

## CHARTER SCHOOL CONTRACT

This charter school contract (the "Contract") is executed on this 20th day of January, 2009 by and between the Colorado Charter School Institute (the "Institute") and Thomas MacLaren State Charter School (the "School").

### RECITALS

WHEREAS, the Colorado General Assembly has enacted the Charter Schools Act (the "Charter Schools Act"), C.R.S. §§ 22-30.5-101 *et seq.*, allowing for the creation and operation of charter schools within the state by its terms and for certain purposes as enumerated in C.R.S. §§ 22-30.5-102(2) & (3); and

WHEREAS, The Colorado General Assembly has subsequently enacted C.R.S. §§ 22-30.5-501 *et seq.*, (the "State Charter Institute Act") authorizing the creation of the Institute and empowering the Institute to enter into charter school contracts as specified therein; and

WHEREAS, pursuant to C.R.S. §§ 22-30.5-503(b)(III), 22-30.5-504(1) and 22-30.5-508(1), the Institute has the authority to approve applications to establish charter schools in the state of Colorado and thereafter to enter into contracts with such schools setting forth the terms and conditions under which a charter school is to operate; and

WHEREAS, on or about September 5, 2008, the School submitted to the Institute a viable application to establish itself as a charter school (the "Application"), in keeping with the requirements of C.R.S. §§ 22-30.5-504(1) and (2); and

WHEREAS, the Institute has determined that the Application, as amended, (attached hereto as Exhibit A) and incorporated by reference herein, complies with the all applicable purposes and requirements of the Charter Schools Act, the State Charter Institute Act, and the Charter School Institute Rules (1 CCR 302)("Rules"); and

WHEREAS, on November 18 , 2008, the Institute approved the Application, subject to certain conditions and negotiation and execution of a contract acceptable to the Institute and to the School, as reflected in Institute Resolution 08-05 (which is attached hereto as Exhibit B and is incorporated by reference herein); and

WHEREAS, the Application, as amended by this Contract between the School and the Institute, will serve as a basis for and constitute the agreement between the parties regarding governance and operation of the School.

NOW, THEREFORE, in consideration of the mutual covenants, representations, warranties and agreements contained herein, the parties agree as follows:

## AGREEMENT

### SECTION 1. ESTABLISHMENT OF SCHOOL

1.1 Term. This Contract is effective as of the date of execution for a period of approximately five (5) years and seven (7) months and is to terminate on June 30, 2014. The Board agrees to accept an early application for renewal of this charter, at the option of the School. This Contract may be renewed in accordance with the State Charter Institute Act, the Institute rules, and as set forth in Section 5 below. Although this Contract is for operation of the School as a charter school for a period of six years, any financial commitment on the part of the Institute contained in this Contract is subject to annual appropriation by the General Assembly and the parties agree that the Institute has no obligation to fund the financial obligations under this Contract other than for the current year of the Contract term; and that the Institute has not irrevocably pledged and held for payment sufficient cash reserves for funding the School at or above the per pupil allocation or for providing services described herein for the entire term of the Contract.

1.2 Facility. The building(s) in which the School is to be located shall be known as the facility (the "Facility"). By June 1, 2009 The School shall provide the Institute with a copy of the lease, purchase agreement and/or other such facility agreement (the "Facility Agreement") and such certificates and permissions as are necessary to operate the School in the Facility according to the plan set forth in the Application. The School shall obtain a Certificate of Occupancy from the Division of Oil and Public Safety, or a third party inspector under contract with the division, pursuant to C.R.S. 22-30.5-507(10) and C.R.S. 22-32-124. In the event that an adequate Facility Agreement and/or necessary certificates and permissions are not in place and provided to the Institute by the date upon which instruction is to begin, the School may not provide instruction at the Facility. In such event, the Institute reserves the right to preclude the School from commencing instruction until the start of the succeeding school year. Notwithstanding the immediately foregoing sentence, the Institute may waive or modify the restrictions contained therein upon good cause shown. The School shall be responsible for the construction/maintenance of any facilities owned or leased by it. The Institute shall have access at all reasonable times to any facility owned, leased or utilized in any way by the School for purposes of inspection and review of the School's operation and to monitor the School's compliance with this Contract.

