

BY-LAWS OF THE
AUSTIN CHRISTIAN EDUCATIONAL FOUNDATION
Adopted by Vote of the Members
at the Annual Meeting September 18, 1996

As Amended at the Annual Meeting September 17, 2008

ARTICLE I - THE FOUNDATION

Section 1. - Purpose. As provided in its Articles of Incorporation, the Austin Christian Educational Foundation is a not-for-profit membership corporation organized under the laws of the State of Texas. The purpose of the Foundation is to operate St. Francis School in Austin, Texas.

Section 2. - Policy Commitments. St. Francis School shall be an interdenominational school committed to low student-teacher ratios and attention to the individual needs of every student; to excellence in achievement without exclusivity in admissions; to a student body that is integrated racially, ethnically, economically, and religiously; and to an atmosphere that is both supportive of Christian values and welcoming to children of all faiths.

Section 3. - Dedication of Funds. The Foundation shall operate on a not-for-profit basis, and no dividends or distributions shall ever be paid to the Members, Directors, or officers of the Foundation. All income from whatever source derived shall be committed to the benefit of the School operated by the Foundation.

Section 4. - Corporate Seal. The corporate seal of the Foundation shall consist of a circle within which shall be inscribed "Austin Christian Educational Foundation."

ARTICLE II - THE MEMBERS

Section 1. - Membership. The unit of membership in the Foundation is the family. A family consists of a child enrolled in the School, or two or more siblings enrolled in the School, and all parents, stepparents, guardians, or foster parents of any of the enrolled children. Each family that enrolls one or more children as students in the School shall be a Member of the Foundation.

Section 2. - Voting. Each family with one or more children enrolled as students in the School shall have one vote, regardless of the number of students enrolled. A family's vote may be cast by any parent, stepparent, guardian, or foster parent in attendance at the Annual Meeting or a special meeting. In the event of any dispute about who shall cast a family's vote, each parent, stepparent, guardian, or foster parent in attendance at the Annual Meeting or a special meeting shall be entitled to cast an equal fractional part of the family's vote. The Chief Administrative Officer shall maintain a list of the names and addresses of the families entitled to vote.

Section 3. - Meetings.

a. - Annual Meeting. There shall be an Annual Meeting of the Members in September or October of each year. The date, time, and place for this meeting shall be set by the Board of Directors, and notice of such meeting shall be given to each Member not less than ten days prior to the meeting. At this meeting, the President or the Chief Administrative Officer shall report on the state of the School. The purpose of the meeting is to provide an opportunity for general exchange of ideas and information as well as for the transaction of any formal business.

b. - Special Meetings. The President may call a special meeting of the Members, and shall call such a meeting if so directed by the Board of Directors, or on the written demand of any three Directors or of one-tenth of the Members. Notice of the date, time, place, and purpose of any special meeting shall be sent to each Member not less than ten days prior to the meeting.

Section 4. - Authority.

a. - Without Concurrence of Board of Directors:

i. By vote of a majority of those voting at the Annual Meeting or a special meeting, the Members may elect Directors as provided in Article III, amend these By-Laws as provided in Article VII, and advise the Board of Directors or the Chief Administrative Officer on any matter brought before the Members by the Board or its officers, by a Member, or by the Chief Administrative Officer.

ii. By vote of two-thirds of those voting at the Annual Meeting or a special meeting called for that purpose, the Members may remove Directors as provided in Article III.

b. - On Recommendation of Board of Directors: The Members may take the following actions only on the recommendation of the Board of Directors and only by the vote of two-thirds of those voting at the Annual Meeting or a special meeting:

i. Amend the Articles of Incorporation as provided in Article VII;

ii. Merge or consolidate the Foundation with another not-for-profit charitable, educational, or religious corporation that is tax exempt under '501(c)(3) of the Internal Revenue Code;

iii. Change the interdenominational character of the School or affiliate the School with a church or religious denomination;

iv. Sell, lease, or exchange all or substantially all of the Foundation's property;

v. Dissolve the Foundation, adopt a plan for distributing the assets of the Foundation after dissolution, or revoke a decision to dissolve the Foundation.

Section 5. - Quorum. A quorum of the Members shall consist of one-tenth of the Members. But any action taken at a meeting attended by fewer than a majority of the Members may be reconsidered at the next meeting, whether the Annual Meeting or a special meeting, without a motion by a Member who voted in the majority, on written request of one-fifth of the total number of Members; provided, that the one-fifth requesting reconsideration must be made up entirely of Members who did not attend the meeting that took the action to be reconsidered.

ARTICLE III - THE BOARD OF DIRECTORS

Section 1. - Authority. The affairs of the Foundation shall be managed by the Board of Directors elected and appointed under the provisions of this Article, and the Board's authority shall be final except for those matters reserved to the Members under Article II, Section 4.

