

NAVY ELEMENTARY SCHOOL PTO

BYLAWS

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BYLAWS

ARTICLE I OFFICES

Section 1.1 Name. The name of the Corporation is Navy Elementary School PTO (hereinafter referred to as the “Corporation”).

Section 1.2 Business Office. The Corporation’s principal office shall be located at the Navy Elementary School at 3500 West Ox Road, Fairfax, Virginia 22033. The Corporation may have other offices, either within or outside of Virginia, as determined by the Executive Board.

Section 1.3 Registered Office. The Corporation’s registered office shall be located within Virginia at the address of the Corporation’s registered agent. The location of the registered office may be, but need not be, identical with that of the principal office if the latter is located within Virginia. The registered agent shall either be: (1) an individual who is a resident of Virginia and either an officer or Director of the Corporation or a Member of the Virginia State Bar, and whose business address is identical to the registered office; or (2) a Corporation organized or qualified to conduct business in the Commonwealth of Virginia, other than the Corporation, the business address of which is identical with the registered office. The Board may change the registered agent and the address of the registered office from time to time, upon filing the appropriate form with the Virginia State Corporation Commission, in accordance with the procedures set forth in the Virginia Nonstock Corporation Act, as may be amended.

ARTICLE II RECORDS

Section 2.1 Corporate Records.

(a) Minutes and Accounting Records. The Corporation shall keep a permanent record of the minutes of all meetings of its Board and Members, a record of all actions taken by the Board and Members without a meeting, and a record of all actions taken by a committee of the Board acting in place of the Board on behalf of the Corporation. The Corporation shall maintain appropriate accounting records.

(b) Form. The Corporation shall maintain its records in written form or in another form capable of conversion into written form within a reasonable time.

(c) Other Records. The Corporation shall keep a copy of the following records at its principal office or at a location from which the records may be recovered within two (2) business days:

- (1) its Articles of Incorporation and all amendments or restatements to them currently in effect;
- (2) its Bylaws and all amendments or restatements to them currently in effect;
- (3) resolutions adopted by its Board;
- (4) the financial statement furnished for the past three (3) years to the Board;
- (5) a list of the names and business addresses of its current Directors and officers;
- (6) All records required to be maintained by Section 2.1(a);
- (7) its most recent annual report delivered to the Virginia State Corporation Commission; and
- (8) all documents required to be made available for public inspection, including but not limited to the application for federal income tax-exempt status, as set forth in the Internal Revenue Code of 1986 (the "Code") and its implementing Regulations, as may be amended.

(d) Location. The Board shall designate by resolution the appropriate location for the storage and maintenance of all records required to be maintained by this Section 2.1 and other applicable law, provided that all such records may be converted to written form in a reasonable time, and may be made available within two (2) business days.

ARTICLE III **MEMBERS**

Section 3.1 Membership Eligibility. Any parent or legal guardian of a student at the Navy Elementary School may be a Member and shall have voting rights. The principal, vice principal and all current faculty and staff employed at the Navy Elementary School may be a Member and have voting rights. Members shall have the right to participate in all regular meetings and activities of the organization and to vote on all issues before the Membership, including electing members to the Board. "Members" as used in these Bylaws shall mean the current Members of the Corporation.

Section 3.2 Admission of Members. The organization shall conduct an annual enrollment of Members but may admit a person to membership at any time.

Section 3.3 Dues. Dues, if any, will be established by the Executive Board and approved by the Members. If dues are charged, a Member must have paid his or her dues at least seven (7) calendar days before a meeting to be considered a Member in good standing with voting rights at the meeting.

Section 3.4 Financial Hardship. No Member shall be denied the right to participate in the activities of the organization or shall be denied voting rights due to financial hardship. The Executive Board shall establish a procedure to insure compliance with this policy.

Section 3.5 Voting and Voting Eligibility.

(a) Each Member having voting rights shall be entitled to one (1) vote on each matter submitted to a Member vote at a membership meeting.

(b) To determine which Members are in good standing for notice, voting and any other proper purpose, the Board may fix in advance a record date for such determination. The record date may not be more than seventy (70) days in advance, and in the event of a meeting, not less than ten (10) days preceding the date on which the particular action requiring Member determination is to be taken.

