CHARTER SCHOOL AGREEMENT

THIS AGREEMENT AND CHARTER ("Agreement") executed on this 13th day of February, 1998, to be effective July 1, 1998, by and between the Chicago School Reform Board of Trustees (the "Board") and the University of Chicago Charter School Corporation, an Illinois not for profit corporation, on behalf of the North Kenwood Charter School (the "Charter School"), an independent public school established under the Charter Schools Law, 105 ILCS 5/27A-1 et seq. (the "Charter Schools Law").

RECITALS

WHEREAS, the State of Illinois enacted the Charter Schools Law as Public Act 89-450, effective April 10, 1996; and

WHEREAS, the Charter Schools Law was enacted for the following purposes:

(1) To improve pupil learning by creating schools with high, rigorous standards for pupil performance;

(2) To increase learning opportunities for all pupils, with special emphasis on expanded learning experiences for at-risk pupils;

(3) To encourage the use of innovative teaching methods;

(4) To allow for the development of innovative forms of measuring pupil learning and achievement;

(5) To create new professional opportunities for teachers, including the opportunity to be responsible for the learning program at the school site;

(6) To provide parents and pupils with expanded educational choice within the school system;

(7) To encourage parental and community involvement with public schools;

(8) To hold charter schools accountable for meeting rigorous school content standards and to provide those schools with the opportunity to improve accountability; and

WHEREAS, on October 6, 1997, the Charter School submitted an application for approval and recognition as a charter school to the Board pursuant to Section 27A-7 of
the Charter Schools Law (the "Application"), a copy of which Application is attached to this Contract as Exhibit "A"; and

WHEREAS, after duly publishing notice thereof, the Board held a public hearing on November 18, 1997, in accordance with Section 27A-8(c) of the Charter Schools Law to consider the Application; and duly approved the Application at its meeting held on December 17, 1997; and

WHEREAS, the Board intends to submit its report in connection with its approval of the Charter School, including a proposed form of this Agreement, to the Illinois State Board of Education (the "State Board") within seven (7) days following the date of such approval, in accordance with Section 27A-6(d) and 27A-8(f) of the Charter Schools Law; and

WHEREAS, the parties desire that the Charter School be authorized to operate and conduct its affairs in accordance with the terms of this Agreement and the Charter Schools Law.

NOW, THEREFORE, in consideration of the mutual covenants, representations, warranties and agreements contained herein and for other good and lawful consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereby agree as follows:

1. **Recitals Incorporated by Reference.** The recitals to this Agreement are incorporated herein by reference and made a part hereof.

2. **Grant of Charter.** Subject to the final certification of the State Board, the Charter School is hereby authorized, and granted a charter in accordance with the Charter Schools Law and the terms and conditions of this Agreement, to operate a charter school as described herein.

3. **Term of Agreement.** This Agreement shall commence on the effective date provided above, and shall expire at midnight, June 30, 2003, unless terminated or extended pursuant to the terms hereof.

4. **Educational Program.** The Charter School shall operate an educational program and program of instruction serving the educational needs of the students enrolled therein.
a. **Mission Statement.** The Charter School shall operate under the mission statement set forth in the Application, and such mission statement is hereby accepted to the extent that it is consistent with the declared purposes of the General Assembly as stated in the Charter School Law.

b. **Age, Grade Range.** The Charter School shall provide instruction to pupils in grades pre-kindergarten, kindergarten, first grade and fifth grade in its first year and expand two grades each year to ultimately serve grades pre-kindergarten through eighth grade by the 2001-2002 school year.

c. **Enrollment.** Enrollment in the Charter School shall be open to any pupil who resides within the City of Chicago. The Charter School shall not enroll any student for the upcoming school year before May 1 of each year. If, on May 1, there are more eligible applicants for enrollment in the Charter School than there are spaces available, successful applicants shall be selected by lottery which shall be open to all applicants and the public. Priority for enrollment shall be given to siblings of pupils enrolled in the Charter School and to pupils who were enrolled in the Charter School the previous school year, unless expelled for cause. Using the lottery process required herein, the Charter School shall establish a waiting list of students who shall be offered the opportunity to enroll at the Charter School if additional space later becomes available. The Charter School shall not permit dual enrollment of any student at both the Charter School and another public school or non-public school. The Charter School shall maintain an enrollment of no more than 150 pupils in the 1998-99 school year, and no more than 300 pupils thereafter.

d. **Goals, Objectives, Pupil Performance Standards.** The Charter School shall pursue and make reasonable progress toward the achievement of the goals, objectives and pupil performance standards consistent with those set forth in the Application and in accordance with the Accountability Agreement described in Section 9 of this Agreement, provided that such goals, objectives and pupil performance standards shall at all times remain in compliance with Section 2-3.64 of the Illinois School Code, 105 ILCS 5/2-3.64.

e. **Evaluation of Pupils.** The Charter School’s plan for evaluating pupil performance, the types of assessments to be used, the timeline for achievement of performance standards, and the procedure for taking corrective action in the event that pupil performance at the Charter School falls below those standards, shall be consistent with the Application and as further described in Section 9 hereof.
f. **Curriculum.** The curriculum established by the Charter School shall be consistent with the Application and as otherwise modified or supplemented herein. The Charter School shall notify the Board of any material change in its curriculum subsequent to the date of this Agreement.

g. **School Year; School Days; Hours of Operation.** Instruction for the 1998-99 school year shall commence in the Charter School on August 25, 1998, or on an alternative date permitted under the Charter Schools Law and approved by the Board. Instruction shall commence in subsequent school years on the date established by the Charter School, provided that the beginning date of instruction shall be no earlier than August 15 and no later than September 15. The days and hours of operation of the Charter School shall be as set forth in the Application or as otherwise established by the Charter School.

h. **Disciplinary Code.**

The Charter School shall implement a system of uniform student discipline. The Charter School may develop and implement its own system of student discipline in accordance with Paragraph 4(h)(i) or may elect to adopt the Chicago Public Schools Uniform Discipline Code (the “CPS Uniform Code”) effective at the beginning of any academic year in accordance with Paragraph 4(h)(ii). All student expulsion proceedings shall be conducted by the Board in accordance with Paragraph 4(h)(iii).

i. In the event that the Charter School elects to develop its own system of student discipline, the Charter School shall submit a proposed disciplinary code to the Board for review no later than July 1, 1998, or July 1 or any subsequent year, shall adopt such disciplinary code no later than September 1 of such year, including any reasonable modifications requested by the Board, and shall carry out all disciplinary actions in accordance with such disciplinary code. In the event that any student is suspended from the Charter School by action of the Charter School, the Charter School shall promptly notify the Board of the suspension. The Charter School shall comply at all times with federal due process requirements in its disciplinary activities.

ii. The Charter School may, at its option, elect to adopt the Chicago Public Schools Uniform Discipline Code (the “CPS Uniform
Code”) effective at the beginning of any academic year, provided that the Charter School shall notify the Board no later than July 1, 1998, or at least fifteen (15) days prior to the commencement of any subsequent academic year, of such election.

iii. All Charter School expulsion proceedings shall be administered by the Department of Law of the Chicago Public Schools. Further, upon determining that initiation of expulsion proceedings is warranted with respect to any student, the Charter School shall provide the Board within three (3) days of any such determination, and no later than five (5) days following the suspension of such student, with a summary statement of the grounds and evidence warranting suspension. The Board shall then commence expulsion proceedings in accordance with its normal rules and procedures for the expulsion of students. The Board shall promptly inform the Charter School of its ultimate disposition of such expulsion proceedings, and the Charter School shall honor and give full effect to the Board’s disposition.

i. Governance and Operation. The governing board of the Charter School shall hold its first meeting no later than July 1, 1998. The operation of the governing board of the Charter School shall be as set forth in Exhibit G.

j. Pupil Transportation. The Charter School shall meet the transportation needs of its students in the manner as set forth in the Application, provided that the Charter School shall maintain a plan to specifically address the transportation needs of low-income and at-risk pupils as required by the Charter Schools Law.

k. Bilingual Education. The Charter School shall provide bilingual education services in a manner consistent with that in the Application, provided that the Charter School shall identify students who require bilingual education through use of the Chicago Public Schools’ Home Language Survey Form or other suitable identification instrument, shall assess the English language proficiency of all students identified as coming from a non-English speaking background, and shall provide a bilingual education or English as a Second Language program for such students.

l. School Calendar. No later than July 1 of each year during which this Agreement is in effect, the Charter School shall submit to the Board its school
calendar for the following academic year and summer session.

5. **Additional Covenants and Warranties of Charter School.** The Charter School covenants and warrants as follows:

   a. **Compliance with Laws and Regulations.** The Charter School shall operate at all times in accordance with the Charter Schools Law and all other applicable Federal and State laws from which the Charter School is not otherwise exempt and constitutional provisions prohibiting discrimination on the basis of disability, race, creed, color, gender, national origin, religion, ancestry, marital status or need for special educational services. The Charter School shall also comply with the following:

      i. Section 2-3.64 of the School Code (105 ILCS 5/2-3.64), regarding performance goals, standards and assessments;

      ii. Section 10-21.9 and 34-18.5 of the School Code (105 ILCS 5/10-21.9; 105 ILCS 5/34-18.5) regarding criminal background investigations of applicants for employment;

      iii. Section 24-24 and 34-84A of the School Code (105 ILCS 5/24-24; 105 ILCS 5/34-84A) regarding discipline of students;

      iv. The Local Governmental and Governmental Employees Tort Immunity Act (745 ILCS 10/1-101 et seq.);

      v. Section 108.75 of the General Not For Profit Corporation Act of 1986 (805 ILCS 105/1.01 et seq.) regarding indemnification of officers, directors, employees and agents;

      vi. The Abused and Neglected Child Reporting Act (325 ILCS 5/1 et seq.);

      vii. The Illinois School Student Records Act (105 ILCS 5/10-1 et seq.);

      viii. The Freedom of Information Act (5 ILCS 140/1 et seq.);

      ix. The Open Meetings Act (5 ILCS 120/1.01 et seq.);
x. The Pension Code (40 ILCS 5/1-101 et seq.), subject to the limitations set forth in Section 6(j) below;

xi. All applicable health and safety regulations of the State of Illinois and the City of Chicago, including without limitation those laws specifically identified by the Illinois State Board of Education as being applicable to charter schools. A current list of such laws, which may be added to, deleted from or otherwise amended from time to time by the Illinois State Board of Education, is attached hereto as Exhibit “B”;

xii. All Federal and State of Illinois orders and agreements, including desegregation orders, orders regarding special education, orders regarding bilingual education, compliance agreements or other agreements with the United States Department of Education or other Federal or State agencies, applicable to the Chicago Public Schools.

b. Compliance with Agreement. The Charter School and the Board shall operate at all times in accordance with the terms of this Agreement, including the Accountability Agreement as defined herein.

c. Maintenance of Corporate Status and Good Standing. The Charter School shall at all times maintain itself as an Illinois general not-for-profit corporation capable of exercising the functions of the Charter School under the law of the State of Illinois, shall remain in good standing under the laws of the State of Illinois, and shall timely make all required filings with the office of the Illinois Secretary of State. No later than June 1, 1998, the Charter School shall provide the Board with certified copies of its Articles of Incorporation, a Certificate of Incorporation evidencing its incorporation as a nonprofit corporation, its Bylaws, and all amendments or modifications thereto. In the event that the Charter School becomes or seeks to become recognized as an organization exempt from Federal income taxation under Section 501(c)(3) of the Internal Revenue Code, the Charter School shall further provide the Board with copies of all applications and filings relating to its seeking or maintaining 501(c)(3) exempt status.

d. Personnel. The relationship between the Charter School and its employees, and the manner in which terms and conditions of employment shall be addressed with affected employees and their recognized representatives, if any,
shall be as set forth in the Application and this Agreement, provided that the Charter School shall comply with all Federal and Illinois employment laws and regulations made applicable to charter schools under the Charter Schools Law.