Section 2. - Composition of the Board.

a. - Elected Directors. In 1996 and in every third year thereafter, the Members shall elect three Directors at the Annual Meeting. In all other years, the Members shall elect two Directors at the Annual Meeting. Each elected Director shall be elected to a three-year term, so that there are seven elected Directors in all. Elected Directors shall take office immediately upon their election, and their terms shall expire at the beginning of the Annual Meeting of the Members three years after their election.

b. - Appointed Directors. At least three days before the first regular meeting of the Board following the Annual Meeting of the Members, the elected Directors shall hold a special meeting, with the President whose term is about to expire presiding. The President shall give each elected Director actual notice of the time and place of this meeting, but the method of notice may be informal. The elected Directors shall appoint six additional Directors to one-year terms. The President shall immediately notify each appointed Director of his or her appointment and of the time and place of the next meeting of the Board. The term of each appointed Director shall expire at the beginning of the next Annual Meeting of the Members following his or her appointment.

c. - Ex Officio Directors.

i. The Chief Administrative Officer employed by the Board shall be a Director ex officio, without vote. But at the request of any three Directors, he or she shall leave the room for the duration of any discussion or vote concerning his or her own personnel matters.

ii. The most recent past President, if not otherwise a voting Director in the year after his or her term as President, shall be a Director ex officio, without vote.

d. - Advisory Directors. The elected Directors may appoint any number of advisory Directors who shall have full rights of participation in all meetings, but shall not have the right to vote.

e. - Replacement Directors. If a Director dies, resigns, or is removed by the Board as provided in Section 3 of this Article, the elected Directors may appoint a replacement Director to serve until the next Annual Meeting. If the original term of the vacated position extends beyond the first Annual Meeting after the vacancy arose, the Members shall elect a Director to serve for the remaining term of the vacated position.

Section 3. - Removal by the Board. The Board may remove any Director, whether elected or appointed, who fails to attend four consecutive regular monthly meetings of the Board. Removal for failure to attend meetings shall not disqualify any person from future election or appointment as a Director.

Section 4. - Removal by the Members.

a. - Removal. The Members may remove any elected or appointed Director by a vote of two-thirds of those voting at the Annual Meeting or a special meeting called for that purpose. A Director who is removed by the Members is thereby also removed from any office held by that Director.

b. - Notice. No motion to remove a Director may be entertained unless the Members were conspicuously notified that removal of Directors would be proposed at the meeting. This notice may be included in the official notice of the meeting, or in a separate notice sent to each Member at least ten days before the meeting. A notice is sufficiently conspicuous if it states in boldface capital letters at the top of the first page: "Important: This letter announces an important meeting of the parents of St. Francis School. A purpose of this meeting is to decide whether one or more Directors should be removed from the School's Board." This notice shall be prominently posted in the School and sent by first class mail to each Member.

c. - Disqualification. A Director removed by the Members cannot thereafter serve as an appointed Director, but may be elected as a Director by the Members. A Director removed and then elected by the Members is eligible to be elected as an officer of the Board.

d. - Replacement. If the Members remove one or more Directors, they shall at the same meeting either fill any vacancies by election, schedule a special meeting within thirty days for the purpose of electing Directors, or authorize the remaining elected Directors to fill any vacancies by appointment. Any Directors so elected or appointed shall serve the remaining term of the vacated position.

Section 5. - Board Meetings.

a. - Regular Meetings. Regular meetings of the Board of Directors shall be held at least ten times per year, pursuant to a fixed schedule or at such time and place as the Board may have determined at the previous regular meeting. No further notice to the Directors of regular meetings shall be required.

b. - Special Meetings. The President may call a special meeting of the Board of Directors, and shall call such a meeting if so directed by the Board, or on the written demand of any three Directors or of one-tenth of the Members. Notice of the date, time, place, and purpose of any special meeting shall be sent to each Director not less than ten days prior to the meeting, unless in the judgment of the President, emergency conditions require shorter notice.

c. - Open Meetings. All regular and special meetings of the Board shall be open to any Member, except that the Board may close a portion of any meeting for discussion of matters concerning particular employees or students, real estate negotiations, litigation, legal advice, or similar confidential matters. The Board may limit the speaking rights of persons who are not Directors. The Chief Administrative Officer shall announce the times and places of all regular and special Board meetings to the Members, by publication in the School calendar, posting in the School, or otherwise, but neglect or irregularity in such notice shall not invalidate any meeting of the Board or any business transacted at any meeting.

d. - Alternative Methods of Participating in Meetings.

i. If a quorum is present in person, additional Directors may participate in meetings, and vote on business before the Board, by a telephone connection to a speaker phone, provided that each Director participating by phone must be able to communicate concurrently with every other Director participating either in person or by phone.

ii. Any voting Director may vote by written proxy, signed not more than three months prior to the meeting.

e. - Action Without Meeting. - The Board may act without a meeting if all Directors are notified of the action proposed and if a majority of all the voting Directors then in office sign a written consent, stating the action to be taken. All Directors shall promptly be notified of any Board action taken without a meeting, and the written consent shall be preserved with the minutes of Board meetings.

