

# Bylaws for Educational Child Care Center, Inc. (EC3)

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## **Article I: Name and Location**

Educational Child Care Center, Inc. (EC3), inclusive of its active DBAs, is located in the City of Lansing, in the County of Ingham, in the State of Michigan and may have such other places of business as the Board of Directors may from time to time determine.

## **Article II: Structure**

This organization is a nonprofit cooperative corporation following the nondiscriminatory requirements of organizations that are tax-exempt under section 501(c)(3) of the Internal Revenue Code. EC3's owners are the parents/guardians who have organized to provide their children a quality early childhood educational program. Use of EC3's facilities, or employment or enrollment in them, shall be denied to no one on the basis of race, color, gender, age, ability, sexual orientation, religion, national origin, height, weight, familial status, or marital status.

## **Article III: Purposes**

The purposes of EC3 are 1) to provide a safe and comprehensive educational development program for infants and young children; 2) to provide quality developmental programs for private and public sector agencies to model; and 3) to provide member parents/guardians, under qualified teacher guidance, an opportunity to assist in the classroom and participate in all aspects of the children's activities. These purposes are best achieved when EC3's children, families, employees, and directors emanate from, and are exposed to, diverse cultures and representations—whose faces, voices, experiences, and ideas reflect the community.

At all times it will be EC3's purpose to receive and administer funds and to operate exclusively as a charitable purpose corporation, as understood in section 501(c)(3) of the internal revenue service code of 1986, 25 USC 50, and is organized exclusively for charitable, religious, educational, and scientific purposes, including, for such purposes, the making of distributions to organizations that qualify as exempt organizations under section 501(c)(3) of the Internal Revenue Code, or the corresponding section of any future federal tax code. EC3 may also engage in any purpose and to perform all such acts to accomplish its purposes as the Board (as defined below) may determine to be appropriate and as are not forbidden by section 501(c)(3) of the Code or these bylaws, with all the power conferred on nonprofit corporations under the laws of the State of Michigan.

No substantial part of the activities of EC3 shall be the carrying on of propaganda, or otherwise attempting to influence legislation and EC3 shall not participate in, or intervene in (including the publishing or distribution of statements) any political campaign on behalf of any candidate for public office.



Notwithstanding any other provision to the contrary, EC3 shall not carry on any other activities not permitted to be carried on by any organization exempt from federal income tax under section 501(C)(3) of the Internal Revenue Code. EC3 shall not be operated for the private gain of any person. No part of the receipts, or net earnings of EC3 shall inure to the benefit of, or be distributed directly to any individual. EC3 may, however, pay reasonable compensation for services rendered and make any other payments and distributions consistent with these bylaws.

#### **Article IV: Board of Directors**

**Section 1: Responsibility.** The Board of Directors (the “Board”) has the final responsibility for all legal and fiscal matters.

**Section 2: Composition.** The Board shall consist of no fewer than seven (7) voting members (each a “Director”), of which the majority shall be current or former parents/guardians of children enrolled at EC3. The Board may have members representing, but not limited to, specialists and representatives from sponsoring agencies, groups, and community organizations. The Chief Executive Officer (CEO) shall be considered a non-voting member of the Board.

**Section 3: Terms of Office.** Each Director shall serve a term of two (2) years, such term beginning on the date appointed to the Board, and shall serve until the earlier of the expiration of their term, their removal, or their retirement. Unless a Director is removed for cause or their appointment would or may adversely affect EC3’s 501(c)(3) status, members and former members of the Board can be re-elected for subsequent terms. Terms of office will be appropriately staggered to assure continuity of membership. Vacancies on the Board may be filled at any time.

**Section 4: Duties.** Relevant duties of the Directors include: 1) having good attendance (see Article V, Section 4) at Board meetings and meetings of any committees to which Directors are assigned; 2) volunteering their services, skills, and time to the center; 3) promoting EC3 in business and social situations; 4) adhering to EC3’s Governance Policies; and 5) near the end of their term, actively recruiting a new prospect to apply for service on the Board. Responsibilities related to and emanating from these duties are defined in the Governance Policies of EC3.

**Section 5: Application and Election.** Interested candidates shall complete the Board Member Application and submit it to the CEO for distribution to the Executive Committee. The Executive Committee will bring all applications to the Board for review and a vote. Any vacancy on the Board shall be filled by a majority vote of the Board elected and serving at the time the application is presented to the Board for consideration. Elected and serving shall mean all members of the Board in good standing and officially holding a seat on the Board.