No later than September 1, 1998 and September 1 of each year thereafter, the Charter School shall provide the Board with a list containing the names, job positions, and social security numbers, of all its employees. Such list shall also indicate: (i) for each employee, the date of initiation of the criminal background investigation required under Section 34-18.5 of the School Code and Section 5(e) of this Agreement, and the results of such background check; and (2) for each individual employed in an instructional position, evidence of certification, or evidence that such individual is otherwise qualified to teach under Section 27A-10(c) of the Charter Schools Law, including information regarding the additional mentoring, training and staff development, if any, to be provided by the Charter School pursuant to Section 5(f) of this Agreement. For any individual hired in an instructional position after September 1 for the current academic year, the Charter School shall provide the Board with such evidence of certification or other qualification no later than thirty (30) days after the individual’s initial date of hire.

e. Criminal Background Checks. The Charter School shall not knowingly employ any individual (i) for whom a criminal background investigation has not been initiated or (ii) who has been convicted for committing or attempting to commit one of the offenses enumerated in Section 34-18.5(c) of the Illinois School Code.

f. Instructional Providers. The Charter School shall employ or otherwise utilize in instructional positions only those individuals who are certificated under Article 21 of the School Code, 105 ILCS 5/21-1 et seq., or who are otherwise qualified to teach under Section 27A-10(c) of the Charter Schools Law. For purposes of this Section, “instructional positions” means all those positions involving duties and responsibilities which, if otherwise undertaken in the Chicago Public Schools, would require teacher certification. In the event that the Charter School employs or otherwise utilizes non-certificated personnel in instructional positions, the Charter School shall provide such additional mentoring, training and staff development as the Charter School determines is necessary to ensure that such individuals perform their instructional duties satisfactorily.

g. Building. The Charter School shall be located at 4611 South Ellis Avenue, Chicago, Illinois (the “School Building”). The Charter School shall
obtain and submit to the Board for review no later than July 1, 1998: (1) all applicable occupancy permits and health and safety approvals for the School Building; (2) an executed copy of the lease agreement for the School Building, if the School Building is occupied under a lease agreement; and (3) evidence of title to the School Building satisfactory to the Board, if the School Building is owned by the Charter School. The Charter School shall take such actions as are necessary to ensure that all leases, occupancy permits and health and safety approvals remain valid and in force, and shall certify to the Board no earlier than June 1 and no later than July 1 of each year that such leases, certificates and approvals remain in force. The Charter School may change its physical location or obtain additional facilities provided that the Charter School fulfills the obligations and provides the information set forth in this Section with respect to such new or additional facilities, and provided further that (1) the Charter School notifies the Board of the proposed change in location or addition of facilities not less than 30 days prior to taking any final action in connection therewith; and (2) the Board, or its Chief Executive Officer, does not issue a denial to the Charter School within 14 days of its receipt of such notification. The Board shall issue a denial only for good cause, including a finding that adequate support does not exist within the community to justify the proposed change in location or addition of facilities.

6. **Financial Operations of Charter School.**

   a. **Financial Management.** The Charter School shall operate in accordance with GAAP or other generally accepted standards of fiscal management, provided that the Charter School’s accounting methods shall comply in all instances with any applicable governmental accounting requirements.

   b. **Budget and Cash Flow.** The Charter School shall prepare and provide to the Board a copy of its annual budget and quarterly cash flow projections for each fiscal year by no later than the April 1 immediately preceding such fiscal year, provided that the annual budget and cash flow projections for fiscal year 1998-1999 shall be provided no later than June 15, 1998. The fiscal year for the Charter School shall begin on July 1 of each year and end on June 30 of the subsequent year.

   c. **Distribution of Funds.** The Board shall distribute the Charter School Funds, as determined in Section 6(d) and Exhibit “C”, below, in four quarterly installments payable on or before July 15, October 15, January 15 and April 15 of each fiscal year. The first such distribution shall be July 15, 1998.
d. **Funding Procedure.** The Board shall calculate the per capita tuition payment for each pupil enrolled at the Charter School based on the procedure set forth in Exhibit “C” and shall provide this amount to the Charter School for each pupil enrolled at the Charter School as follows:

(i) **First Installment (July 15).** The amount of the Board’s first quarterly payment shall be based initially on a pre-enrollment report provided to the Board no later than June 15 of each year, which pre-enrollment report shall contain the names and addresses of all students enrolled in the Charter School.

(ii) **Second Installment (October 15).** The amount of the Board’s second quarterly payment shall be calculated such that the aggregate amount of the first and second quarterly installments is equal to the number of students enrolled at the Charter School on the twentieth day of the first semester, as verified by attendance records, multiplied by one half the per capita tuition amount.

(iii) **Third Installment (January 15).** The amount of the Board’s third quarterly payment shall be based on the Charter School’s first semester enrollment, as determined under Section 6(d)(ii).

(iv) **Fourth Installment (April 15).** The amount of the Board’s fourth quarterly payment shall be calculated such that the aggregate amount of the third and fourth installments is equal to the number of students enrolled at the Charter School on the tenth day of the second semester, as verified by attendance records, multiplied by one-half the per capita tuition amount.

e. **State Chapter 1 Funds.** The Charter School shall furnish the Board with eligibility data regarding State Chapter 1 eligible students enrolled in the Charter School. State Chapter 1 revenues to which the Charter School is entitled shall be distributed to the Charter School quarterly on the dates set forth in Section 6(d) hereof on an estimated basis, provided that the Board may adjust any such payment to account for prior deviations between the estimated Chapter 1 funds paid and the amount of Chapter 1 funds to which the Charter School was entitled during such payment period. Such amounts shall be in addition to the per pupil funding amounts provided under Section 6(d) hereof and Exhibit “C” hereto, and
shall be sufficient to comply with all provisions of the Charter Schools Law, including Section 27A-11 thereof.

f. **Refund of Unspent Funds.** In the event that this Agreement is revoked or is not renewed by the Board, the Charter School shall refund to the Board all unspent funds in accordance with Section 27A-11(g) of the Charter Schools Law.

g. **Other Sources of Funds for Charter School.** The parties acknowledge that the Charter School is or may be entitled to other state and federal sources of funds for schools which are not included in the per capita tuition payment described in Exhibit “C” hereto.

h. **Tuition and Fees.** The Charter School shall not charge tuition to any student, unless such student would otherwise be liable for tuition costs under the School Code. The Charter School may charge reasonable fees for textbooks, instructional materials, after-school programs, and student activities.

i. **Outside Funding.** The Charter School may accept gifts, donations or grants pursuant to Section 27A-11(d) of the Charter Schools Law, provided that no such gifts, grants or donations may be accepted if contrary to applicable law or to the terms of this Agreement. In the event that the Charter School solicits funding from sources other than those set forth in paragraph (a) of this Section, it shall comply with all applicable State or Federal laws regarding the reporting of charitable solicitations.

j. **Pension payments.** The Board shall make payments directly to the Chicago Teachers Pension Fund on behalf of any education, administrative or other staff member employed in the Charter School who is certified under the law governing certification of teachers in the amount of that employer’s proportionate share of State funds made available to the Chicago Public Schools for such purpose. However, the Board shall not make the employee’s member contributions. The parties hereby acknowledge and agree that the only provisions of the Illinois Pension Code with which the Charter School shall comply are those which are required by the Charter Schools Law, and it is not the intent of the parties to have the Charter School comply with any other portions of the Pension Code.
k. **Initial Statement of Management and Financial Controls.** At all times, the Charter School shall maintain appropriate governance and managerial procedures and financial controls. The Charter School shall retain a Certified Public Accountant or other similar professional who shall perform a review of the Charter School’s management and financial controls and who shall provide a statement to the Board no later than June 1, 1998 concerning the status of those controls (the “Initial Statement”). The Initial Statement must address whether the Charter School has the following in place: (1) generally accepted accounting procedures; (2) a checking account; (3) adequate payroll procedures; (4) bylaws; (5) an organization chart; and (6) procedures for the creation and review of monthly and quarterly financial statements, which procedures shall specifically identify the individual who will be responsible for preparing such financial statements in the following fiscal year. In the event that the Initial Statement reveals that any of the above controls is not in place, the Charter School shall remedy such deficiency no later than July 1, 1998.

1. **Annual Audits.** The Charter School shall cause a Financial Statement Audit and Financial and Administrative Procedures Controls Review (collectively, the “Financial Audits”) to be performed annually at its expense by an outside independent auditor retained by the Charter School and reasonably acceptable to the Board. The Financial Audits shall be made available to the Board no later than October 1 of each year, beginning with October 1, 1999.

m. **Quarterly Financial Statements.** The Charter School shall prepare or cause to be prepared quarterly financial statements in conformance with Exhibit “D”, which shall be provided to the Board on or before January 14, April 14, July 14 and October 14 of each year, beginning October 14, 1998.

n. **Attendance.** The Charter School shall maintain accurate enrollment data and daily records of student attendance and shall provide enrollment and attendance data to the Board on a monthly basis. Such enrollment and attendance data may be maintained in accordance with either of the following procedures:

(i) The Charter School may maintain enrollment and attendance data on the Board’s student information system. The Board shall provide the Charter School with required software and training to allow Charter School personnel to input such enrollment data.
(ii) The Charter School may maintain enrollment data using a student information system other than that of the Board, provided that no less than thirty (30) days prior to implementing such system, the Charter School demonstrates to the Board’s reasonable satisfaction that (A) the Charter School’s proposed student information system provides for maintenance of student enrollment data in categories consistent with those on the Board’s system, and (B) the proposed student information system includes the technical capability for transfer of student enrollment data to the Board’s system.

7. **Purchase Agreement.** The Board and the Charter School may enter into a purchase agreement or agreements providing for the purchase by the Charter School from the Board of certain goods, services and materials in connection with the operation of the Charter School.

8. **Insurance.** The Charter School shall, at its own expense, purchase and maintain insurance covering all of its operations. Such insurance shall include the types of insurance set forth in Exhibit “E” hereto, subject to the conditions and in no less than the respective limits set forth therein. All insurers shall be licensed by the State of Illinois and rated B+ or better by A. M. Best or a comparable rating service, or be an authorized Risk Retention Group acceptable to the Board or a program of self-insurance reasonably acceptable to the Board.

No later than July 1, 1998, and any time thereafter upon the request of the Board’s Manager of Risk Management, the Charter School shall provide the Board with certificates of insurance or other satisfactory proof evidencing coverage in the types and amounts as set forth above and in Exhibit “E”. All such insurance policies shall contain a provision requiring notice to the Board, at least 30 days in advance, of any material change, non-renewal or termination, to the attention of: Manager of Risk Management, Chicago Public Schools, 1819 West Pershing Road, Chicago, Illinois 60609.

9. **Academic Accountability and Evaluations.**

a. **Accountability Agreement.** No later than July 1, 1998, the Board and the Charter School shall enter into an Accountability Agreement setting forth the pupil and school performance goals, assessments and measures for the Charter School. The Accountability Agreement shall be a primary basis for the Board’s evaluation of the Charter School. The Accountability Agreement shall be consistent with and shall include at a minimum, the performance goals, standards
and objectives set forth in the Application, and is not intended to materially alter in any respect the operations of the Charter School as proposed in the Application. A copy of the Accountability Agreement shall be submitted to the State Board of Education no later than August 1, 1998.

b. Standardized Tests. The Charter School shall administer such standardized tests of academic proficiency as are provided for in the Board’s policies and procedures, and shall participate in State assessments required by Section 2-3.64 of the School Code.

c. Annual Reports. No later than September 1 of each year, beginning September 1, 1999, the Charter School shall submit to the Board an Annual Report setting forth the academic program and performance of the Charter School, including without limitation results of standardized student tests and an assessment of the success or failure of the Charter School in meeting the goals and objectives set forth in the Accountability Agreement. The Annual Report shall be in a form acceptable and agreed to by the Board and as specified in the Accountability Agreement.

d. Other Evaluation Procedures. In addition to the above procedures, the Charter School shall grant reasonable access to, and cooperate with, the Board, its officers, employees and other agents, including allowing site visits by the Board, its officers, employees and other agents, for the purpose of allowing the Board to fully evaluate the operations and performance of the Charter School pursuant to the Accountability Agreement and the Charter Schools Law. Where possible, the Board shall provide the Charter School with at least 24 hours prior notice of such site visits.

10. Special Education.
a. Provision of Services. For each student who enrolled at the Charter School as of June 15 who has transferred to the Charter School from another Chicago Public School and for whom the Board possesses an Individualized Education Plan (“IEP”), the Board shall provide a copy of the student’s IEP to the Charter School by August 1 of each year. The Charter School shall provide services and accommodation to students with disabilities as set forth in the Application and in accordance with the Individuals with Disabilities Education Act (20 U.S.C. §1401 et seq.) (the “IDEA”), Section 504 of the Rehabilitation Act of 1973 (29 U.S.C. §794) (“Section 504”), and subject to the following additional conditions: (i) the Charter School shall comply with all Chicago Public Schools
policy and procedure manuals for serving students with disabilities, including forwarding requests for due process hearings to the Department of Specialized Services (the "Department"), provided, however, that the Charter School may provide services in compliance with modifications or amendments to those policies and procedure manuals if such modifications or amendments have been approved by the Board; (ii) if the Charter School believes that it is unable to implement the Individualized Education Plan ("IEP") of a disabled student, the Charter School shall consult with the Department; (iii) the Charter School shall provide prior notice to the Department and shall allow a Department representative to participate in all multidisciplinary and IEP conferences for disabled students; and (iv) the Charter School shall designate and identify to the Department an individual who shall assume case management responsibilities for disabled students.

b. Funding of Services. Notwithstanding Section 6 of this Agreement, the Board shall provide necessary additional resources for the education of students with disabilities enrolled in the Charter School in accordance with the IDEA, Section 504, and the IEPs of such students. Such additional funding shall be sufficient to comply with all provisions of the Charter Schools Law, including Section 27A-11 thereof.

