

**MINUTES OF THE FIRST CORPORATE MEETING OF
THE BOARD OF DIRECTORS OF
CHARTER SCHOOL OF MORGAN HILL FOUNDATION**
(A California Non-Profit Public Benefit Corporation)

1. CALL TO ORDER

The directors named by the incorporator of the corporation named above, constituting the Board of Directors of this corporation, held their first meeting at the time, on the day, and at the place set forth as follows:

Time: 6:30 pm – 9:22 pm
Date: January 14, 2013
Place: Morgan Hill, CA

2. DIRECTORS PRESENT

The following directors, constituting a quorum of the Board, were present at the meeting:

Present: Dave Affourtit, Liz Bolton, Dana Ditmore, Juli Hall, Dan Newquist, Mary
Roensch. Rebecca Santos
Absent:

3. AGENDA

The agenda was approved as presented.

4. CHAIRMAN AND SECRETARY

On motion duly made, seconded, and carried, the following persons were elected Chairman and Secretary of the first meeting:

Chairman: Dana Ditmore
Secretary: Juli Hall

5. ARTICLES OF INCORPORATION

The Chairman informed the Board that the original Articles of Incorporation of the Corporation had been filed in the office of the California Secretary of State on August 28, 2012, and that they named Paul C. Minney of Young, Minney & Corr, 701 University Avenue, Suite 150, Sacramento, CA 95825 as initial agent for service of process.

A certified copy of the Articles of Incorporation, showing the filing as stated was presented to the meeting. The Secretary was directed to insert the copy in the book of the minutes of the Corporation and was also directed to keep a copy at the principal office for the transaction of business of the Corporation. On motion duly made, seconded, and carried, it was

RESOLVED that Paul C. Minney be confirmed as the Corporation's agent for service of process.

On motion duly made, seconded, and carried, the following resolutions were adopted:

WHEREAS, the undersigned have reviewed the Articles of Incorporation attached as Exhibit "A," and approve of the same without modification,

NOW, THEREFORE, RESOLVED that the Articles of Incorporation attached as Exhibit "A" are hereby approved and adopted.

6. RESIGNATION OF SOLE INCORPORATOR

The Board was presented with an Action by Written Consent of Sole Incorporator naming the initial corporate Board of Directors as Dave Affourtit, Liz Bolton, Dana Ditmore, Juli Hall, Dan Newquist, Mary Roensch and Rebecca Santos which was executed by Kimberly Rodriguez as the sole incorporator of Charter School of Morgan Hill Foundation. The Secretary was directed to insert the Action by Written Consent of Sole Incorporator in the book of the minutes of the Corporation and was also directed to keep a copy at the principal office of the Corporation. On motion duly made, seconded, and carried, the following resolutions were adopted:

WHEREAS, the undersigned have reviewed the Action by Written Consent of Sole Incorporator attached as Exhibit "B," and approve of the same without modification,

NOW, THEREFORE, RESOLVED that the Action by Written Consent of Sole Incorporator attached as Exhibit "B" is hereby approved.

7. TERMS OF THE DIRECTORS

The Board desires to have terms of one, two and three years for the initial Board of Directors to allow for efficient transition to new leadership. On motion duly made, seconded, and carried, the following resolutions were adopted:

WHEREAS, the Directors desire to have one Director serve an initial term of one year, three Directors terms of two years and three Directors terms of three years,

NOW, THEREFORE, RESOLVED that the terms of the initial Board of Directors shall be:

Mary Roensch	1 year ending January 2014
Dave Affourtit	2 years ending January 2015
Liz Bolton	2 years ending January 2015
Rebecca Santos	2 years ending January 2015
Dana Ditmore	3 years ending January 2016
Juli Hall	3 years ending January 2016
Dan Newquist	3 years ending January 2016

8. BYLAWS

The Board was presented bylaws that were considered and discussed. On motion duly made, seconded, and carried, the following resolutions were adopted:

WHEREAS, the Directors of this Corporation have not yet adopted any bylaws for the Corporation; and

WHEREAS, the Directors have reviewed the proposed Bylaws.

NOW, THEREFORE, RESOLVED that the Bylaws require some revision and their approval will be tabled until the next Board meeting.