Section 3.6 Annual Meetings of the Members. The Members shall hold an annual meeting on the first Tuesday in the month of May or such other date as set by the Board (the "Annual Meeting"), to elect Directors and to conduct such business as set forth in the notice of the meeting. The specific place and time for the Annual Meeting shall be decided by the Board. Failure to hold the Annual Meeting at the designated time and place shall not work a forfeiture or dissolution of the Corporation.

Section 3.7 Special Meetings. The President, any two (2) Directors then in office, or upon written request to the Board by five percent (5%) of all Members in good standing may call and give notice of Special Meetings of the Members at their own discretion. Those authorized to call Special Meeting of the Members may fix any place within the Commonwealth of Virginia as the Special Meeting place. Pursuant to Va. Code § 13.1-839, a written demand for a Special Meeting may be revoked by a writing, including an Electronic Transmission, to that effect received by the Corporation. "Electronic Transmission" for purposes of these Bylaws shall have the meaning set forth in Va. Code § 13.1- 803.

Section 3.8 Notice of, and Waiver of Notice for, Annual Meetings and Special Meetings. Except as otherwise provided in Va. Code §13.1-842:

(a) Written notice stating the time, date and place of any Annual Meeting or Special Meeting of the Members shall be given not less than ten (10) nor more than sixty (60) days before the date thereof, either: (i) personally, (ii) by mail, (iii) by Electronic Transmission as provided in (d) below, or (iv) by publication at least once a week for two successive calendar

weeks in a newspaper published in the city or county of Fairfax, Virginia, or having a general circulation therein, the first publication to be not more than sixty (60) days, and the second not less than seven (7) days before the date of the meeting. Such notice shall be provided by or at the direction of the President, Secretary or other person calling the meeting, to each Member entitled to vote at such meeting, at his address or email address as it appears on the records of the Corporation, unless such a Member shall have filed with the Secretary of the Corporation a written request that notices intended for him be mailed or sent to some other address, in which case notices shall be mailed or sent to the address designated in such request. If mailed, such notice shall be deemed to be given when deposited in the United States Mail, addressed to the Member at his address as it appears on the records of the Corporation, with postage thereon prepaid.

Unless required by the Virginia Nonstock Corporation Act, notice of Annual Meeting need not state the purpose or purposes for which the meeting is called. Notice of a Special Meeting shall state the purpose or purposes for which the meeting is called.

If an Annual Meeting or Special Meeting is adjourned to a different date, time or place, notice need not be given if a new date, time or place is announced at the meeting before adjournment.

(b) Effective Date. If mailed, notice of any Special Meeting of the Members shall be deemed to be effective at the earlier of:

(1) five (5) days after deposited in the United States mail, addressed to the Director's business office, with postage prepaid; or

(2) the date shown on the return receipt (if sent by registered or certified mail, return receipt requested, and the receipt is signed by or on behalf of the Directors); or

(3) the date when received.

(c) Waiver of Notice. Any Member may waive notice of any meeting of the Members. The waiver must be in writing, signed by the Member entitled to the notice, and filed with the minutes or corporate records. Provided, however, that a Member's attendance at a meeting waives the Member's right to object to lack of notice or defective notice of the meeting; this shall be true unless the Member, at the beginning of the meeting (or promptly upon arrival), objects to holding the meeting or transacting business at the meeting, and does not vote for or assent to action taken at the meeting, or objects to consideration of a particular matter.

(d) Notice by Electronic Transmission.

(1) A notice of the date, time, place or purpose, if required, of an Annual Meeting or Special Meeting of the Members may be given by a form of Electronic Transmission consented to by the Member to whom the notice is given. Any such consent of a Member shall be revocable by the Member by written notice to the Corporation. Any such

consent shall be deemed revoked if: (i) the Corporation is unable to deliver by electronic transmission two (2) consecutive notices given by the Corporation in accordance with such consent, and (ii) such inability becomes known to the Secretary or other person responsible for the giving of notice; provided, however, the inadvertent failure to treat such inability as a revocation shall not invalidate any meeting or other action.