11. Third Party Contracts. The Charter School shall not enter into any contract for comprehensive school management or comprehensive operations services to be performed in substantial part by an entity not a party to this Agreement, unless the Charter School has first executed a Contract Services Rider with the Board in substantially the form set forth at Exhibit "F" hereto. The Charter School shall submit all such contracts to the Board for prior approval in accordance with the Contract Services Rider. This section is not intended to apply to contracts for discrete services such as maintenance, food service and transportation.

12. Renewal of Charter; Failure to Renew. No later than January 31, 2003, and no earlier than January 1, 2003, the Charter School shall provide a written proposal to the Board in accordance with Section 27A-9 of the Charter Schools Law, setting forth proposed terms of renewal of the Agreement. Pursuant to Section 27A-9(b) of the Charter Schools Law, the renewal proposal of the Charter School shall contain the most recent annual report and financial statement of the Charter School. The written proposal may contain proposed changes to this Agreement that the Charter School desires to incorporate into the renewed agreement.

Within 75 days of receipt of such notice, the Board shall provide written notice to
the Charter School indicating whether, and upon what conditions, it is willing to renew the charter of the Charter School, including any modified terms proposed by the Board. If there is no agreement on the terms of renewal, then the parties shall fulfill their mutual obligations hereunder to the end of the term of this Agreement. The Board may refuse to renew the Agreement upon a finding that any cause for revocation exists under Section 13 hereof, or upon determining that it is not in the best interests of the students in the school district to continue the operation of the Charter School.

13. **Revocation of Charter.** The Board may revoke this Agreement and the charter of the Charter School, in accordance with Section 27A-9 of the Charter Schools Law, if the Board clearly demonstrates that the Charter School did any of the following, or otherwise failed to comply with the requirements of the Charter Schools Law:

   a. Committed a material violation of any of the conditions, standards, or procedures set forth in this Agreement or in the Accountability Agreement; or

   b. Failed to meet or make reasonable progress toward achievement of the content standards or pupil performance standards identified in this Agreement or in the Accountability Agreement; or

   c. Failed to meet generally accepted standards of fiscal management; or

   d. Materially violated any provision of law from which the Charter School was not exempted;

In addition, the charter of the Charter School may be revoked in the event that the parties agree to terminate this agreement by mutual consent pursuant to Section 23 of this Agreement.

In the event that the Board proposes to revoke this Agreement and the charter of the Charter School, the Board shall provide the Charter School with written notice setting forth in detail the grounds for such revocation at least 14 days prior the date the Board takes final action on such revocation.

14. **Indemnification.**

   a. To the fullest extent permitted by law, the Charter School shall indemnify, defend and hold harmless the Board, any successor entity thereto, the Public Building Commission of Chicago, and their respective members, agents,
officers, employees, agents, affiliates and representatives, past and present (collectively, the “Board Indemnitees”), from and against any and all liabilities, losses, penalties, damages and expenses, including costs and attorney fees, arising out of all claims, liens, demands, suits, liabilities, injuries (personal or bodily), of every kind, nature and character arising or resulting from or occasioned by or in connection with (i) the possession, occupancy or use of the property of the Charter School, its faculty, students, patrons, employees, guests or agents, (ii) any act or omission to act, whether negligent, willful, wrongful or otherwise by the Charter School, its faculty, students, patrons, employees, guests or agents, (iii) a violation of any law, statute, code, ordinance or regulation by the Charter School, its faculty, students, patrons, employees, guests or agents, and/or any breach, defaults, violation or nonperformance by the Charter School of any term, covenant, condition, duty or obligation provided in this Agreement or the Accountability Agreement (collectively, the “Covered Losses”). This indemnification shall not apply to the extent that any Covered Loss results from the negligence or wrongful act or omission of any Board Indemnitee or from any act or omission of the Charter School required by law or this Agreement.

b. To the fullest extent permitted by law, the Board shall indemnify, defend and hold harmless the Charter School, any successor entity thereto, and their respective members, agents, officers, employees, agents, affiliates and representatives, past and present (collectively, the “Charter Indemnitees”), from and against any and all liabilities, losses, penalties, damages and expenses, including costs and attorney fees, arising out of all claims, liens, demands, suits, liabilities, injuries (personal or bodily), of every kind, nature and character arising or resulting from or occasioned by or in connection with (i) any act or omission to act, whether negligent, willful, wrongful or otherwise by the Board, its members, agents officers or employees, or (ii) a violation of any law, statute, code, ordinance or regulation by the Board, its members, agents officers or employees, and/or any breach, defaults, violation or nonperformance by the Board of any term, covenant, condition, duty or obligation provided in this Agreement or the Accountability Agreement (collectively, the “Covered Losses”). This indemnification shall not apply to the extent that any Covered Loss results from the negligence or wrongful act or omission of any Charter Indemnityee or from any act or omission of the Board required by law or this Agreement.

c. A party seeking indemnification under this Section shall give prompt notice to the other party of a claim for which indemnification is sought and shall cooperate in the defense of any such claim. This indemnification, defense and
parties hereto and, in the case of material amendments, only after submission of such
amendments to, and approval by, the Illinois State Board of Education in accordance with
Section 27A-6(e) of the Charter Schools Law.

21. **Assignment.** This Agreement may not be assigned or delegated by the
Charter School under any circumstances, it being expressly understood that the charter
granted hereby runs solely and exclusively to the Charter School.

22. **Termination.** This Agreement may be terminated prior to its expiration by
(a) the mutual consent of the parties or (b) revocation of the charter of the Charter School
pursuant to Section 13 hereof. Termination of this Agreement for any reason shall serve
to immediately revoke the charter granted hereby.

23. **Notices.** Any notice, demand or request from one party to any other party
or parties hereunder shall be deemed to have been sufficiently given or served for all
purposes if, and as of the date, it is delivered by hand, overnight courier, facsimile (with
confirmation) or within three (3) business days of being sent by registered or certified
mail, postage prepaid, to the parties at the following addresses:

If to the Charter School: University of Chicago Charter School Corporation
1313 East 60th Street
Chicago, Illinois 60637
ATTENTION: Kirby Callam

With a copy to: University of Chicago
Office of Legal Counsel
5801 South Ellis Avenue
Chicago, Illinois 60637

If to the Board:

(unti1 August 1, 1998) Chicago Board of Education
Office of the Chief Executive Officer
1819 West Pershing Road 6E
Chicago, Illinois 60609

With a copy to: Chicago Board of Education
Law Department
1819 West Pershing Road 6E(n)
Chicago, Illinois 60609
Either party may change its address for notices by notice to the other in accordance with this provision.

24. **Severability.** In the event that any provision of this Agreement or the application thereof to any person or in any circumstances shall be determined to be invalid, unlawful, or unenforceable to any extent, the remainder of this Agreement, and the application of such provision to persons or circumstances other than those as to which it is determined to be invalid, unlawful or unenforceable, shall not be affected thereby, and each remaining provision of this Agreement shall continue to be valid and may be enforced to the fullest extent permitted by law.

25. **Superseder.** This Agreement supersedes and replaces any and all prior agreements and understandings between the Board and the Charter School. To the extent that any conflict or incompatibility exists between the Application as incorporated herein at Exhibit “A” and the other terms of this Agreement, such other terms of this Agreement shall control.

26. **Delegation.** The parties agree and acknowledge that the functions and powers of the Board may be exercised by the Chief Executive Officer of the Chicago Public Schools, provided that any ultimate decision regarding renewal, non-renewal or revocation of this Agreement may be made only by the Board.

27. **Prior Actions.** It is expressly agreed and understood that as a condition precedent to this Agreement becoming effective on the effective date hereof, the Charter School 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 that failure to do so shall constitute grounds for the Board to declare this Agreement null and void.
28. Construction. This Agreement shall be construed fairly as to both parties and not in favor of or against either party, regardless of which party prepared the Agreement.

IN WITNESS WHEREOF, the parties have made and entered into this Agreement as of the date first above written.

CHICAGO SCHOOL REFORM
BOARD OF TRUSTEES

By: /s/Gery J. Chico
Gery J. Chico, President

ATTEST:

By: /s/Norma Tsuhako
Norma Tsuhako, Secretary

Approved as to legal form:

By: /s/Marilyn F. Johnson
Marilyn F. Johnson, Board Attorney

THE UNIVERSITY OF CHICAGO
CHARTER SCHOOL CORPORATION

By: /s/Henry S. Webber
Name: Henry S. Webber
Its: Vice President

ATTEST:

By: /s/Beth A. Harris
Name: Beth A. Harris
Its: Secretary

Board Report #97-1217-EX2
EXHIBIT A

APPLICATION
EXHIBIT B

STATE BOARD OF EDUCATION LIST OF HEALTH AND SAFETY LAWS APPLICABLE TO CHARTER SCHOOLS

1. **The Following Sections of the Illinois School Code, 105 ILCS 5/1-1 et seq.:**
   
a. **Section 2-3.12** (requires compliance with State Board of Education building and life and safety codes).

b. **Sections 10-20.5b, 34-18.11** (prohibits tobacco use on school property).

c. **Section 10-20.17a** (requires inservice training for school personnel who handle hazardous or toxic waste).

d. **Section 10-20.23** (requires schools to have tornado prevention programs)

e. **Section 10-21.10** (prohibits students from having electronic paging devices on school property).

f. **Section 10-21.11** (requires schools to have policies for handling students with chronic infectious diseases)

g. **Section 27-8.1** (requires that students have periodic health examinations and immunizations)

h. **Section 10-22.21b** (requires that schools have policies regarding administering medication to students)

2. **Illinois Vehicle Code, 625 ILCS 5/1-101 et seq.**

3. **Eye Protection in School Act, 105 ILCS 115/0.01 et seq.**

4. **Fire Drill Act, 105 ILCS 120/0.01 et seq.**

5. **Toxic Art Supplies in Schools Act, 105 ILCS 135/1 et seq.**
EXHIBIT C

FUNDING DETERMINATION PROCEDURE

For each student enrolled at the Charter School, the Board shall provide to the Charter School an amount equal to the current fiscal year general revenues of the Board divided by the current fiscal year K-12 enrollment of the Board, as stated, in each case, in the budget adopted by the Board at the commencement of each fiscal year.

The general revenues shall include all revenues available to the Board for general use to support all pupils and programs, including but not limited to General State Aid, General Operating Funds property taxes, Corporate Personal Property Replacement Tax revenues, and unrestricted State block grant revenues.

The general revenues shall not include revenues which may be used only for specific types of pupils, programs, or purposes, nor revenues which are reimbursements for expenses associated with specific types of pupils, programs or purposes, including, but not limited to, State pension revenues, State and federal special education revenues, State Chapter 1 revenues, and federal Title 1 revenues. The general revenues shall also not include available fund balance and interest on investments.
## Quarterly Financial Report

### CHARTER SCHOOL NAME

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<th>First</th>
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<th>Fourth</th>
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<td>Other:</td>
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<td><strong>(C) TOTAL DISBURSEMENTS</strong></td>
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<td><strong>(D) NET RECEIPTS (B - C)</strong></td>
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<td>ENDING CASH (A + D)</td>
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### NOTES:
- The first dates of each quarter are July 1, October 1, January 1 and April 1.
- Do NOT include capital loan proceeds and disbursements.
- Include an explanation of any significant (+/- 10%) budget/actual differences.
- Ending Cash should correspond to actual bank balance.
- Direct Student Costs: Classroom supplies, educational materials, instructional equipment, computers, field study, etc.
- Salaries and Benefits: Salaries, pension, payroll taxes, health benefits, staff development.
- Occupancy of Facilities: Rent or mortgage, utilities, maintenance.
- Office: Supplies, furniture, equipment rental, equipment maintenance, telecommunications, accounting, audit, payroll, printing, postage.
- Loan payments: Building loan, equipment loan.
- Other: Insurance, other.

Date Prepared: ____________  
Any budget changes from prior report? Yes  No  
For the ____ Quarter
EXHIBIT E

INSURANCE REQUIREMENTS

1. **Worker’s Compensation and Employers’ Liability Insurance.** Workers’ Compensation insurance as required by state law (can be provided by an authorized risk retention group or a commercial insurance company as a State-qualified self-insurer). Employers’ Liability insurance for employee accidents or diseases. (Employers’ Liability Insurance Limits: $100,000 per employee; Aggregate Limit for disease -- $500,000.)

2. **Commercial General Liability Insurance.** For personal injury and property damage liability, and premises and operations, including independent contractors, contractual liability, and products/completed operations coverage. The Charter School shall have its general liability insurance endorsed to provide that the Chicago School Reform Board of Trustees, on behalf of the Board of Education of the City of Chicago, a body politic and corporate, and its members, employees, and agents, the Public Building Commission of the City of Chicago and its commissioners, officers, employees and agents, and any other entity as may be designated by the Board are named as “Additional Insured -- Owners, Lessees, or Contractors -- (Form B)” [ISO 20-10-11-93] on a primary basis, without recourse or contribution from the additional insureds.