At the end of a Director’s regular term, they shall be considered separated from the Board unless they submit, in writing to the Chair, a request to serve a subsequent term. In that event, a vote will be called and a majority of the Directors shall determine the member’s continued service.

**Section 6: Resignation and Removal.** A Director’s resignation shall be effective upon its receipt by the Board or a subsequent time as set forth in the notice of resignation. A voting member of the Board may be removed, with or without cause, by vote of a majority of the Directors then in office.

**Section 7: Oversight of the Executive.** The full Board shall evaluate the CEO annually as defined in the EC3 Staff Handbook and Governance Policies. The Executive Committee of the Board shall

have the responsibility to administer the evaluation of the CEO and conduct his/her yearly evaluations. The hiring and termination of the CEO is subject to majority vote of the full Board.

**Section 8: Compensation.** Directors shall receive no compensation for their services on the Board. The preceding sentence shall not, however, prevent EC3 from fairly compensating any Director for services which are beyond the scope of the Director's duties as a Director; or prevent EC3 from reimbursing any Director for expenses actually and necessarily incurred in the performance of his/her duties as a Director if, and only if, such expenses are approved in advance in writing by the Board.

**Section 9. Execution of Contracts.** The Board may in any instance designate one or more Officers, agents, or employees to execute any contract, conveyance, mortgage, or other instrument on behalf of EC3, and such authority may be general or confined to specific transactions. The Board may also ratify any execution. When the execution of any instrument has been authorized without specifying the executing Officers or agents, anyone of the Chair, the Secretary, or the Treasurer may execute such instrument on behalf of EC3.

### ***Article V: Meetings***

**Section 1. Frequency.** The Board shall meet at least six (6) times per year, including the Annual Meeting in October. Regular meetings of the Board may be held at such times and places as the Directors may from time to time determine at a prior meeting or as shall be directed or approved by the vote or written consent of all the Directors, provided that the Board holds at least five (5) regular meetings (in addition to its Annual Meeting) each year.

Unless the Board shall otherwise determine, the Annual Meeting of the Board shall be held on a date and place to be determined by the Board from time to time. At the annual meeting, the Board shall elect Officers and consider such other business as may properly be brought before the Board. If less than a quorum of the Directors appears for an Annual Meeting of the Board, the holding of such meeting shall not be required and matters which might have been taken up at the Annual Meeting may be taken up at any later regular, special, or Annual Meeting, or by consent resolution.

A special meeting may be called at any time by the Chair or by the vote of no fewer than two Directors.

**Section 2: Quorum.** A quorum consists of a majority of the Directors elected and serving on the Board. The action of the majority of said quorum shall be the action of the Board.

**Section 3: Voting.** Voting on issues or actions by the Board will occur at regular or special meetings of the Board, or via any electronic means allowed by state law. Directors voting by electronic means shall indicate their respective position on any matter before the Board in an electronic format to the acting Chair with a copy to the acting Secretary. Each electronic communication shall clearly state the proposition or issue before the Board and clearly indicate a "yes" or "no" vote. Any vote transmitted via electronic means shall be made at least one hour prior to the regular scheduled Board meeting and any time before a special Board meeting. Each Director shall have one vote.

**Section 4: Attendance.** After three (3) absences from Board meetings in any rolling twelve-month period, the Secretary will inform the member that a fourth absence may result in removal from the Board per Article IV Section 6.

**Section 5: Action with Written Consent.** Any action which could be taken at any meeting may be taken with the written consent of a sufficient number of Directors who would be entitled to vote on the matter.

**Section 6: Notice.** Special meetings of the Board require prior notification of no less than one hour.

**Section 7: Meeting by Telephone or Electronic Equipment.** A Director may participate in a meeting by telephone, video conference, or any similar communications equipment through which all persons participating in the meeting can hear each other. Participation in a meeting pursuant to this section constitutes presence in person at the meeting.

**Section 8. Records and Procedures.** The minutes of the Board shall contain:

- a) The names of the Directors and other 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.
- b) 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 Board's decision as to whether a conflict of interest in fact existed.

## **Article VI: Officers**

**Section 1: Officers and Requirements.** The Officers shall consist of CEO, Chair, Vice Chair, Secretary, and Treasurer (each an "Officer" and collectively as "Officers"). A Director must serve on the Board for at least six (6) months prior to serving as Chair or Vice Chair. The Chair shall serve as the President for purposes of the Nonprofit Corporations Act.

