

2.0000 BOARD MEMBERS

Legal References: G.S. 115C-36

Cross References: 1.0100 Board Authority and Duties
2.1200 Code of Ethics for Board Members
Falls Lake Academy, Inc. By-Laws

I. AUTHORITY AND POWERS

The Board is a body corporate. Members of the Board have authority only when acting as a Board legally in session. The Board will not be bound in any way by any statement or action on the part of an individual member, except when such action is at the specific instruction of the Board.

Except as otherwise specifically provided by the By-laws, the Board may adopt a resolution authorizing any Officer or agent of the corporation to enter into any contract or execute and deliver any instrument in the name of or on behalf of the corporation. Such authority may be general or confined to specific instances. Unless authorized, no Officer, agent, or employee shall have any power to bind the Board or the corporation by any contract or engagement, to pledge the corporation's credit, or to render it liable monetarily for any purpose or any amount.

II. OPERATIONS

Board members recognize the trust and accountability the Board owes citizens, staff, parents and students in the manner in which it transacts the business of the corporation and the school. Board members strive to conduct the business of the Board in accordance with the following operational goals:

1. Acting in accordance with the provisions of Board policy 2.1200 Code of Ethics for Board Members;
2. Maintaining effective Board-administration relations;
3. Operating cost effectively and efficiently;
4. Conducting business openly;
5. Meeting requirements and duties for the Board as established in Board policy or law; and
6. Making decisions with the Board's goals, objectives and other principles as the guiding focus.

The Board shall endeavor to evaluate on a periodic basis its efforts to follow these operational goals. The Board may or may not use outside consultants, at its own discretion, to assist in its self-evaluation.

III. ELIGIBILITY TO SERVE ON THE BOARD

A. Constitution of the Board: The Board is constituted in its entirety by those persons serving as Trustees on the Board of Trustees of Falls Lake Academy, Inc., the not-for-profit chartering parent organization of Falls Lake Academy ("the school"). Falls Lake Academy, Inc. has no members. The rights which would otherwise vest in the members vest instead in the Trustees of the Corporation and therefore, by extension, of the school. Actions which would otherwise require approval by a majority of the members require only approval of a majority of all Trustees acting as the Board of Directors of the school ("the Board").

B. Board Members' Qualifications: The Board may elect any person who in its discretion it believes will serve the interest of the corporation and the school faithfully and effectively. The corporation will seek to have Board members who represent a cross-section of backgrounds, professions, and experiences.

C. Interested Persons: Not more than 33% of the persons serving on the Board at any given time may be interested persons. An “interested person” is defined as:

- any person currently being compensated by the corporation for services rendered to it within the previous 12 months, whether as a full-time or part-time employee, independent contractor, or otherwise; or
- any sister, brother, ancestor, descendant, spouse, sister-in-law, brother-in-law, daughter-in-law, son-in-law, mother-in-law or father-in-law of any such person.

IV. APPOINTMENT OF BOARD MEMBERS

A. Number of Board members: The number of Trustees of the corporation – and, by extension, the number of Board members – shall be not fewer than five (5) and shall not exceed nine (9). The Board shall fix the exact number of Trustees, within these limits, by Board resolution or amendment of the corporation’s by-laws.

B. Appointment Procedure: The Board shall elect its members by majority vote of the Board members then in office, whether or not the number of members in office is sufficient to constitute a quorum as indicated herein, or by the sole remaining member if all others have either resigned or otherwise been removed.

C. Election Timeframe: The Board shall elect Trustees whose terms begin on the first day of September of a given year at the Annual Meeting for that year, or at a regular or called meeting designated for that purpose.

V. TERMS OF OFFICE

A. Original Trustees: The original, chartering Trustees of the corporation – by definition, also serving as Board members – shall be divided into three classes by mutual consent for the purpose of staggering their terms of office. All three classes shall be as nearly equal in number as possible. The term of office of the first class shall expire at the second annual meeting of the Trustees succeeding awarding of the school’s charter; term of office of the second class shall expire at the third annual meeting of the Trustees succeeding awarding of the school’s charter; and the term of office of the third class shall expire at the fourth annual meeting of the Trustees succeeding awarding of the school’s charter.

B. Regular Terms of Office: Following the expiration of the original Trustees’ designated terms, the term of office of each Trustee (Board member) shall be three (3) years.

C. Terms of Office When Filling a Vacancy: The term of office of a Trustee elected to fill a vacancy begins on the date of the Trustee’s election, and continues:

- for the balance of the unexpired term in the case of a vacancy created because of resignation, removal, or death of a Trustee; or
- for a term specified by the Board in the case of a vacancy resulting from the increase or decrease in the number of Trustees authorized by Board resolution or amendment of the corporation’s by-laws (see Section IV-A above).

D. Term Held Harmless: No individual Trustee’s term of office shall be shortened by any reduction in the number of Trustee resulting from amendment to the Charter, the Bylaws, or other Board action.

E. No Extensions: No individual Trustee’s term of office shall be extended beyond that for which the Trustee was elected by amendment of the school’s charter or by-laws or by other Board action.

F. No Consecutive Terms: A Trustee who has served a three-year term shall not be eligible for election or appointment to a new term until one (1) year after the expiration of his/her three-year term.

VI. REMOVAL OF TRUSTEES

The Board may remove a Trustee (Board member) at any time by vote of at least 75% of the other Trustees (Board members).

VII. VACANCIES

A vacancy is deemed to occur on the effective date of the resignation of a Trustee, upon the removal of a Trustee, upon declaration of vacancy pursuant to the corporation's by-laws, or upon a Trustee's death. A vacancy is also deemed to exist upon the increase by the Board of the authorized number of Trustees. Trustees shall be elected to fill vacancies by a majority vote of the Trustees then in office.