3. **School Board Legal/Professional Liability Insurance.** To protect the Charter School and its directors and officers from liability claims arising from wrongful acts, errors or omissions that do not involve bodily injury or property damage. (Limits: $1,000,000)

4. **Commercial Automobile Liability Insurance.** For bodily injury or property damage arising from owned, leased, hired or non-owned vehicles used by the Charter School. (Combined Single Limit: $1,000,000)

5. **Umbrella (Excess) Liability Insurance.** To provide excess protection over underlying general liability coverages. (Limits: $2,000,000)

6. **Property Insurance.** To insure the replacement value of school property, including property for which the Charter School is contractually responsible, by lease or other agreement, for loss or insurance from “all risks” of physical loss or damage. Such insurance shall cover boiler and machinery exposures and business interruption/extra expense losses.
EXHIBIT F

CONTRACT SERVICES RIDER

THIS CONTRACT SERVICES RIDER ("Rider") executed on this ___ day of __________, 199__, to be effective July 1, 1998, by and between the Chicago School Reform Board of Trustees ("Board") and the ___________________________ Charter School ("Charter School"), an independent public school established under the Charter Schools Law, 105 ILCS 5/27A-1 et. seq. (the "Charter Schools Law"). All terms not otherwise defined herein shall have the same meaning as set forth in the Charter School Agreement.

RECITALS

WHEREAS, the Board and the Charter School have entered into a Charter School Agreement dated the date hereof (the "Charter School Agreement"); and

WHEREAS, Section 11 of the Charter School Agreement provides that in the event the Charter School intends to contract with a third party for comprehensive school management or operations services, the parties shall execute a Contract Services Rider in the form hereof; and

WHEREAS, the Charter School intends to enter into a contract (the "Service Contract") with ___________________________ (the "Service Provider") for the provision of the following services: [description of services]

__________________________________________

__________________________________________

__________________________________________

__________________________________________

NOW, THEREFORE, the parties hereby agree as follows:

1. Required Provisions of Bylaws. The bylaws of the Charter School shall provide that the Charter School may not enter into any contract for comprehensive school management or operations services without first submitting such contract to the Board for review and final approval. The Charter School shall further incorporate within its bylaws, or duly establish pursuant to such bylaws, procedures for the termination of the Service Contract as provided herein.

2. Board Approval of Service Contract. The Service Contract shall be submitted to the Board for approval no later than 30 days prior to its effective date. The
Charter School shall not enter into the Service Contract prior to receiving final Board approval. Such approval shall not be granted if the Board determines that the Service Contract does not comply with the provisions set forth in Section 3 of this Rider, or that the Charter School's entering into the Service Contract would otherwise be in violation of this Rider, the Charter School Agreement, or the Charter School Law. No failure by the Board to act upon a request for approval of the Service Contract shall be construed as an approval of, or waiver of objection to, the Service Contract or any provision thereof.

3. **Required Terms of Service Contract.** The Service contract shall include, without limitation, the following terms:

   i. The Service Contract shall be subject to, and shall incorporate by reference, the terms and conditions of the Charter School Agreement and this Rider.

   ii. The Service Contract shall clearly delineate the respective roles and responsibilities of the Service Provider and the Charter School in the management and operation of each school facility for which the Service Provider shall provide management or operations services. The Service Contract shall also include acceptable procedures by which the Service Provider may be held accountable to the Charter School.

   iii. The Service Contract shall be terminable by the Charter School, in accordance with its bylaws or other established termination procedures, (A) upon default by the Service Provider, including without limitation any act or omission of the Service Provider that causes a default under the Charter School Agreement or that causes the Charter School to be in violation of the Charter Schools Law, or (B) for other good cause as agreed by the Charter School and the Service Provider.

   iv. The Service Contract shall require that the Service Provider furnish the Charter School with all information deemed necessary by the Charter School or the Board for the proper completion of the budget, quarterly reports, or Financial Audits, required under Section 6 of the Charter School Agreement.

   v. The Service Contract shall provide that all financial reports provided or prepared by the Service Provider shall be presented in GAAP/FASB approved nonprofit format.
vi. The Service Contract shall provide that all employees or contractors of the Service Provider who have direct, daily contact with students of the Charter School shall be subject to the criminal background check requirements contained in Section 34-18.5 of the School Code to the same extent as employees of the Charter School.

vii. The Service Contract shall contain all other provisions required of public contracts generally under State and Federal law, including without limitation and to the extent applicable, the Illinois Prevailing Wage Act, the Drug Free Workplace Act, and applicable State and Federal nondiscrimination laws.


a. Budget. The budget prepared by the Charter School pursuant to Section 6 of the Charter School Agreement shall include, without limitation, the following itemized information:

i. All revenue anticipated to be received from the Board under the Charter School Agreement.

ii. All expenses and anticipated expenses associated with the operation and management of the Charter School.

iii. All expenses associated with the operation of the governing board of the Charter School, including without limitation personnel, occupancy and travel expenses, if any, and provided that in the event that the expenses in this subsection 1(b) are not paid out of expenses received from or through the Board, such expenses shall not be required to be separately itemized hereunder.

iv. All contract payments, lease payments, management fees, administrative fees, licensing fees, expenses and other amounts paid to the Service Provider or otherwise paid for the Contract Services by the Charter School.

v. All loan repayments for any loans made to the Charter School by the Service Provider, including separate line items for interest, principal
and premium, if any, on such loan repayments.

vi. All investments in the Charter School by the Service Provider, including the expected returns on equity for such investments.

b. Quarterly Financial Statements. The quarterly financial statements required to be furnished by the Charter School pursuant to Section 6 of the Charter School Agreement shall reflect the entire school's financial operations, including an itemized accounting of all amounts paid to the Service Provider or otherwise paid for the Contract Services, which amounts shall be itemized in a manner that clearly corresponds with those categories provided in the Charter School's annual budget or the Service Contract.

c. Annual Audit. The Financial Audits required under Section 6 of the Charter School Agreement shall include review of all fees and payments made by the Charter School to the Service Provider.

d. Reporting of Loans and Investments. All loans to, or investments in, the Charter School by the Service Provider must be evidenced by appropriate documentation, either in the contract between the Charter School and the Service Provider, or through separate agreements submitted to the Board for review no later than 60 days prior to the consummation of any such loan or investment. In the case of investments, such documentation shall explain how the investment shall be treated on the books of the Charter School and shall clearly state the Service Provider's expected return on equity.

Nothing in this Section 4 shall be construed to waive of otherwise limit the obligation of the Charter School to provide information otherwise required to be reported by the Charter School under the Charter Schools Law or the Charter School Agreement.
IN WITNESS WHEREOF, the parties have made and entered into this Agreement as of the date first above written.

CHICAGO SCHOOL REFORM BOARD
SCHOOL OF TRUSTEES

By: __________________________
    President

_______________ CHARTER

By: __________________________
    Its: ______________________

ATTEST:

By: __________________________
    Its: ______________________

Secretary
The University of Chicago will be the sole member of the University of Chicago Charter School Corporation. The University of Chicago Charter School Corporation will be governed by a Board of Directors consisting of three members appointed by the University of Chicago. The initial Board members will be the President of the University, the Vice President for Community Affairs for the University and the General Counsel for the University.

The Board of Directors for the University of Chicago Charter School Corporation will be responsible for the appointment of a Governing Board for the North Kenwood Charter School which will be responsible for overseeing the operations of the School. The Governing Board will consist of at least seven members and is expected to grow to nine members over the next four years to increase community representation. The initial Governing Board will be composed of three University of Chicago representatives, two representatives from the Center for School Improvement and two community representatives. Responsibilities of the Governing Board will include approving, for recommendation to the Board of Directors, the School’s annual budget and capital plan, approving the School’s Accountability Plan, community outreach plan, and fundraising plan and, in concert with the Center for School Improvement, conducting the search for the School’s Director.
RENEWAL OF CHARTER AND CHARTER SCHOOL AGREEMENT
(NORTH KENWOOD/OAKLAND CHARTER SCHOOL)

THIS RENEWAL OF CHARTER AND CHARTER SCHOOL AGREEMENT ("Agreement") dated this 15th day of July, 2003, with an effective date of July 1, 2003, is entered into by and between the Board of Education of the City of Chicago, a body politic and corporate (the "Board") and the University of Chicago Charter School Corporation, an Illinois not for profit corporation, on behalf of the North Kenwood/Oakland Charter School (the "Charter School"), an independent public school established under the Charter Schools Law, 105 ILCS 5/27A-1 et seq. (the "Charter Schools Law").

RECITALS

WHEREAS, the State of Illinois enacted the Charter Schools Law as Public Act 89-450, effective April 10, 1996, as amended; and

WHEREAS, the Charter Schools Law was enacted for the following purposes:

(1) To improve pupil learning by creating schools with high, rigorous standards for pupil performance;

(2) To increase learning opportunities for all pupils, with special emphasis on expanded learning experiences for at-risk pupils;

(3) To encourage the use of innovative teaching methods;

(4) To allow for the development of innovative forms of measuring pupil learning and achievement;

(5) To create new professional opportunities for teachers, including the opportunity to be responsible for the learning program at the school site;

(6) To provide parents and pupils with expanded choices within the school system;

(7) To encourage parental and community involvement with public schools;

(8) To hold charter schools accountable for meeting rigorous school content standards and to provide those schools with the opportunity to improve accountability; and

WHEREAS, on February 13, 1998, the Charter School entered into a Charter School Agreement with Board for a five year term commencing July 1, 1998 and ending June 30, 2003, which was approved and certified by the Illinois State Board of Education.

WHEREAS, on December 16, 2002, the Charter School submitted an application to the Board to renew its Charter School Agreement (the "Application"), a copy of which Application is incorporated by reference as described in Exhibit A hereto; and

WHEREAS, the parties desire that the Charter School be authorized to continue to operate and conduct its affairs in accordance with the terms of this Agreement and the Charter Schools Law.

NOW, THEREFORE, in consideration of the mutual covenants, representations, warranties and agreements contained herein and for other good and lawful consideration, the receipt and sufficiency of which
is hereby acknowledged, the parties hereby agree as follows:

1. **Recitals Incorporated by Reference.** The recitals to this Agreement are incorporated herein by reference and made a part hereof.

2. **Grant of Charter.** Subject to the final certification of the State Board, the Charter School is hereby authorized, and granted a renewal of a charter in accordance with the Charter Schools Law and the terms and conditions of this Agreement, to operate a charter school as described herein.

3. **Term of Agreement.** This Agreement shall commence on July 1, 2003, and shall expire at midnight, June 30, 2008, unless terminated or extended pursuant to the terms hereof.

4. **Educational Program.** The Charter School shall operate an educational program and program of instruction serving the educational needs of the students enrolled therein.
   
a. **Mission Statement.** The Charter School shall operate under the mission statement set forth in the Application, and such mission statement is hereby accepted to the extent that it is consistent with the declared purposes of the General Assembly as stated in the Charter School Law.

b. **Age, Grade Range.** The Charter School shall provide instruction to pupils in grades Pre-K through 8, as provided in the Application.

c. **Enrollment.** Enrollment in the Charter School shall be open to any pupil who resides within the City of Chicago. The Charter School shall not enroll any student for the upcoming school year before that specific date determined by the Board for its magnet school program, which date will be conveyed to the Charter School by the Charter Schools Office. Each year, the Charter School shall set a deadline for application that is no earlier than the date referenced above and if, on the date of that deadline, there are more eligible applicants for enrollment in the Charter School than there are spaces available, successful applicants shall be selected by lottery which shall be open to all applicants and the public. The Charter School shall not request information in the application process about a student’s academic aptitude, special education needs or English language proficiency. Priority for enrollment may be given to siblings of pupils enrolled in the Charter School and to pupils who were enrolled in the Charter School the previous school year, unless expelled for cause. Using the lottery process required herein, the Charter School shall establish a waiting list of students who shall be offered the opportunity to enroll at the Charter School if additional space later becomes available. The Charter School shall not permit dual enrollment of any student at both the Charter School and another public school or non-public school. The Charter School shall serve up to 450 students in grades K through 8, plus 36 students in pre-K.

d. **Student Transfers.** Any student transfer out of the Charter School shall be documented by a transfer form signed by the student’s parent/guardian which affirmatively states that the student’s transfer is voluntary.

e. **Goals, Objectives, Pupil Performance Standards.** The Charter School shall pursue and make reasonable progress toward the achievement of the goals, objectives and pupil performance standards consistent with those set forth in the Application and in accordance with the Accountability Plan described in Section 9 of this Agreement, provided that such goals, objectives and pupil performance standards shall at all times remain in compliance with Section 2-3.64 of the Illinois School Code, 105 ILCS 5/2-3.64.
f. **Evaluation of Pupils.** The Charter School's plan for evaluating pupil performance, the types of assessments to be used, the timeline for achievement of performance standards, and the procedure for taking corrective action in the event that pupil performance at the Charter School falls below those standards, shall be consistent with the Application and as further described in Section 9 hereof.