**Section 2: Term of Office.** Each elected Officer shall serve a term of two (2) years, such term beginning on the date appointed, and shall serve until the earlier of the expiration of their term, their removal, or their retirement. Unless an Officer is removed for cause, or their appointment would or may adversely affect EC3's 501(c)(3) status, Officers, and former Officers may be re-elected for subsequent terms. A Director's term of office shall be extended, upon election, to coincide with the Officer term.

**Section 3: Election.** Officers shall be elected at the Annual Meeting each year, or at a regular or special meeting of the Board as necessitated by vacancies.

**Section 4: Duties of the Executive.** The CEO shall have the responsibilities and limitations as specified in EC3's Governance Policies.

**Section 5: Duties of the Chair.** The Chair shall have the following duties: preside at all Board meetings and all Executive Committee meetings; appoint standing committees and committee chairs; sign letters and other official documents for the Board. The Chair shall have the authority to sign EC3 checks and to appoint additional Directors as designated signers. The Chair shall also have all duties of the President under any Michigan or Federal law, rule, or regulation.

The Chair shall serve a single term, and shall be eligible to serve subsequent, non-sequential terms. At the end of his/her term in office, the Chair becomes the Parliamentarian, an ex-Officio (non-voting) member of the Executive Committee, for one (1) year. The Parliamentarian shall have the following duties: provide historical context of Board proceedings and policies; provide mentorship to the Chair and Vice Chair; provide other assistance to the Executive Committee as necessary and appropriate.

**Section 6: Duties of the Vice Chair.** The Vice Chair shall have the following duties: assume the duties of the Chair in the absence of the Chair; provide general assistance to the Chair in all functions as necessary and appropriate. The Vice Chair is in succession to become Chair.

**Section 7: Duties of the Secretary.** The Secretary shall have the following duties: record attendance and proceedings of all meetings; notify members of meetings; conduct correspondence for the Board; assume responsibility for maintaining Board records and correspondence; and any other duties under any applicable Michigan or Federal law, rule, or regulation.

**Section 8: Duties of the Treasurer.** The Treasurer shall have the following duties: assist the CEO and the Board in budgetary matters and financial planning for the Center; make quarterly reports of financial status to the Board; serve as Chair of the Finance Committee; and any other duties under any applicable Michigan or Federal law, rule, or regulation. The Treasurer shall have the authority to sign EC3 checks.

**Section 9: Materials Surrender.** All Officers will submit to EC3 all pertinent materials at the end of their term of office.

**Section 10: Resignation and Removal.** An Officer's resignation shall be effective upon its receipt by the Board or a subsequent time as set forth in the notice of resignation. An Officer may be removed, with or without cause, by vote of a majority of the Board.

**Section 11: Compensation.** Officers shall not be compensated for their services. The preceding sentence shall not, however, prevent EC3 from fairly compensating any Officer for services which are beyond the scope of the Officer's duties as an Officer; or prevent EC3 from reimbursing any Officer for expenses actually and necessarily incurred in the performance of his/her duties as an Officer if, and only if, such expenses are approved in advance in writing by the Board.

## ***Article VII: Standing Committees***

**Section 1: Authority.** No committee shall have the authority to act on behalf of the full Board or EC3.

**Section 2: Executive Committee.** The Executive Committee shall consist of the Chair, Vice-Chair, Treasurer, and Secretary. The purpose of the Executive Committee shall be to advise the Board, and to administer the annual evaluation of the CEO (see Article IV, Section 7). The Committee shall routinely evaluate the implementation of EC3's Strategic Plan, conduct periodic reviews of progress made on specific components of the Strategic Plan, and report progress and propose changes to the Strategic Plan each year at the Annual Meeting. The Committee shall also provide guidance to other committees on Strategic Plan implementation and reporting.

**Section 3: Finance Committee.** The Finance Committee shall consist of no fewer than three (3) members, one of whom shall be the Treasurer of the Board. The purpose of the Finance Committee

shall be to assist the CEO in establishing the long-term financial and tuition-rate stability of the center, and to provide financial oversight and monitoring. The Committee shall meet at least four (4) times per year.