Section 6. - Quorum.

a. - Ordinary Business. A quorum of the Board of Directors shall consist of a majority of Directors then in office, or of five Directors, whichever is fewer. Except as

otherwise provided in these By-Laws, any action may be taken by a majority of those voting with a quorum in attendance.

b. - Appointment of Directors. All appointments of Directors must be approved by the affirmative votes of a majority of all the elected Directors then in office.

c. - Extraordinary Business. Any removal of Directors or officers, and any reprimand, discipline, or discharge of the Chief Administrative Officer, must be approved by the affirmative votes of a majority of all the voting Directors then in office.

Section 7. - Committees to Advise or Act for Board. The Board may create one or more standing or ad hoc Committees to advise the Board, and it may delegate authority to such a Committee to act on behalf of the Board between regular meetings. Any Committee that may be authorized to act for the Board shall have at least two members, a majority of whom shall be voting Directors. If such a Committee has only two members, both shall be voting Directors. The chair and members of any Committee that may be authorized to act for the Board shall be appointed by a majority of all the voting Directors then in office. The chair and members of any Committee that will not be authorized to act for the Board shall be appointed by the President. A Committee may meet by any means authorized for a Board meeting, and may act without a meeting by any means authorized for Board action without a meeting.

Section 8. - Transition Rule. Appointed Directors serving three-year terms at the time of the adoption of this amended Article III shall serve their originally scheduled terms. Until the expiration of their originally scheduled terms, they shall be treated as elected Directors. Vacancies in these positions shall not be filled.

Section 9. - Insurance. The Board shall obtain liability, casualty, and workers' compensation insurance to protect the Foundation. It may obtain, at the Foundation's expense, liability insurance to protect the individuals who serve as Directors, officers, or employees.

ARTICLE IV - THE OFFICERS OF THE BOARD

Section 1. - Election. At the first regular meeting of the Board after the elected Directors have appointed the appointed Directors, the President whose term is expiring shall preside. The entire Board, including the elected and appointed Directors, shall then elect a new President from its membership. The new President shall immediately assume office and begin to preside. The entire Board shall then elect a Vice-President, Secretary, and Treasurer from its membership. All four officers shall serve for one year, and their terms shall expire when their successors are elected.

Section 2. - President. The President shall preside at all meetings of Members or Directors and shall call special meetings of Members or Directors as provided in Articles II and III. He or she shall keep well informed about the condition of the Foundation and the School, shall bring before the Board all matters requiring its consideration, shall take care that the policies and decisions of the Board are faithfully executed, and shall perform all other duties delegated by the Board.

Section 3. - Vice-President. The Vice-President shall, in case of the absence or disability of the President, perform the duties of the President, and in case of the death, resignation, or removal of the President, shall succeed to the office of President. The Vice-President shall serve on the Finance Committee and shall prepare himself or herself to serve as President in the following year.

Section 4. - Secretary. The Secretary shall record minutes of all meetings of Members and Directors, and shall maintain a permanent file of minutes and other documents and records of the Foundation's business, except that the Secretary shall not be responsible for the financial records to be maintained by the Treasurer. The Secretary shall file all documents required to be filed with the Secretary of State, the County Clerk, or other government officials, except that the Secretary shall not be responsible for tax returns. The Secretary shall have custody of the corporate seal of the Foundation and shall affix it as directed by the Board. At any meeting at which the Secretary is absent, the Board shall designate a Director to record minutes.

Section 5. - Treasurer. The Treasurer shall keep regular books and maintain the financial records of the Foundation, shall prepare the Foundation's tax returns and supervise payment of all payroll taxes and withholding taxes, and shall supervise a system of financial controls. The Treasurer shall prepare monthly financial statements for each regular meeting of the Board, and annual financial statements after each fiscal year. The Treasurer shall either perform these duties personally, or shall monitor their performance by an accountant or bookkeeper, as determined by the Board from time to time. Neither the Treasurer nor any such accountant or bookkeeper shall be authorized to sign checks, withdraw funds, or make transactions in any account with a financial institution, brokerage house, mutual fund, or other depository.