g. **Curriculum.** The curriculum established by the Charter School shall be consistent with the Application and as otherwise modified or supplemented herein. The Charter School shall notify the Board of any material change in its curriculum subsequent to the date of this Agreement.

h. **School Year; School Days; Hours of Operation.** Instruction shall commence in the 2003-2004 school year and subsequent school years on dates established by the Charter School, provided that the beginning date of instruction shall be no earlier than August 1 and no later than September 15 of each school year. The days and hours of operation of the Charter School shall be as set forth in the Application or as otherwise established by the Charter School.

i. **Student Discipline.** The Charter School shall implement a system of uniform student discipline. The Charter School may develop and implement its own system of student discipline in accordance with Paragraph 4(i)(i) or may elect to adopt the Chicago Public Schools Uniform Discipline Code (the "CPS Uniform Code") effective at the beginning of any academic year in accordance with Paragraph 4(i)(ii).

i. In the event that the Charter School elects to develop its own system of student discipline, the Charter School shall submit a proposed disciplinary code, including procedures for suspension and expulsion, to the Board for review no later than July 1, 2003, or July 1 of any subsequent year, shall adopt such disciplinary code no later than September 1 of such year, including any reasonable modifications requested by the Board, and shall carry out all disciplinary actions in accordance with such disciplinary code. The Charter School shall comply at all times with federal due process requirements in its disciplinary activities. Students may only be expelled from school by a vote of the Charter School's governing board. In the event that any student is suspended or expelled from the Charter School by action of the Charter School, the Charter School shall promptly notify the Board of such suspension or expulsion and shall provide to the Board, no later than five (5) days following the expulsion of such student, with a summary statement of the grounds and evidence warranting expulsion and a record of the proceedings in which the expulsion decision was made. The Board may initiate additional disciplinary proceedings against any student expelled by Charter School in accordance with its rules and procedures for the expulsion of students. Should the Board initiate additional disciplinary proceedings against the student, the Charter School shall provide factual information relating to the offense, including live testimony in an expulsion hearing.

ii. The Charter School may, at its option, elect to adopt the Chicago Public Schools Uniform Discipline Code (the "CPS Uniform Code") effective at the beginning of any academic year, provided that the Charter School shall notify the Board of its election to do so no later than July 1, 2003, or at least fifteen (15) days prior to the commencement of any subsequent academic year for which such election shall be effective. If the Charter School fails to submit a proposed disciplinary code or fails to adopt a disciplinary code, the CPS Uniform Code will be deemed to apply.

j. **Governance and Operation.** The operation of the governing board of the Charter School shall be as set forth in this paragraph.
1. The governing board of the Charter School shall consist of no fewer than 3 members.

ii. Membership and composition of the governing board shall be subject to and in accordance with the by-laws of the Charter School.

iii. Governing board vacancies shall be filled by the Executive Committee of the Charter School governing board.

iv. Members of the governing Board of the Charter School shall have duties and responsibilities consistent with the Illinois General Not-For-Profit Corporation Act of 1986, and as stated in the Application.

v. The governing board shall hold meetings at least four times per year.

k. Pupil Transportation. The Charter School shall meet the transportation needs of its students in the manner as set forth in the Application, provided that the Charter School shall specifically address the transportation needs of low-income and at-risk pupils as required by the Charter Schools Law.

l. Bilingual Education. The Charter School shall provide bilingual education services in a manner consistent with that in the Application, provided that the Charter School 1) shall identify students who require bilingual education by administering the Chicago Public Schools' Home Language Survey Form or other suitable identification instrument to all incoming students, 2) shall assess the English language proficiency of all students identified as coming from a non-English speaking background, and 3) shall provide a bilingual education or English as a Second Language program for such students. Notwithstanding anything to the contrary in this Section 4(l), the Charter School shall have no obligation to provide bilingual education to a greater extent than required under the Charter Schools Law and under any federal consent decrees or other orders governing the provision of bilingual education services to students in the Chicago Public Schools.

m. School Calendar. No later than July 1 prior to the commencement of each academic year during which this Agreement is in effect, the Charter School shall submit to the Board its school calendar for such academic year and the following summer session.

5. Additional Covenants and Warranties of Charter School. The Charter School covenants and warrants as follows:

a. Compliance with Laws and Regulations. The Charter School shall operate at all times and shall maintain all Attendance Centers (as defined hereinafter) in accordance with the Charter Schools Law, all other applicable Federal, State and local laws, codes or regulations, from which the Charter School is not otherwise exempt, and constitutional provisions prohibiting discrimination on the basis of disability, race, creed, color, gender, national origin, religion, ancestry, marital status or need for special educational services. The Charter School shall also comply with the following, to the extent applicable to charter schools:

i. The No Child Left Behind Act of 2001 (PL 107-110, signed January 8, 2002);

ii. Section 2-3.64 of the School Code (105 ILCS 5/2-3.64), regarding performance goals, standards and assessments;
iii. Section 10-21.9 and 34-18.5 of the School Code (105 ILCS 5/10-21.9; 105 ILCS 5/34-18.5) regarding criminal background investigations of applicants for employment;

iv. Section 24-24 and 34-84A of the School Code (105 ILCS 5/24-24; 105 ILCS 5/34-84A) regarding discipline of students;

v. The Local Governmental and Governmental Employees Tort Immunity Act (745 ILCS 10/1-101 et seq.);

vi. Section 108.75 of the General Not For Profit Corporation Act of 1986 (805 ILCS 105/1.01 et seq.) regarding indemnification of officers, directors, employees and agents;

vii. The Abused and Neglected Child Reporting Act (325 ILCS 5/1 et seq.);

viii. The Illinois School Student Records Act (105 ILCS 5/10-1 et seq.);

ix. The Freedom of Information Act (5 ILCS 140/1 et seq.);

x. The Open Meetings Act (5 ILCS 120/1.01 et seq.);

xi. The Pension Code (40 ILCS 5/1-101 et seq.), subject to the limitations set forth in Section 6(j) below;

xii. All applicable health and safety regulations of the State of Illinois and the City of Chicago, including without limitation those laws specifically identified by the Illinois State Board of Education as being applicable to charter schools. A current list of such laws, which may be added to, deleted from or otherwise amended from time to time by the Illinois State Board of Education, is attached hereto as Exhibit B;

xiii. All Federal and State of Illinois orders and agreements, including desegregation orders, orders regarding special education, orders regarding bilingual education, compliance agreements or other agreements with the United States Department of Education or other Federal or State agencies, applicable to the Chicago Public Schools. Upon the request of the Charter School, the Board shall furnish copies of any such orders or agreements. To the extent that Charter School believes that it is exempt from compliance with any such order or agreement, Charter School shall provide the Board's General Counsel with a copy of an exemption ruling or opinion rendered by the applicable Federal or State authority that issued the order or agreement. To the extent the Board is a party to a court action that is likely to result in a new order or agreement which will require compliance by Charter School, the Board shall use reasonable efforts to notify Charter School of such court action.

b. Compliance with Agreement. The Charter School shall operate at all times in accordance with the terms of this Agreement, including the Accountability Plan as later defined herein.

c. Maintenance of Corporate Status and Good Standing. The Charter School shall at all times maintain itself as an Illinois general not-for-profit corporation capable of exercising the functions of the Charter School under the law of the State of Illinois, shall remain in good standing under the laws of the State of Illinois, and shall timely make all required filings with the office of the Illinois Secretary of State. Upon request, the Charter School shall provide the Board with certified copies of its Articles of Incorporation, a Certificate of Incorporation evidencing its incorporation as a
nonprofit corporation, its Bylaws, and all amendments or modifications thereto. The Charter School is also recognized as an organization exempt from Federal income taxation under Section 501(c)(3) of the Internal Revenue Code, and upon request the Charter School shall provide the Board with copies of all filings relating to the Charter School maintaining 501(c)(3) exempt status.

d. Personnel. The relationship between the Charter School and its employees, and the manner in which terms and conditions of employment shall be addressed with affected employees and their recognized representatives, if any, shall be as set forth in the Application and this Agreement, provided that the Charter School shall comply with all Federal and Illinois employment laws and regulations made applicable to charter schools under the Charter Schools Law.

No later than September 1 of each year during the term of this Agreement, the Charter School shall provide the Board with a current list of all of its employees, and shall cause each of its subcontractors to provide the Board with a current list of all of such subcontractor's employees providing services at the Charter School. Such lists shall contain the names, job positions and social security numbers of all applicable employees. Such list shall also indicate: (i) for each employee, the date of initiation of the criminal background investigation required under Section 34-18.5 of the School Code and Section 5(e) of this Agreement, and the results of such background check; and (2) for each individual employed in an instructional position, evidence of certification, or evidence that such individual is otherwise qualified to teach under Section 27A-10(c) of the Charter Schools Law, including information regarding the additional mentoring, training and staff development, if any, to be provided by the Charter School pursuant to Section 5(f) of this Agreement. For any person hired in an instructional position after September 1 of any school year, the Charter School shall provide the Board with such evidence of certification or other qualification no later than ten (10) business days after the individual's initial date of employment.

e. Criminal Background Checks. The Charter School shall not knowingly employ and shall not permit its subcontractors to knowingly employ any individual (i) for whom a criminal background investigation has not been initiated or (ii) who has been convicted for committing or attempting to commit one of the offenses enumerated in Section 34-18.5(c) of the Illinois School Code.

f. Instructional Providers. The Charter School shall employ or otherwise utilize in instructional positions and shall require that its subcontractors employ or otherwise utilize in instructional positions only those individuals who are certificated under Article 21 of the School Code, 105 ILCS 5/21-1 et seq., or who are otherwise qualified to teach under Section 27A-10(c) of the Charter Schools Law. For purposes of this Section, "instructional positions" means all those positions involving duties and responsibilities which, if otherwise undertaken in the Chicago Public Schools, would require teacher certification. In the event that the Charter School employs or otherwise utilizes or any of its subcontractors employs or otherwise utilizes non-certificated personnel in instructional positions, the Charter School and/or its subcontractors shall provide such additional mentoring, training and staff development as the Charter School determines is necessary to ensure that such individuals perform their instructional duties satisfactorily.

g. Building.

i. Existing Facility. For the school year 2003-2004, all grades of the Charter School shall be located at 1119 E. 46th Street, Chicago, Illinois. Beginning with the school year 2004-2005, grades pre-K-5 shall be located at 1119 E. 46th Street, Chicago, Illinois, and grades 6-8 shall be located at 1014 E. 47th Street, Chicago, Illinois (collectively, the "Attendance Center(s)"). The Charter School shall have obtained and submitted to the Board
for review no later than 30 days prior to the commencement of operation of any Attendance Center: (1) all applicable occupancy permits and health and safety approvals for such Attendance Center; (2) an executed copy of the lease agreement for such Attendance Center, if occupied under a lease agreement; and (3) evidence of title to such Attendance Center, if owned by the Charter School. The Charter School shall take such actions as are necessary to ensure that all leases, occupancy permits and health and safety approvals for all established Attendance Centers remain valid and in force, and shall certify to the Board by August 1, 2003 and thereafter no earlier than June 1 and no later than July 1 of each subsequent year during the term of this Agreement that such leases, certificates and approvals remain in force.

ii. Change in Location. The Charter School may change the physical location of an Attendance Center, provided that the Charter School fulfills the obligations and provides the information set forth in this Section with respect to such new physical location, and provided further that (1) the Charter School notifies the Board of the proposed change in location not less than 30 days prior to taking any final action in connection therewith; and (2) the Board, or its Chief Executive Officer, does not issue a denial to the Charter School within 14 days of its receipt of such notification. The Board shall issue a denial only for good cause.


a. Financial Management. The Charter School shall operate in accordance with GAAP or other generally accepted standards of fiscal management, provided that the Charter School's accounting methods shall comply in all instances with any applicable governmental accounting requirements.

b. Budget and Cash Flow. The Charter School shall prepare and provide to the Board a copy of its annual budget and cash flow projections for each fiscal year by no later than July 1 of such fiscal year. The fiscal year for the Charter School shall begin on July 1 of each year and end on June 30 of the subsequent year.

c. Distribution of Funds. The Board shall distribute the Charter School Funds, as determined in Section 6(d) and Exhibit C, below, in four quarterly installments payable on or before July 22, October 15, January 15 and April 15 of each fiscal year. The first such distribution shall be July 22, 2003. All funds distributed to the Charter School from the Board shall be used for educational purposes only. The use of such funds for any other purpose is strictly prohibited.

d. Funding Procedure. The Board shall calculate the per capita tuition payment for each pupil enrolled at the Charter School based on the procedure set forth in Exhibit C and shall provide this amount to the Charter School for each pupil enrolled at the Charter School as follows:

(i) First Installment (July 22). The amount of the Board’s first quarterly payment shall be based initially on a pre-enrollment report provided to the Board no later than June 22 of each year, which pre-enrollment report shall contain the names and addresses of all students enrolled in the Charter School. It is understood and agreed that the first installment for each school year will be remitted only upon the Board receiving all of the following: 1) the pre-enrollment report from Charter School, 2) notice that the State Board has issued final charter certification to the Charter School (for school year 2003/2004 only), 3) all Attendance Center submissions as required under Section 6(m) herein; and 4) all submissions due each July 1 including those required under Section 4(i) regarding discipline, 4(m) regarding school calendar, 5(g) regarding building certificates, 6(b) regarding budget, 8 regarding insurance and 10(b) regarding special education staffing.
(ii) **Second Installment (October 15).** The amount of the Board's second quarterly payment shall be calculated such that the aggregate amount of the first and second quarterly installments is equal to the number of students enrolled at the Charter School on the twentieth day of the first semester, as verified by attendance records, multiplied by one half the per capita tuition amount.