1.3 Location. Once a potential location identified, the School will obtain written approval from the Institute to purchase or lease that facility. The School may not change its location without obtaining prior written approval from the Institute. No later than June 1, 2009 the School shall provide written notice to the board of education of the local school district of its intended location. This informational notification will serve as an invitation for said local board to comment on the site location. A copy of the notice shall be provided to the Institute within 10 days after it is given to the local school district.

1.4 Support for Formation of Charter School. The Institute finds that the School has presented sufficient evidence of support among parents, teachers, and pupils of a combination thereof for the establishment of the School as a charter school. The School has stated in its application that its proposed budget is based on a minimum enrollment of 160. The

parties agree that this number of students is the minimum enrollment required for the School to be financially viable. To ensure the School will have adequate enrollment when it opens to be financially viable, the following enrollment gates are established:

- 50% of minimum enrollment by April 1, 2009;
- 75% of minimum enrollment by May 15, 2009;
- 85% of minimum enrollment by June 15, 2009.

The School recognizes that if enrollment fails to satisfy these gates or if enrollment declines below the minimum enrollment for financial viability, the School's charter may be revoked.

## SECTION 2. OPERATION OF SCHOOL

2.1 Mission Statement. The mission statement contained in the application is approved by the Institute to the extent it is consistent with the principles of the General Assembly's declared purposes for enacting the State Charter Institute Act as set forth in C.R.S. § 22-30.5-501.

2.2 Age; Grade Range; Number of Students. The School shall provide instruction to pupils in such ages, grades and estimated numbers in each year of operation under the Contract as described in the Application. The School agrees that its student enrollment shall not exceed the capacity of the facility or site. The School must obtain prior written approval from the Institute prior to commencing or continuing instruction where the total number of students enrolled is less than has been determined to be the minimum enrollment for financial viability.

2.3 School Calendar; Hours of Operation. The days and hours of operation of the School shall not be materially less (defined here as more than ten percent (10%) less total time) than those set forth in the Application unless approved in writing by the Institute; but in no case fall below the minimum number of days and hours set forth in law.

2.4 Goals, Objectives and Pupil Performance Standards. The School will implement the goals, objectives and pupil performance standards identified in the Application. Any material changes to these provisions may be made only with the approval of the Institute and the School's board of directors (the "Board of Directors").

2.5 Attendance. Attendance of students at the School shall be in compliance with Colorado's compulsory attendance laws, including but not limited to hour requirements and the distinction made between excused and unexcused absences.

2.6 Student Conduct and Discipline. The School will implement the discipline policy identified in the Application, so long as such policy is in compliance with applicable federal and state laws, including but not limited to the grounds and procedures established for suspending, expelling and educating expelled or suspended students consistent with the intents and purposes of C.R.S. §§ 22-30.5-505(9), 22-33-106 and 22-33-203. Any

material changes to the School's discipline policy may be made only with the approval of the Institute and the School's Board of Directors.

2.7 Student Welfare and Safety. The School shall comply with all applicable federal and state laws, concerning student welfare, safety and health, including but not limited to, state laws regarding the reporting of child abuse, accident prevention and disaster response, the adoption and implementation of a Safe School Plan as required by C.R.S. § 22-32-109.1(2), and any state regulations governing the operation of school facilities.

2.8 Academically Exceptional Students. The School shall identify academically low-achieving, at-risk students and "exceptional children" as defined in regulations adopted by the Colorado State Board of Education, and shall provide its educational program to these students in a manner that appropriately serves their needs in accordance with governing law, as set forth in the Application and this Contract.

2.9 Accountability and Accreditation. The School shall implement the accountability plan set forth in the Application. Any material changes to the School's accountability plan may be made only with the approval of the Institute and the School's Board of Directors. The School shall comply with the educational accountability provisions of Colorado law, as amended from time to time, including but not limited to:

- a. the Educational Accountability Act, C.R.S. §§ 22-7-101 *et seq.*;
- b. the Education Reform Act, C.R.S. §§ 22-7-401 *et seq.*;
- c. the School Accountability Reporting Act, C.R.S. §§ 22-7-601 *et seq.*;
- d. Educational Accreditation Act of 1998, C.R.S. §§ 22-11-101 *et seq.*;
- e. the Accreditation Rules of the State Board, including but not limited to tailoring educational programming to meet the individual needs of "exceptional children" as defined in such rules, unless waived.;
- f. the Institute's Accreditation Contract, as amended from time to time.

2.10 Educational Program, Pupil Performance Standards & Curriculum. The School will implement the educational program, pupil performance standards and curriculum set forth in the Application. Any material changes to this provision may be made only with the approval of the Institute and the School's Board of Directors.

(A) Curriculum. The School shall have the authority and responsibility for refining the design and implementation of its educational program, subject to the conditions of this Contract, in a manner that is consistent with state law, including but not limited to requirements regarding content standards.

(B) Content Standards. The educational program, pupil performance standards and curriculum designed and adopted by the School shall be consistent with the content standards required of school districts pursuant to C.R.S. § 22-7-407 and referenced in C.R.S. § 22-30.5-505(k)(8) and shall be designed to enable each pupil to achieve such standards.

(C) Instructional Requirements. The School agrees to comply with all state statutory requirements concerning subjects of instruction, unless specifically waived by the State Board of Education, including but not limited to instruction in the areas of state and federal history and civil government, C.R.S. § 22-1-104; honor and use of the United States Flag, C.R.S. § 22-1-106; the federal constitution, C.R.S. §§ 22-1-108 & -109; and the effect of use of alcohol and controlled substances, C.R.S. § 22-1-110.

(D) Annual Report. The School shall prepare and submit to the Institute an annual report (the "Annual Report") describing the School's progress in achieving the goals, objectives, pupil performance standards, content standards and other terms of this Contract. The Institute shall consider these Annual Reports during its review of any renewal application submitted by the School.

2.11 Grievance Policy. The School shall implement the grievance policy identified in the Application for resolving public complaints, including complaints regarding curriculum, which must provide an opportunity for comment by parents of enrolled students in public hearing on the matter and an appeal process. The Institute may require the School to modify the proposed grievance policy prior to approval, but such approval will not be unreasonably withheld. Any material changes to the School's grievance policy may be made only with the approval of the Institute and the School's Board of Directors.

2.12 Records.

(A) The School agrees to comply with any and all recordkeeping requirements of the Institute and federal or state law, and shall provide any reports necessary for the Institute to meet its reporting obligations to the State Board of Education, Colorado Department of Education and U.S. Department of Education. Student records include but are not limited to immunization records, class schedules, records of academic performance, disciplinary actions, attendance and standardized test results and documentation required under federal and state law regarding the education of students with disabilities.

(B) The School shall comply with applicable federal and state laws concerning the maintenance, retention and disclosure of student records, including but not limited to the Colorado Open Records Act, C.R.S. §§ 24-72-201 *et seq.*, and the Family Educational Rights and Privacy Act of 1974, 20 U.S.C. § 1232g.

2.13 Student Recruitment and Enrollment. Enrollment in the School shall be open to any child who resides within the state, except as limited by C.R.S. § 22-30.5-507(3). Student recruitment and enrollment decisions shall be made in a nondiscriminatory manner specified by the School in the Application. In all cases, student recruitment and enrollment decisions shall be without regard to race, color, creed, national origin, sex, marital status, religion, ancestry, disability or need for special education services. Not later than July 1, 2009, the School shall adopt clear, attainable goals for enrollment of low income, minority, and other students at risk of academic failure, and a strong recruitment plan to reach those goals.

2.14 Assessment of Pupil Performance and Procedures for Corrective Action.

The School will implement the plan for assessment of pupil performance, administration of statewide assessments and procedures for corrective action contained in the Application. Any material changes to these provisions may be made only with the approval of the Institute and the School's Board of Directors. The School also agrees to implement any testing requirements necessary to meet the School's and the Institute's respective obligations under applicable provisions of federal and state law, including, but not limited to, those of the state Accountability Act and the Accreditation Act and federal No Child Left Behind Act.

(A) The School agrees to follow the timelines set forth in the Application for achieving its goals, unless such timelines have been amended with the prior written agreement of the Institute.

(B) Suspension or expulsion of students from the academic program shall be in accordance with applicable federal and state law. Discipline of special education students shall comply with applicable state and federal law, including but not limited to, 20 U.S.C. §1415(k) and 34 C.F.R. §§ 519-529.

2.15 Education of Students with Disabilities. The School will implement the plan for meeting the needs of students with disabilities set forth in the Application, except as limited below. Any material changes to this plan may be made only with the approval of the Institute and the School's Board of Directors. The School will comply with all applicable requirements of federal and state law concerning the education of children with disabilities, including but not limited to, the requirements of the Individuals with Disabilities Act (20 U.S.C. § 1401 *et seq.*), Section 504 of the Rehabilitation Act of 1973 (29 U.S.C. § 794), the Exceptional Children's Educational Act (C.R.S. 22-20-101, *et seq.*) ("ECEA"), and the Americans with Disabilities Act (42 U.S.C. § 12101 *et seq.*). Pursuant to §§ 22-30.5-503(3) and 22-20-106, the Institute serves as the Local Educational Agency ("LEA") with administrative authority for delivering special education services to the School. The School will take direction from and work collaboratively with the LEA with regard to the provision of special education services, evaluations and concerns. The school shall provide, at a minimum, a properly licensed and credentialed on-site special education teacher as part of obligations hereunder. The School agrees that, among other things, it shall comply with the Institute's Compliance Plan, as approved by CDE and as amended from time to time.

2.16 Indigent Students. The School shall waive all fees for indigent students in accordance with applicable federal and state law. The School shall survey its student population for eligibility for free and reduced lunches under federal guidelines in accordance with State Board of Education regulations. On all fee lists and schedules, the School shall include notification of the policy of waiver of fees for indigent students.

2.17 Governance and Operation: The School's Board of Directors shall be accountable for the governance and operation of the School and its compliance with the terms of this Contract. The School will implement the governance plan set forth in the Application, with the addition of a plan to increase the diversity of governing board over the 2009-2010 school year. The School's Board of Directors will adopt by-laws and operate in accordance with such

by-laws. The School's Board of Directors shall keep written minutes of its meetings and will provide copies of all such minutes to the Institute upon request.

2.18 Corporate Status. The School is a Colorado nonprofit corporation and will seek tax exempt status under § 501(c)(3) of the Internal Revenue Code. Unless the parties agree otherwise in writing, the School will in such event continue to operate as a Colorado nonprofit corporation and will assure that its operation is in accordance with its articles of incorporation and bylaws. The School will notify the Institute promptly of any change in its corporate and/or tax exempt status.

2.19 Conflict of Interest. The School's Board of Directors shall establish as a part of its bylaws, and abide by, a formal conflict of interest policy which preserve the mission and vision of the school but address nepotism and other potential conflicts. The policy need not preclude a founder or family member of a founder or board member from employment at the school.

2.20 Volunteer Requirements. The School will implement the volunteer policy set forth in the Application. Any requirement that parents commit a number of volunteer hours shall be subject to a waiver process that considers individual family circumstances, and the School shall not condition the continued enrollment of any student on the commitment of the student's parents to provide any number of volunteer hours. Any material changes to the School's Volunteer policy may be made only with the approval of the Institute and the School's Board of Directors.

2.21 Nonreligious, Nonsectarian Status. The School agrees that it shall operate in all respects as a nonsectarian, nonreligious, non-home-based public school. The School shall not be affiliated with any nonpublic sectarian school or religious organization, consistent with applicable law.

2.22 Commitment to Nondiscrimination. The School shall comply with all applicable federal, state and local laws, rules and regulations prohibiting discrimination on the basis of race, color, creed, national origin, sex, marital status, religion, ancestry, disability or need for special education services.

2.23 Oversight Authority. The Institute shall have broad oversight authority over the School pursuant to C.R.S. §§ 22-30.5-505 and 22-30.5-507(2)(b), and the State Board of Education (the "State Board") shall also have general supervision of the School pursuant to C.R.S. § 22-30.5-503(6). The School shall be accountable to the Institute and is subject to all applicable Colorado law, regulations of the State Board and the Colorado Department of Education, and Institute policies and regulations, unless specifically waived. All records established and maintained in accordance with the provisions of this Contract, Institute policies and/or regulations, and federal and state law shall be open to inspection by the Institute.

2.24 Open Meetings Law. The School acknowledges and agrees that it is subject to the provisions of the Colorado Open Meetings Law, C.R.S. §§ 24-6-401 *et seq.*, and that it will comply with the provisions of such law in connection with all of its activities. Public notice of all regular and special meetings of the School's Board of Directors shall be given and posted in accordance with applicable law and Institute policies and regulations.

2.25 Contracted Services. The School may contract with a third party or the Institute for the provision of services required in order to carry out the educational program described in the application and this contract.

a) The School acknowledges that it has agreed to comply with state and/or federal law with regard to Special Education as provided in paragraph 2.15 herein. The School hereby agrees that if it fails to provide a service required by this contract or state or federal law, the Institute may, after fifteen (15) days advance written notice to the School, retain third parties to provide such services for the School on an interim basis and to withhold the cost of such substitute services from amounts due the School. The School agrees that if the Institute arranges for such substitute services, this does not waive or excuse the School from providing those services or otherwise complying with its obligations under this contract or prevent the Institute from revoking the School's charter for failure to provide the services. The School further acknowledges that failure to provide Special Education services or any other services required under the contract may result in revocation of the charter.

2.26 Health and Safety. The School shall provide appropriate health services and safety protections consistent with applicable law.

2.27 Food Services. The Institute and the School acknowledge and agree that food services are not required to be provided to students attending the School. To the extent the School provides food services, those services shall be provided in accordance with applicable state and federal law.

2.28 Transportation. The Institute and the School acknowledge and agree that transportation is not required to be provided to students attending the School. To the extent that such transportation services are provided by the School, those services shall be provided in accordance with applicable state and federal law.

2.29 Legal Liabilities. The School shall operate in compliance with all Institute policies and regulations, and all applicable federal, state and local laws, rules and regulations, unless specifically waived as indicated in attached Exhibit C. Pursuant to C.R.S. § 22-30.5-508(3), the State Board will consider requests for release from state statutes and rules and with either grant such requests in whole or in part or issue a denial. It shall specify in writing reasons for any partial or complete denial. If the School does not receive notice of the State Board's decision within forty-five (45) days after submittal of the request for release, the request shall be deemed granted.

2.30 Waivers of State Law. The School may submit waiver requests of state law to the Institute. Such requests shall be submitted by the Institute on behalf of the School to the Colorado State Board of Education. To the extent the State Board does not grant the requested waivers or imposes conditions upon the Institute or the School with respect to such waivers, it is agreed that representatives of the parties will meet to negotiate the effect of such State Board action. The School is requesting the waivers listed in Exhibit C.



### SECTION 3. SCHOOL FINANCIAL MATTERS

3.1 Funding and Disbursement of Per Pupil Revenue Funding. Funding for the School shall be provided in accordance with the provisions of C.R.S. 22-30.5-113. The Institute will disburse per pupil revenue funding to the School as those funds are allocated from the State to the Institute subject to the adjustments set forth below.

- (A) The local school district (the district in which the school is geographically located) is Colorado Springs D-11, and is referred under the law as the "Accounting District" for purposes of funding;
- (B) During each fiscal year of the term, the parties agree that the Institute shall provide funding to the School in the amount of ninety-five percent (95%) of the Accounting District's adjusted per pupil revenues ("PPR"), as defined by C.R.S. as determined in accordance with the formula described in C.R.S. § 22-54-104 (3);
- (C) The Institute may retain the actual amount of the charter school's per pupil share of the administrative overhead costs for services it actually provides to the charter school; such costs cannot exceed 3% of the Accounting District's per pupil revenues;
- (D) The Colorado Department of Education may retain an amount not to exceed 2% of PPR for administrative purposes from each Institute-authorized school;
- (E) Commencing on July 1, 2009, funding under Section 3.1 will be made to the School in monthly installments, in accordance with C.R.S. 22-54-115, subject, however, to annual appropriation and the Institute's receipt of the funding. The School shall notify the Institute on or before June 1<sup>st</sup> of each fiscal year of its initial estimated pupil enrollment for the upcoming school year, and monthly payments shall be made based upon such estimate. However, the actual funding for each fiscal year shall be based upon the pupil enrollment, as defined in C.R.S. 22-54-103(10), for such fiscal year, and the Institute will adjust previous payments made for such fiscal year, by credit or debit, as applicable, following October 1st of the fiscal year. Any adjustment resulting in a reduction of funding shall require reimbursement of the Institute by the School.
- (F) All funding obligations of the Institute are conditioned on the Institute's receipt of funds. The School shall not receive funding under this section unless it has timely provided the data required by this Contract and applicable law, including, but not limited to, data required by the federal government concerning special education programs, data required in order to apply for funding under the IDEA, the End of Year Revenue and Expenditure Report, and the Suspension/Expulsion Report.
- (G) The School shall certify to the Institute, on or before October 31<sup>st</sup> of each fiscal year, its pupil enrollment and on-line pupil enrollment, including the following: the number of pupils enrolled in half-day kindergarten; the number of pupils enrolled in first grade through 12<sup>th</sup> grade, specifying those that are enrolled as full-time students and those who are enrolled as less than full-time students; the number of expelled pupils receiving

educational services pursuant to C.R.S. 22-33-203; the number of pupils receiving educational programs under the ECEA; and the number of at-risk pupils.

(H) The Institute will "flow-through" funding it receives under ECEA that is attributable to identified students with disabilities enrolled in the School and for which the School has supplied appropriate documentation to obtain such funding.

(I) The parties shall cooperate in pursuing, appropriately disbursing, and properly accounting for funding provided by the federal and state governments for categorical programs such as Gifted and Talented, English as a Second Language, Medicaid Reimbursements, Title programs, and other federal and state grant sources and categorical aid programs for each School student eligible.

3.2 Tuition and Fees. The School shall not charge tuition, except as otherwise provided in C.R.S. §§ 22-20-109(5), 22-32-115(1) and (2) and 22-54-109, other than for full-day kindergarten programs, before and after school programs or as otherwise permitted by law. Student fees may be charged by the School so long as in accordance with applicable Colorado law, including but not limited to the provisions of C.R.S. §§ 22-32-110(1)(o) & (p) and 22-32-117.

3.3 Budget. The School shall be responsible for its own operation, including the preparation of a budget, and shall implement the proposed budget contained in the Application. On or before June of each year, the School shall submit to the Institute the School's proposed budget for the upcoming school year. Any proposed material revision(s) to the budget shall be made only with the approval of the Institute and the School's Board of Directors.

3.4 Financial Records and Annual Audit. The School agrees to establish, maintain and retain appropriate financial records in accordance with all applicable federal, state and local laws, rules and regulations, and to make such records available to the Institute, as requested, from time to time. The School shall participate in an annual audit of its financial operations by a certified public accountant, the cost of which shall be borne by the School.

3.5 Financial Reports. The School shall be responsible for providing to the Institute, within thirty (30) days following the end of each quarter of each fiscal year this Contract is in effect, written revenue and expenditure reports with comparisons to budget and, on an annual basis, a financial statement that reports the costs of administration, instruction and other spending categories, consistent with the format required by state law.

3.6 Insurance and Legal Liabilities. The School shall implement the plan to meet applicable insurance coverage requirements set forth in the Application. Any material revision to the terms of such plan may be made only with the approval of the Institute and the School's Board of Directors.

3.7 No Encumbrances. During the term of this Contract, the School will not encumber any of its assets without the written permission of the Institute.

3.8 Non-Appropriation of Funds to the Institute. The parties agree that the funding for the School shall constitute a current expenditure of the Institute. The Institute's funding obligations under this contract will be from year-to-year only and shall not constitute a multiple fiscal year direct or indirect debt or other financial obligation of the Institute. The Institute's obligation to fund the School shall terminate upon non-appropriation of funds for that purpose by the General Assembly for any fiscal year, any provision of this Contract to the contrary notwithstanding.

#### SECTION 4. PERSONNEL

4.1 Employment Matters. The School shall employ and contract with necessary personnel. It will implement a personnel policy that addresses such issues as hiring of personnel, terms of employment and compensation consistent with that contained in the Application. The parties agree that teachers and other staff employed at the School are employees of the School, and are not employees of the Institute.

4.2 Instructional Providers. The School shall employ or otherwise utilize in instructional positions only those individuals who are qualified in accordance with applicable federal and state law (unless waived), rules and regulations, including the federal No Child Left Behind Act.

4.3 Paraprofessionals. Paraprofessionals employed by the School shall meet all credentialing requirements imposed by applicable federal and state law (unless waived), rules and regulations.

4.4 Background Checks; Fingerprinting. The School shall establish and implement procedures for conducting background checks (including a check for a criminal record) of all employees to the extent required by applicable law, rules and regulations. No teacher or administrator with a criminal record that would ordinarily preclude them from obtaining a teacher license will be employed at the charter school, regardless of what waivers have been granted to the School.

#### SECTION 5. RENEWAL AND TERMINATION

5.1 Renewal. Pursuant to the requirements of C.R.S. §§ 22-30.5-511, the Contract may be renewed by the Institute for succeeding periods of at least three (3) academic years and not more than five (5) academic years.

5.2 Termination and Appeal. The Institute may terminate, revoke or deny renewal of the Contract for any of the grounds provided by state law, C.R.S. §§ 22-30.5-511(3), or Institute Board Rules 10, 11, or 12. The Institute may impose other appropriate remedies for breach of this Contract, including, but not limited to, revocation of waiver(s) and withholding of funds.

5.3 Disposition of School's Assets upon Termination or Dissolution. Upon termination of this Contract for any reason, or if the School should cease operations or otherwise dissolve, then, at the sole discretion of the Institute, any assets owned or otherwise held by the School, including tangible, intangible, and real property, will become the property of the Institute, unless otherwise specified regarding assets purchased with grant monies under a grant that included dissolution language or donations given with donor reservation of disposition upon dissolution.

5.4 Pending Litigation: The parties acknowledge that the constitutionality of the legislation creating the Institute is currently being challenged in Case No. 05CV196, pending in the District Court, City and County of Denver. The parties agree that upon the date of final judgment declaring all or part of the State Charter Institute Act unconstitutional, this contract shall be terminated. For purposes of this paragraph, "date of final judgment" shall be the earlier of: the date of entry of an order which is not stayed pending appeal or entry of final judgment after any appeal.

## SECTION 6. MISCELLANEOUS

6.1 Entire Agreement. This Contract, together with the Application (as modified and incorporated by reference herein) and with the attachments and exhibits thereto, contains all terms, conditions and provisions hereof and the entire understandings and all representations of understandings and discussions of the parties relating thereto, and all prior representations, understandings and discussions are merged herein and superseded and canceled by this Contract.

6.2 Notice. Any notice required or permitted under this Contract shall be in writing and shall be effective upon personal delivery (subject to verification of service or acknowledgment of receipt) or three (3) days after mailing when sent by certified mail, postage prepaid, to TBS in the case of notice being sent to the School or to **Charter School Institute, 1580 Logan St., Suite 760, Denver, CO 80203** in the case of notice being sent to the Institute. Either party may from time to time designate in writing substitute addresses or persons to whom notice shall be sent.

6.3 Disclaimer of Liability. The parties acknowledge that the School is not operating as the agent, or under the direction and control of the Institute, except as required by law or this Contract and that the Institute does not assume liability for any loss or injury resulting from:

(A) The acts or omissions of the School, its directors, trustees, agents or employees; or

(B) The use and occupancy of the Facility occupied by the School, or any matter in connection with the condition of such building or buildings; or

(C) Any debt or contractual obligation incurred by the School. The School acknowledges that it is without authority to extend the faith and credit of the Institute to

any third party. The School shall clearly indicate to vendors and other entities and individuals outside the School District that the obligations of the School under agreement or contract are solely the responsibility of the School and are not the responsibility of the Institute.

6.4 No Waiver. The parties agree that no assent, express or implied, to any breach by either of them of any one or more of the covenants and agreements expressed herein shall be deemed or be taken to constitute a waiver of any succeeding or other breach.

6.5 Assignment. The School shall not assign its Charter or any of its rights or obligations under this Contract to any person or entity without the prior written approval of the Institute, which approval may be given or withheld at the Institute's sole discretion.

6.6 Applicable Law. This Contract shall be governed by and construed in accordance with the laws of the State of Colorado and applicable federal laws of the United States. The parties intend that where this Contract references federal or state laws, that they be bound by any amendments to such laws upon the effective date of such amendments.

6.7 Severability. To the extent that this contract may be executed and performance of the obligations of the parties may be accomplished within the intent of this contract, if any provision of this Contract is determined to be unenforceable or invalid for any reason, the remainder of the Contract shall remain in effect, unless otherwise terminated by one or both of the parties in accordance with the terms contained herein.

6.8 No Third Party Beneficiary. The enforcement of the terms and conditions of this Contract, and all rights of action relating to such enforcement, shall be strictly reserved to the Institute and the School. Nothing contained in this Contract shall give or allow any claim or right of action whatsoever by any other or third person. It is the express intent of the parties to this Contract that any person receiving services or benefits hereunder shall be deemed an incidental beneficiary only.

6.9 Counterparts: Signature by Facsimile. This Contract may be signed in counterparts, which shall together constitute the original Contract. Signatures received by facsimile by either of the parties shall have the same effect as original signatures.

6.10 Revision. Any material revision of the terms of this Contract may be made only with the approval of the Institute and the Charter School's Board of Directors.

6.11 Conflict with Exhibits: In the event of conflicts or inconsistencies between this Contract and its exhibit, such conflicts or inconsistencies shall be resolved by reference to the documents in the following order of priority: first, the terms and provisions of this Contract, second, Exhibit B, third, Exhibit A, and then the remaining exhibits.

6.12 Statutory References: All references to statutes are as amended.

6.13 Indemnification: School shall indemnify, save, and hold harmless the Institute, its employees and agents, against any and all claims, damages, liability and court awards including costs, expenses, and attorney fees and related costs, arising in connection with or related to the School's operation or as a result of any act or omission by School, or its

employees, agents, subcontractors, or assignees pursuant to the terms of this Contract. The Institute may withhold funds for damages, attorneys' fees, costs and expenses incurred in connection with any pending or threatened suits, actions, grievances, charges or proceedings. This provision shall not be deemed a relinquishment or waiver of applicable limitations of liability available to the Institute or the School under law.

Table 1: Reporting Requirements

Description of Report	Timeline	Frequency
1.2 Facility paperwork	ASAP	One time
2.10(D) Annual Report	August	Annual
2.12(A) Legally required reports	As required	ongoing
2.17 Board Minutes	Upon request	ongoing
3.1 CSI \$ reconciliation	Within 90 days of end of fiscal year	Annual
3.1 Categorical Aid reports	As required	Ongoing
3.4 Financial Audit	End of fiscal year	Annual
3.5 Financial Reports	Within 30 days of end of fiscal quarter	Quarterly

Table 2: Actions that Require Either CSI Notification or CSI Approval

Item	Description	Required Action
1.3	Change of Location	Approval
2.2	Eliminate a grade	Approval
2.2	Operate with low enrollment	Approval
2.3	M.C. to Calendar	Approval
2.4	M.C. to Goals	Approval
2.6	M.C. to discipline policy	Approval
2.9	M.C. to accountability plan	Approval
2.10	M.C. to educational program	Approval
2.11	M.C. to grievance policy	Approval
2.14	M.C. to assessment plan	Approval
2.15	M.C. to education of students with disabilities	Approval
2.18	Change in corporate status	Notification
2.20	M.C. to volunteer policy	Approval
3.3	M.C. to budget	Approval
3.7	M.C. to Insurance coverage	Approval
6.5	Assignment of charter to other entity	Approval
6.10	M.C. of this contract	Approval

M.C. = Material Change

IN WITNESS WHEREOF, the parties have executed this Contract as of the date first above written.

Thomas MacLaren State Charter School

Eric V. Hall      1-20-09  
Date

By: Eric V. Hall

Title: Chair of the Board

STATE CHARTER SCHOOL INSTITUTE

Alex Medler      1-21-09  
Date

By: Alex Medler

Title: President, State Charter School Institute Board