(2) Notice given by Electronic Transmission shall be deemed given: (i) if by facsimile, when directed to a number at which the Member has consented to receive notice; (ii) if by electronic mail, when directed to an electronic mail address at which the Member has consented to receive notice; (iii) if by a posting on an electronic network together with separate notice to the Member of such specific posting when such notice is directed to an address at which the Member has consented to receive notice, upon the later of such posting or the giving of such separate notice; and (iv) if by any other form of electronic transmission, when consented to by the Member. An affidavit of the Secretary or other agent of the Corporation that the notice has been given by a form of electronic transmission shall, in the absence of fraud, be prima facie evidence of the facts stated therein.

Section 3.9 Quorum. The presence of ten (10) Members eligible to vote shall constitute a quorum for the transaction of business at any Members' meeting.

Section 3.10 Voting Rights. Members shall only have voting rights with respect to the following matters:

- (a) Election or appointment of the Directors as provided in Sections 4.3 and 4.6;
- (b) Decision to terminate, dissolve, merge or sell the Corporation or sell substantially all of the assets of the Corporation; and
- (c) Removal of Directors as provided in Section 4.5.

ARTICLE IV

BOARD OF DIRECTORS

Section 4.1 General Powers. All corporate powers shall be exercised by or under the authority of the board of directors including the business and legal affairs of the Corporation. The board of directors is herein sometimes referred to as the "Executive Board" or as the "Board" and individual Members of the board as Directors or individually as a Director.

Section 4.2 Number, Tenure, and Qualifications of Directors. The authorized number of Directors shall be six (6) until changed by a duly adopted amendment to these Bylaws. Each Director shall have one (1) vote on any matter that comes before the Board. Directors shall serve for a one (1) year term unless he or she is removed, resigns, or becomes deceased at an earlier time. No individual may serve more than two (2) consecutive terms as a Director.

Section 4.3 Nomination Panel. The Board shall form a nomination panel to be composed on Members (the “Nomination Panel”). The Nomination Panel shall be charged with soliciting Members to run in an election for the Executive Board, collecting applications from interested Members, reviewing candidate information provided, and such other actions as the Board deems appropriate. The Nomination Panel shall present a slate of candidates to the Members for each of the six (6) seats on the Executive Board at least two (2) weeks prior the Annual Meeting of the Members, at which the election for the Board shall take place (the “Preliminary Slate”). The presentation of the Preliminary Slate can be given via presentation at a meeting, email or paper notice. Following the presentation of the Preliminary Slate, Members may submit additional nominees to the Nomination Panel in writing up until three (3) business days prior to the Annual Meeting of the Members. At the Annual Meeting, the Nomination Panel shall present a final slate of candidates for each of the six (6) positions on the Executive Board (the “Final Slate”). Only those candidates listed on the Final Slate shall eligible to run in the election for the Executive Board.

Section 4.3 Election. The initial Directors are set forth in the Articles of Incorporation of the Corporation. Thereafter, at each Annual Meeting of the Members, Directors shall be elected to serve on the Board during the succeeding year by a majority of a quorum of Members.

Section 4.4 Resignation of Directors. A Director may resign at any time by delivering written notice to the President or the Board. A resignation is effective when the notice is delivered unless the notice specifies a later effective date. If a resignation is made effective at the later date, the Board may fill the pending vacancy before the effective date if the Board provides that the successor does not take office until the effective date.

Section 4.5 Removal of Directors. A Director may be removed, with or without cause, if thirty percent (30%) of Members entitled to vote present at a duly constituted meeting votes for the removal. Removal is effective only if it occurs at a meeting called for that purpose. Notice must be sent to all Members entitled to vote stating that the purpose, or one of the purposes, of the meeting is the removal of the Director.

Section 4.6 Board of Director Vacancies. Except as otherwise provided in Section 4.3, if a vacancy occurs on the Board, including a vacancy resulting from an increase in the number of Members on the Board, the Directors shall fill the vacancy by a two-thirds (2/3rd) majority vote of the Directors remaining in office. If a Director resigns effective at a specific later date, the Directors may fill the vacancy, before the vacancy occurs, but the new Director may not take office until the vacancy actually occurs. Notwithstanding the foregoing, if the Members remove a Director or Directors pursuant to Section 4.5 above, the Members shall have the right to appoint a Director or Directors to fill the vacancy by a majority vote of the Members at the meeting called for the removal.