(iii) **Third Installment (January 15).** The amount of the Board's third quarterly payment shall be based on the Charter School's first semester enrollment, as determined under Section 6(d)(ii) and shall be equal to one half of the aggregate amount of the first and second payments.

(iv) **Fourth Installment (April 15).** The amount of the Board's fourth quarterly payment shall be calculated such that the aggregate amount of the third and fourth installments is equal to the number of students enrolled at the Charter School on the tenth day of the second semester, as verified by attendance records, multiplied by one-half the per capita tuition amount.

e. **Supplemental General State Aid Funds.** The Charter School shall furnish the Board with eligibility data regarding Supplemental General State Aid ("State Aid") eligible students enrolled in the Charter School. State Aid revenues to which the Charter School is entitled shall be distributed to the Charter School quarterly on the dates set forth in Section 6(d) hereof on an estimated basis, provided that the Board may adjust any such payment to account for prior deviations between the estimated State Aid funds paid and the amount of State Aid funds to which the Charter School was entitled during such payment period. Such amounts shall be in addition to the per pupil funding amounts provided under Section 6(d) hereof and Exhibit C hereto, and shall be sufficient to comply with all provisions of the Charter Schools Law, including Section 27A-11 thereof.

f. **Refund of Unspent Funds.** In the event that this Agreement is revoked or is not renewed by the Board, the Charter School shall refund to the Board all unspent funds in accordance with Section 27A-11(g) of the Charter Schools Law.

g. **Other Sources of Funds for Charter School.** Paragraph 6(d) is not intended to increase or decrease the amount of per capita student tuition to which the Charter School is entitled under the Charter Schools Law. In addition, the parties acknowledge that the Charter School is or may be entitled to other categorical state and federal sources of funds for schools which are not included in the per capita tuition payment described in Exhibit C hereto.

h. **Tuition and Fees.** The Charter School shall not charge tuition to any student, unless such student would otherwise be liable for tuition costs under the School Code. The Charter School may charge reasonable fees, to the extent permitted by law, for textbooks, instructional materials, summer school programs, after school programs, and student activities.

i. **Outside Funding.** The Charter School may accept gifts, donations or grants pursuant to Section 27A-11(d) of the Charter Schools Law, provided that no such gifts, grants or donations may be accepted if contrary to applicable law or to the terms of this Agreement. In the event that the Charter School solicits funding from sources other than those set forth in this Section 6, it shall comply with all applicable State or Federal laws regarding the reporting of charitable solicitations.

j. **Pension Payments.** The Board shall make payments directly to the Chicago Teachers Pension Fund on behalf of any education, administrative or other staff member employed at the Charter School (whether by Charter School itself or one of its subcontractors) who is certified under
the law governing certification of teachers in the amount of that employer’s proportionate share of State funds made available to the Chicago Public Schools for such purpose. However, the Board shall not make the employee’s or other staff’s member contributions. The parties hereby acknowledge and agree that the Charter School shall comply with those provisions of the Illinois Pension Code which specify applicability to, or compliance by, charter schools and it is not the intent of the parties to have the Charter School comply with any other portions of the Pension Code.

k. Management and Financial Controls. At all times, the Charter School shall maintain appropriate governance and managerial procedures and financial controls which procedures and controls shall include, but not be limited to: (1) generally accepted accounting procedures; (2) a checking account; (3) adequate payroll procedures; (4) bylaws; (5) an organization chart; and (6) procedures for the creation and review of monthly and quarterly financial reports, which procedures shall specifically identify the individual who will be responsible for preparing such financial reports in the following fiscal year.

l. Annual Audits. The Charter School shall cause a Financial Statement Audit and Financial and Administrative Procedures Controls Review (collectively, the “Financial Audits”) to be performed annually at its expense by an outside independent auditor retained by the Charter School and reasonably acceptable to the Board. The Financial Audits shall include, without limitation:

i. An opinion on the financial statements (and Supplementary Schedule of Expenditures of Federal Awards, if applicable);

ii. A report on compliance and on internal control over financial reporting based on an audit of financial statements performed in accordance with Government Accounting Standards; and

iii. A report on compliance with requirements of applicable laws and regulations, including the audit requirements contained in the Accountability Plan.

The Financial Audits shall be made available to the Board no later than November 1 of each year during the term of this Agreement, beginning with November 1, 2003.

m. Quarterly Financial Reports. The Charter School shall prepare or cause to be prepared quarterly financial reports in conformance with Exhibit D, which shall be provided to the Board on or before January 14, April 14, July 14 and October 14 of each year, beginning October 14, 2003.

n. Attendance. The Charter School shall maintain accurate enrollment data and daily records of student attendance and shall provide enrollment and attendance data to the Board on a monthly basis. The Charter School shall provide the Board with current enrollment and attendance data via the Board’s Student Information System (“SI System”). Such enrollment and attendance data shall be maintained and updated on the SI System at least monthly by the Charter School. The Board shall provide the Charter School with the necessary SI System access, software and training to allow Charter School personnel to use the Board’s SI System and input enrollment/attendance data.

o. Withholding of Funds. In the event the Charter School fails to submit to the Board any documents or information required under this Agreement, or fails to follow any procedures and policies set forth in this Agreement, the Board may withhold any and all payments of funds to the Charter School providing the Board gives the Charter School written notice enumerating the specific failure(s). Upon the Charter School’s compliance with any such failure(s), the Board shall
immediately release any and all payments of funds due the Charter School. Repeated violations of this paragraph shall be deemed a material violation of this Agreement, and the Board may revoke this Agreement and the charter of the Charter School in accordance with paragraph 13 herein.

7. **Purchase Agreement.** The Board and the Charter School may enter into a purchase agreement or agreements providing for the purchase by the Charter School from the Board of certain goods, services and materials in connection with the operation of the Charter School.

8. **Insurance.** The Charter School shall, at its own expense, purchase and maintain insurance covering all of its operations. Such insurance shall include the types of insurance set forth in Exhibit E hereto, subject to the conditions and in no less than the respective limits set forth therein. All insurers shall be licensed by the State of Illinois and rated B+ or better by A. M. Best or a comparable rating service, or be an authorized Risk Retention Group acceptable to the Board or a program of self-insurance reasonably acceptable to the Board.

No later than fifteen (15) days following the date of approval of this Agreement by the Illinois State Board of Education, and each July 1 thereafter, the Charter School shall provide the Board with certificates of insurance or other satisfactory proof evidencing coverage in the types and amounts as set forth above and in Exhibit E. All such insurance policies shall contain a provision requiring notice to the Board, at least 30 days in advance, of any material change, non-renewal or termination, to the attention of: Manager of Risk Management, Chicago Public Schools, 125 S. Clark 14th Floor, Chicago, Illinois 60603 and to the Charter Schools Office, Chicago Public Schools, 125 S. Clark St., 12th Floor, Chicago, Illinois, 60603.

9. **Academic Accountability and Evaluations.**

a. **Accountability Plan.** The Charter School shall be held accountable by the Board in accordance with the Accountability Plan contained in Exhibit F (“Accountability Plan”). Due to potentially sweeping changes regarding testing requirements and other accountability standards that may occur because of the enactment of the No Child Left Behind Act or other laws or mandates, the parties agree that the Accountability Plan attached as Exhibit F hereto is subject to re-negotiation effective on or before June 30 of each year of the Agreement upon written notice from the Board no later that April 1 of each year. The parties agree to work diligently and in good faith to re-negotiate the Accountability Plan so as to comply with any and all required changes regarding accountability standards which are applicable to charter schools.

b. **Standardized Tests.** The Charter School shall administer such standardized tests of academic proficiency as are provided for in the Board’s policies and procedures, and shall participate in State assessments required by Section 2-3.64 of the School Code.

c. **Site Visits.** In addition to the above procedures, the Charter School shall grant reasonable access to, and cooperate with, the Board, its officers, employees and other agents, including allowing site visits by the Board, its officers, employees and other agents, for the purpose of allowing the Board to fully evaluate the operations and performance of the Charter School pursuant to the Accountability Plan and the Charter Schools Law. Where possible, the Board shall provide the Charter School with at least 24 hours prior notice of such site visits.

10. **Specialized Services.**

a. **Provision of Services.** The Charter School shall provide services and accommodations to students with disabilities as set forth in the Application and in accordance with
the Individuals with Disabilities Education Act (20 U.S.C. §1401 et seq.) (the “IDEA”), Section 504 of the Rehabilitation Act of 1973 (29 U.S.C. §794) (“Section 504”), and subject to the following additional conditions: (i) the Charter School shall comply with all Chicago Public Schools policies and procedures for serving students with disabilities including forwarding requests for due process hearings to the Board’s Office of Specialized Services (“OSS”); (ii) the Charter School shall obtain from the OSS the Individualized Education Plan (“IEP”) for any student who has transferred to the Charter School from a Chicago Public School and for whom the Board possesses an IEP; (iii) the Charter School shall provide a full continuum of services to implement the IEP of a student with disabilities; (iv) the Charter School shall provide 10-day prior notice to the OSS and shall allow an OSS representative who is authorized by the Chief Specialized Services Officer to commit services to participate in all case study evaluations and IEP conferences for students with disabilities; and, (v) the Charter School shall designate and identify to the OSS an individual who shall assume case management responsibilities for disabled students attending the Charter School.

b. **Staffing Election.** The Charter School may elect to furnish its own special education and pupil support service staff to provide special education and pupil support services to students enrolled at the Charter School or it may elect to have the Board furnish special education and pupil support services staff to serve the Charter School’s students with disabilities. The Charter School shall notify the Board in writing, by July 1 of each year, of its election regarding special education staffing. If the Charter School elects to have the Board furnish the necessary special education and pupil support services personnel, the Board shall assign the necessary staff to the Charter School. If the Charter School elects to employ its own staff to provide special education and pupil support services, the Board shall reimburse the Charter School for the salary and benefits of such certified personnel based on a customized formula developed for the Charter School by the Board’s budget office, the OSS and the Charter School Office. Where a student’s IEP requires special education teacher aids and assistants, the Board shall reimburse the Charter School at rates not to exceed the Board salary rate for such a position, plus benefits, if applicable. All special education and pupil support services staff employed by the Charter School shall have the requisite qualifications, Illinois certificates and/or licenses.

c. **Staff Requirements.** By August 10 of each year, the Board shall notify the Charter School of the number of special education and pupil support service staff required by State guidelines, based on students enrolled at Charter School and entered into and identified as needing services by the Board’s student information system on August 1. The Board may during the school year issue adjustments to these staff requirements to accommodate changes in the enrollment and needs of the Charter School’s students.

d. **Additional Resources.** Notwithstanding Section 6 of this Agreement, the Board shall provide necessary additional resources including assistive technologies (as required by a student’s IEP) for the education of students with disabilities enrolled in the Charter School in accordance with the IDEA, Section 504, and the IEPs of such students. Such additional resources shall be sufficient to comply with all provisions of the Charter Schools Law, including Section 27A-11 thereof.

11. **Comprehensive School Management Contracts.** No entity or party other than the Charter School may provide comprehensive school management or operations except upon the prior approval of the Board and certification by the State Board. Furthermore, in the event the Charter School desires to enter into any contract for comprehensive school management or operations services to be performed in substantial part by an entity not a party to this Agreement, the provisions of Exhibit G attached hereto must be incorporated into any such contract.

12. **Renewal of Charter; Failure to Renew.** No later than January 1, 2008 and no earlier than
September 1, 2007, the Charter School shall provide a written proposal to the Board in accordance with Section 27A-9 of the Charter Schools Law, setting forth proposed terms of renewal of the Agreement. Pursuant to Section 27A-9(b) of the Charter Schools Law, the renewal proposal of the Charter School shall contain the most recent annual report and financial statement of the Charter School. The written proposal may contain proposed changes to this Agreement that the Charter School desires to incorporate into the renewed agreement.

The Board shall provide written notice to the Charter School indicating whether, and upon what conditions, it is willing to renew the charter of the Charter School, including any modified terms proposed by the Board. If there is no agreement on the terms of renewal, then the parties shall fulfill their mutual obligations hereunder to the end of the Term of this Agreement. The Board may refuse to renew the Agreement upon a finding that any cause for revocation exists under Section 13 hereof.

