

BYLAWS OF

**HAMSHIRE FANNETT INDEPENDENT SCHOOL DISTRICT
EDUCATION FOUNDATION**

A NONPROFIT FOUNDATION

2012

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BYLAWS
OF
HAMSHIRE FANNETT ISD EDUCATION FOUNDATION
A Non profit Foundation

ARTICLE I. PURPOSE

Hamshire Fannett ISD Education Foundation (the "Foundation") is a nonprofit corporation organized pursuant to the Texas Business Organizations Code.

ARTICLE II. OFFICES

Section 2.01 Principal Office. The principal office of the Foundation shall be located at such location as established by the board of directors of the Foundation (the "Board").

Section 2.02 Other Offices. The Foundation may have such other offices, within or without the State of Texas, as the Board may determine.

Section 2.03 Registered Office and Registered Agent. The Foundation shall have and continuously maintain in the State of Texas a registered office, and a registered agent whose office is identical with such registered office, as required by the Code. The registered office may be, but need not be; identical with the principal office of the Foundation in the State of Texas; and the address of the registered office may be changed from time to time by the Board.

ARTICLE III. BOARD OF DIRECTORS

Section 3.01 General Powers. The business and affairs of the Foundation shall be managed by its Board.

Section 3.02 Number; Election. The number of directors constituting the entire Board shall be at least five (5) but not more than fifteen (15). All directors will be elected by the Board to serve until the next annual election of directors and until their successors are duly elected and qualified. At any regular or special meeting of the Board, a majority of all members of the Board by affirmative vote, may increase or decrease the total number of directors, thus amending these Bylaws. At no time will the number of directors be less than five (5). The number of voting Directors may be increased or decreased to any odd number, by amendment of these Bylaws. The Board of Directors may also appoint up to twelve (12) Advisory Directors who do not have voting rights and are not held to attendance requirement, but agree and will comply with signed advisory commitment form. Directors to serve until the first annual meeting shall be appointed by the Initial Directors names in the Articles of Incorporation. The Superintendent of Schools of the Hamshire-Fannett ISD, or designee, shall hold permanent official seat with vote. The President of the Hamshire-Fannett ISD Board of Trustees, or designee, shall hold permanent official seat with vote. A parent representative of Hamshire-Fannett ISD shall hold permanent official seat with vote. These three (3) directors shall hold permanent official seat with vote.

These three directors shall be known as permanent Directors. All other Directors shall be known as appointed Directors. Each appointed Director shall hold office until the annual business meeting three (3) years following his or her election and until a successor is elected, or until his or her death, or until resignation, or until each appointed Director is removed in the manner hereinafter provided. Advisory Directors membership will be reviewed annually by the Nominating Committee and Board of Directors. Each permanent Director shall hold office until his or her designated position with the School is changed. The initial appointed Directors shall draw lots for initial terms of office. The term of office for approximately one-third of the appointed Directors shall expire each year. Appointed Directors may be re-elected to successive terms. Persons, including representatives and directors of banks or trust companies who serve as investment advisors, custodians, or agents for or with respect to funds of or held for the benefit of this Corporation shall never constitute more than one-half of the Directors of this corporation. Any director may serve more than one (1) term.

Section 3.03 Vacancies. If a Director for whatever reason is unable to complete his or her term of office, then the Board shall appoint a Director to fill the un-expired term of the vacant office.

Section 3.04 Tenure: The Hamshire-Fannett Independent School District Board President, Superintendent of Schools and Assistant Superintendent of Finance shall serve as perpetual Foundation directors. The four remaining directors shall each serve staggered terms of three (3) years. A drawing between the four founding directors serving staggered terms shall determine which two will serve terms that expire on June 30, 2014 and which two will serve terms that expire on June 30, 2015.

Section 3.05 Annual Meeting: The annual business meeting of the Board shall be held each year beginning in 2012 at such place and at such times as the Board by resolution shall elect.

Section 3.06 Regular Meetings: Regular meetings of the Board shall be held at such place and at such times and with such frequency as the Board by resolution shall elect.

Section 3.07 Special Meetings: Special meetings of the Board may be called by or at the request of the President or any three (3) directors. The person or persons authorized to call special meetings of the Board may fix the time and place for holding such meetings.

