

**Bylaws
of**

SMART Family Literacy, Inc.

As revised and adopted by the Board of Directors on February 4, 2012

These bylaws constitute the code of rules adopted by SMART Family Literacy, Inc. (hereafter “the Corporation” or SFL) for the regulation and management of its affairs. The Corporation is a nonprofit corporation organized under the Texas Business Code (referred to as the “Code”).

ARTICLE 1

Registered Office and Registered Agent

Registered Office and Registered Agent - The Corporation shall comply with the requirements of the Code and maintain a registered office and registered agent in Texas. The registered office may, but need not, be identical with the Corporation’s principal office in Texas. The Board of Directors may change the registered office and the registered agent as provided in the Code.

ARTICLE 2

Purpose

As set out in the Corporation’s Certificate of Formation (also known as Articles of Incorporation), Certificates of Incorporation, or Certificate of Amendment, the purposes for which the corporation is organized are exclusively charitable within the meaning of the Internal Revenue Service Code, Section 501(c)(3), and the Texas Tax Code, Section 11.18, and consist of the following:

“Specifically, the Corporation is organized pursuant to design, facilitate, coordinate, and/or implement community building and community strengthening through projects that will serve vulnerable and underserved populations by developing the momentum needed for these populations to achieve self-sufficiency. The advancement of education, educational approaches, or an educational component will be evident in every project. Resources or information from the fields of technology, economics, performing or visual arts, or other disciplines will be employed as needed to customize solutions to specific problems. In the pursuit of self-sufficiency, inevitable collateral benefits will be realized for communities, including lessening of neighborhood tensions, reduction of prejudice and discrimination, and relief of the poor.”

ARTICLE 3

Membership & Management

- (1) The business, property, and affairs of the corporation shall be managed by the Board of Directors.
- (2) SMART Family Literacy, Inc. will have no members.

ARTICLE 4

Board of Directors

(1) **Powers** - The Board of Directors (“Directors”) of this Corporation is vested with the management of the business and affairs of this Corporation, subject to the Texas Business Organizations Code, the Certificate of Formation (also known as the Articles of Incorporation), and these bylaws.

(2) **Qualifications** - Directorships shall not be denied to any person on the basis of race, creed, sex, religion, or national origin. Employees of the Corporation, other than the Chief Executive Officer (also known as Executive Director), are ineligible to serve on the Board of Directors.

(3) **Number and Classes of Directors** - The Board of Directors will consist of 3 to 21 Directors. Upon majority resolution of the Board of Directors, the number of Directors may be increased or decreased from time to time, but in no event shall a decrease have the effect of shortening the term of an incumbent Director, or decreasing the total number of Directors to less than three Directors. Until the first meeting for electing the Directors occurs, the initial Board of Directors shall consist of the persons listed in the Certificate of Formation (Articles of Incorporation) as constituting the initial Board.

(a) The Chief Executive Officer shall serve as a nonvoting ex-officio member of the Board in addition to the number of Directors defined in Article 4 Section (3).

(4) **Term of Directors** - Directors shall serve terms of 3 years. A Director may be elected by the Board to succeed himself/herself for an unlimited number of terms.

(5) **Staggered Terms** - There shall be staggered terms of office for Directors so that one-third of the directorships shall be up for election each year. At the time of approval of these Bylaws, one-third of the Directors shall be elected for a term ending December 31, 2012, one-third for a term ending December 31, 2013, and one-third for a term ending December 31, 2014.

(6) **Election of Directors** - Elections for Directors filling expired terms shall be held at the Annual Meeting of the Board, which shall be the last regular meeting of the fiscal year. Any directorship to be filled by reason of an increase in the number of Directors shall be filled at the next regular meeting of the Board of Directors or at a special meeting called for that purpose. When a reappointment or replacement is made, the re-appointment or replacement shall be considered effective on the date that the prior term expired (i.e., the new term does not begin on the date of the election).

(7) **Attendance** - Directors are expected to attend at least 75% of Board meetings. Any Director not present at 75% of the Board in a fiscal year shall be deemed to have resigned unless the Board excuses the absences by a majority vote. Present shall be defined as the contemporaneous participation of the member with other members whether by being physically present or present and able to participate via electronic or other means.