Section 4.7 Annual Meetings of the Board. The Board shall hold an Annual Meeting on the first Tuesday in the month of May or such other date as set by the Board. The specific place and time for the Annual Meeting shall be decided by the President of the Board. Failure to hold the Annual Meeting at the designated time and place shall not work a forfeiture or dissolution of the Corporation.

Section 4.8 Special Meetings of the Board. The President or any two (2) Directors then in office may call and give notice of Special Meetings of the Board at their own discretion. Those authorized to call special Board meetings may fix any place within the Commonwealth of Virginia as the Special Meeting place.

Section 4.9 Board of Director Meetings by Conference Telephone. The Board may permit any or all Directors to participate in any Annual Meeting or Special Meeting by, or conduct the meeting through the use of, a conference telephone or similar communications equipment, provided all persons entitled to participate in the meeting received proper notice of telephone meeting, as required by Section 4.10, and provided all persons participating in the meeting can simultaneously hear each other. A Director participating in a meeting by such means is deemed present in person at the meeting. The chairperson of the meeting may establish reasonable rules as to conducting the meeting as authorized by this Section 4.9.

Section 4.10 Notice of, and Waiver of Notice for, Annual Meetings, Regular Meetings or Special Meetings.

(a) Notice. The Corporation's Secretary, or other Director calling the Special Meeting pursuant to Section 4.8, shall give either oral or written notice of any Special Meeting of the Directors to all Directors at least three (3) days before any such meeting. The notice shall include the meeting place, day, and hour. If any meeting is to be held by conference telephone, the Secretary must provide instructions for participating in the telephone meeting at least one (1) day in advance of such meeting. Neither the Secretary nor Director needs to specify in the notice or waiver of notice the business to be transacted at, or the purpose of, any Board meeting, unless otherwise provided in these Bylaws.

(1) Annual Meetings. Annual Meetings are set by resolution of the Board and require no further notice.

(2) Regular Meetings. Regular Meetings shall be held at regular intervals as determine in accordance with Section 4.18 of these Bylaws or resolution of the Board and shall require no further notice.

(b) Effective Date. If mailed, notice of any Special Meeting of the Directors shall be deemed to be effective at the earlier of:

(1) five (5) days after deposited in the United States mail, addressed to the Director's business office, with postage prepaid; or

(2) the date shown on the return receipt (if sent by registered or certified mail, return receipt requested, and the receipt is signed by or on behalf of the Directors); or

(3) the date when received.

(c) Waiver of Notice. Any Director may waive notice of any meeting of the Board. The waiver must be in writing, signed by the Director entitled to the notice, and filed with the minutes or corporate records. Provided, however, that a Director's attendance at a meeting waives the Director's right to object to lack of notice or defective notice of the meeting; this shall be true unless the Director, at the beginning of the meeting (or promptly upon arrival), objects to holding the meeting or transacting business at the meeting, and does not vote for or assent to action taken at the meeting.

(d) Notice by Electronic Transmission.

(1) A notice of the date, time, place or purpose, if required, of a Regular, Annual, or Special Meeting of the Board may be given by a form of Electronic Transmission consented to by the Director to whom the notice is given. Any such consent of a Director shall be revocable by the Director by written notice to the Corporation. Any such consent shall be deemed revoked if: (i) the Corporation is unable to deliver by Electronic Transmission two (2) consecutive notices given by the Corporation in accordance with such consent, and (ii) such inability becomes known to the Secretary or other person responsible for the giving of notice; provided, however, the inadvertent failure to treat such inability as a revocation shall not invalidate any meeting or other action.

(2) Notice given by Electronic Transmission shall be deemed given: (i) if by facsimile telecommunication, when directed to a number at which the Director has consented to receive notice; (ii) if by electronic mail, when directed to an electronic mail address at which the Director has consented to receive notice; (iii) if by a posting on an electronic network together with separate notice to the Director of such specific posting when such notice is directed to an address at which the Director has consented to receive notice, upon the later of such posting or the giving of such separate notice; and (iv) if by any other form of Electronic Transmission, when consented to by the Director. An affidavit of the Secretary or other agent of the Corporation that the notice has been given by a form of Electronic Transmission shall, in the absence of fraud, be prima facie evidence of the facts stated therein.