Section 3.08 Notice: Notice of all meetings of the Board, whether annual, regular or special, shall be given at least three (3) days prior to the meeting by written notice setting forth the time and place for holding such meeting and delivered personally or sent by mail, facsimile transmission or electronic mail to each director at his or her address as shown by the records of the Foundation. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail in a sealed envelope so addressed, with postage thereon prepaid. If notice be given by facsimile transmission or electronic mail, such notice shall be deemed to be delivered successfully. Any director may waive notice of any meeting as provided in Section 7.06 of these Bylaws. The attendance of a director at any meeting shall constitute a waiver of notice of such meeting, except where a director attends a meeting for the express purpose of objecting to the transaction of any business thereat because such meeting is not lawfully called or convened. The

business to be transacted at any regular or special meeting need not be specified in the notice or waiver of notice of such meeting, unless specifically required by law or these Bylaws.

Section 3.09 Quorum: A majority of the directors shall constitute a quorum for the transaction of business at any meeting of the Board. No meeting can proceed without a quorum.

Section 3.10 Manner of Acting: The act of a majority of the directors present at a meeting at which a quorum is present shall be the act of the Board unless the act of a greater number is required by law or by these Bylaws.

Section 3.11 Alternative Forms of Meeting: Subject to the notice provisions of Section 3.08 of these Bylaws, the Board may hold an annual, regular or special meeting by means of conference telephone/video, or similar communications equipment or another suitable electronic communications system (such as videoconference or the internet) that permits each person participating in the meeting to communicate with all other persons participating in the meeting. Participation in any such meeting shall constitute presence in person at such meeting and waiver of notice of such meeting, except when a person participates in such meeting for the express purpose of objecting to the transaction of any business on the ground that such meeting is not lawfully called or convened. Any committee provided for in these Bylaws or established by the Board may also hold its meetings by means of such conference telephone or similar communications equipment.

Section 3.12 Proxy and Voting: Directors of record may vote in person at any meeting. At any meeting, each director shall be entitled to one (1) vote. No proxies are permitted.

Section 3.13 Compensation: Directors shall not receive any stated salaries for their services as directors; but by resolution of the Board, any director may be reimbursed for reasonable expenses incurred in pursuing the interests of the Foundation.

Section 3.14 Removal: Any director may be removed with or without cause by vote of two-thirds of the entire Board.

ARTICLE IV. OFFICERS

Section 4.01 Officers. The officers of the Foundation shall be a President, Vice President, Treasurer, and Secretary and such other officers as may be elected in accordance with the provisions of this article. The Board may create such other officer positions as it shall deem desirable, such officers to have the authority and perform the duties prescribed, from time to time, by the Board. Any two (2) or more offices may be held by the same person, except the offices of President and Secretary.

Section 4.02 Election and Term of Office. The officers of the Foundation shall be elected annually by the Board. The initial appointed officers shall draw lots for initial terms of office. The term of office for approximately one-third of the appointed officers shall expire each year. Each officer may be re-elected to successive terms. Each officer shall hold office until his successor has been duly elected and qualified.

Section 4.03 Removal: Any officer may be removed by two-thirds vote of the entire Board with or without cause. Any removed officer shall continue to serve as a director.

Section 4.04 Vacancies: A vacancy occurring in any office due to death, resignation, removal, disqualification, or other cause, may be filled by the Board for the un-expired term of the vacant office.

Section 4.05 President: The President, when present, shall preside at all meetings of the Board. The President may sign, [with the Treasurer or any other proper officer of the Foundation authorized by the Board to so act,] any deeds, mortgages, bonds, contracts, or other instruments that the Board has authorized, generally or specifically, to be executed, except in cases where the signing and execution thereof shall be expressly delegated by the Board, by these Bylaws, or by statute to some other officer or agent of the Foundation; and, in general, he or she shall perform all duties incident to the office of President and such other duties as may be prescribed by the Board from time to time.

Section 4.06 Vice President: The Vice President shall perform the duties of the President in the absence or disability of the President, and shall have such other duties as the Board may assign from time to time.

Section 4.07 Treasurer: The Treasurer shall have the care and custody of the funds of the Foundation and shall have and exercise under the supervision of the Board all of the powers and duties commonly incident to this office. The Treasurer shall keep accurate books of accounts of the Foundation's transactions, which shall be the property of the Foundation, and, together with all its property in his or her possession, shall be subject at all times to the inspection and control of the Board.

Section 4.08 Secretary: The Secretary shall ensure that correct minutes of all meetings of the Board are kept, shall communicate with directors and provide notice of meetings, shall perform all of the duties commonly incident to such office, and shall perform such other duties as the President or Board shall from time to time prescribe.

Section 4.09 Compensation: Officers shall not receive any stated salaries for their services as officers of the Foundation except that officers may be reimbursed for reasonable expenses incurred in pursuing the charitable purposes of the Foundation.