(8) **Resignation** - Any Director may resign at any time by delivering written notice to the Secretary or President of the Board of Directors. Such resignation shall take effect upon receipt or, if later, at the time specified in the notice.

(9) **Removal** - Any Director may be removed without cause, at any time, by a majority of the entire Board of Directors, at a Regular or Special Meeting called for that purpose. Any Director under consideration of removal must be sent a notification about the consideration by written notice, either conventional mail or email, at least five days prior to the meeting at which the vote takes place.

(10) **Vacancies** - Vacancies shall be filled by majority vote of the remaining members of the Board of Directors, though less than a quorum, and the Director filling the vacancy shall serve for the remainder of the term of the directorship that was vacated. Vacancies shall be filled as soon as practical.

(11) **Compensation** - Directors and Officers shall not receive any salaries or other compensation for their services, but, by resolution of the Board of Directors, may be reimbursed for any actual expenses incurred in the performance of their duties for the Corporation. The Board shall establish a policy governing such potential reimbursements at the time it adopts its annual budget. The Corporation shall not loan money or property to, or guarantee the obligation of, any Director or Officer.

ARTICLE 5
Board of Directors Meetings

(1) **Place of Board Meetings** - Regular and Special Meetings of the Board of Directors will be held at any place that the Board President or a majority of the Board may designate.

(2) **Regular and Special Meetings** - Regular meetings of the Board of Directors shall be held quarterly, or more frequently as deemed necessary by the Board of Directors. Special Meetings may be called by the Board President or any three Directors.

(3) **Annual Meeting** - The Annual Meeting will be held during the last Regular Meeting of the fiscal year.

(4) **Notice of Board Meetings** - Notice of the date, time, and place of Regular Meetings shall be sent to each board member by e-mail, telephone (including voice mail or text message), or regular mail no less than 30 days prior to the meeting. If a Regular Meeting must be postponed or rescheduled, a 5-day notice of the new date must be sent to each board member by e-mail, telephone (including voice mail or text message), or regular mail. Notice of the date, time, and place of special meetings shall be sent to each board member, but with no less than 5 days notice prior to the meeting. This procedure for calling special meetings will include special meetings held to amend the Certificate of Formation (also known as Articles of Incorporation) or bylaws.

(5) **Waiver of Notice** - Attendance by a Director at any meeting of the Board of Directors for which the Director did not receive the required notice will constitute a waiver of notice of such meeting unless the Director objects at the beginning of the meeting to the transaction of business on the grounds that the meeting was not lawfully called or convened.

(6) **Quorum** - A majority of the incumbent Directors (not counting vacancies) shall constitute a quorum for the purposes of convening a meeting or conducting business. At Board meetings where a quorum is present, a majority vote of the Directors attending shall constitute an act of the Board unless a greater number is required by the Certificate of Formation (also known as Articles of Incorporation) or by any provision of these bylaws.

(7) **Actions without a Meeting** - Any action required or permitted to be taken by the Board of Directors under the Texas Business Organizations Code, the Certificate of Formation, and these bylaws may be taken without a meeting, if a majority of Directors individually and collectively consent in writing, including e-mail or facsimile, setting forth the action to be taken. Such written consent shall have the same force and effect as a unanimous vote of the Board.

(8) **Duties of Directors** - A director shall discharge the director's duties in good faith, with ordinary care, in a manner the director reasonably believes to be in the best interest of the Corporation and in any other manner as set forth in the Code, as amended.

(9) **Proxy** - Proxies shall not be allowed.

ARTICLE 6
Committees and Advisory Council

(1) **Special Committees** - The Board of Directors may from time to time designate and appoint additional standing or temporary committees by majority vote of the Board of Directors. Such committees shall have and exercise such prescribed authority as is designated by the Board of Directors. The Directors may authorize these committees to exercise any powers, responsibilities, and duties consistent with the Certificate of Formation and these bylaws.

(2) **Advisory Council** - The Board may appoint individuals it deems of special merit to a SMART Family Literacy Advisory Council. The Council will serve as a special resource to the Board, and SFL at large, performing such services and offering such counsel as the Board may seek of the Council.