Section 4.11 Director Quorum. A two-thirds (2/3rd) majority of the number of Directors shall constitute a quorum for the transaction of business at any Executive Board meeting.

Section 4.12 Directors, Manner of Acting. The act of a majority of the Directors present at a meeting at which a quorum is present (when the vote is taken) shall be the act of the Board. If no quorum is present at an Annual Meeting or Special Meeting of Directors, the Directors may not take action on any Board matter other than to adjourn the meeting to a later date; provided, however, that the Board may continue to conduct a Regular Meeting of the Board even where a quorum is not present, provided that the Board shall not be permitted to take any actions required to be taken by the Board by the Act at such meeting.

Section 4.13 Conduct of Board Meetings. The President, or in the President's absence, any person chosen by the Directors present, shall call the meeting of the Directors to order and shall act as the chairperson of the meeting. The chairperson, or the chairperson's designee, shall

establish rules of the meeting that will freely facilitate debate and decision-making. The chairperson will indicate who may speak and when a vote will be taken. The Secretary of the Corporation shall act as the secretary of all meetings of the Directors or Members, but in the Secretary's absence, the President may appoint any other person to act as the secretary of the meeting.

Section 4.14 Director Action Without a Meeting. The Directors may act on any matter generally required or permitted at a Board meeting without actually meeting if the action is taken by all Members of the Board. An action taken by the Board without a meeting must be evidenced by one (1) or more written consents stating the action taken, signed by each Director either before or after the action taken, and included in the minutes or filed with the corporate records reflecting the action taken. Action taken by consents is effective when the last Director signs the consent, unless the consent specifies a different effective date, in which event the action taken is effective as of the date specified therein provided the consent states the date of execution by each Director. A signed consent has the effect of a meeting vote and may be referred to as a meeting vote in any document. A written consent and the signing thereof may be accomplished by one or more electronic transmissions. For the purposes of this Section 4.14, an "Electronic Transmission" means any form of communication, not directly involving the physical transmission of paper, that creates a record that may be retained, retrieved and reviewed by a recipient thereof, and that may be directly reproduced in paper form by such a recipient through an automated process.

Section 4.15 Director Committees.

(a) Creation of Committees. The Board may create one or more committees and appoint Members of the Board or other persons to serve on them ("Director Committees"). Each committee must have one (1) or more Directors, who serve on the committee at the pleasure of the Board. To create a committee and appoint Directors to it, the Board must acquire approval of a majority of all Directors in office when the action is taken.

(b) Required Procedures. This Article IV, which govern meetings, notice and waiver of notice, quorum and voting requirements, conduct of the Board, and action without meetings, applies to Director Committees and their Members. In addition, the Director Committees shall keep regular minutes of their proceedings and report the same to the Board. The committees are subject to all the procedural rules governing the operation of the Board itself.

(d) Authority. Each committee may exercise the specific Board authority that the Board confers upon the committee in the resolution creating the committee; provided, however, a committee may not:

- (1) approve the dissolution, merger, or the sale, pledge, or transfer of all or substantially all of the Corporation's assets; or
- (2) elect, appoint, or remove Directors or fill vacancies on the Board or on any of its committees; or
- (3) adopt, amend, or repeal the Articles of Incorporation or Bylaws.

(e) Designation. Only those committees specifically designated as Director Committees shall be considered Direction Committees for purposes of this Section 4.15 and Section 13.1-869 of the Act. Other committees established by the board of directions shall be considered non-director committees pursuant to Section 4.16 below, and shall not be subject to this Section 4.16 or Section 13.1-869 of the Act, to the extent permissible by law.

Section 4.16 Non-Director Committees. The provisions of Section 4.15 shall not prevent the Board from establishing other non-Director committees that may or may not contain Members of the Board to conduct or oversee certain projects or conduct other duties which are not official duties of members of the Board.

Section 4.17 Compensation, Loans to, Loans From, or Guarantees for Directors.