9. CONFLICT OF INTEREST POLICY

The Board was presented a Conflict of Interest Policy that was considered and discussed. On motion duly made, seconded, and carried, the following resolutions were adopted:

WHEREAS, the Directors of this Corporation have not yet adopted any Conflict of Interest Policy for the Corporation; and

WHEREAS, the Directors have reviewed the Conflict of Interest Policy attached as Exhibit "C," and approve the same without modification.

NOW, THEREFORE, RESOLVED that the Directors approve and propose to adopt the Conflict of Interest Policy attached as Exhibit "C".

10. ELECTION OF OFFICERS

The Board was presented with the names of persons to be elected President, Secretary, and Chief Financial Officer to the offices indicated before their names, to serve for one year or until their respective successors are duly elected and qualified, whichever occurs later. On motion duly made, seconded, and carried, the following resolutions were adopted:

WHEREAS, the following individuals have been proposed as the initial officers of the Corporation, and they approve of their appointment to the office designated next to the name of each,

THEREFORE, BE IT RESOLVED that the following officers are elected to the offices designated next to their names:

President:	Dana Ditmore
Secretary:	Juli Hall
Chief Financial Officer:	Mary Roensch

The officers elected accepted their respective offices and thereafter the President presided at the meeting as President, and the Secretary acted as Secretary of the meeting.

11. ACCOUNTING YEAR

The Chief Financial Officer suggested that the Board next consider adoption of an accounting year, on motion duly made, seconded, and carried, the following resolution was adopted:

WHEREAS, the Corporation has not yet adopted an accounting year,

NOW, THEREFORE, RESOLVED, that this corporation adopt an accounting year as follows:

Date the accounting year begins: July 1

Date accounting year ends: June 30

12. PRINCIPAL OFFICE LOCATION

After discussion, and on motion duly made, seconded and carried, the following resolution was adopted:

NOW, THEREFORE, RESOLVED, that the County of Santa Clara, California, is designated and fixed as a county in which the principal office for the transaction of the business of this Corporation shall be located, unless and until changed by resolution of this Board.

13. AUTHORIZATION TO FILE APPLICATIONS FOR TAX EXEMPTIONS

WHEREAS, the Directors desire to authorize the filing of applications for Federal and State (California) tax exempt status for the Corporation after discussion, and on motion duly made, seconded and carried, the following resolution was adopted:

NOW THEREFORE, RESOLVED, that the President or Chief Financial Officer be, and hereby are, authorized to take all necessary steps and to execute all necessary instruments to apply for Federal and California tax exemptions as a charitable nonprofit organization.

14. AUTHORIZATION TO RETAIN COUNSEL

WHEREAS, the Directors desire that the Corporation retain Young, Minney and Corr to advise it regarding the establishment and operations of the non-profit public benefit corporation and on motion duly made, seconded and carried, the following resolution was adopted:

NOW, THEREFORE, RESOLVED, that the President be, and hereby is, authorized and directed to execute an Agreement employing Attorneys with Young, Minney and Corr.

15. BANK ACCOUNT

WHEREAS, the Directors desire to ratify the bank account and banking relationship that was established with Heritage Bank of Commerce in September 2012 and to authorize additional banking arrangements as needed. On motion duly made, seconded and carried, the following resolution was adopted:

NOW, THEREFORE, RESOLVED, that the bank account and banking relationship with Heritage Bank of Commerce are ratified and that the President or Chief Financial Officer be, and hereby are, authorized to open other such bank accounts as necessary for the Corporation, requiring one (1) signature for withdrawals less than \$5,000, and with such signatories as deemed appropriate, and that any required resolution establishing the selected Bank as the depository is hereby adopted.

16. CASH RECEIPTS AND DISBURSEMENTS POLICY

WHEREAS, the Directors desire to have a policy to safeguard the financial assets of the Corporation at all times and to authorize the President, Secretary and Chief Financial Officer as check signers. The Directors were presented a Cash Receipts and Disbursements Policy which was reviewed and discussed. On motion duly made, seconded, and carried, the following resolutions were adopted:

WHEREAS, the Directors of this Corporation have not yet adopted any Cash Receipts and Disbursements Policy for the Corporation; and

WHEREAS, the Directors have reviewed the Cash Receipts and Disbursements Policy attached as Exhibit "D," and approve the same with revisions.