13. **Revocation of Charter.** The Board may revoke this Agreement and the charter of the Charter School, in accordance with Section 27A-9 of the Charter Schools Law, if the Board clearly demonstrates that the Charter School did any of the following, or otherwise failed to comply with the requirements of the Charter Schools Law:

a. Committed a material violation of any of the conditions, standards, or procedures set forth in this Agreement including the Accountability Plan; or

b. Failed to meet or make reasonable progress toward achievement of the content standards or pupil performance standards identified in this Agreement or in the Accountability Plan; or

c. Failed to meet generally accepted standards of fiscal management; or

d. Materially violated any provision of law from which the Charter School was not exempted.

In addition, the charter of the Charter School may be revoked in the event that the parties agree to terminate this agreement by mutual consent pursuant to Section 22 of this Agreement.

In the event that the Board proposes to revoke this Agreement and the charter of the Charter School, the Board shall provide the Charter School with written notice setting forth in detail the grounds for such revocation at least 14 days prior the date the Board takes final action on such revocation.

14. **Second Campus.** The application as submitted by the Charter School requested the operation of a second campus. However, the Board did not address this request in its renewal and approval process. At such time as the Charter School determines that it desires to open a second campus, the Charter School shall submit all specific and necessary information to the Board for its review. The Charter School acknowledges that any such second campus must be operated in full compliance with the terms and conditions of this Agreement. Such second campus request shall be subject to Board approval and ISBE certification.

15. **Indemnification.**

a. To the fullest extent permitted by law, the Charter School shall indemnify, defend and hold harmless the Board, its members, officers, employees, agents, affiliates and representatives, past and present (collectively, the "Board Indemnites"), from and against any and all liabilities, losses, penalties, damages and expenses, including costs and attorney fees, arising out of all claims, liens, demands, suits, liabilities, injuries (personal or bodily), of every kind, nature and character arising or resulting from or occasioned by or in connection with (i) the possession, occupancy or use of the property of the Charter School, its faculty, students, patrons, employees, guests or agents, (ii) any act
or omission to act, whether negligent, willful, wrongful or otherwise by the Charter School, its faculty, students, patrons, employees, guests or agents, (iii) a violation of any law, statute, code, ordinance or regulation by the Charter School, its faculty, students, patrons, employees, sub-contractors, guests or agents, and/or any breach, defaults, violation or nonperformance by the Charter School of any term, covenant, condition, duty or obligation provided in this Agreement including but not limited to the Accountability Plan (collectively, the “Covered Losses”). This indemnification shall not apply to the extent that any Covered Loss results from the negligence or wrongful act or omission of any Board Indemnitee or from any act or omission of the Charter School required by law or this Agreement.

b. To the fullest extent permitted by law, the Board shall indemnify, defend and hold harmless the Charter School, any successor entity thereto, and their respective members, officers, employees, agents, affiliates and representatives, past and present (collectively, the “Charter Indemnitees”), from and against any and all liabilities, losses, penalties, damages and expenses, including costs and attorney fees, arising out of all claims, liens, demands, suits, liabilities, injuries (personal or bodily), of every kind, nature and character arising or resulting from or occasioned by or in connection with (i) any act or omission to act, whether negligent, willful, wrongful or otherwise by the Board, its members, agents officers or employees, or (ii) a violation of any law, statute, code, ordinance or regulation by the Board, its members, agents, officers or employees, and/or any breach, defaults, violation or nonperformance by the Board of any term, covenant, condition, duty or obligation provided in this Agreement or the Accountability Plan (collectively, the “Covered Losses”). This indemnification shall not apply to the extent that any Covered Loss results from the negligence or wrongful act or omission of any Charter Indemnitee or from any act or omission of the Board required by law or this Agreement.

c. This indemnification, defense and hold harmless obligation 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.

16. Disclaimer of Liability. The parties expressly acknowledge that the Charter School is not operating as the agent, or under the direction and control, of the Board except as required by law or this Agreement, and that the Board assumes no liability for any loss or injury resulting from: (1) the acts and omissions of the Charter School, its directors, trustees, agents, subcontractors or employees; (2) the use and occupancy of the building or buildings occupied by the Charter School, or any matter in connection with the condition of such building or buildings; or (3) any debt or contractual obligation incurred by the Charter School. The Charter School acknowledges that it is without authority to, and will not, extend the faith and credit of the Board or the Chicago Public Schools to any third party.

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

18. Waiver. No waiver of any breach of this Agreement shall be held as a waiver of any other or subsequent breach.

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

20. Terms and Conditions of Application. The parties hereto expressly 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 policies, procedures or other specific terms of operation that supplement or otherwise differ from those set forth in the Application, the Charter School shall be permitted to implement such policies, procedures, and specific terms of operation, provided that such policies, procedures and terms of operation are consistent with the goals, standards and general operational policies set forth in the Application, this Agreement, and the Charter Schools Law.

21. **Amendments.** This Agreement may be amended only by written consent of the parties hereto and, in the case of material amendments, only after submission of such amendments to, and approval by, the Illinois State Board of Education in accordance with Section 27A-6(e) of the Charter Schools Law.

22. **Assignment.** This Agreement may not be assigned or delegated by the Charter School under any circumstances, it being expressly understood that the charter granted hereby runs solely and exclusively to the Charter School.

23. **Termination.** This Agreement may be terminated prior to its expiration by (a) the mutual consent of the parties or (b) revocation of the charter of the Charter School pursuant to Section 13 hereof. Termination of this Agreement for any reason shall serve to immediately revoke the charter granted hereby.

24. **Notices.** Any notice, demand or request from one party to any other party or parties hereunder shall be deemed to have been sufficiently given or served for all purposes if, and as of the date, it is delivered by hand, overnight courier, facsimile (with confirmation) or within three (3) business days of being sent by registered or certified mail, postage prepaid, to the parties at the following addresses:

If to the Charter School:

University of Chicago
Charter School Corporation
1313 East 60th Street
Chicago, Illinois 60637
Attn: Kirby Callam

With copy to:

University of Chicago
Office of Legal Counsel
5801 South Ellis Avenue
Chicago, Illinois 60637

If to the Board:

Chicago Board of Education
Chief Executive Officer
125 South Clark Street
Chicago, Illinois 60603

With copies to:

Chicago Board of Education
Charter Schools Office
125 South Clark Street
Chicago, Illinois 60603

Chicago Board of Education
General Counsel
125 South Clark Street
Chicago, Illinois 60603

25. **Severability.** In the event that any provision of this Agreement or the application thereof to any person or in any circumstances shall be determined to be invalid, unlawful, or unenforceable to any extent,
the remainder of this Agreement, and the application of such provision to persons or circumstances other than those as to which it is determined to be invalid, unlawful or unenforceable, shall not be affected thereby, and each remaining provision of this Agreement shall continue to be valid and may be enforced to the fullest extent permitted by law.

26. **Superseder.** This Agreement supersedes and replaces any and all prior agreements and understandings between the Board and the Charter School. To the extent that any conflict or incompatibility exists between the Application as incorporated herein and the other terms of this Agreement, such other terms of this Agreement shall control. Notwithstanding anything in this Agreement to the contrary, the Charter School does not consent to comply with any laws, regulations or policies from which it is exempted under the Charter Schools Law.

27. **Delegation.** The parties agree and acknowledge that the functions and powers of the Board may be exercised by the Chief Executive Officer of the Chicago Public Schools, provided that any ultimate decision regarding renewal, non-renewal or revocation of this Agreement may be made only by the Board.

28. **Prior Actions.** It is expressly agreed and understood that as a condition precedent to this Agreement becoming effective on the effective date hereof, the Charter School 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 that failure to do so shall constitute grounds for the Board to declare this Agreement null and void.

29. **Construction.** This Agreement shall be construed fairly as to both parties and not in favor of or against either party, regardless of which party prepared the Agreement.

30. **Incorporation of Exhibits.** All exhibits referenced herein are hereby incorporated into and made a part of this Agreement.

IN WITNESS WHEREOF, the parties have made and entered into this amended and restated Agreement as of the effective date hereof.

**BOARD OF EDUCATION OF THE CITY OF CHICAGO**

By: Michael W. Scott  
Name: Michael W. Scott  
Title: President

**THE UNIVERSITY OF CHICAGO CHARTER SCHOOL CORPORATION**

By:  
Name: Henry S. Weinberg  
Title: VP, Community and Co-Op Affairs

**ATTEST:**

Estela G. Beltran, Secretary

**Board Report:** 03-0225-EX05 AND 03-0625-AR02-6

Approved as to legal form: Ruth Moscovitch, General Counsel

Ruth Moscovitch, General Counsel
EXHIBIT A

APPLICATION

The following document is hereby incorporated by reference as if set forth fully herein:

1. The Application of the Charter School dated December 16, 2002, as approved by the Board on February 25, 2003 (the "Application").
EXHIBIT B

STATE BOARD OF EDUCATION LIST OF HEALTH AND SAFETY LAWS
APPLICABLE TO CHARTER SCHOOLS

1. The Following Sections of the Illinois School Code, 105 ILCS 5/1-1 et seq.:
   a. Section 2-3.12 (requires compliance with State Board of Education building and life and safety codes).
   b. Sections 10-20.5b, 34-18.11 (prohibits tobacco use on school property).
   c. Section 10-20.17a (requires in-service training for school personnel who handle hazardous or toxic waste).
   d. Section 10-20.23 (requires schools to have tornado prevention programs)
   e. Section 10-21.10 (prohibits students from having electronic paging devices on school property).
   f. Section 10-21.11 (requires schools to have policies for handling students with chronic infectious diseases)
   g. Section 27-8.1 (requires that students have periodic health examinations and immunizations)
   h. Section 10-22.21b (requires that schools have policies regarding administering medication to students)


3. Eye Protection in School Act, 105 ILCS 115/0.01 et seq.

4. Fire Drill Act, 105 ILCS 120/0.01 et seq.

5. Toxic Art Supplies in Schools Act, 105 ILCS 135/1 et seq.
EXHIBIT C

FUNDING DETERMINATION PROCEDURE

For each student enrolled at the Charter School, the Board shall provide to the Charter School an amount equal to the current fiscal year general revenues of the Board divided by the current fiscal year K-12 enrollment of the Board, as stated, in each case, in the budget adopted by the Board at the commencement of each fiscal year.

For each Pre-Kindergarten student enrolled at the Charter School, the Board shall provide to the Charter School an amount equal to all of the current fiscal year State Pre-Kindergarten general revenue and entitlements of the Board divided by the current fiscal year State Pre-Kindergarten enrollment of the Board.

The general revenues shall include all revenues available to the Board for general use to support all pupils and programs, including but not limited to General State Aid, General Operating Funds property taxes, Corporate Personal Property Replacement Tax revenues, and unrestricted State block grant revenues.

The general revenues shall not include revenues which may be used only for specific types of pupils, programs, or purposes, nor revenues which are reimbursements for expenses associated with specific types of pupils, programs or purposes, including, but not limited to, State pension revenues, State and federal special education revenues, State Chapter 1 revenues, and federal Title 1 revenues. The general revenues shall also not include available fund balance and interest on investments.
### EXHIBIT D

**QUARTERLY FINANCIAL REPORT**

<table>
<thead>
<tr>
<th>School Name</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Quarterly Cash Flow Budget</th>
<th>July 1 to End of Quarter</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>First</td>
</tr>
<tr>
<td>(A) BEGINNING CASH</td>
<td></td>
</tr>
<tr>
<td>Cash Receipts:</td>
<td></td>
</tr>
<tr>
<td>Per Capita Revenues</td>
<td></td>
</tr>
<tr>
<td>State Chapter 1</td>
<td></td>
</tr>
<tr>
<td>Other Categorical:</td>
<td></td>
</tr>
<tr>
<td>Grants</td>
<td></td>
</tr>
<tr>
<td>Student fees</td>
<td></td>
</tr>
<tr>
<td>Other:</td>
<td></td>
</tr>
<tr>
<td>(B) TOTAL RECEIPTS</td>
<td></td>
</tr>
</tbody>
</table>

| CASH DISBURSEMENTS       |       |        |       |        |       |        |        |            |
| Direct Student Costs:    |       |        |       |        |       |        |        |            |
| Salaries and Benefits:   |       |        |       |        |       |        |        |            |
| Occupancy of Facilities: |       |        |       |        |       |        |        |            |
| Office:                  |       |        |       |        |       |        |        |            |
| Loan payments:           |       |        |       |        |       |        |        |            |
| Other:                   |       |        |       |        |       |        |        |            |
| (C) TOTAL DISBURSEMENTS  |       |        |       |        |       |        |        |            |

| (D) NET RECEIPTS (B - C) |       |        |       |        |       |        |        |            |

| ENDING CASH (A + D)      |       |        |       |        |       |        |        |            |

**NOTES:**

The first dates of each quarter are July 1, October 1, January 1 and April 1.