(a) Reimbursement of Expenses of Attendance. The Corporation may, upon the approval of the Board, pay each Director expenses, if any, of attendance at each Board meeting or committee meeting of the Board.

(b) Compensation for Service on the Board. The members of the Board shall not be entitled to compensation from the Corporation for their service on the Board.

(c) Loans to or Guaranties for Directors. The Corporation may not lend money to or guarantee the obligation of a Director of the Corporation, or any other disqualified person as defined in the Internal Revenue Code of 1986, as may be amended, for purposes of excess benefit transaction excise taxes and self-dealing excise taxes.

(d) Loans from a Director. Any loan from a Director or other any disqualified person as defined in the Internal Revenue Code of 1986, as may be amended, for purposes of excess benefit transaction excise taxes and self-dealing excise taxes, shall bear no interest.

Section 4.18 Regular Meeting. The Board shall hold regular meetings on the first Tuesday of each month while the Navy Elementary School is in regular session, or at such other times as the Board shall determine, at the time and place determined by the Board (the "Regular Meetings"). Members shall be permitted to attend such Regular Meetings of the Board.

Section 4.19 Membership Guidance at Regular Meetings. At each Regular Meeting, the chairman shall seek the guidance of the Members present regarding any decision of the Corporation. The Board shall take such Member guidance into consideration when determining corporate actions.

ARTICLE V **OFFICERS**

Section 5.1 Number of Officers Required. The Corporation shall have at least six (6) officers: the President; the First Vice-President; the Second Vice-President; the Secretary; the Treasurer; and the Financial Secretary, the duties of which are more specifically defined below. The Board shall appoint such officers from the Directors on the Board. The Board may create

such other officers and assistant officers, or modify the duties of the required officers as provided below, as it deems necessary by an amendment to these Bylaws. The same individual may not simultaneously hold more than one office in the Corporation. No individual shall be eligible to serve two (2) consecutive terms in the same officer position, nor may any individual serve more than two (2) consecutive terms in any officer position. By way of example and not limitation, an individual may serve as Secretary in year one, as Treasurer in year two, and then would not be eligible to serve as an officer in year three; however, such individual may not serve as Secretary in both years one and two.

Section 5.2 Appointment and Term of Office. The Board shall elect the officers of the Corporation to serve for the duration of his or her term as a Director, as set forth in Section 4.2.

Section 5.3 Resignation and Removal of Officers. An officer may resign at any time by delivering notice to the Corporation. A resignation is effective when the notice is delivered unless the notice specifies a later effective date. In the event of a vacancy in the office of President, the First Vice-President shall succeed to the office of President and a new First Vice-President shall be elected by the Directors at its next meeting or at a Special Meeting called in accordance with Section 4.8 of these Bylaws. When a vacancy occurs in any other office, there shall be an election at the next Board meeting to fill such vacancy. If the resignation is made effective at a later date and the Corporation accepts the future effective date, it may fill the pending vacancy before the effective date if the successor does not take office until the effective date.

Section 5.4 President. The President shall be the principal executive officer of the Corporation. The President shall be subject to the control of the Board, and shall in general oversee, in good faith, the affairs of the Corporation. The President shall, when present, preside as chairman at all meetings of the Board. The President may sign, with any other Director of the Corporation that the Board has authorized by a two-thirds (2/3) majority vote, grants, deeds, mortgages, bonds, contracts, or other Board authorized instruments. The President shall be responsible for the day-to-day management of the Corporation, and may make decisions on behalf of the Corporation, if such decisions are not expressly reserved for the Board.

Section 5.5 First Vice-President. The First Vice-President shall perform, in good faith, the President's duties if the President is absent, dies, or is unable or refuses to act. If the First Vice-President acts in the absence of the President, the First Vice-President shall have all presidential powers and be subject to all restrictions upon the President. The First Vice-President shall act as the parent liaison to the Navy Elementary School community, and perform any other duties that the President or the Board may assign to the First Vice-President.

Section 5.6 Second Vice-President. The Second Vice-President shall act as the coordinator of volunteers and committee chairs, and perform any duties that the President or the Board may assign to the Second Vice-President from time to time.