ARTICLE V. COMMITTEES

Section 5.01 Designation of Managerial Committees: The Board of Directors may designate one (1) or more executive or managerial committees by a resolution adopted by a majority of the directors in office. The committees so designated shall have and exercise the authority of the Board in the management of the Foundation to the extent so delegated by the Board. Each such committee shall consist of two (2) or more persons, a majority of whom are directors; the remainder of whom, need not be directors. The designation of such committees and the delegation thereto of authority shall not operate to relieve the Board, or any individual director, of any responsibility imposed upon them by law. Any non-Director who becomes a member of any such committee shall have the same responsibility with respect to such committee as a Director who is a member thereof.

Section 5.02 Non-Managerial Committees. The President or the Board may designate and appoint other committees not having and exercising the authority of the Board in the management of the Foundation. Members of such committees need not be directors.

ARTICLE VI. CONTRACTS, CHECKS, DEPOSITS, AND FUNDS

Section 6.01 Contracts: The Board may authorize any officer or officers, agent or agents, of the Foundation, in addition to the officers so authorized by these Bylaws, to enter into any contract or execute and deliver any instrument in the name of and on behalf of the Foundation; and such authority may be general or confined to specific instances.

Section 6.02 Checks, Drafts, or Orders for Payment: All checks, drafts, or orders for payment of money, notes, or other evidences of indebtedness issued in the name of the Foundation shall be signed by two officers of the Foundation, as designated by the President.

Section 6.03 Deposits: All funds of the Foundation shall be deposited from time to time to the credit of the Foundation in such banks, trust companies, or other depositories as the Board may select.

Section 6.04 Gifts: The Board may accept on behalf of the Foundation any contribution, gift, bequest, or devise for the general purposes, or for any special purpose, of the Foundation. Similarly, the Board may reject any contribution, gift, bequest, or devise which the Board determines is not in the best interest of the Foundation.

Section 6.05 Fiscal Agents: This Foundation may designate such fiscal agents, investment advisors and custodians as the Board may select by resolution. The Board may at any time, with or without cause, discontinue the use of the services of any such fiscal agent, investment advisor, or custodian.

ARTICLE VII. MISCELLANEOUS

Section 7.01 Books and Records: The Foundation shall maintain current true and accurate financial records with full and correct entries made with respect to all financial transactions of the Foundation, including all income and expenditures, in accordance with generally accepted accounting practices.

Section 7.02 Financial Reports: Based on the financial records maintained in accordance with Section 7.01, the Board shall annually prepare or approve a report of the financial activity of the Foundation for the preceding year. The report must conform to accounting standards as promulgated by the American Institute of Certified Public Accountants, and must include a statement of support, revenue, and expenses and changes in fund balances, a statement of functional expenses, and balance sheets for all funds. An audit will be performed annually beginning with the fiscal year ending June 30, 2011.

Section 7.03 Maintenance of Financial Records and Reports: All of the Foundation's financial records, books, and annual reports shall be kept at its registered office or principal office in the State of Texas for at least three (3) years after the closing of each fiscal year.

Section 7.04 Tax Records and Returns: The Board shall prepare and file all required federal and state tax returns, which includes the Internal Revenue Service ("IRS") Form 990 (or the future IRS Form adopted by the IRS in place of the IRS Form 990). The Foundation shall maintain a copy of all returns filed with the IRS at its principal office and all regional or district offices with three (3) or more employees for a period of three (3) years, with such period beginning the last day prescribed for filing such returns (determined with regard to any extension for filing). The Foundation shall permanently maintain at its principal office and all regional and district offices with three (3) or more employees a copy of its IRS Form 1023 and all attachments thereto that were submitted to the IRS.

Section 7.05 Fiscal Year: The fiscal year of the Foundation shall end on June 30, effective June 30, 2012.

Section 7.06 Waiver of Notice: Whenever any notice is required to be given under the provisions of the Code or under the provisions of the Certificate of Formation or these Bylaws, a waiver thereof in writing, signed by the person or persons entitled to such notice either before or after the occurrence of the event or transaction described therein, shall be deemed equivalent to the giving of the required notice.

Section 7.07 Resignations: A director or officer may resign at any time. Such resignation shall be made in writing, and shall take effect when the director's successor is chosen and qualified.

Section 7.08 Power to Amend Bylaws: The Bylaws of the Foundation may be amended, repealed, or added to, or new bylaws may be adopted, by the vote of two-thirds of all directors at the annual business meeting.