- a. Advisory Council members shall be nominated at the same time as nominations are made for Board of Directors and may include past Board members as well as other distinguished individuals whose affiliation with SMART Family Literacy, Inc. will be of benefit.
- b. The SMART Family Literacy, Inc. Board President shall serve as the Advisory Council Chair and convene the Council as s/he or the Board directs.
- c. Advisory Council members shall serve unlimited terms of two (2) years.

ARTICLE 7
Code of Ethics

The Corporation and its Directors and Employees will comply with the following Code in all of their actions. As long as the Corporation is in existence, no director, officer or employee of the Corporation shall:

- (a) do any act in violation of these Bylaws or a binding obligation of the Corporation;
- (b) do any act with the intention of harming the Corporation or any of its operations;
- (c) do any act that would make it unnecessarily difficult to carry on the intended or ordinary business of the Corporation;
- (d) receive an improper personal benefit from the operation of the Corporation;
- (e) use the assets of this Corporation, directly or indirectly, for any purpose other than carrying on the business of this Corporation;
- (f) wrongfully transfer or dispose of Corporation property, including intangible property such as goodwill; and
- (g) use the name of the Corporation (or any substantially similar name) or any trademark or trade name adopted by the Corporation, except on behalf of the Corporation in the ordinary course of the Corporation's mission.

ARTICLE 8
Officers

(1) **Roster of Officers** - The Corporation shall have a Board President, a Vice-President, Secretary, Treasurer, and such other officers as may be elected by the Board from amongst the Directors. As members of the Board of Directors, Officers shall be governed by all portions of these bylaws which relate to Board members. One person may hold two or more offices, except those serving as Board President or Secretary.

(2) **Election, Removal and Term of Office** - All officers shall serve one-year terms. The election shall be conducted at the Board of Directors' Annual Meeting and following the election of the new Board of Directors filling expired terms, or as soon as practical thereafter. Officers shall remain in office until their successors have been selected. Officers may serve unlimited consecutive terms in the same office. The election of officers shall be by majority vote of the Board of Directors attending the meeting. Any Officer may be removed without cause, at any time, by a majority of the entire Board of Directors, at a Regular Meeting or a Special Meeting called for that purpose. Any Officer under consideration of removal must first be sent a notice about the consideration by email or mail at least five days prior to the meeting at which the vote takes place.

(3) **Vacancies** - If a vacancy occurs during the term of office for any elected officer, for whatever reason, the Board of Directors shall elect a new officer to fill the remainder of the term as soon as practical, by majority vote of Directors present.

(4) **Board President** - The Board President shall preside at all board meetings. S/he shall appoint all chairs with ratification by the Board, and shall serve as a voting ex-officio member of all committees, unless otherwise provided by the Board of Directors or these bylaws. The Board President shall, in collaboration with the Chief Executive Officer, and with the advice of the Board of Directors and in accordance with the requirements of these bylaws, set the agenda for each meeting of the Board of Directors.

(5) **Vice President** - The Vice President shall have general responsibility over specific areas of the Corporation's activities as defined by the Board and work closely with the Board President in such areas. In the event of the Board President's absence, inability, or refusal to act, the Vice President shall be appointed by the Board to exercise and discharge such other duties as may be required by the board.

(6) **Secretary** - The Secretary shall perform or direct and oversee the performance, of all duties incident to the office of Secretary and such other duties as may be required by law, by the Certificate of Formation, or by these bylaws. S/he: shall attest to and keep the bylaws and other legal records of the Corporation, or copies thereof, at the principal office of the Corporation; shall take or ensure that someone takes minutes of all meetings of the committees and Board of Directors, and shall keep copies of all minutes at the principal office of the Corporation; shall keep a record of the names and addresses of the Directors at the principal office of the Corporation; shall, with the approval of the Board of Directors, set up procedures for any elections held by the Corporation; shall keep a record of all votes cast in such elections; ensure that all records of the Corporation, minutes of all official meetings, and records of all votes, are made available for inspection by any member of the Board of Directors at the principal office of the Corporation during regular business hours; shall see that all notices are duly given in accordance with these bylaws or as required by law; shall see that all books, reports, statements, certificates, and other documents and records of the Corporation are properly kept and filed. In the case of the absence or disability of the Secretary, or the Secretary's refusal or neglect to fulfill the duties of Secretary, the Vice President shall perform the functions of the Secretary.