NOW, THEREFORE, RESOLVED that the Directors approve and propose to adopt the Cash Receipts and Disbursements Policy attached as Exhibit "D".

17. BRIDGE LOAN POLICY

WHEREAS, the Directors desire to have a policy to allow the Corporation to provide short-term bridge loans to the Charter School of Morgan Hill. The Directors were presented a Bridge Loan Policy which was reviewed and discussed. On motion duly made, seconded, and carried, the following resolutions were adopted:

WHEREAS, the Directors of this Corporation have not yet adopted any Bridge Loan Policy; and

WHEREAS, the Directors have reviewed the Bridge Loan Policy attached as Exhibit "E," and approve the policy as presented.

NOW, THEREFORE, RESOLVED that the Directors approve and propose to adopt the Bridge Loan Policy attached as Exhibit "E".

18. COMMITTEE APPOINTMENTS

WHEREAS, the Directors desire to appoint Directors to serve on the 2013 Family Fun Fest and 2013 Gala Event Committees. And, further, that Liz Bolton and Rebecca Santos are willing to serve on the Family Fun Fest Committee and Juli Hall and Dan Newquist are willing to serve on the Gala Event Committee.

On motion duly made, seconded, and carried, the following resolution was adopted:

NOW, THEREFORE, RESOLVED, Liz Bolton and Rebecca Santos will serve on the 2013 Family Fun Fest Committee and Juli Hall and Dan Newquist will serve on the 2013 Gala Event Committee.

19. ADJOURNMENT

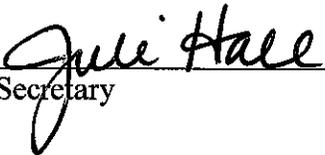
As the business of the meeting was concluded at 9:22 pm, on motion duly made, seconded, and carried, the following resolution was adopted:

NOW, THEREFORE, RESOLVED, the meeting is adjourned at 9:22 pm.

* * *

CERTIFICATE OF SECRETARY

I certify that I am the duly elected Secretary of the Charter School of Morgan Hill Foundation, a California non-profit public benefit corporation; that these minutes, consisting of six (6) pages are the minutes of the meeting of the Board of Directors held on January 14, 2013.


Secretary

**ARTICLES OF INCORPORATION
OF
CHARTER SCHOOL OF MORGAN HILL FOUNDATION**

AUG 28 2012

ARTICLE I

The name of the Corporation is: Charter School of Morgan Hill Foundation.

ARTICLE II

This Corporation is a nonprofit public benefit corporation and is not organized for the private gain of any person. It is organized under the Nonprofit Public Benefit Corporation Law for public and charitable purposes.

The specific purpose of this Corporation is that it shall be operated exclusively for the benefit of, to perform the functions of, or to carry out the purposes of the South Valley Charter School.

This Corporation is organized and operated exclusively for educational and charitable purposes within the meaning of Section 501(c)(3) of the Internal Revenue Code or the corresponding provision of any future United States Internal Revenue Law. Notwithstanding any other provision of these Articles, the Corporation shall not, except to an insubstantial degree, engage in any other activities or exercise of power that do not further the purposes of the Corporation. The Corporation shall not carry on any other activities not permitted to be carried on by a corporation exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code or by a corporation, contributions to which are deductible under Section 170(c)(2) of the Internal Revenue Code.

No substantial part of the activities of this Corporation shall consist of carrying on propaganda, or otherwise attempting to influence legislation, and the Corporation shall not participate or intervene in any political campaign (including the publishing or distribution of statements) on behalf of, or in opposition to, any candidate for public office.

ARTICLE III

The name and address in the State of California of this Corporation's initial agent for service of process is:

Paul C. Minney
701 University Ave., Ste. 150
Sacramento, CA 95825

ARTICLE IV

The property of this Corporation is irrevocably dedicated to charitable purposes and no part of the net income or assets of the organization shall ever inure to the benefit of any director, officer, or member thereof or to the benefit of private persons except that the Corporation shall be authorized and empowered to pay reasonable compensation for services rendered, and to make payments and distributions in furtherance of the purposes set forth in Article II of these Articles of Incorporation.