Section 7.09 Fiscal Restrictions: The Foundation may not borrow money or otherwise incur indebtedness without the approval of a majority of the members of the entire Board.

ARTICLE VIII. INDEMNIFICATION AND INSURANCE

Section 8.01 Right to Indemnification: Each person who was or is made a party or is threatened to be made a party to or is involved in any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative, arbitative or investigative (a "Proceeding"), or any appeal of a Proceeding, or any inquiry or investigation that could lead to a Proceeding, by reason of the fact that he or she or a person of whom he or she is the legal representative, is or was a director or an officer of the Foundation, or while a director or an officer of the Foundation is or was serving at the request of the Foundation as a director, officer, partner, venture, member or manager, proprietor, trustee, employee, agent, or similar functionary of another foreign or domestic Foundation, partnership, joint venture, limited liability company, sole proprietorship, trust, employee benefit plan or other enterprise, shall be indemnified by the Foundation to the fullest extent authorized by the Code, as the same exists or may hereafter be amended (but, in the case of any such amendment, only to the extent that such amendment permits the Foundation to provide broader indemnification rights than said law permitted the Foundation to provide prior to such amendment) against judgments, penalties (including excise and similar taxes), fines, settlements and reasonable expenses (including, without limitation, attorneys' fees) actually incurred by such person in connection with a Proceeding, but if the

Proceeding was brought by or in behalf of the Foundation, the indemnification is limited to reasonable expenses actually incurred or suffered by such person in connection therewith. Indemnification under these Bylaws shall continue as to a person who has ceased to serve in the capacity which initially entitled such person to indemnity hereunder. In no case, however, shall the Foundation indemnify any person, or the legal representatives of any person, with respect to any matters as to which such person shall be finally adjudged in any such Proceeding to be liable on the basis that personal benefit resulted from an action taken in such person's official capacity, or in which such person is found liable to the Foundation. Any person entitled to indemnification pursuant to this Article VIII is sometimes referred to herein as an "Indemnified Person."

Section 8.02 Advance Payment: An Indemnified Person's right to indemnification conferred in this Article VIII shall include the right to be paid or reimbursed by the Foundation for the reasonable expenses incurred by an Indemnified Person who was, is or is threatened to be made a named defendant or respondent in a Proceeding in advance of the final disposition of the Proceeding; provided, however, that the payment of such expenses incurred by an Indemnified Person in advance of the final disposition of a Proceeding shall be made only upon delivery to the Foundation of a written affirmation by such Indemnified Person of his or her good faith belief that he or she has met the standard of conduct necessary for indemnification under the Code and this Article VIII and a written undertaking by or on behalf of such Indemnified Person to repay all amounts so advanced if it shall ultimately be determined that such Indemnified Person is not entitled to be indemnified under this Article VIII or otherwise.

Section 8.03 Appearance as a Witness: Notwithstanding any other provision of this Article VIII, the Foundation may pay or reimburse expenses incurred by an Indemnified Person in connection with his or her appearance as a witness or other participation in a Proceeding at a time when he or she is not a named defendant or respondent in the Proceeding.

Section 8.04 Non-exclusivity of Rights: The right to indemnification and the advancement and payment of expenses conferred in this Article VIII shall not be exclusive of any other right which an Indemnified Person may have or hereafter acquire under any law, agreement or vote of disinterested Directors.

Section 8.05 Insurance: The Foundation may purchase and maintain insurance, at its expense, to protect itself or any Indemnified Person against any expense, liability or loss under this Article VIII, whether or not the Foundation would have the power to indemnify such person against such expense, liability or loss. The Foundation also may purchase insurance as permitted or required under Chapter 84 of the Texas Civil Practices and Remedies Code and any other type of insurance that the Board of Directors deems advisable to protect the Foundation, its directors, officers, employees, and volunteers and Foundation property.

Section 8.06 Savings Clause: If this Article VIII or any portion hereof shall be invalidated on any ground by any court of competent jurisdiction, then the Foundation shall nevertheless indemnify, defend, and hold harmless each Indemnified Person as to costs, charges and expenses (including attorneys' fees), judgments, fines, and amounts paid in settlement with respect to any action, suit or proceeding, whether civil, criminal, administrative or investigative, to the fullest extent permitted by any applicable portion of this Article VIII that shall not have

been invalidated and to the fullest extent permitted by applicable law. The Foundation may also pay all legal costs, expenses, attorneys' fees, accounting fees, and other professional/consulting fees, attendant to the establishment and running of the Foundation.