Section 6. - Financial Transactions. The Board shall designate, consistent with the system of financial controls, the persons authorized to sign checks, withdraw funds, and make transactions in any account with a financial institution, brokerage house, mutual fund, or other depository. All such persons shall be placed under a fidelity bond in an amount to be determined by the Board and at the expense of the Foundation. Unless the Board directs otherwise, the President, the Vice-President, and the Chief Administrative Officer shall be authorized to sign checks.

Section 7. - Removal. The Board by the affirmative vote of a majority of all the voting Directors then in office may remove any of its officers at any regular or special meeting. No motion to remove an officer may be entertained unless one or more of the Directors proposing the removal gave each Director at least ten days written notice of the time and place of the meeting and the intention to propose the removal of an officer at that meeting.

ARTICLE V - THE NOMINATING COMMITTEE

Section 1. - Appointment. The Nominating Committee shall consist of the President, the Vice-President, the most recent past President, two additional Directors appointed by the President and confirmed by the Board, and the Chief Administrative Officer. One of the five Directors shall be appointed to chair the Committee. Appointments to the Nominating Committee shall be made

and ratified after the election and appointment of new Directors in the fall, and no later than the February meeting of the Board. Members of the Committee shall serve until their successors are appointed.

Section 2. - Duties. The Nominating Committee shall nominate candidates for all open positions on the Board, for all standing committees, and for President, Vice-President, Secretary, and Treasurer. These nominations shall be communicated to the Board, and nominations for Elected Director shall be communicated to the Members at the Annual Meeting. No nomination shall be binding on the body or officer authorized to fill a position, and the floor shall be open to additional nominations.

Section 3. - Procedure. Any Member, any Director, or any teacher may suggest nominees to the Committee. One or more members of the Committee shall interview any potential nominee who is not already well known to the Committee.

Section 4. - Criteria.

a. - Skills and Commitment. The Committee shall nominate only persons who have or are likely to develop a special interest in the goals and objectives of St. Francis School and who, by reason of demonstrated skills, demonstrated commitment, past service, or other indicators, are thought most likely to give the Board and its committees the greatest possible effectiveness.

b. - Prior Service. The Committee shall not normally nominate a person to be an officer, or to chair a committee that may be authorized to act on behalf of the Board, if that person will not have served at least one year as a Director or as a member of such a committee before the beginning of the proposed term as officer or committee chair. But the Nominating Committee may override this presumption when, in the Committee's judgment, an exception will serve the best interests of the school.

c. - Vice-President as President-Elect.

i. Each year, the Committee shall nominate a candidate for Vice-President with the expectation that that nominee, if elected, will be nominated for President the following year.

ii. The Committee shall normally nominate the incumbent Vice-President as the Committee's candidate for President. But the Committee may override this presumption when, in the Committee's judgment, an exception will serve the best interests of the school.

d. - Members of the Committee. A member of the Nominating Committee may be nominated to another or an additional position by vote of a majority of the other members of the committee.

ARTICLE VI - THE CHIEF ADMINISTRATIVE OFFICER

Section 1. - Responsibilities. The Board shall appoint a professional educator who shall be the Chief Administrative Officer of the School. He or she shall:

- a. Be charged with the daily operation of the School and with primary responsibility for all educational matters;
- b. Be responsible for the appointment and retention of faculty and other staff and for the admission and retention of students;
- c. Be responsible for creating and enforcing appropriate rules and procedures to protect the safety of students and staff;
- d. Work closely with the other Directors and officers, and share with the President the responsibility to bring before the Board all matters requiring its consideration;
- e. Work within the operating budget set by the Board, and take care that the policies and decisions of the Board are faithfully executed.

Section 2. - Limitations on Authority. Primary responsibility for finances and budgeting shall at all times remain with the Board, and the Chief Administrative Officer shall serve at the pleasure of the Board.

Section 3. - Title. The Chief Administrative Officer shall be known as the Headmistress or Headmaster, or by some other appropriate educational title agreeable to the incumbent and to the Board.

ARTICLE VII - AMENDMENTS

Section 1. - By-Laws. These By-Laws may be amended by a vote of a majority of the Members voting at the Annual Meeting or a special meeting.

Section 2. - Articles of Incorporation. The Articles of Incorporation may be amended on recommendation of the Board by the vote of two-thirds of the Members voting at the Annual Meeting or special meeting.

Section 3. - Notice. No proposed amendment to the By-Laws or Articles of Incorporation may be considered unless it was clearly announced in the notice of the meeting, or in a separate notice sent to each Member at least ten days prior to the meeting.

Section 4. - Limitation. The Members shall not have the power to pass any amendment to the By-Laws or Articles of Incorporation that would jeopardize the tax exempt status of the Foundation or decrease its rights and powers under the laws of the State of Texas, and any amendment discovered to have either effect shall be inoperative.