Subject to the provisions of the nonprofit public benefit provisions of the Nonprofit Corporation laws of the State of California, and any limitations in the articles or bylaws relating to action to be approved by the members or by a majority of all members, if any, the activities and affairs of this Corporation shall be conducted and all powers shall be exercised by or under the direction of the board of directors.

ARTICLE V

The number of directors shall be provided for in the bylaws. The bylaws shall prescribe the qualifications, mode of election, and term of office of directors.

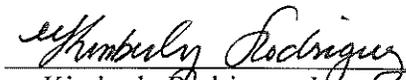
ARTICLE VI

The authorized number and qualifications of members of this Corporation, if any, the different classes of membership, the property, voting and other rights and privileges of members, and their liability for dues and assessments and the method of collection thereof shall be set forth in the bylaws.

ARTICLE VII

Upon the dissolution or winding up of the Corporation, its assets remaining after payment of all debts and liabilities of the Corporation, shall be distributed to South Valley Charter School, as long it is then described in Sections 501(c)(3), and 509(a)(1) or 509(a)(2) of the IRC, and as long as it then meets the requirements of Section 214 of the California Revenue and Taxation Code. If South Valley Charter School is not then so described, distribution of the remaining assets shall be to such corporation, described in such IRC and California Revenue and Taxation Code provisions, as shall have been substituted for South Valley Charter School, as the organization this corporation is created exclusively to support.

Date: 8/27/12



Kimberly Rodriguez, Incorporator



I hereby certify that the foregoing
transcript of 2 page(s)
is a full, true and correct copy of the
original record in the custody of the
California Secretary of State's office.

AUG 28 2012

Date:

Debra Bowen

DEBRA BOWEN, Secretary of State

ACTION BY WRITTEN CONSENT OF
SOLE INCORPORATOR OF
CHARTER SCHOOL OF MORGAN HILL FOUNDATION

The undersigned, being the sole incorporator of Charter School of Morgan Hill Foundation, a California nonprofit public benefit corporation (the "Corporation"), hereby adopts the following resolutions on behalf of the Corporation:

WHEREAS, under the California Corporations Code Section 5134, the sole incorporator is authorized to elect the initial directors of the Corporation;

IT IS RESOLVED THAT effective as of this date, the following persons be, and they hereby are, appointed as the initial directors of the Corporation to serve until the first annual meeting of the board of directors or until their successors are duly elected and qualified:

Dave Affourtit

Liz Bolton

Dana Ditmore

Juli Hall

Dan Newquist

Mary Roensch

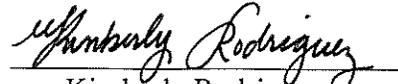
Rebecca Santos

RESOLVED FURTHER, that the undersigned resigns as incorporator of the Corporation, as of the date hereof.

RESOLVED FURTHER, that this Corporation shall indemnify and defend the incorporator from and against any and all loss, cost, damage, expense (including, without limitation, attorneys' fees and expenses) or liability caused by, resulting from or arising out of any action taken or authorized by the incorporator of this Corporation in respect of the organization of this Corporation in what was deemed to be in or not opposed to the best interests of this Corporation.

This Consent shall be filed with the minutes of the proceedings of the Board of Directors in the official records of the Corporation.

IN WITNESS WHEREOF, the undersigned has executed this Action by Written consent as of the 10th day of January, 2013.



Kimberly Rodriguez
Sole Incorporator

Conflict of Interest Policy

It is the policy of Charter School of Morgan Hill Foundation that no member of the Board of Directors, or any of its Committees, shall derive any personal profit or gain, directly or indirectly, by reason of his or her participation with Charter School of Morgan Hill Foundation. Each individual shall disclose to the organization any personal interest which he or she may have in any matter pending before the organization and shall refrain from participation in any decision on such matter.