Section 5.7 Secretary. The Secretary shall in good faith: (1) create and maintain one or more books for the minutes of the proceedings of the Board; (2) provide that all notices are served in accordance with these Bylaws or as required by law; (3) be custodian of the corporate

records; (4) when requested or required, authenticate any records of the Corporation; (5) keep a current register of the business address of each Director; and (6) in general perform all duties incident to the traditional office of secretary and any other duties that the President or Board may assign.

Section 5.8 Treasurer.

(a) The Treasurer shall in good faith: (1) maintain charge and custody over all special funds, as defined in subsection (b) of this Section 5.8; (2) be responsible for maintaining accurate, properly stored and backed up and up to date records of all transactions; (3) be responsible for the timely and accurate filing of corporate tax returns as may be required by law; (4) maintain budget; (5) prepare cash boxes for Corporation events; (6) prepare financial statements; (7) perform any other duties that the President or Board may assign; and (8) in general perform all of the duties incident to the traditional office of treasurer.

(b) For purposes of this Section 5.8, special funds shall be defined as all monies, cash, grants, or other proceeds, or income of any type received to achieve the purposes for which this Corporation is created.

Section 5.9 Financial Secretary. The Financial Secretary shall receive and deposit all funds of the Corporation in the Corporation's bank account in a timely fashion, maintain records of deposits, notify appropriate Executive Board Members, or their designees, of the amount of each deposit and perform other delegated duties as may be assigned.

ARTICLE VI

INDEMNIFICATION OF DIRECTORS, OFFICERS, AGENTS, AND EMPLOYEES

The Corporation shall indemnify Directors, officers, agents, and employees as is provided in the Articles, and to the extent permitted under Virginia law, or other applicable law.

ARTICLE VII

CONTRACTS, LOANS, CHECKS AND DEPOSITS; SPECIAL CORPORATE ACTS

Section 7.1 Contracts. The Board may authorize any officer or officers, agent or agents, to enter into any contract or execute or deliver any instruments in the name of and on behalf of the Corporation and such authorization may be general or confined to specific instruments.

Section 7.2 Loans. The Corporation shall not allow anyone to contract on behalf of it for indebtedness for borrowed money unless the Board authorizes such a contract by resolution. The Corporation shall not allow anyone to issue evidence of the Corporation's indebtedness unless the Board authorizes the issuance by resolution. The authorization may be general or specific.

Section 7.3 Checks, Drafts, etc. The Board shall authorize by resolution which officer(s) or agent(s) may sign and issue all Corporation checks, drafts or other orders for

payment of money, and notes or other evidence of indebtedness. The Board shall also determine by resolution the manner in which these documents will be signed and issued.

Section 7.4 Deposits. The Financial Secretary of the Corporation shall oversee the deposit of all funds of the Corporation, in banks and other depositories; the Board shall authorize by Board resolution the exact location of the banks and depositories.

ARTICLE VIII **PROHIBITED TRANSACTIONS**

Section 8.1 Prohibited Transactions.

(a) Prohibition Against Sharing in Corporation Earnings. No Director, officer, employee, Member, or person connected with the Corporation shall receive at any time any of the net earnings or pecuniary profit from the operations of the Corporation; provided that this shall not prevent the Corporation's payment to any person of reasonable compensation for services rendered to or for the Corporation in effecting any of its purposes as determined by the Board, provided that such payment is made pursuant to the Corporation's Conflict of Interest Policy as incorporated in **Article IX**.

(b) Other Prohibitions. Neither the Corporation, nor its Directors, nor its officers have any power to cause the Corporation to do any of the following with Related Parties:

- (1) make any substantial purchase of securities or other property, for more than adequate consideration in money or money's worth;
- (2) sell any substantial part of its assets or other property, for less than an adequate consideration in money or money's worth.

For the purpose of this subsection, Related Parties is defined as: (1) any person who has made a substantial contribution to the Corporation (a "Substantial Contributor"); (2) a brother, sister, spouse, ancestor, or lineal descendant of a Substantial Contributor; (3) a Corporation directly or indirectly controlled by a Substantial Contributor; or (4) a Director or officer of the Corporation, or other disqualified person as defined in the Code for purposes of excess benefit transaction, excise taxes and self-dealing excise taxes.