**Section 4: Program Committee.** The Program Committee shall consist of no fewer than three (3) members, one of whom shall be a member of the Executive Committee. The purpose of the Program Committee shall be to assist the CEO in providing high-quality, curriculum-based, educational, and social and emotional learning, utilizing diverse and inclusive means, for enrolled children of every age. The Committee shall meet at least four (4) times per year.

**Section 5: Marketing Committee.** The Marketing Committee shall consist of no fewer than three (3) members. The purposes of the Marketing Committee shall be to assist the CEO in establishing the long-term financial, enrollment, and tuition-rate stability of the center while attracting and retaining well-qualified and effective teachers and staff that are culturally and experientially reflective of the community. The Committee shall meet at least four (4) times per year.

**Section 6: Ad-hoc Committees.** The Chair shall have the ability to create ad-hoc committees in response to changes in environment and need. Ad-hoc committees shall expire at the Annual Meeting, unless their expiration is otherwise specified.

**Section 7: Participation of the Executive.** The CEO or his/her designee shall act as advisors to all committees as necessary and appropriate.

**Section 8: Non-Board Participants.** The committees (excluding the Executive Committee) are able and encouraged to involve staff, parents, and other non-Directors to participate on committees and in committee activities. Such participants shall be considered voting members of the committees to which they are assigned.

### **Article VIII: Indemnification**

**Section 1. Nonderivative Actions.** Subject to all of the other provisions of this article, EC3 shall indemnify any person who was or is a party, or is threatened to be made a party, to any threatened, pending, or completed action, suit, or proceeding. This includes any civil, criminal, administrative, or investigative proceeding, whether formal or informal (other than an action by or in the right of EC3). Such indemnification shall apply only to a person who was or is a Director or Officer of EC3 or who was or is serving at the request of EC3 as a Director, Officer, partner, trustee, employee, or agent of another foreign or domestic corporation, partnership, joint venture, trust, or other enterprise, whether or not for profit.

The person shall be indemnified and held harmless against expenses (including attorney fees), judgments, penalties, fines, and amounts paid in settlement actually and reasonably incurred by the person in connection with such action, suit, or proceeding, if the person acted in good faith and in a manner he/she reasonably believed to be in or not opposed to the best interests of EC3. With respect to any criminal action or proceeding, the person must have had no reasonable cause to believe his/her conduct was unlawful. The termination of any action, suit, or proceeding by judgment, order, settlement, or conviction or on a plea of *nolo contendere* or its equivalent, shall not by itself create a presumption that (a) the person did not act in good faith and in a manner the person reasonably believed to be in or not opposed to the best interests of EC3, or (b) with respect

to any criminal action or proceeding, the person had reasonable cause to believe that his/her conduct was unlawful.

**Section 2. Derivative Actions.** Subject to all of the provisions of this article, EC3 shall indemnify any person who was or is a party, or is threatened to be made a party, to any threatened, pending, or completed action or suit by or in the right of EC3 to procure a judgment in its favor because (a) the person was or is a Director or Officer of EC3 or (b) the person was or is serving at the request of EC3 as a Director, Officer, partner, trustee, employee, or agent of another foreign or domestic corporation, partnership, joint venture, trust, or other enterprise, whether or not for profit.

The person shall be indemnified and held harmless against expenses (including actual and reasonable attorney fees) and amounts paid in settlement incurred by the person in connection with the action or suit if the person acted in good faith and in a manner the person reasonably believed to be in or not opposed to the best interests of EC3. However, indemnification shall not be made for any claim, issue, or matter in which the person has been found liable to EC3 unless and only to the extent that the court in which the action or suit was brought has determined on application that, despite the adjudication of liability but in view of all circumstances of the case, the person is fairly and reasonably entitled to indemnification for the expenses that the court considers proper.

**Section 3. Expenses of Successful Defense.** To the extent that a person has been successful on the merits or otherwise in defense of any action, suit, or proceeding referred to in sections 1 or 2 of this article, or in defense of any claim, issue, or matter in the action, suit, or proceeding, the person shall be indemnified against expenses (including actual and reasonable attorney fees) incurred in connection with the action and in any proceeding brought to enforce the mandatory indemnification provided by this article.

**Section 4. Contract Right, Limitation on Indemnity.** The right to indemnification conferred in this article shall be a contract right and shall apply to services of a Director or Officer as an employee or agent of EC3 as well as in such person's capacity as a Director or Officer. Except as provided in Section 3 of this article, EC3 shall have no obligations under this article to indemnify any person in connection with any proceeding, or part thereof, initiated by such person without authorization by the board.