Any member of the Board, any Committee, or Staff who is an officer, board member, a committee member, or staff member of a client organization or vendor of the Charter School of Morgan Hill Foundation shall identify his or her affiliation with such agency or agencies; further, in connection with any committee or Board action specifically directed to that agency, s/he shall not participate in the decision affecting that agency and the decision must be made and/or ratified by the full board.

Any member of the Board, any Committee, Staff, and certain Consultants shall refrain from obtaining any list of clients for personal or private solicitation purposes at any time during the term of their affiliation.

At this time, I am a Board member, committee member, or an employee of the following organizations:

Now this is to certify that I, except as described below, am not now nor at any time during the past year have been:

1. A participant, directly or indirectly, in any arrangement, agreement, investment, or other activity with any vendor, supplier, or other party doing business with Charter School of Morgan Hill Foundation which has resulted or could result in personal benefit to me.
2. A recipient, directly or indirectly, of any salary payments or loans or gifts of any kind or any free service or discounts or other fees from or on behalf of any person or organization engaged in any transaction with Charter School of Morgan Hill Foundation.

Any exceptions to 1 or 2 above are stated below with a full description of the transactions and of the interest, whether direct or indirect, which I have (or have had during the past year) in the persons or organizations having transactions with Charter School of Morgan Hill Foundation.

Date: _____

Signature: _____

Printed Name: _____

Cash Receipts and Disbursements Policy

It is the policy of Charter School of Morgan Hill Foundation (“the Foundation”) to safeguard the financial assets of the Foundation at all times. The primary activity of the Foundation will be to raise funds to support the educational purposes of South Valley Charter School. Funds may be received from donors via credit cards payments, checks or cash. Disbursements, while infrequent, will be made to vendors for expenses relating to fundraising activities, administrative expenses or to South Valley Charter School for specific uses or bridge loans.

Cash Receipts

It is the policy of Charter School of Morgan Hill Foundation to:

- Deposit all cash receipts timely
- Reconcile bank accounts monthly
- Report account balances to the Board of Directors with quarterly financial reports

Cash Disbursements

It is the policy of Charter School of Morgan Hill Foundation to:

- Require an invoice, check request or other appropriate documentation for all disbursements.
- Require written or electronic approval be obtained from the Chairman of the Board or President of the Foundation for all disbursements.
- Have checks greater than \$5,000.00 signed by two individuals whenever possible. If two signatures are not available in the timeframe required one signature will be obtained and an electronic copy of the check and documentation will be sent to the Chairman of the Board or President of the Foundation for their review and approval.
- Allow electronic transfer of funds, when possible, with written approval for all such transfers from the Chairman of the Board or President of the Foundation.
- Establish the individuals in the following roles as check signers:
 - Chairman of the Board and/or President
 - Secretary
 - Chief Financial Officer

Bridge Loan Policy

According to its bylaws, the purpose of the Charter School of Morgan Hill Foundation (“the Foundation”) is to operate exclusively for the benefit of, to perform the functions of, or to carry out the purposes of the South Valley Charter School (a California public charter school). Specifically, the public and charitable purposes of the Corporation are to direct attention and effort toward providing funding to support the educational purposes of South Valley Charter School.

The primary activities of the Foundation will be to raise funds which will be deposited in bank accounts of the Foundation.

The Foundation recognizes that South Valley Charter School may periodically require the temporary use of funds raised by the Foundation due to the timing of its receipt of federal and state funding which may not meet its current cash flow requirements. These funds would be used for operations and would be repaid by South Valley Charter School within a short period of time.

It is the policy of the Foundation to provide bridge loans up to a total of \$200,000 at the same rate of interest South Valley Charter School pays per the terms of its Line of Credit with Heritage Bank (2% over the index rate (Prime Rate as published in the Wall Street Journal) but never less than 6.0%). Any such loans must be repaid within 90 days of receipt or by June 30 of the fiscal year received, whichever is sooner.

Requests for loans will be accepted from the Principal of South Valley Charter School and must be approved by the President or the Chief Financial Officer of the Foundation. Funds will be disbursed as soon as practicable by the Foundation. A Promissory Note for each transfer of funds must be completed by South Valley Charter School upon receipt of funds from Charter School of Morgan Hill Foundation.