(7) **Treasurer** - The Treasurer shall perform or direct and oversee the performance, of all duties incident to the office of Treasurer and such other duties as may be required by law, by the Certificate of Formation, or by these bylaws. The Treasurer or his/her designee will have charge and custody of all funds of the Corporation, will oversee and supervise the financial business of the Corporation, will render reports and accountings to the Directors as required by the Board of Directors, and will perform in general all duties incident to the office of Treasurer and such other duties as may be required by law, by the Certificate of Formation, or by these bylaws, or which may be assigned from time to time by the Board of Directors. S/he and the staff of the Corporation shall devise a plan providing for the acceptance and disbursement of all funds of the Corporation which shall be approved by the Board of Directors. The Treasurer, with the approval of the Board of Directors, shall set up all checking, savings, and investment accounts of the Corporation and deposit all such funds in the name of the Corporation in such accounts. The Treasurer's signature shall be the authorized signature for all checking, savings, and investment accounts of the Corporation unless the Treasurer, with the approval of the Board of Directors, designates another member of the Board of Directors or employee of the Corporation as the authorized signatory for a particular type

of disbursement. S/he shall prepare a monthly report for the Board of Directors, providing an accounting of all transactions and of the financial conditions of the Corporation. S/he shall keep all financing records, books, and annual reports of the financial activities of the Corporation at the principal office of the Corporation and make them available at the request of any Director or member of the public during regular business hours for inspection and copying.

ARTICLE 9
Chief Executive Officer

The Board of Directors may, upon resolution, appoint a Chief Executive Officer (also known as Executive Director) to serve at the board's discretion and to carry out whatever tasks the board from time to time resolves. The Chief Executive Officer shall be compensated as shall be determined by the Board of Directors. Subject to such supervisory powers as are vested in the Board of Directors, the Chief Executive Officer shall supervise, direct, and control the business of the Corporation and actively manage its business, and shall have such other powers and duties as may be prescribed by the Board of Directors or by these bylaws.

The Chief Executive Officer may engage in negotiations involving commitments of the resources of the Corporation or the acceptance of money or resources by the Corporation in furtherance of the purposes of the Corporation as set out in the Certificate of Formation and these bylaws. The Chief Executive Officer shall generally be expected to attend all meetings of the Board of Directors. S/he shall serve with the title of CEO and Executive Director.

ARTICLE 10
Rules of Procedure

The proceedings and business of the Board of Directors shall be governed by these bylaws.

ARTICLE 11
Indemnification

(1) **Insurance** - The Corporation may provide indemnification insurance for its Board members, and the Board shall select the amount and limits of such insurance policy.

(2) **Indemnification** - To the extent permitted by law, any person (and the heirs, executors, and administrators of such person) made or threatened to be made a party to any action, suit, or proceeding by reason of the fact that he is or was a Director or Officer of the Corporation shall be indemnified by the Corporation against any and all liability and the reasonable expenses, including attorney's fees and disbursements, incurred by him (or by his heirs, executors or administrators) in connection with the defense or settlement of such action, suit, or proceeding, or in connection with any appearance therein.

(3) **Limits on Indemnification** - Notwithstanding the above, the corporation will indemnify a person only if he acted in good faith and reasonably believed that his conduct was in the corporation's best interests. In the case of a criminal proceeding, the person may be indemnified only if he had no reasonable cause to believe his conduct was unlawful.

ARTICLE 12
Operations

(1) **Execution of Documents** - Unless specifically authorized by the Board of Directors or as otherwise required by law, all final contracts, deeds, conveyances, leases, promissory notes, or legal written instruments executed in the name of and on behalf of the Corporation shall be signed and executed by the Chief Executive Officer or the Board President (or such other person designated by the Board of Directors), pursuant to the general authorization of the Board. All conveyances of land by deed shall be signed by the Board President or two other members of the Board of Directors and must be approved by a resolution of the Board of Directors.

(2) **Disbursement of Funds** - Financial Transactions which have a value of \$5,000 or more if not included in the annual budget shall require majority approval of the Board of Directors. In all other transactions, the Chief Executive Officer may dispense with the funds of the Corporation in accordance with expenditures approved by the Board of Directors and the purposes of the Corporation as set out in the Certificate of Formation and these

bylaws. Notwithstanding the above, all checks of more than \$500 disbursing funds from any of the Corporation's accounts shall require the signatures of at least two individuals as authorized by Board resolution.