**Section 5. Determination that Indemnification is Proper.** Any indemnification under sections 1 or 2 of this article (unless ordered by a court) shall be made by EC3 only as authorized in the specific case. EC3 must determine that indemnification of the person is proper in the circumstances because the person has met the applicable standard of conduct set forth in sections 1 or 2, whichever is applicable. The determination shall be made in any of the following ways:

- a) By a majority vote of a quorum of the Board consisting of Directors who were not parties to such action, suit, or proceeding.
- b) If the quorum described in clause (a) above is not obtainable, by a committee of Directors who are not parties to the action. The committee shall consist of not less than two disinterested Directors.
- c) By independent legal counsel in a written opinion.

**Section 6. Proportionate Indemnity.** If a person is entitled to indemnification under sections 1 or 2 of this article for a portion of expenses, including attorney fees, judgments, penalties, fines, and amounts paid in settlement, but not for the total amount, EC3 shall indemnify the person for the portion of the expenses, judgments, penalties, fines, or amounts paid in settlement for which the person is entitled to be indemnified.

**Section 7. Expense Advance.** Expenses incurred in defending a civil or criminal action, suit, or proceeding described in sections 1 or 2 of this article may be paid by EC3 in advance of the final disposition of the action, suit, or proceeding, on receipt of an undertaking by or on behalf of the person involved to repay the expenses, if it is ultimately determined that the person is not entitled to be indemnified by EC3. The undertaking shall be an unlimited general obligation of the person on whose behalf advances are made, but it need not be secured.

**Section 8. Nonexclusivity of Rights.** The indemnification or advancement of expenses provided under this article is not exclusive of other rights to which a person seeking indemnification or advancement of expenses may be entitled under a contractual arrangement with EC3. However, the total amount of expenses advanced or indemnified from all sources combined shall not exceed the amount of actual expenses incurred by the person seeking indemnification or advancement of expenses.

**Section 9. Indemnification of Employees and Agents of EC3.** EC3 may, to the extent authorized from time to time by the Board, grant rights to indemnification and to the advancement of expenses to any employee or agent of EC3 to the fullest extent of the provisions of this article with respect to the indemnification and advancement of expenses of Directors and Officers of EC3.

**Section 10. Former Directors and Officers.** The indemnification provided in this article continues for a person who has ceased to be a Director or Officer and shall inure to the benefit of the heirs, executors, and administrators of that person.

**Section 11. Insurance.** EC3 may purchase and maintain insurance on behalf of any person who (a) was or is a Director, Officer, employee, or agent of EC3, or (b) was or is serving at the request of EC3 as a Director, Officer, employee, or agent of another corporation, partnership, joint venture, trust, or other enterprise. The insurance may protect against any liability asserted against the person and incurred by him/her in any such capacity or arising out of his/her status as such, whether or not EC3 would have power to indemnify against liability under this article or the laws of the state of Michigan.

**Section 12. Changes in Michigan Law.** If there are any changes in the Michigan statutory provisions applicable to EC3 and relating to the subject matter of this article, the indemnification to which any person shall be entitled shall be determined by the changed provisions, but only to the extent that the change permits EC3 to provide broader indemnification rights than the provisions permitted EC3 to provide before the change.

***Article IX: Miscellaneous:***

**Section 1: Fiscal Year.** EC3's fiscal year shall end on September 30 of each year.



**Section 2: Amendments.** The bylaws are subject to amendment by a majority of the Board, provided that: there is a quorum; the meeting is scheduled no less than one (1) hour in advance; and that prior written notice is given by the Board before the meeting at which the Board will formally vote on any proposed amendment. Written notice of any proposed amendment to the bylaws shall be distributed electronically to EC3's staff and families, posted on EC3's website, and shared on EC3's social media.

**Section 3. Distribution of Assets on Dissolution.** Upon the dissolution of EC3, after paying or making provisions for the payment of its liabilities, the Board shall distribute the remaining assets of EC3 (except assets held upon condition requiring return, transfer, or other conveyance in the event of dissolution, which assets shall be returned, transferred, or conveyed in accordance with those requirements) in the manner described in the EC3's Articles of Incorporation. Any assets not so disposed, for whatever reason, shall be disposed of by the order of the Circuit Court for the County of Ingham, State of Michigan, to such organization or organizations described in Section 501(c)(3) of the Internal Revenue Code as the Court selects.

*Adopted May 18, 2021*