, after the payment of the obligations and liabilities of the Corporation shall be transferred to one or more domestic corporations or associations having a similar or analogous character or purpose as may be selected by the Corporation's Board of Directors; and provided further, that any transferee corporation shall qualify under the provisions of IRC Section 501(c)(3) and shall be described in IRC Section 509(a)(1), (2) or (3). If the Corporation's Board of Directors is unable or unwilling to select a recipient of all or a portion of the Corporation's assets as contemplated in the preceding sentence, any such assets not so disposed of shall be disposed of by a court of competent jurisdiction for the county in which the principal office of the Corporation is then located, in a manner not inconsistent with law regarding the distribution of assets upon dissolution and exclusively to organizations which have purposes and objects similar to those of the Corporation, or to such organization(s) as said court shall determine, which are organized and operated exclusively for such purposes.

Revised August, 2021