A Trustee may resign by giving written notice to the Board Chairman or Secretary. The resignation is effective upon receipt of such notice, or at any later date specified in the notice. The acceptance of a resignation by the Board Chairman or Secretary shall not be necessary to make it effective, but no resignation shall discharge any accrued obligation or duty of a Trustee.

VIII. COMPENSATION OF BOARD MEMBERS

Board members shall serve without compensation. However, the Board may approve reimbursement of a member's actual and necessary expenses while conducting Board business.

IX. STANDARD OF CARE

A. Performance of Duties: Each Board member shall perform all duties of a Board member, including duties on any Board Committee, in good faith and with that degree of diligence, care, and skill, including reasonable inquiry, as any ordinary prudent person in a similar position would use under similar circumstances.

B. Reliance on Others: In performing the duties of a Board member, a Board member shall be entitled to rely on information, opinions, reports or statements, including financial statements and other financial data, presented or prepared by:

- one or more officers or employees of the school whom the Board member believes to be reliable and competent in the matters presented;
- legal counsel, public accountants, or other persons as to matters that the Board member believes are within that person's professional or expert competence; or
- a Board Committee on which the member does not serve, duly designated in accordance with a provision of the corporation's charter or by-laws, as to matters within its designated authority, provided the Board member believes the Committee merits confidence and the member acts in good faith, and with that degree of care specified herein, and after reasonable inquiry when the need is indicated by the circumstances, and without knowledge that would cause such reliance to be unwarranted.

C. Rights of Inspection: Every Board member has the right to inspect and copy all books, records, and documents of every kind and to inspect the physical properties of the corporation and the school, provided that such inspection is conducted at a reasonable time after reasonable notice, and provided

that such right of inspection and copying is subject to the obligation to maintain the confidentiality of the reviewed information, in addition to any obligations imposed by any federal, state, or local law.

D. Discussions and Voting: Every Board member has the right to participate in the discussion and vote on all issues before the Board or any Board Committee, except that any Board member shall be excused from the discussion and vote on any matter involving such member relating to:

- a self-dealing transaction;
- a conflict of interest or potential conflict of interest, until such time as the potential conflict is declared by Board or Board Committee either to not exist or to be acceptable;
- indemnification of that Board member uniquely; or
- any other matter at the discretion of a majority of the Trustees then present.

E. Confidentiality: Every Board member has a duty to maintain the confidentiality of all Board actions which are not required by law to be open to the public, including discussions and votes which take place at any closed session of the Board. Any member violating this confidence may be removed from the Board by majority vote.

X. OFFICERS

The officers of the corporation and, by extension, the Board of Directors, shall consist of a Chair, Vice Chair, Secretary, and Treasurer. The Board may also designate such other officers as it deems advisable, at its sole discretion.

A. Chair: Subject to Board control, the Chairman has general supervision, direction, and control of the affairs of the corporation and the Board, and such other powers and duties as the Board may prescribe. If present, the Chairman shall preside at Board meetings. The Chairman will be an authorized joint signer of all checks.

B. Vice-Chair: If the Chair is absent or disabled, the Vice-Chair shall perform all the Chair's duties and, when so acting, shall have all the Chair's powers, not including authorization as a joint signer of checks, and be subject to the same restrictions. The Vice-Chair shall have other such powers and perform such other duties as the Board may prescribe.

C. Secretary: The Secretary shall:

- keep or cause to be kept, at the corporation's principle office, or other place as the Board may direct, a book of minutes of all meetings of the Board, noting the time and place of the meeting, whether it was regular, called, or special, the notice given, the names of those present, and the proceedings;
- keep or cause to be kept a copy of the Corporation's Charter and By-laws, with amendments;
- give or cause to be given notice of the Board and Committee meetings as required by the by-laws and/or the Open Meetings Law; and
- have such other powers and perform such other duties as the Board may prescribe.

D. Treasurer: The Treasurer shall:

- keep or cause to be kept adequate and correct accounts of the corporation's properties, receipts, and disbursements;
- make books of account available at all times for inspection by any Board member;
- deposit or cause to be deposited the corporation's monies and other valuables in the corporation's name and to its credit, with the depositories the Board designates;
- disburse or cause to be disbursed the corporation's funds as the Board directs;

- render or cause to be rendered to the Chair and the Board, as requested but no less frequently than once every fiscal year, an account of the corporation's financial transactions and financial condition;
- prepare or cause to be prepared any reports on financial issues required by an agreement on loans;
- serve as Chair of the Finance Committee; and
- have such other powers and perform such other duties as the Board may prescribe. The Treasurer will be authorized to sign checks.

E. Officer Election, Eligibility, and Term of Office:

1. Election: The Board shall elect the Officers annually at the Annual Meeting or at a called meeting designated for that purpose, except that Officers appointed to fill vacancies shall be elected as vacancies occur.
2. Eligibility: A Board member may hold any number of offices, except that neither the Secretary nor Treasurer may serve concurrently as Chair.
3. Term of Office: Each Officer serves at the pleasure of the Board, holding office until resignation, removal, or disqualification from service, or until his or her successor is elected.

XI. NON-LIABILITY

Trustees (Board members) shall not be personally liable for the corporation's debts, liabilities or other obligations.

XII. INDEMNIFICATION OF CORPORATE AGENTS

The Corporation shall, to the fullest extent now or hereafter permitted by and in accordance with standards and procedures provided by the North Carolina Nonprofit Corporation Act and any amendments thereto, indemnify any person made, or threatened to be made, a party to any action or proceeding by reason of the fact that he/she, his/her testate or intestate was a Director, Officer, employee or agent of the corporation, against judgments, fines, amounts paid in settlement, and reasonable expenses, including attorney's fees.