(3) **Procurement Policy** - The Corporation may adopt and abide by a procurement policy which shall be an addendum to these bylaws.

(4) **Records** - The Corporation will keep correct and complete records of account and will also keep minutes of the proceedings of the Board meetings and Committees. The Corporation will keep at its principal place of business the original or a copy of its bylaws, including amendments to date certified by the Secretary of the Corporation.

(5) **Inspection of Books and Records** - All books and records of this Corporation may be inspected by any Director for any purpose at any reasonable time on written demand. The Corporation shall keep correct and complete books and records of account.

(6) **Deposits** - All funds of the Corporation shall be deposited to the credit of the Corporation in banks, trust companies, or other depositories that the Board of Directors selects.

(7) **Loans** - The Corporation will make no loans to any of its Directors or Officers.

(8) **Fiscal Year** - The fiscal year of the corporation shall be the calendar year.

ARTICLE 13 Conflicts of Interest

(1) The Directors of the Corporation owe a duty of loyalty to the organization which requires that in serving the Corporation they act, not in their personal interests or in the interests of others, but rather solely in the interests of the Corporation. Directors must have undivided allegiance to the Corporation's mission and may not use their positions as Directors, information they have about the Corporation, or the Corporation's property, in a manner that allows them to secure a pecuniary benefit for themselves or their relatives. (For the purpose of this policy, relative means spouse, parents, siblings, children, grandchildren, the spouses of children and grandchildren, and any other blood relative, if the latter resides in the same household.)

(2) Business transactions of the Corporation in which a Director has an interest shall not be prohibited, but they shall be subject to close scrutiny. Such proposed transactions shall be reviewed carefully to determine that they are in the best interests of the Corporation and that they will not lead to conflict of interest. For the purposes of this policy, a Director has an interest in a proposed transaction if he/she has a substantial financial interest in it, or has a substantial financial interest in any organization involved in the proposed transaction, or holds a position as trustee, director, general manager, or principal officer in any such organization. Prior to the start of any negotiations, or consideration of any project by the organization, Directors are expected to make full disclosure to the best of their knowledge of any substantial financial interest in a proposed transaction by submitting a report to the Board President or other officer designated by the Board to handle such matters, supplying any reasons why the transaction might not be in the best interest of the Corporation. In matters requiring prior approval of the Board of Directors, the Board President or other officer shall forward copies of this disclosure report to the Board before its approval.

(3) A Director with a substantial interest in a proposed transaction shall not vote on the matter and, depending upon the circumstances, may be excluded from any discussion of the matter.

(4) A Director shall not use inside information of the Corporation for his/her personal benefit, or use such inside information or his/her position as Director to the detriment of the Corporation. Inside information is information obtained through the Director's position that has not become public information.

(5) Each Director has a duty to place the interests of the Corporation foremost in any dealings involving the organization and has a continuing responsibility to comply with the requirements of this Policy.

ARTICLE 14

Amendments

(1) **Articles of Amendment** - The Board of Directors may adopt Articles of Amendment (amending the Certificate of Formation) by a vote of two-thirds of Directors present at a meeting where a quorum is present.

(2) **Bylaws** - These bylaws may be altered or amended in whole or in part, or repealed, and new bylaws may be adopted by a majority of the Directors present at any Regular Meeting or any Special Meeting, if at least three (3) days written notice is given of an intention to alter, amend, or repeal these bylaws or to adopt new bylaws at such meeting, and such notice contains a statement of the nature of the proposed amendment(s), and shall become effective upon adoption.

ARTICLE 15

Dissolution or Sale of Assets

A unanimous vote of the Board of Directors shall be required to dissolve the Corporation. Upon dissolution of the Corporation, any assets remaining after payment of or provision for its debts and liabilities shall, consistent with the purposes of the organization, be paid over to charitable organizations exempt under the provisions of Section 501 (c)(3) of the U.S. Internal Revenue Code or corresponding provisions of subsequently enacted federal law. No part of the net assets or net earnings of the Corporation shall inure to the benefit of or be paid or distributed to an officer, director, member, employee, or donor of the Corporation.