Section 8.2 Prohibited Activities. Notwithstanding any other provisions of these Bylaws, no Director, officer, employee or representative of this Corporation shall take any action or carry on any activity by or on behalf of the Corporation not permitted to be taken or carried on by an exempt organization under Section 501(c)(3) of the Internal Revenue Code of 1986, and its regulations as they now exist or as they may later be amended, or by an organization, contributions to which are deductible under Section 170(c)(2) of the Internal Revenue Code of 1986 and regulations as they now exist or as they may later be amended.

Section 8.3 Corporate Funds Used For Indemnification. Corporate funds may be used to benefit officers and Directors by way of indemnification, but only if such indemnification is authorized by **Article VI** of these Bylaws and the Articles of Incorporation of the Corporation.

ARTICLE IX
CONFLICT OF INTEREST POLICY

The Corporation, its Board, officers, employees, agents, and/or other representatives shall abide by the Conflict of Interest Policy attached hereto as **Exhibit 1**, which is thereby incorporated into these Bylaws by reference.

ARTICLE X
AMENDMENTS

Section 10.1 Amendments. These Bylaws may be amended, altered, repealed or enhanced by a two-thirds (2/3) majority vote of the Board.

Section 10.2 Adoption History. These Bylaws were unanimously adopted by the Board and made effective as of August 27, 2007.

EXHIBIT 1

CONFLICT OF INTEREST POLICY

ARTICLE I. PURPOSE

Section 1.1 The purpose of the conflict of interest policy is to protect the Navy Elementary School PTO's (the "Organization") interest when it is contemplating entering into a transaction or arrangement that might benefit the private interest of an officer or director of the Organization 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.

ARTICLE II. DEFINITIONS

Section 2.1 Interested Person. Any director, principal officer, or member of a committee with governing board delegated powers, who has a direct or indirect financial interest, as defined below, is an interested person.

Section 2.2 Financial Interest. A person has a financial interest if the person has, directly or indirectly, through business, investment, or family:

- (a) An ownership or investment interest in any entity with which the Organization has a transaction or arrangement,
- (b) A compensation arrangement with the Organization or with any entity or individual with which the Organization has a transaction or arrangement, or
- (c) A potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which the Organization 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 Article III, Section 2, a person who has a financial interest may have a conflict of interest only if the appropriate governing board or committee decides that a conflict of interest exists.

ARTICLE III. PROCEDURES

Section 3.1 Duty to Disclose. 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 governing board delegated powers considering the proposed transaction or arrangement.

Section 3.2 Determining Whether a Conflict of Interest Exists. After disclosure of the financial interest and all material facts, and after any discussion with the interested person, he/she shall leave the governing board 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 3.3 Procedures for Addressing the Conflict of Interest.

(a) An interested person may make a presentation at the governing board 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.

(b) The chairperson of the governing board or committee shall, if appropriate, appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement.

(c) After exercising due diligence, the governing board or committee shall determine whether the Organization 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.

(d) If a more advantageous transaction or arrangement is not reasonably possible under circumstances not producing a conflict of interest, the governing board or committee shall determine by a majority vote of the disinterested directors whether the transaction or arrangement is in the Organization'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 3.4 Violations of the Conflicts of Interest Policy.

(a) If the governing board or committee 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.

(b) If, after hearing the member's response and after making further investigation as warranted by the circumstances, the governing board or committee determines

the member has failed to disclose an actual or possible conflict of interest, it shall take appropriate disciplinary and corrective action.

ARTICLE IV. RECORDS OF PROCEEDINGS

The minutes of the governing board 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 governing board's 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.

ARTICLE V. COMPENSATION

Section 5.1 A voting member of the governing board who receives compensation, directly or indirectly, from the Organization for services is precluded from voting on matters pertaining to that member's compensation.

Section 5.2 A voting member of any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from the Organization for services is precluded from voting on matters pertaining to that member's compensation.

Section 5.3 No voting member of the governing board or any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from the Organization, either individually or collectively, is prohibited from providing information to any committee regarding compensation.

ARTICLE VI. ANNUAL STATEMENTS

Each director, principal officer and member of a committee with governing board delegated powers shall annually sign a statement which affirms such person:

