

CHARTER SCHOOL AGREEMENT

DATED: June 24, 2020

PARTIES: BETWEEN THE BOARD OF EDUCATION OF
REYNOLDS SCHOOL DISTRICT #7 (“District”)

AND: KNOVA LEARNING OREGON dba ROCKWOOD PREPARATORY
ACADEMY
an Oregon nonprofit corporation (“Corporation”)

RECITALS

A. On January 30th, 2009, pursuant to ORS Chapter 338 the Corporation submitted to the District an application (attached and incorporated as Exhibit A) for formation of the KNOVA Reynolds Public Charter School (“Charter School”) to operate within the District.

B. The District Board held public hearings on the provisions of the Application and evaluated the criteria set forth in ORS 338.055 and District policies, and the District has determined that the Application, as amended by this Agreement, complies with the purposes and requirements of ORS 338 and District policies.

C. By resolution adopted July 23, 2009, the District Board approved the Application and agreed to become the sponsor of the Charter School contingent upon the negotiation and execution of a contract acceptable to the Corporation and the District.

D. By resolution adopted February 26, 2020, the District Board voted to renew the Charter School’s Charter Agreement for an additional five (5) year term; and

E. This Agreement, including the Application and its Exhibits, will constitute the agreement between the parties regarding the governance and operation of the Charter School and the legal authorization for the establishment of the Charter School under ORS 338.065(1).

F. The parties desire that the Charter School be authorized to operate and conduct its affairs in accordance with the terms of this Agreement and Oregon law.

CHARTER AGREEMENT

NOW, THEREFORE, in consideration of the foregoing recitals and the mutual understandings, covenants, and payments herein described, the parties agree as follows:

1. Grant of Charter.

The Reynolds School District #7 Board of Education (referred to herein as either the “District” or the “District Board”) has approved the Corporation’s Charter School proposal (“Application”), is the sponsor of the KNOVA Reynolds Public Charter School (“Charter School”) that is to be operated by the Corporation in accordance with the terms of this Agreement, and hereby grants a charter pursuant to the terms herein.

2. Effective Date; Term; Renewal.

2.1 Effective Date. When this Agreement has been duly executed by both the District Board and the Corporation’s board of directors, it shall be legally binding on both parties and shall act as the legal authorization for the establishment of the KNOVA Reynolds Public Charter School as a public Charter School, as provided in ORS 338.065(1) and shall expire at midnight on June 30, 2025

2.2 Renewal of Term. Renewal of this Agreement will be governed by ORS 338.065 and the terms of this Section.

2.2.2. Renewal. Renewal shall be pursuant to ORS 338.065. In making its decision whether or not to renew Charter School, the Board may use the outcomes from the annual evaluations of the Charter School Student Performance Framework (Exhibit B) and the Annual Performance Framework that will be utilized by the District. The Board shall consider the evaluation of student Academic Performance from the Charter School Performance Framework as the most important indicator of Charter School’s success. Charter School shall also report, and the Board shall consider at renewal, on how Charter School has met the other legislative goals of public Charter Schools set forth in ORS 338.015 including to (i) increase choices of learning opportunities for students; (ii) better meet individual student academic needs and interests (iii) build stronger working relationships among educators, parents and other community members; (iv) encourage the use of different and innovative learning methods; (v) provide opportunities in small learning environments for flexibility and innovation, which may be applied, if proven effective, to other public schools; (vi) create new professional opportunities for teachers; (vii) establish additional forms of accountability for schools and (viii) create innovative measurement tools.

3. Conflict between Application, Historical Operations, and Agreement.

In the case of any conflict between any term of the Application, the historical operation of the Charter School, and any term of this Agreement, this Agreement shall govern. Furthermore, a failure by the Charter School or the Corporation to perform or fulfill any term or provision of the Application shall not be a breach of this Agreement unless such failure is specifically described as a breach in this Agreement.

4. Relationship Between Corporation and Charter School.

The Corporation, and not the Charter School, is a party to this Agreement. Although many provisions in this Agreement refer to the Charter School and grant rights or impose obligations on the Charter School, it is the Corporation that has the legal responsibility under this Agreement to the District. Therefore, it is the responsibility of the Corporation to ensure that the Charter School fulfills all its obligations under this Agreement, and it is the Corporation that shall be held responsible for any failure of the Charter School to fulfill those obligations.

5. Grade Range of Charter School; Number of Students; Minimum.

5.1 Number of Grades. The Charter School will provide instruction to students in grades kindergarten through Fifth grade. In subsequent years, the Charter School may add or remove grades up to and including eighth grade, following approval by the District Board. On or before April 1 of each year of the Charter School's operation, the Corporation shall give notice to the District Board of the grades that will be included for the school year beginning the following September.

5.2 Number of Students. The Charter School's plan is to enroll up to about 30 students in each classroom. The Charter School may in its discretion allow some classrooms to have slightly more than 30 students, but in no event shall a classroom have more than 35 students. At full size, the Charter School expects to have up to 18 classrooms and up to 540 total students.

5.3 Minimum Number of Students in School. As provided in ORS 338.115(5), the Charter School shall maintain an active enrollment of at least 25 students.

6. Enrollment and Admissions.

6.1 Voluntary Enrollment; Who is Eligible. Student enrollment in the Charter School shall be voluntary. All students who meet legal age requirements applicable to a particular grade level [for example, minimum ages for children entering

kindergarten and first grade] will be eligible for enrollment. These requirements will be consistent with District policies relating to admission of students into any grade. Other than the age of a student and the preferences allowed by law (see Section 6.6), there will be no criteria for selection of students. A student will be deemed admitted to and enrolled in the Charter School when the student's application has been unconditionally accepted by the Charter School following completion of a phase of the enrollment process described below and after conditions to such acceptance have been satisfied. Enrollment of special education students is governed by Section 7.

6.2 Phased Enrollments; Deadlines. The Charter School may, in its discretion, elect to conduct a series of open enrollments for each school year, provided the process conforms to this Agreement. Each year, the Charter School will set deadlines by which applications must be received for each phase of the enrollment process and will determine the number of students to be admitted in each grade. These deadlines may change from year to year at the discretion of the Charter School, except that the first phase of enrollment under Section 6.3 shall take place no earlier than February 15 and no later than April 1 of each year. The Charter School Board will approve any forms and policies that may otherwise be needed to govern the enrollment process, and may change those from time to time as they determine what works best. The Charter School will accumulate all applications received on or before the deadline for each phase of enrollment; applicants are not accepted on a "first come, first served" basis, except as provided in Section 6.5 [after waiting list is exhausted].

6.3 Application Process; First Phase of Enrollment Process. Beginning on a date set each year by the Charter School and up through the deadline for the first phase of enrollment set under Section 6.2, prospective students may apply for admission to the Charter School for the school year that begins the following September. For the first phase of the enrollment process, if the number of applications received by the deadline for the first phase is less than or equal to the number of students to be admitted for each grade as determined under Section 6.2, then all the applications for that grade will be accepted (including applications from nonresidents, as described in Section 6.8). To illustrate, if the determined number of students to be admitted for a grade is 30, and if 20 applications are received, then all 20 applicants will be accepted. The remaining ten "available spaces" will be filled in the second or later phases.

If the number of applications received for any grade is greater than the number of students to be admitted for that grade, then the Charter School will conduct an equitable lottery, in a manner determined by the Charter School and consistent with state law and District policy, to admit the maximum allowed number of students for

that grade and to create a waiting list for subsequent admission should a space become available later. To illustrate, if the number of students to be admitted for a grade is 30, and if 40 applications are received, then 30 applicants will be accepted through the lottery process, and a waiting list of 10 can be determined [with order of priority on the waiting list also determined through the lottery process].

To take into account the priority given by law to resident students (as provided in Section 6.8), if, out of the 40 applications, 35 are from resident students and 5 are from nonresidents, then a lottery will be held first as to the 35 resident applications and 30 will be accepted, with five going on the waiting list. Then a lottery will be held among the 5 nonresidents to determine order of priority on the waiting list.

6.4 Second and Additional Phases of Enrollment. If the Charter School receives fewer applications than the maximum number of students allowed for any grade, then the Charter School will set a second application deadline. The Charter School estimates that the second phase enrollment will take place about one month after the first phase and the third phase will take place about one month after the second phase; to illustrate, if the first phase deadline is March 1, the second phase deadline will probably be about April 1 and the third phase deadline will probably be about May 1. The admissions process will be the same as with the first phase, but will apply only with respect to the “available spaces,” if any, for each grade. However, the Charter School may also accept additional applicants in order to create or expand a waiting list for any grade.

Finally, if after the second enrollment there still remain “available spaces” in any grade, or the Charter School desires to create or expand a waiting list for any grade, the Charter School may set a third and additional application deadlines before the school year begins. The admissions process will be the same as with the second phase, again applying only with respect to the “available spaces” for each grade (or to create or expand a waiting list for any grade). Thereafter, including during the school year, additional students who apply will be added to the waiting list in the order the applications are received.

6.5 Use of Waiting List; Filling Spaces if No Waiting List. If at any time a student who has been enrolled declines to attend the Charter School, or if an attending student withdraws or is permanently expelled, the Charter School may admit the next student on its waiting list for the applicable grade. The Charter School may enroll the first student who applies after a space becomes available in a situation where (a) the final phase of enrollment under Section 6.4 has been completed, or the space becomes available during the school year; and (b) either there is no waiting list

for the applicable grade or all students on the waiting list for that grade have already enrolled or have been extended an offer to enroll and have declined.

6.6 Preferences After First Year. As provided in ORS 338.125(3), in the second and following years of operation, the Charter School may give admissions preference to (1) students who were enrolled in the Charter School in the prior year, and (2) applicants who have siblings who are presently enrolled in the Charter School and who were enrolled in the Charter School in the prior year.

6.7 Nondiscrimination; Target Student Population; Weighted Lottery. As provided in ORS 338.125, the Charter School may not limit student admission based on race, religion, sex, sexual orientation, ethnicity, national origin, disability, the terms of an individualized education program, income level, proficiency in the English language or athletic ability, but may limit admission to students within a given age group or grade level. However, the Charter School's academic programs are specifically designed to meet the educational needs of students from low-income homes and prepare them for competitive colleges and careers. Toward this end, in its recruitment efforts the Charter School will conduct focused advertising, marketing, and other outreach efforts to students from low-income neighborhoods. The Charter School may also implement a weighted lottery as authorized by ORS 338.125 for the purpose of ameliorating the impact of discrimination against historically underserved students.

6.8 Nonresident Students; Limitations. As provided in ORS 338.125(2), if space is available the Charter School may admit students who do not reside in the District. At each phase of the enrollment process, preference will be given to residents of the District, so long as state law requires such preference. Nonresident applicants may be accepted to fill any "available spaces" (including spaces on waiting lists). The parties recognize that acceptance of a nonresident applicant at the first or later phase could create uncertainty and unfairness because of the possibility that the law requires that a resident applicant who is accepted at a later phase must be given priority and thus could "bump" the previously accepted nonresident. Therefore, the parties agree that once a nonresident is accepted, the nonresident will not be "bumped" by a resident who has submitted an application as part of a later phase of enrollment; if necessary, the parties will work together to seek a waiver of the applicable state law. If the Charter School plans to accept a student who is not a resident within the District, the Charter School may issue a conditional acceptance to such student, subject to any legal requirements that preference be given to residents of the District.

In the event a nonresident student is enrolled in the Charter School, the Charter School agrees to:

- a) Provide written notice of the student's enrollment to the District within 10 days. The written notice must include contact information for the enrolled student's parent or guardian.
- b) Provide written notice of the student's withdrawal (for any reason other than graduation from high school) to the District within 10 days. The written notice must include contact information for the enrolled student's parent or guardian.

6.9 Dual Enrollment. During a school year, if the Charter School learns that one of its students remains enrolled at another private or public school, the Charter School will notify the other school of this fact and will inform the student's parents that they should take whatever steps may be required to have their child withdrawn from enrollment in the other school or from enrollment in the Charter School.

6.10 Extracurricular Activities. If any Charter School student desires to participate in extracurricular activities (for example, band, choir, other music activities, or sports) at a District-operated school, the District and the Charter School may (but are not required to) negotiate and enter into a separate agreement relating to such participation. Such agreement may govern issues such as fees, eligibility, transportation, and student conduct.

7. Special Education Students.

7.1 Special Education Students; IDEIA. In this Agreement, the term "special education students" means children with disabilities to whom the Individuals with Disabilities Education Act and the Individuals with Disabilities Education Improvement Act (collectively, the "IDEIA") applies, as such Act may be amended from time to time.

7.2 Application and Enrollment.

7.2.1 The Charter School application form will ask if the student has an Individualized Education Program ("IEP") under IDEIA. For any prospective student with an IEP, the Charter School will, immediately, or as soon as practicable, notify the IEP team leader (if known) or the District liaison for special education issues. The latest date for the notification to the district is the date on which the Charter School knows the student is admitted and eligible for special education services. A representative from the Charter School will attend the IEP team meeting at which the team will determine whether or not the Charter School is the appropriate placement.

This representative shall be the Charter School principal unless the district approves in advance of the meeting that another Charter School representative will attend. If the IEP team cannot meet before the Charter School holds its enrollment lottery under Section 6, then the IEP student(s) will be included in the lottery as if the placement had been approved.

7.2.2 The Charter School will admit students without regard to their status as special education students. The parties intend by this process to ensure that the Charter School does not unintentionally discriminate against enrolling special education students or otherwise violate applicable laws.

7.3 Child find; Accepted Students Later Determined to be Special Education Students.

7.3.1 The Charter School will work closely with the District and any resident school district to ensure that “Child Find” responsibilities are carried out in good faith with respect to students enrolled in the Charter School. The Charter School will ensure that at least one of its teaching staff has been trained in the Child Find process, or if none have been so trained the Charter School will arrange for at least one of its teaching staff to receive such training.

7.3.2 The Charter School will promptly notify the District if a Charter School student is suspected of having a disability and may need evaluation to determine eligibility for special education and will comply with the District’s practices and policies for referral of any student for evaluation. Any student referred for evaluation shall remain enrolled at the Charter School until an IEP team determines that the Charter School is not the appropriate placement for that student.

7.4 Administering the IEPs.

7.4.1 The Charter School will comply with all District policies and regulations (including those regarding discipline) and the requirements of state and federal law concerning the education of children under IDEIA.

7.4.2 Each IEP team must include a District representative and appropriate District specialists. The Charter School will have a staff member on the IEP team of each enrolled special education student. The Charter School will work closely with the rest of the IEP team to determine how to meet the goals of the IEP, and how to arrange for the special accommodations and services required. The IEP team will

continue to evaluate the placement during the school year, as the IEP team deems appropriate. The Charter School will not change the student's program without IEP team action.

7.4.3 The Charter School staff will comply with training required by an IEP team for delivery of services to a Charter School student, although the District is responsible for providing special education services. The District will pay the costs of any training of Charter School staff that the IEP team determines is required to accomplish the implementation of an IEP for a student. This is limited to costs for substitutes, consultants, course fees, and necessary supplies and materials.

7.4.4 The District has the discretion to determine which specialized programs will be offered on site at the Charter School facility. For those services that the IEP team, the District, and the Charter School mutually agree would be best delivered by District employees, the Charter School will make every reasonable effort to work closely with District staff to assist in the effective delivery of the services. This might include either on-site or pull-out service delivery. The Charter School will provide space within its facility (such as a small room that can accommodate a special education teacher plus several students) for the providing of such services.

7.4.5 For those services that the IEP team, the District, and the Charter School mutually agree would be best delivered by Charter School employees, the Charter School and the District may negotiate a contract under which the District will compensate the Charter School for such special services.

7.4.6 The parties acknowledge the following regarding “related services”:

(a) The District may be required to deliver “related services” required to assist a student to benefit from special education as specified in the student's IEP;

(b) Transportation may be a “related service”;

(c) Transportation may include travel to and from the Charter School's facility and the location where special education services are to be provided; and

d) Special education transportation will only be provided by the District to a Charter School special education student if it is included as a related service on the student's IEP.

7.4.7 The Charter School shall protect all personally identifiable student information relating to special education students attending the Charter School and will maintain a complete special education file. The Charter School will

cooperate with the District in the event the District is required to participate in a special education administrative complaint or due process proceeding.

7.4.8

(a) The term “Extended Period” used in this subsection 7.4.8 will mean any period of time during which (i) the Charter School is open and teaching students but (ii) the other District schools are not open and District special education staff are not required by applicable contract to provide services (e.g. holidays, winter break, spring break, and summer break, but not including teacher in-service days).

(b) The parties anticipate that the Extended Period will generally include the days from (i) the date that other District schools close for the school year in mid to late June until (ii) the date that the Charter School closes in mid to late July [roughly four weeks on average]. It is possible that other days during the school year could be deemed “Extended Period” if during such days the Charter School is open and teaching students but the other District schools are not open and District special education staff are not required by applicable contract to provide services. But because the Charter School generally intends to follow the District calendar with respect to break periods and holidays, the Charter School expects that the only days likely to be deemed included within the “Extended Period” will be those indicated in the first sentence of this paragraph.

(c) Within 24 hours or as soon as practicable, after enrollment of a student eligible for special education services from the District, the IEP team will meet to review the IEP of the newly enrolled student for the purposes of reviewing the IEP and determining any obligation on the part of the District to provide services for the "Extended Period" as defined in 7.4.8(a) above. The IEP team, with participation of the parent, will modify the current IEP to reflect that the student will not be receiving special education services during the "Extended Period" by the District, unless such services are deemed "extended school year services" under 34 CFR 300.106 or OAR 581-015-2065.

(d) If, however, any IEP requires that special education services be provided during the Extended Period, the Charter School will be responsible for providing such services. To provide such services, the Charter School will either have its own employees provide such services

(if qualified to do so) or will enter into contracts with other qualified service providers to provide such services.

(e) The Charter School's indemnity obligation under Section 16.9.1 shall apply to any liability, claims, or demands arising from the District not providing special education services during the Extended Period, unless such services are deemed "extended school year services" under 34 CFR 300.106 or OAR 581-015-2065. The Charter School and District acknowledge that the District remains responsible for all the provision of a free appropriate public education to all special education students at the Charter School, and that nothing in this section shall be construed as relieving the District of its responsibility. The Charter School acknowledges that if it is required to respond to any complaint under the IDEA, whether by way of a due process complaint or a complaint filed with the Office for Civil Rights or the Oregon Department of Education, relating to the District's failure to provide special education services for any eligible student during an "Extended Period" [other than services deemed "extended school year services" and required to be provided in accordance with the student's IEP under 34 CFR 300.106 or OAR 581-015-2065], the Charter School will reimburse the District for any of its actual costs relating to this complaint, including (1) attorneys fees expended by the District in the due process or complaint process; (2) the actual cost to the District of providing compensatory services relating to the "Extended Period"; and (3) and costs or attorney fees awarded to the parents of a student raising a complaint related to the "Extended Period."

7.5 Funding for Special Education Students. ORS 338.165 governs funding relating to special education students. Each special education student counts as 2.0 ADM [not counting other "additional amounts" for English as a Second Language or other items described in ORS 327.013]. Therefore, the 40% of the General Purpose Grant that is payable to the Charter School under ORS 338.165(2)(a) for special education students equates to 80% of 1.0 times the General Purpose Grant. To illustrate, if the District's General Purpose Grant were to be \$6,000, the District would receive 2.0 times that amount, or \$12,000 for each special education student; the amount payable to the Charter School for each special education student would be \$4,800; the District would retain the remainder of \$7,200; any portion of such \$7,200 payable to the Charter School for services provided under Section 7.4 would be governed by the separate contract described in Section 7.4.5.

7.6 Section 504 of the Rehabilitation Act of 1973. The Charter School acknowledges that it is legally responsible to comply with Section 504 of the Rehabilitation Act of 1973.

8. School Year; School Day; Hours of Operation.

The Charter School may be flexible in its calendar and in the scheduling of its daily activities, provided it conforms to any requirements of state law. The Charter School anticipates that its school year will begin the same day the District's elementary schools begin, and that during the school year the Charter School will observe the same holidays and break schedules as the District. However, the school year will not conclude until mid-July, thus adding about 20 instructional days after the District's school year ends. In light of this extension of the school year into July, the Charter School may extend the length of breaks during the year at its sole discretion.

If the Charter School's calendar results in additional service costs to the District for services the Charter School either requests or requires under separate contract on those days that the Charter School is open but the District is not open (for example, costs of providing special education services), the Charter School shall reimburse the District for these costs. If the District is unable to provide such services on those days when the District is not open (for example, because District employees who would otherwise provide the services are not under contract for such days), then the Charter School will be responsible for obtaining such services from other providers at the Charter School's expense, and the Charter school will hold the District harmless for any District liability on account of the District not directly providing such services. The number of instructional hours during each school year shall comply with requirements of state law.

9. Records.

The Charter School shall comply with all record keeping requirements of federal and state law and shall provide any reports, as necessary, to meet the District's reporting obligations to the Oregon Department of Education. From time to time as state requirements change, the District shall provide the Charter School with a list of records and information required for the District to meet its state reporting requirements. The Charter School shall comply with all applicable federal and state laws concerning the maintenance, retention and disclosure of student records, including, without limitation, the Oregon Public Records Law. All records established and maintained in accordance with this Agreement shall be open to inspection by the District.

10. Program and Curriculum, Goals, and Evaluation.

10.1 Acceptance by District of Program and Curriculum.

10.1.1 The District accepts the curriculum and program design of the Charter School consistent with the historical operation of the Charter School and agrees to waive any District program and curricular requirements that are not incorporated into such curriculum design. The District’s intent is to allow the Charter School, within the requirements of state law, to promote and implement new, innovative, and flexible programs, curricula, learning environments, and learning methods.

10.1.2 The parties agree that the Application sets forth the overall goals, standards, and general operational policies of the Charter School, and that the Application is not a complete statement of each detail of the Charter School’s operation. To the extent that the Charter School desires to implement specific programs, policies, procedures or other specific terms of operation that supplement or otherwise differ from those in the Application, the Charter School shall be permitted to implement such programs, policies, procedures and specific terms of operation, provided that they are consistent with the goals, standards and general operational policies set forth in the Application, this Agreement, and ORS chapter 338.

10.2 Responsibilities of Charter School. The Charter School is responsible for doing the following in compliance with state law:

- 10.2.1 Designing and implementing its curriculum and other components of its educational program as set forth in the Application.
- 10.2.2 Conforming to all state requirements concerning subjects, academic content, and other educational matters.
- 10.2.3 Surveying its student population for eligibility for free and reduced lunches under federal and state law if it elects to provide lunch for its students.
- 10.2.4 Providing required services, if any, to academically low achieving students.
- 10.2.5 Implementing the state-required assessments as provided in ORS 338.115.

10.4 Student Performance.

10.4.1 Charter School shall meet or exceed annual student academic performance targets as described in the Charter School Student Performance Framework (Exhibit B).

10.4.2 School Improvement Plans. If Charter School does not meet annual student performance targets required in Exhibit B, Charter School shall improve school performance as described in this section.

10.4.2.1 If a reading and/or mathematics target is not met by July 1 of any year, Charter School shall submit a detailed written plan with an aligned budget and professional development to support improvement toward meeting the annual student performance target(s) in the Charter School Student Performance Framework (Exhibit B). The plan shall include the use of formative assessments to monitor student progress. The plan will be submitted to the District no later than July 31 and approved by the District by August 15. To monitor school improvement, Charter School shall submit quarterly formative data to the District. Within fifteen (15) days, the District will provide feedback to Charter School on the formative data and improvement plan.

10.4.2.2 For purposes of Section 10.4, the parties agree the timelines are set to take into account the date the Oregon Department of Education distributes the official results of testing and to allow Charter School a reasonable time for staff input and board approval of the test scores and plan to be submitted to the District. If the initial testing results are not distributed by July 1, the parties agree to mutually consent to a reasonable extension of the timeline herein.

10.5 Annual Report and School Improvement Plan. By October 31 of each year, the Charter School will submit an annual report to the District and the State Board of Education in accordance with ORS 338.095(2) on the performance of the Charter School and its students during the immediately preceding school year. This report will include information necessary to make a determination of compliance with the requirements of ORS Chapter 338. This report will include, among other things, information relating to the goals and evaluation described in Section 10.4; goals for improvement, specific actions different from normal school operations that will be taken to help achieve such goals; and any suggested changes to the methods of measurement and reporting set forth in Exhibit B.

10.6 School Advisory Committee Report to District Board. The School Advisory Committee established under Section 13.6 will, at the invitation of the District, meet twice a year with the District Board. The parties anticipate that one of those meetings will be the same meeting at which the Charter School discussed with the District its annual report. At such meetings with the District Board, the School Advisory Committee will make any reports it deems appropriate and will respond to questions from the District Board.

11. School Facility and Transportation.

11.1 Facility. The Charter School facility is located at 740 SE 182nd Ave., Portland, Oregon.

11.2 Approvals and Permits; Payment of Expenses. The Charter School is responsible for obtaining and maintaining all necessary permits and approvals relating to use of the facility, including building and occupancy permits, and any health and safety approvals. The Charter School has full responsibility for all costs related to its facility and any playground equipment, other equipment, furniture, and fixtures; such responsibility includes purchase costs, rental, utilities, maintenance, repair, cleaning, and replacement.

11.3 Transportation. The District is not responsible for providing transportation by bus or otherwise of any students to the Charter School. However, the District will allow Charter School students to ride on District buses to and from the Charter School, to the extent seats are available for such students; this does not obligate the District to add or extend existing bus routes or other transportation services, as provided in ORS 338.145(2). The District will give the Charter School a two-week notice if a bus on a particular route has consistently become too full to transport Charter School students so that parents have time to make other arrangements. A District bus may stop at the Charter School facility to drop-off and pick-up Charter School students, if the Charter School facility is on a designated District bus route. The parties recognize that many of the Charter School students may not be able to use existing District bus routes for transportation to and from the Charter School; it is the responsibility of the parents and guardians of the students, working in conjunction with the Charter School staff, to arrange for transportation of the students to and from school.

11.4 Location of Facility. The Charter School shall not locate a facility outside of the current attendance boundaries of the H.B. Lee Middle School [generally speaking that means the facility shall not be located east of N.E. 181st Ave.] without the prior written consent of the District. Notwithstanding the foregoing, the Charter School shall be permitted to continue operations at 740 SE 182nd Ave.

12. Financial Matters; Funding; Annual Budgets; Annual Audit.

12.1 No Tuition; Fees. The Charter School will not charge tuition to students, except as may be allowed under ORS 339.155 or other applicable law. As noted in ORS 338.115, the following laws shall apply to the Charter School: ORS 339.141, ORS 339.147, and ORS 339.155. In accordance with state law, the Charter School may charge reasonable fees after-school programs and student activities. The Charter School shall waive all fees for indigent students in accordance with applicable federal and state law.

12.2 Annual Funding.

12.2.1 Keeping Count. The Charter School shall identify and count, and keep accurate records of, its number of enrolled students and their days present and absent; attendance; special education students; students eligible for and enrolled in an English as a Second Language program under ORS 336.079; and other data required in order to calculate average daily membership, weighted average daily membership (ADMw), and related terms necessary to determine funding under state law, particularly ORS 338.155 and 327.013. The Charter School shall use the District's student information system (Synergy) and shall be responsible for proper input of required information.

12.2.2 Calculating ADMw and Funding.

(a) For each school year, the District shall provide funding to the Charter School in accordance with ORS 338.155(2), as that formula may be changed from time to time. Until the law is changed, the funding shall be calculated according to the following formula:

- (i) the Charter School's ADMw; multiplied by
- (ii) the District's "Charter School Rate," as determined by the State of Oregon Department of Education; multiplied by
- (iii) the following percentage: 91%.

(b) The Charter School shall determine its ADMw for the period to be covered by reports given to the District [using projected ADMw for the first reports specified below].

(c) The calculation of the additional amounts under ORS 327.013 shall include, but not be limited to, an additional 0.5 for each student in average daily membership eligible for and enrolled in an English as a Second Language program under ORS 336.079. The Charter School will contract with the District to provide services to English

Language Learners and to provide ELL professional development to KNOVA staff. The District will provide a monthly accounting of the District's actual labor cost for licensed ELL staff providing services to KNOVA and to cover the actual cost of the professional development. The cost of these contracted services shall be charged against and deducted from the funding provided to the Charter School from the District.

(d) In addition, to take into account the "poverty factor" under ORS 327.013, and as required by ORS 338.157, the parties will use the same percentage used in calculating the District's adjusted poverty factor, as that percentage may be changed from time to time. To illustrate, suppose the poverty factor used for the District is 16% of ADM; assume the ADM for the Charter School is 100 students; then 100 would be multiplied by 16%; and this would be multiplied by 0.25; thus, a total of 4.0 would be added to the Charter School's ADM in calculating ADMw.

(e) This Agreement will be changed to conform to any changes in state law relating to the calculation of ADMw or otherwise that affects funding of Charter Schools.

12.2.3 Reports to District. The Charter School shall give written reports to the District, containing the data set forth in Sections 12.2.1 and 12.2.2, on or before the tenth (10th) day of each of the following months of each school year: July, August, September, October, November, December, January, February, March, April, and May. The July and August reports (and possibly the September report), and thus the payments due from the District based on those reports, will be based on the Charter School projected ADMw.

12.2.4 Dates of Payments by District to Charter School.

(a) Pursuant to ORS 338.155(8), the District shall send payment to the Charter School in the percentages set out by applicable law (generally 8.33% per month but currently 16.67% in July) within 10 days after receiving payments from the State School Fund pursuant to ORS 327.095.

(b) The parties recognize that there may be fluctuations from month to month in the total sum on which the monthly percentage amounts are calculated due to fluctuations in the Charter

School ADMw during a school year, as well as due to possible changes in the state's determination of the general purpose grant or Charter Schools Rate, and thus the amount payable by the District to the Charter School may change from month to month. There will be an adjustment with the final [May or June] payment, as provided in state law, to reflect changes in calculation of ADMw and changes, if any, in the general purpose grant amount or Charter Schools Rate, as well as changes with respect to funding during prior school years that may be based on final calculations of ADMw and the general purpose grant amount or Charter Schools Rate that are not finalized until after the end of a school year.

12.3 Initial Budget; Annual Budgets. On or before May 1 of each year, the Charter School shall submit to the District its proposed budget for the following school year, so that the District can review it as part of its consideration of the Charter School's financial stability. The Charter School shall be responsible for all costs associated with school operations, including the costs of subcontracting for goods and services, except as expressly provided in this Agreement.

12.4 Fiscal Agent. The Charter School shall act as its own fiscal agent.

12.5 Fiscal Year. The fiscal year of the Charter School shall begin on July 1 of each year and end on June 30 of the subsequent year.

12.6 Financial Records, Audits and Accounting Reports. The Charter School shall maintain and retain appropriate financial records in accordance with all applicable federal and state laws. The Charter School shall have audits performed in compliance with any applicable laws, as such laws may be changed from time to time. At the present time, ORS 338.095 requires the Charter School to have an annual audit of the accounts of the Charter School prepared in accordance with the Municipal Audit Law, ORS 297.405 to 297.555 and 297.990, and requires that the annual audit be forwarded to the District, the State Board of Education, and the Department of Education. The Charter School will direct its auditor to cooperate and coordinate with the District's auditor to ensure that the District's auditor obtains, in a timely manner and no later than November 1, the Charter School's audit and related information that the District's auditor needs in order to complete the audit covering the entire District.

12.7 Financial Management. The Charter School shall operate in accordance with generally accepted standards of fiscal management applicable to Oregon nonprofit corporations, provided that the Charter School's accounting method shall comply in all instances with governmental accounting requirements that explicitly

apply to Charter Schools. Subject to this Agreement, the Charter School through its Board of Directors shall be fiscally responsible for its own operations within the limitations of any funding provided by the District and other revenues derived by the Charter School. The Charter School' budget and accounting system must be compatible with the District's budget and accounting system.

12.8 Other Sources of Funds for Charter School; Fund Raising. In addition to the funding under Section 12.2, the Charter School may accept gifts, donations, grants and loans, including those described in ORS 338.155(9). The District shall also transfer to the Charter School its proportionate share of any federal, state, or other government grants (or other funding, but excluding any local option revenue) that are made to the District, where (a) the amount of the grant (or other funding) is based on the District's ADMw, ADMr, enrollment, or other count or calculation of number of students, and (b) that count or calculation includes the Charter School (examples would include lottery funds and school improvement fund grants). The Charter School shall comply with all state and federal laws regarding reporting of charitable contributions. The Charter School shall record all gifts, donations, loans, and grants in the financial records required in Section 12.6. As provided in ORS 338.125(10), the Charter School may conduct fund-raising activities, but it shall not require a student to participate in fund-raising activities as a condition of admission to the Charter School.

13. Governance and Operation.

13.1 Corporate Status; Governing Board.

13.1.2 The Corporation is and will remain an Oregon nonprofit corporation throughout the term of this Agreement. The Corporation shall govern and operate the Charter School as set forth in this Agreement, and the governing board of the Charter School will be the board of directors of the Corporation. Charter School

13.1.2 At the request of the District, the Corporation will give the District a copy of its Articles of Incorporation and Bylaws. If the Corporation makes any changes to its Articles of Incorporation or Bylaws, it will give copies of the changes to the District. If the District believes that any such changes violate either this Agreement or state or federal law, it will so notify the Corporation. If the Corporation agrees, it will make necessary changes to the Articles or Bylaws to conform to this Agreement or the applicable law; if the parties do not agree, the matter will be resolved under Section 19.8.

13.1.3 The Corporation's Bylaws will include a provision specifying that upon termination of this Agreement or dissolution of the Charter School, the assets of the Charter School that were purchased with public funds shall be given to the State Board of Education, as provided in ORS 338.105(6).

13.2 Exempt Status under Section 501(c)(3) of Internal Revenue Code. The Corporation will maintain its designation and qualification as an exempt organization under Section 501(c)(3) of the Internal Revenue Code.

13.3 Nonreligious, Nonsectarian Status. As provided in ORS 338.035, the Charter School shall not be affiliated with any nonpublic sectarian school or religious institution. As provided in ORS 338.115, the Charter School shall not violate the Establishment Clause of the First Amendment to the United States Constitution or section 5, Article I of the Oregon Constitution, or be religion based.

13.4 Public Meetings. The Corporation and its Board of Directors, when acting as the Governing Body of the Charter School, are subject to the provisions of the Oregon Public Meetings Law, ORS 192.610 to 192.690.

13.5 Operational Powers. Subject to applicable federal and state laws and any restrictions in this Agreement, the Corporation and the Charter School shall have authority to exercise independently all powers granted to nonprofit corporations and Charter Schools under Oregon law.

13.6 Food Services Agreement. The Charter School agrees to contract with the District to provide nutrition services pursuant to the terms of that Food Services Agreement ("FSA") attached as Exhibit A and incorporated herein by reference. The parties may amend the terms of the FSA by mutual written agreement at any time during the term of this Agreement and such amended FSA shall be incorporated into this Agreement.

13.7 School Advisory Committee. The Corporation's Board of Directors shall create a School Advisory Committee and shall determine the membership and responsibilities of such Committee. The members of the School Advisory Committee may include parents of children who are students at the Charter School, the Charter School's Director, senior teachers, civic leaders, and community members at large. One member of this Committee shall be designated as the liaison to the Corporation's Board of Directors, but all Committee members shall have the right to attend Board meetings. The majority of parents on the Committee shall be parents of students who reside in the District.

The School Advisory Committee's responsibilities may include: reporting to and meeting with the District Board as set forth in Section 10.6; general support of the Charter School's Director and other staff; ensuring that the Charter School has adequate resources; providing a fully furnished, equipped facility with adequate space for all Charter School activities; and ensuring that all students, no matter what their income level, have access to high-quality technology and a full spectrum of extracurricular activities.

14. Employment Matters.

14.1 Corporation is Employer. All provisions of this Section 14 are subject to state and federal laws. The District shall not be the employer of any employees of the Corporation or the Charter School. Subject to Section 19.6, the Corporation may choose to enter into contracts to provide services to the School or to fulfill responsibilities of the Charter School under this Agreement, in which case the people actually providing the services or fulfilling the responsibilities will be employees of such contractor; otherwise, the Corporation will be the employer of the staff at Charter School. The Corporation shall control the selection of employees.

14.2 Staff Hiring, Compensation, Benefits, PERS.

14.2.1 The Corporation governing board, in its sole discretion, has complete authority to hire, evaluate, promote, discipline, supervise, and terminate Charter School employees, and to set all terms and conditions of employment, including all decisions regarding compensation and benefits. The Charter School will be responsible for providing substitutes for all Charter School teachers requiring substitutes.

14.2.2 At least one-half of the total full-time equivalent (FTE) teaching and administrative staff at the Charter School shall be licensed in accordance with ORS 338.135(7). For any individual hired as a teacher, the Charter School shall provide the District with evidence of certification, if any, or other qualification. For teachers initially hired on or before May 15 of any year for the school year that begins the following fall, the Charter school shall provide such evidence no later than June 1; for any teachers initially hired thereafter for such school year, the Charter school shall provide such evidence no later than fourteen (14) days after the date of hiring.

14.2.3 For any employee of the District who chooses to work for the Charter School, any leave of absence from the District shall be governed by ORS 338.135.

14.2.4 Licensed and classified staff and other employees of the Charter School will not be included in the District's respective bargaining units. Employee membership in a labor organization and collective bargaining shall be governed by ORS 338.135.

14.2.5 Pursuant to ORS 338.135(5), the Charter School shall participate in the Public Employees Retirement System (PERS) for its employees.

14.3 Employee Records. The Corporation shall be responsible for establishing and maintaining personnel records for its employees, and for the maintenance, retention and disclosure of employee records, all in compliance with all applicable federal and state laws. The Corporation shall meet any and all reporting obligations to the Teacher Standards and Practices Commission ("TSPC") regarding its employees.

14.4 Criminal Records Checks. As provided in ORS 338.115(1), ORS 181A.195, 326.603, 326.607, and 342.223 (relating to criminal records checks) shall apply to the Charter School. The Corporation shall not knowingly employ an individual (i) for whom a criminal background investigation has not been initiated or (ii) who has been convicted of an offense that would preclude that individual from working in a public school in Oregon. No later than October 15th of each school year that the Charter School is in operation under this Agreement, the Charter School shall provide to the District a list containing the names and job positions of all Charter School employees. Such list shall also indicate for each employee the date of initiation of the criminal background investigation required by Oregon law.

15. Application of and Compliance with Laws.

15.1 Compliance with Laws; Non-Exemption from Certain Laws. The Corporation and the Charter School shall comply with all applicable federal, state, and local laws and regulations (including Oregon Administrative Rules developed by the Oregon Department of Education regarding Charter Schools). As provided in ORS 338.115(1), although statutes and rules that apply to school district boards, school districts, or other public schools shall generally not apply to the Charter School, the laws listed in ORS 338.115(1), as amended from time to time, shall apply to the Charter School.

15.2 Waiver. As provided in ORS 338.025, the Charter School may apply to the State Board of Education to grant a waiver of any provision of ORS Chapter 338. The Charter School shall give the District a copy of any application for a waiver

promptly after submitting it and shall give the District a copy of any grant of a waiver promptly after receiving it.

15.3 Amendment of Agreement to Conform to New and Changed Laws.

The parties intend that where this Agreement refers to federal or state law that they be bound by any amendment to such laws, upon the effective date of such amendments, unless such amendments do not apply to Charter Schools. To illustrate, under Section 12.6 of this Agreement, the Charter School is required to have an annual audit prepared in accordance with the Municipal Audit Law, because ORS 338.095(3) requires this to be done. However, if ORS 338.095(3) were to be amended so that different audit standards were to apply to Charter Schools, the parties intend that thereafter they would be bound by the law as amended; the Charter School would not be required to continue to have audits performed in accordance with the Municipal Audit Law, notwithstanding the language in Section 12.6. If, at any time during the term of this Agreement, the state amends existing statutes or develops any new rules, regulations or statutes that may affect the terms of this Agreement, change restrictions or requirements on the Charter School, or otherwise affect the Charter School, the Charter School and the District shall review this Agreement and conform it accordingly.

15.4 School Policies. The Charter School shall adopt policies as may be required by law and may in its discretion adopt other policies governing operation of the Charter School; the Charter School shall make such policies available for review at the District's request. The Corporation board of directors shall adopt (and provide copies to the District) policies relating to financial management, student discipline, and complaint procedures.

16. Insurance and Indemnification.

16.1 Insurance; Proof; Renewals. The Corporation shall, at its own expense, secure and retain and provide proof of insurance of the types and in the amounts set forth in this Section 16. As provided in ORS 338.115(13), the Corporation shall show proof of such insurance to the District; copies of certificates of insurance shall suffice as proof. If the Corporation fails to provide such a certificate within ten (10) days after demand by District, District may purchase the insurance required and bill the Corporation. The Corporation shall procure and pay for renewals of such insurance prior to the time of expiration of such policies, and the Corporation shall deliver to District certificates of such renewal policies before the expiration of any existing policy.

16.2 Property Insurance. The parties understand that the Corporation has entered into a lease or other agreement relating to the Charter School facility. The Corporation shall ensure that such lease or other agreement provides that (a) the

facility is to be insured under an all-risk or special forms policy of insurance [such insurance may be purchased by the owner of the building or by the Corporation]; and (b) such policy is a replacement cost policy.

16.3 Commercial General Liability Insurance.

16.3.1 The Corporation shall maintain a commercial general liability insurance policy (occurrence form) with respect to the Charter School facility and the operation of the Charter School, in accordance with this Agreement. The policy shall be in effect no later than when the Charter School, or any of its employees, agents, or subcontractors, enters the School facility to do any work in connection with the School facility. The Corporation shall maintain such a policy thereafter throughout the term of the Agreement, including all extensions and renewals.

16.3.2 Subject to the following sentence, the limit of the Corporation policy shall be a minimum of \$1,000,000 for bodily injury and property damage per occurrence, \$3,000,000 annual aggregate. The minimum limits of liability may be satisfied by using a combination of commercial general liability insurance and commercial excess/umbrella liability insurance (following form). In addition, the Corporation's policy shall contain coverage for premises medical payments in a minimum amount of \$10,000.

16.3.3 Such policy shall provide for contractual liability coverage with respect to the indemnity obligation set forth in Section 16.9 of this Agreement.

16.4 Liability Insurance for Directors and Officers. The Corporation shall procure and maintain liability insurance for directors and officers in an amount not less than \$1,000,000 each loss, \$1,000,000 annual aggregate, covering the Charter School, the Corporation, the governing board of the Charter School, employees, and volunteers against liability arising out of wrongful acts and employment practices. Continuous "claims made" coverage will be acceptable, provided the retroactive date is on the effective date of this Agreement.

16.5 Business Auto Liability Insurance. The Corporation shall procure and maintain business auto liability insurance with coverage for all owned, non-owned and hired vehicles with combined single limits of liability of \$1,000,000 per occurrence for bodily injury and property damage.

16.6 Workers' Compensation Insurance. The Corporation shall procure and maintain workers' compensation insurance pursuant to ORS chapter 656 on all Charter School employees.

16.7 Honesty Bond. The Corporation shall procure and maintain an honesty bond to cover all employees and volunteers of the Charter School. Limits are to be determined by the Charter School governing board, but no less than \$50,000. Coverage shall include faithful performance and loss of moneys and securities.

16.8 Policy Requirements. The insurance policies required by this Agreement (i) with respect only to the commercial general policy under Section 2 and the business auto liability policy under Section 4, shall name the District as an additional insured; (ii) shall be issued for periods of not less than one year; (iii) shall be issued by insurance companies admitted to do business in the State of Oregon; and (iv) shall contain a provision that they cannot be cancelled, reduced in amount, substantially modified, or not renewed without thirty (30) days prior written notice to the other party.

16.9 Indemnification.

16.9.1 Charter School Indemnifies District. To the extent not covered by insurance or otherwise barred by the Oregon Tort Claims Act in ORS Chapter 30, the Corporation agrees to indemnify and hold the District, its Board, agents and employees harmless from all liability, claims and demands on account of injury, loss or damage, including, without limitation, claims arising from (1) the possession, occupancy or use of property of Charter School (including after school use of buildings by outside groups), its faculty, students, patrons, employees, guests or agents; (2) civil rights violations, claims brought pursuant to Section 504 of the Rehabilitation Act of 1973, bodily injury, personal injury, sickness, disease, death, property loss or damage or any other losses of any kind whatsoever which arise out of or are in any manner connected with Charter School's operations. This indemnification shall not apply to any liability, claims or demands resulting from the negligence or wrongful act or omission of any District Board member, officer, agent, or employee. The Corporation agrees to indemnify, hold harmless and defend the District from all contract claims in which the Corporation or the Charter School has obligated the District without the District's prior written approval. This indemnification shall not apply to any damages incurred regarding any act or omission of the Corporation or the Charter School that is later determined to be required by law or this Agreement. The foregoing provision shall not be deemed a

relinquishment or waiver of any kind of applicable limitations of liability provided in the Oregon Tort Claims Act.

16.9.2 District Indemnifies Charter School. To the extent not covered by insurance or otherwise barred by the Oregon Tort Claims Act in ORS Chapter 30, District agrees to indemnify and hold the Corporation and the Charter School, its Board, agents and employees harmless from all liability, claims and demands on account of injury, loss or damage, including without limitation, claims arising from civil rights violation, claims brought pursuant to the Individuals with Disabilities Education Act, bodily injury, personal injury, sickness, disease, death, property loss or damage or any other losses of any kind whatsoever which arise out of or are in any manner connected with District's operations. This indemnification shall not apply to any liability claims or demands resulting from the negligence or wrongful act or omission of any Corporation or Charter School Board member, officer, or employee. This indemnification shall not apply to any liability claims or demands resulting from the negligence or wrongful act of any District employee working at the Charter School whose negligent or wrongful act or omission is caused or directed by the Corporation or the Charter School. This indemnification shall not apply to any damages incurred regarding any act or omission of the District or District Board that is later determined to be required by law or this Agreement. The foregoing provision shall not be deemed a relinquishment or waiver of any kind of applicable limitations of liability provided in the Oregon Tort Claims Act.

16.9.3 Survival of Indemnification. This indemnification, defense and hold harmless obligation on behalf of the Corporation and the District shall survive the termination of this Agreement. Any indemnified party shall have the right, at its own expense, to participate in the defense of any suit, without relieving the indemnifying party of any of its obligations hereunder.

17. Relationship between District and Charter School.

17.1 Full Faith and Credit. The Corporation agrees that it will not extend the faith and credit of the District to any third person or entity. The Corporation acknowledges and agrees that it has no authority to enter into a contract that would bind the District. The Charter School's governing board has the authority to approve contracts to which the Corporation or the Charter School is a party, subject to the requirements and limitations of the Oregon Constitution, state law, and the provisions of this Agreement.

17.2 District Disclaimer of Liability. The parties to this Agreement expressly acknowledge that the Corporation is not operating as the agent, or under the direction and control, of the District Board except as required by law or this Agreement, and that the District Board assumes no liability for any loss or injury resulting from:

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

17.2.2 The use and occupancy of the building occupied by the Charter School or any matter in connection with the condition of such building; or

17.2.3 Any debt or contractual obligation incurred by the Corporation (or Charter School).

18. Termination.

18.1 Grounds for Termination. As provided in ORS 338.105(1), the grounds for termination of this Agreement by the District are as follows:

- (a) Failure to meet the terms of the Agreement or ORS Chapter 338.
- (b) Failure to meet the requirements for student performance as set forth in Section 10.4 and Exhibits B.
- (c) Failure to correct a violation of a federal or state law that is described in ORS 338.115.
- (d) Failure to maintain insurance as described in this Agreement.
- (e) Failure to maintain financial stability.
- (f) Failure to maintain, for one or more consecutive years, a sound financial management system.

18.2 Notice of Breach; Opportunity to Cure; Dispute Resolution.

18.2.1 The parties recognize that the grounds for termination in Section 18.1 may involve subjective judgment and may involve disputes between the parties as to whether proper grounds for termination exist, and therefore the following process is agreed to as a means for dealing with alleged breaches of this Agreement.

18.2.2 If the District believes that any breach of this Agreement by the Charter School has occurred, it will give the Charter School written notice setting forth the alleged breach.

18.2.3 If the Charter School agrees that a breach has occurred, the Charter School will cure the breach within thirty (30) days after the District notice was given. If, however, the breach is such that the Charter School, by acting with due diligence, could not reasonably complete the cure within such time, the Charter School shall not be in default unless the Charter School either (a) fails to commence to cure the breach within such 30-day or other specified period, or (b) fails to diligently prosecute to completion all steps necessary to completely remedy the breach as soon as is reasonably practicable after the District gives such notice.

18.2.4 If the Charter School does not agree that a breach has occurred, the Charter School will give the District a written explanation of the reasons why it believes no breach has occurred. The parties will then attempt in good faith to resolve their differences, and either party may at any time demand resolution of the dispute under Section 19.8.

18.3 Notice of Intent to Terminate; Hearing; Appeal.

18.3.1 If the breach by the Charter School has not been timely cured, or if it cannot be cured, and if the matter is not being resolved by mediation, then the District may decide to terminate this Agreement, in which case it will give the Charter School 60 days prior written notice of its intent to terminate this Agreement. Such notice shall state the grounds for termination.

18.3.2 The Charter School may appeal the District's decision to terminate this Agreement directly to the District Board. The Charter School may respond to the allegations in the District's written notification by offering documentary evidence and oral argument. The District bears the burden of proving the allegations in the written notification by a preponderance of the evidence. The Charter School has the burden of proof for any affirmative defense to the allegations by a preponderance of the evidence.

18.3.3 The Board's decision may only be appealed to the Oregon Department of Education according to ORS 338.105(3).

18.4 Prompt Termination for Health and Safety Reasons.

18.4.1 As provided in ORS 338.105(4), notwithstanding sections 18.1—18.3, the District may terminate this Agreement immediately and close the Charter School if the Charter School is endangering the health or safety of its students.

18.4.2 The Charter School governing body may request a hearing from the District on the termination of this Agreement under this subsection 18.4. The District shall hold a hearing within 10 days after receiving the request.

18.4.3 The Charter School governing body may appeal a decision of the District under this subsection 18.4 to the State Board of Education. The State Board of Education shall hold a hearing within 10 days after receiving the appeal request.

18.4.4 Throughout the appeals process, the Charter School shall remain closed at the discretion of the District unless the State Board of Education orders the District to open the Charter School and not terminate this Agreement.

18.5 Termination by Charter School; Dissolution.

18.5.1 As provided in ORS 338.105(7), the Charter School governing body may only terminate the Agreement or dissolve or close the Charter School at the end of a semester, unless the District agrees to another date. If the Charter School intends to terminate this Agreement or dissolve or close the Charter School, it shall give notice to the District at least 180 days prior to the proposed effective date of the termination, closure or dissolution.

18.5.2 If the Charter School should cease operations for whatever reason, including, but not limited to, the non-renewal or termination of this Agreement, or dissolution of the Corporation, it is agreed that the Charter School governing board shall supervise and have authority to conduct the winding up of the business and affairs of the Charter School; provided, however, that in doing so, the District does not assume any liability incurred by the Charter School beyond the funds allocated to it by the District under this Agreement. If the Charter School governing board fails to conduct such winding up in accordance with applicable laws and standards, the District may take appropriate legal action to do so. Upon dissolution, the Charter School must transfer all student education records to the District.

18.6 Effects of Termination or Dissolution. Until the effective date of termination of this Agreement, the District shall continue to make the funding payments under Section 12. As provided in ORS 338.105(5), termination of this Agreement shall not abridge the Charter School's legal authority to operate as a

private or non-chartered public school. Upon dissolution or termination, all student records shall be transferred to the District.

18.7 Assets Currently Owned by Corporation; Property Inventory Control.

The parties acknowledge that the Corporation may operate one or more other Charter Schools and nonprofit operations and that it may acquire other assets with public funds relating to such other operations. The Corporation shall maintain separate records identifying assets purchased for the benefit of each such Charter School operated by the Corporation. The Corporation shall maintain records of purchase orders for all assets relating to the Charter School that cost \$500.00 or more. These records shall indicate whether the assets were purchased with public funds (as defined in Section 18.8) or non-public funds. No later than October 15th of each year that the Charter School is in operation, the Corporation shall provide the District with a copy of this purchase order record for the preceding fiscal year.

18.8 Definition of Public Funds. For purposes of this Contract, public funds shall include any and all funds distributed to the Corporation:

18.8.1 By the District, pursuant to ORS 338.155 and ORS 338.165, and

18.8.2 By the Oregon Department of Education, including any and all federal grant funds that the Corporation may apply for and be awarded by the Oregon Department of Education, and

18.8.3 By any agency, division or branch of the United States Government, or any entity created by an agency, division or branch of the United States Government.

18.9 Distribution of Assets upon Termination.

18.9.1 This Section 18.9 will apply if this Contract is terminated, at expiration of the term (including all extensions and renewals), upon dissolution of the Corporation, or for any other reason that the Charter School ceases operations as a public Charter School under this Contract.

18.9.2 If any of the foregoing events in Section 18.9.1 occurs, all assets purchased with public funds and still owned by the Corporation shall be given to the state Board of Education in accordance with ORS 338.105(6). The Corporation will be entitled to retain ownership of any asset that the Corporation has acquired through the expenditure of non-public funds.

18.9.3 The parties acknowledge that assets costing less than \$500 may have little value at the time this Section 18.9 applies. Therefore, the Corporation will not be held responsible by the District for identifying assets costing less than \$500 and purchased with public funds and giving them to the state Board of Education, but the District does not waive any rights that the state Board of Education may have to enforce ORS 338.105(6). If the Corporation does not maintain records of purchase orders for all assets, or cannot provide records showing that an asset was purchased with non-public funds, then it shall be assumed that the asset was purchased with public funds, and upon termination the asset in question shall be given to the State Board of Education pursuant to ORS 338.105(6).

19. Miscellaneous Provisions.

19.1 Entire Agreement. This Agreement, with Exhibits and the Application, contains all terms, conditions and provisions of the agreement between the parties relating to creation and operation of the Charter School and contains the entire understanding and all representations, understandings, and discussions of the parties relating thereto. All prior agreements, representations, drafts, statements, understandings, and discussions are merged herein and superseded and cancelled by this Agreement. Neither party is relying upon any statement or representation not embodied in this Agreement or in any other written agreement made concurrently herewith.

19.2 Severability. If any provision of this Agreement is determined to be unenforceable or invalid by a court of law for any reason, the remainder of the Agreement shall remain in effect, unless otherwise terminated by one or both of the parties in accordance with the terms of this Agreement.

19.3 Amendment. This Agreement may be modified or amended only by written agreement between the Corporation and the District Superintendent (or designee) or District Board. If, at any time during the term of this Agreement, either party desires to amend the Agreement, it may send the proposed amendment(s) to the other party, and thereafter the parties will in good faith discuss and negotiate possible amendments. This subsection does not impose on either party any duty to accept any amendment proposed by the other party.

19.4 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 agreements expressed herein shall be deemed or be taken to constitute a waiver of any succeeding or other breach.

19.5 Governing Law. This Agreement shall be governed by, subject to and construed under the laws of the State of Oregon without regard to its conflicts of law provisions.

19.6 Assignment; Successors and Assigns. This Agreement may not be assigned by the Corporation under any circumstances, it being expressly understood that the charter granted by this Agreement runs solely and exclusively to the Charter School. This does not limit the Corporation's or the Charter School's right to enter into contracts and agreements to the full extent allowed to Charter Schools under Oregon law; provided that (a) overall management of the Charter School's operations and educational programming shall not be assigned; and (b) such right to enter into contracts for services includes, without limitation, contracts for services such as food; transportation; janitorial, architectural, engineering, construction, and other facility-related services; legal; accounting; auditing; payroll; and consulting [so long as the scope of any such contract for services is narrower than the broad assignment described in clause (a)]. Except as otherwise expressly provided in this Agreement, the provisions of this Agreement bind and benefit the legal representatives, successors and assigns of the parties.

19.7 Notice. Any notice, statement, demand, request, consent, approval or other communication (collectively referred to in this Section 19.7 as "notices" or "notice") required or permitted to be given or made by either party, or its agent, to the other, pursuant to this Agreement or pursuant to any applicable law or requirement of public authority, shall be in writing and given by one of the following methods (with the effective date of the notice to be as set forth below):

- (a) By email if it is an email address used regularly in communications regarding Charter School operations;
- (b) By personal delivery to the person indicated on the execution page of this Agreement (to be effective when actually delivered);
- (c) By facsimile to the facsimile number set out on the execution page of this Agreement, provided that the original notice is sent by one of the other methods described in this Section or by first class U.S. Mail [notice by facsimile to be deemed effective when receipt either is acknowledged by the addressee or its office or is confirmed by confirming transmission equipment (provided this occurs before 5:00 p.m. Pacific Time on a business day, otherwise it will be deemed effective on the next business day)];
- (d) By registered or certified mail, postage prepaid, with return receipt requested (to be deemed effective two (2) days after mailing); or

- (e) By nationally recognized reputable overnight courier, prepaid (to be deemed effective on the date that the courier warrants that delivery will occur).

Notice sent by courier or mail shall be addressed to the other party [to the attention of the person identified on the execution page of this Agreement] at the address set forth on the execution page of this Agreement or such other person or address which may be designated by a party in writing.

19.8 Dispute Resolution; Mediation.

19.8.1 If any dispute arises between the District and the Charter School concerning this Agreement, including, without limitation, an allegation of any breach or default, either party may request mediation of the matter. The party requesting mediation shall do so by giving written notice to that effect to the other party, specifying in the notice the nature of the dispute. Mediation shall not be mandatory, and therefore mediation shall take place only if both parties consent.

19.8.2 If the parties cannot agree upon a mediator, either party may request the Oregon Department of Education to appoint the mediator.

19.8.3 At any time during the mediation process, or if the parties are unable to reach an agreement through mediation, either party may give notice to the other party and to the mediator that it is terminating its participation in the mediation; after that, either party may request a hearing before and decision by the District Board.

19.8.4 The parties shall share equally the fees and expenses of any mediator and each party shall pay its own expenses incurred in any mediation.

19.8.5 As to any dispute that is not being determined through mediation, the Charter School may request a hearing before and decision by the District Board.

19.8.6 The Charter School may appeal to the State Board of Education concerning those matters within its jurisdiction under ORS Chapter 338.

19.9 Attorney Fees. If any suit or action is commenced or instituted to interpret or enforce the terms of this Agreement, to exercise any remedy on account of a default, or otherwise relating to the provisions of this Agreement, the prevailing or non-defaulting party shall be entitled to recover from the losing or defaulting party its

reasonable attorney fees and costs, in addition to all other sums provided by law, at trial, and on any reviews and appeals. Such sums shall be determined by the court.

19.10 Delegation by District. The parties agree and acknowledge that the functions and powers of the District Board may be exercised by the Superintendent of the District, or by the Superintendent's designee, provided that any ultimate decision regarding renewal, non-renewal, or termination of this Agreement may be made only by the District Board.

19.11 Prior Actions. As a condition precedent to this Agreement becoming effective on the effective date specified above in Section 2.1, the Corporation shall have taken, completed and satisfied on or before the date specified herein any action or obligation which is required to be completed before such effective date, and failure to do so shall constitute grounds for the District to declare this Agreement null and void.

19.12 Corporation Authority to Enter Into Agreement. The Corporation expressly affirms that the signatories on its behalf who sign below have the authority to enter into this Agreement on behalf of the Corporation and that the Board of Directors of the Corporation has duly approved of this Agreement. At the District's request, the Corporation shall provide to the District a copy of its written resolution authorizing the Corporation to enter into this Agreement.

19.13 Definition of Business Day. For purpose of this Agreement, "business day" means a day in which the District administrative offices are open. "Business day" does not include (a) Saturdays, (b) Sundays, (c) official state holidays listed in ORS 336.010, (d) federal holidays, (e) District scheduled spring vacation, (f) any day(s) in which the administrative office is closed due to inclement weather, or (g) any day that the District administrative office is closed due to action taken by, or ordered to be closed by, the District Board of Directors or the Board's designee, or the government of the City or County in which the District is located, or the State of Oregon, or the federal government.

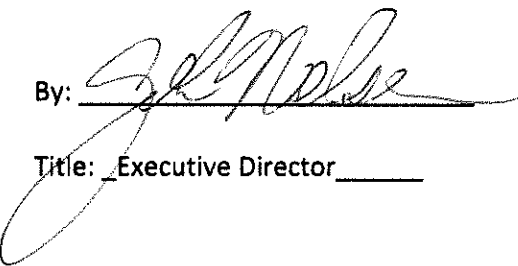
[The rest of this page is blank.]

19.14 Incorporation of Application and Exhibits. Attached hereto and incorporated herein by this reference are Exhibit A (Food Service Agreement); Charter School Student Performance Framework (Exhibit B).

EXECUTED this 24th day of June, 2020.

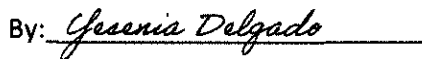
KNOVA LEARNING OREGON

an Oregon nonprofit corporation
operating the KNOVA Reynolds
Public Charter School

By: 
Title: Executive Director

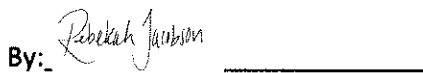
Address for Notice Purposes:
KNOVA learning Oregon
P.O. Box 16596
Portland Oregon 97292
Telephone: 503-206-8578
Fax: 503-252-4025

**BOARD OF EDUCATION OF
REYNOLDS SCHOOL DISTRICT #7**

By: 
Title: School Board Chairperson

Title: School Board Chairperson

Approved as to form:

By: 
District Legal Counsel

Address for Notice Purposes:
Superintendent
Reynolds School District #7
1204 NE 201st Ave.
Fairview, OR 97024
Tel: 503-661-7200
Fax: 503-667-6932

**EXHIBIT B
TO CHARTER SCHOOL AGREEMENT**

**CHARTER SCHOOL STUDENT PERFORMANCE GOALS &
EVALUATION GUIDELINES**

As provided in Section 10.4 of the Agreement, only the following specific goals relating to student performance are to be considered in evaluating whether the Charter School has failed to meet the requirements for student performance (and thus could be a basis for termination of this Agreement) under ORS 338.105(1)(b).

If a conflict exists between any provision of this Exhibit B and the charter application, this Exhibit B provision will govern and supersede any provision contained in the charter application.

1. Oregon Statewide Assessments.

1.1. Administering Assessments. The Charter School will administer the Oregon Statewide Assessments to its students, administered on the same schedule as the District and as required by state laws and regulations.

1.2 Results.

1.2.1 The Charter School shall pursue and make reasonable progress toward achievement of the goals, objectives and student performance standards consistent with the goals, objectives and student performance standards that Knova has been establishing and working towards in prior years, provided that such goals, objectives and student performance standards shall at all times remain in compliance with Oregon law and the provisions of this Contract.

1.2.2 During the term of this Contract, the average score for each student subgroup in each grade level of the Charter School's students taking the statewide assessment(s) developed by the Oregon Department of Education under ORS 329.485, or any assessment developed to comply with the federal ESSA law, or other applicable federal law that may be in effect during the term of this Agreement, shall be at or above the average score of the comparable District elementary school students for each student subgroup in each grade level that have taken the

statewide assessment. Comparable elementary schools are Alder, Davis, Glenfair, Hartley, Salish and Wilkes.

1.2.3 For purposes of Section 1.2.2, the following student subgroups shall be utilized when comparing student assessment scores:

- (i) racial/ethnicity
- (ii) students with disabilities
- (iii) Limited English Proficient (LEP)
- (iv) economically disadvantaged

1.2.4 For purposes of Section 1.2.2, student assessment scores shall be compared by student subgroup when there is a statistically significant number of students in the subgroup. The term “statistically significant” shall mean six (6) or more students.

1.3 ELL Assessments. The Charter School will administer Oregon's English Language Learner (ELL) assessments on an annual basis to all students who qualify.

2. Reports of Assessment Results.

2.1 Reports to District. The Charter School will include assessment results under Section 10 in its annual reports to the District.

2.2 Improvements in Methodology. The parties will continue throughout the term of this Agreement to work together to improve the methodology for analyzing and reporting achievement growth.

3. Parent Satisfaction. The Charter School will conduct an annual survey of parent satisfaction. The Charter School will include the results of this survey in its annual report to the District. At least one of the questions will ask parents to rate either their overall satisfaction or the overall quality of education of their child or children. Using either a scale of 1 through 4 or 1 through 5 or a scale of comparable evaluation terms (e.g. highly satisfied, satisfied, fairly satisfied, and not satisfied), the survey results will show:

3.1 At least 70% of parents consider their overall satisfaction or the education their child receives at the Charter School to be either the highest or second highest rating (e.g. highly satisfied or satisfied, or rating it a 1 or 2 on either the 1-4 or 1-5 scale); and

3.2 At least 70% of parents consider their overall satisfaction or the education their child receives at the Charter School to be the highest rating (e.g. highly satisfied, or rating it a 1 on the either the 1-4 or 1-5 scale).

4. Addressing Deficiencies; School Improvement Plan. Either the Charter School or the District may identify student performance that has fallen below these achievement goals. If that occurs, the Charter School, with any assistance the District is able and willing to provide, will develop school improvement plans (and include such plans as part of the annual reports) to address the identified deficiencies. Such plans may specify goals for improvement, timelines, and specific actions different from normal school operations that will be taken to help achieve such goals. The Charter School’s annual reports will also discuss the results of implementation of school improvement plans. If the Charter School fails to implement such a plan, the District may issue a written notice to the Charter School that it must comply with the terms of the plan immediately. If the Charter School fails to comply with the terms of the plan, the default section of the Charter Agreement will apply.

5. Annual Academic Performance Report. In addition to any School Improvement Plan required by Section 4, the Charter School will also provide the additional information to the District on an annual basis related to student performance upon request.

6. Calendar for Use of Performance Framework. This Performance Framework is designed to complement and inform the annual site visit conducted by the District as well as the annual report due to the District from the Charter School each year. To that end, the calendar below is a proposed outline of activities and timelines to support transparency, efficient use of time, and planning.

Date	Description
By July 31	School Improvement Plan submitted to District
By August 15	School Improvement plan approved by District
Before school starts	Review operational performance for start of the year (e.g. teacher qualifications, background checks, and trainings)
By September 30	Meet with school leadership to set specific dates for scheduled onsite reviews and the Annual Site Visit

By October 31	Review student assessment systems (state and Charter School)
By December 1	Annual report submitted to District for prior year
Between January 2 – March 31	Conduct Annual Site Visit which will include reviewing evidence in all areas of the performance framework as indicated in the Site Visit Protocol
By May 31	Review preliminary student academic performance data and finalize Annual Site Visit Report
On July 1	Evaluate preliminary student academic performance
By July 15	Provide preliminary Performance Framework evaluation with comments and recommendations
By July 31	School Improvement Plan submitted to District with comments on Performance Framework evaluation and recommendations
By August 15	School Improvement Plan approved by District
August State Board Retreat	Present the Annual Site Visit Report, School Improvement Plan, and final Performance Framework evaluation

7. Status of Periodic and Annual Reporting Requirements.

1. Enrollment Reported as required through Annual Reporting Calendar provided by Finance
2. Budget Adopted and Submitted by July 15 Annually
3. Quarterly Financial Statements Submitted to Finance
4. Audit Submitted by December 31 Annually and Presented to the Board as Requested by Finance

8. Status of Nutrition Services Facilities Inspection.

1. Response to Facilities Needs
2. Compliance with Nutrition Guidelines