Do NOT include capital loan proceeds and disbursements.

*Ending Cash* should correspond to actual bank balance.

*Direct Student Costs:* Classroom supplies, educational materials, instructional equipment, computers, field study, etc.

*Salaries and Benefits:* Salaries, pension, payroll taxes, health benefits, staff development.

*Occupancy of Facilities:* Rent or mortgage, utilities, maintenance.
EXHIBIT E

INSURANCE REQUIREMENTS

1. **Worker’s Compensation and Employers’ Liability Insurance.** Workers’ Compensation insurance as required by state law (can be provided by an authorized risk retention group or a commercial insurance company). Employers’ Liability insurance for employee accidents or diseases. (Employers’ Liability Insurance Limits: $100,000 per employee; Aggregate Limit for disease -- $500,000.)

2. **Commercial General Liability Insurance.** With a combined single limit of $1,000,000 per occurrence for personal injury and property damage liability, and premises and operations, including independent contractors, contractual liability, and products/completed operations coverage. The Charter School shall have its general liability insurance endorsed to provide that the *Board of Education of the City of Chicago, a body politic and corporate, and its members, employees, and agents, and any other entity as may be designated by the Board are named as “Additional Insureds” on a primary basis, without recourse or contribution from the additional insureds for claims arising out of operation of the Charter School.*

3. **School Board Legal/Professional Liability Insurance.** To protect the Charter School and its directors and officers from liability claims arising from wrongful acts, errors or omissions that do not involve bodily injury or property damage. (Limits: $1,000,000)

4. **Commercial Automobile Liability Insurance.** For bodily injury or property damage arising from owned, leased, hired or non-owned vehicles used by the Charter School. (Combined Single Limit: $1,000,000)

5. **Umbrella (Excess) Liability Insurance.** To provide excess protection over underlying general and professional liability coverages. (Limits: $2,000,000)

6. **Property Insurance.** To insure the replacement value of school property, including property for which the Charter School is contractually responsible by lease or other agreement, for loss or insurance from “special perils” of physical loss or damage. Such insurance shall cover boiler and machinery exposures and business interruption/extra expense losses.
ACCOUNTABILITY PLAN

The Board and the Charter School have determined that it is in the best interests of the Board, the Charter School, its students, parents and the public, to articulate clear standards for the Charter School and to annually publish the level of achievement of the Charter School with respect to those standards.

1. Accountability Components
The Board and the Charter School hereby agree that the Charter School shall be evaluated annually in accordance with the Agreement and this Plan.

2. Annual Performance Reports
Annually the Board shall publish a Performance Report indicating the Charter School’s performance on each of the Indicators in the categories provided herein. A Performance Report for the preceding school year shall be issued by January 1 of each year. The Performance Report will include two categories: Pupil Performance and Financial Management and Compliance.

Each category will have multiple Indicators and the charter school’s performance on each Indicator will be rated as:

1. High – clearly meets/exceeds expectations;
2. Middle – meets minimum renewal requirements while leaving room for improvement;
3. Low – clearly does not meet expectations.

This Accountability Plan establishes the performance levels, listed below, which generate High, Middle, and Low ratings for each Indicator. However, additional information or extenuating circumstances may lead the Board to rate a category higher or lower than when performance level criteria are strictly applied.

A. Pupil Performance
The intent of the Pupil Performance section is to provide a multi-faceted understanding of student performance at the Charter School upon which the Charter School’s academic performance will be evaluated. Pupil performance will be evaluated based on both Absolute Performance and Relative Performance. The Absolute Performance indicators will be rated as “High”, “Middle”, or “Low” as defined above (See Table I for performance levels for the rating system). The Relative Performance indicators will be assessed as to whether or not the Charter School outperformed the comparison school average (See Table II for Relative Performance indicators).

Standardized Tests
The Charter School shall participate fully in the Illinois Standards Achievement Test (ISAT), the Iowa Tests of Basic Skills (ITBS) for grades 3 through 8, and the Prairie State Achievement Examination for grade 11. Data from these assessments will be compiled and evaluated as described below. Growth on the ITBS assessment shall be measured based on students who have been in attendance at the charter school before October 1 of each school year. If for any reason the Chicago Public Schools ceases to use any of the assessment systems described herein, the Board, at its discretion, shall implement an alternate student assessment system and test measure criteria for Charter School accountability purposes.
**Unique Standards and Assessments**

In addition to standardized tests, the Charter School has the voluntary opportunity to include Unique Standards and Assessments in its Accountability Plan. The school may choose to implement alternative assessments to measure student achievement of existing Illinois Learning Standards. In addition, the charter school may choose to implement unique learning or performance standards that are not part of the Illinois Learning Standards and to implement assessments for those unique standards. In either case, the standards must be measurable and assessed annually and the assessment results must indicate if a student Meets or Does Not Meet the standard. In addition, the Charter School may document the growth and trend data for student performance as related to the standard. The Charter School’s decision to implement unique standards and assessments shall not affect the Charter School’s obligation to comply with the ISAT, ITBS and PSAE assessments set forth in this section. Only those Unique Standards and Assessments agreed to by the Charter School and the Board by January 15 of each year may be included in the Performance Report.

**Additional Student Performance Indicators**

The Charter School’s attendance rate, graduation rate (for high schools) and percentage of students transferring out of the school will also be assessed. While Attendance Rate data will be collected, classified and reported annually, Low performance on this indicator alone and no others shall not be grounds for non-renewal or revocation. However, the Board may use Low performance on this measure as the basis for further inquiries about any Charter School practices which may be the cause of the Low performance. The Charter School shall cooperate with all reasonable inquiries by the Board in this regard.

**Adequate Yearly Progress**

As required by the Federal No Child Left Behind Act, Illinois has set annual “Adequate Yearly Progress” (AYP) targets for student performance on the ISAT and PSAE assessments. Schools receiving Title I funds must meet these targets to achieve AYP. Any charter school receiving Title I funds and failing to make AYP for 2 consecutive years is designated as a school in need of “School Improvement” and faces sanctions as required by Federal law. For purposes of this Agreement, the AYP target is one of many indicators to be assessed on an annual basis (see Table I). All schools will be ranked on the AYP indicator for purposes of this Accountability Plan. However, only those schools receiving Title I funds will face the sanctions required by Federal law.

Separate from this Agreement, any charter school receiving Title I funds that does not make AYP for 2 or more years will be subject to the sanctions required by Federal law. The Charter Schools Office will monitor the implementation of such sanctions.

At the time of execution of this Agreement, the annual AYP targets for the ISAT and PSAE are anticipated to be as follows. In the event that the AYP targets are revised, the Charter School will be subject to the revised targets.

<table>
<thead>
<tr>
<th></th>
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<th></th>
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<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Target</td>
<td>40%</td>
<td>42%</td>
<td>45%</td>
<td>50%</td>
<td>56%</td>
<td>63%</td>
<td>70%</td>
<td>77%</td>
<td>84%</td>
<td>90%</td>
<td>95%</td>
<td>100%</td>
</tr>
</tbody>
</table>

22
Relative Performance Indicators
The Relative Performance of the Charter School will be determined by comparing the Charter School’s performance relative to a weighted, aggregate average of the performance of the schools within whose attendance boundaries the Charter School students reside, referred to as the “Comparison School Average” (see Table II).

Although Relative Performance indicators will not be given a “High,” “Middle,” or “Low” rating, the Board will review this data annually to determine how the Charter School is performing compared to the schools that the Charter School students would otherwise attend. Table II will be completed and included in the annual Performance Report. This data will also be considered by the Board during renewal decisions.
<table>
<thead>
<tr>
<th>Indicator</th>
<th>High</th>
<th>Middle</th>
<th>Low</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ITBS Reading</strong></td>
<td>More than 50%</td>
<td>25% - 50%</td>
<td>Less than 25%</td>
</tr>
<tr>
<td>Percent at or above national norms</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>ITBS Math:</strong></td>
<td>More than 50%</td>
<td>25% - 50%</td>
<td>Less than 25%</td>
</tr>
<tr>
<td>Percent at or above national norms</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>ITBS Reading</strong></td>
<td>1.0 years or more</td>
<td>0.9 years</td>
<td>0.8 or fewer years</td>
</tr>
<tr>
<td>Average growth above prior year</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>ITBS Math:</strong></td>
<td>1.0 years or more</td>
<td>0.9 years</td>
<td>0.8 or fewer years</td>
</tr>
<tr>
<td>Average growth above prior year</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>ISAT Composite:</strong></td>
<td>More than 50%</td>
<td>25% - 50%</td>
<td>Less than 25%</td>
</tr>
<tr>
<td>Percent Meet and Exceed State Standards</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>ISAT Composite:</strong></td>
<td>At least 2.0% increase</td>
<td>+/- 1.99%</td>
<td>At least 2.0% decrease</td>
</tr>
<tr>
<td>Percent Meet and Exceed State Standards - change from prior year</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>PSAE Composite:</strong></td>
<td>More than 50%</td>
<td>25% - 50%</td>
<td>Less than 25%</td>
</tr>
<tr>
<td>(11th grade students only): Percent Meet and Exceed State Standards</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>PSAE Composite:</strong></td>
<td>At least 2.0% increase</td>
<td>+/- 1.99%</td>
<td>At least 2.0% decrease</td>
</tr>
<tr>
<td>Percent Meet and Exceed State Standards - change from prior year</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Attendance Rate:</strong></td>
<td>Top 25% of city’s public schools</td>
<td>Middle 50% of city’s public schools</td>
<td>Lowest 25% of city’s public schools</td>
</tr>
<tr>
<td>(evaluated by type of school -elementary or high school)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Graduation Rate:</strong></td>
<td>Top 25% of city’s public schools</td>
<td>Middle 50% of city’s public schools</td>
<td>Lowest 50% of city’s public schools</td>
</tr>
<tr>
<td>(high schools only)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Transfer Out Rate</strong></td>
<td>Top 25% of city’s public schools</td>
<td>Middle 50% of city’s public schools</td>
<td>Lowest 25% of city’s public schools</td>
</tr>
<tr>
<td>(evaluated by type of school -elementary or high school)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Unique Standards and Assessments:</strong></td>
<td>To be determined for each Indicator</td>
<td>To be determined for each Indicator</td>
<td>To be determined for each Indicator</td>
</tr>
<tr>
<td>Percent of students who meet standard at levels to be determined by the Charter School and Board</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Adequate Yearly Progress (NCLB):</strong></td>
<td>Met AYP Target</td>
<td>Failed to meet AYP target 1 year</td>
<td>Failed to meet AYP target 2 or more years</td>
</tr>
<tr>
<td>ISAT and PSAE thresholds required to meet AYP requirements</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
### Table II: Relative Performance

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Charter School Performance</th>
<th>Comparison School Average</th>
<th>Difference</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ITBS Reading:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Percent at or above norms</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>ITBS Math:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Percent at or above norms</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>ITBS Reading:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Average growth above prior</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>ITBS Math:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Average growth above prior</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>ISAT:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Percent Meet and Exceed</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>PSAE Composite:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Percent of students with</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>a satisfactory</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>composite score</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Attendance Rate</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(evaluated by type of</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>school – elementary or</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>high school)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Graduation Rate</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(High Schools only)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Dropout Rate</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(High Schools only)</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Summary**
The Charter School outperformed the comparison school average on ___ of the nine indicators.
B. Financial Management and Compliance

The following Financial Management and Compliance Indicators will be included and evaluated in each Performance Report:

<table>
<thead>
<tr>
<th>Indicator</th>
<th>High</th>
<th>Middle</th>
<th>Low</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Balanced Budget:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1) Prior-year balanced budget successfully implemented,</td>
<td>Both budgets balanced</td>
<td>Current-year budget balanced. Prior-year budget not balanced.</td>
<td>Current-year budget not balanced</td>
</tr>
<tr>
<td>2) Realistic current-year balanced budget plan</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Financial Practices:</strong> financial statements audit, internal controls, pension payments, payroll taxes, insurance coverage, loan payments and terms</td>
<td>All in good standing and no findings</td>
<td>Any Minor finding or non-payment with realistic plan to make payment; non-compliance with loan terms,</td>
<td>Any repeated finding; any Major finding; any Non-payment without realistic plan to make payment; non-compliance with loan terms.</td>
</tr>
<tr>
<td><strong>Compliance/Contractual Obligations</strong></td>
<td>No findings</td>
<td>Any Minor finding(s)</td>
<td>Any repeated finding; any Major finding</td>
</tr>
</tbody>
</table>

The Board shall use budget and cash flow statements submitted pursuant to Section 6.b of the Agreement, along with any other relevant information, to determine if the Charter School has a realistic current year balanced budget plan. The Board shall use the financial statements presented in the Charter School’s annual financial audit, required under Section 6.1 of the Agreement, along with any other relevant information, to determine if the Charter School maintained a balanced budget during the prior-year.

The following items, required by Sec. 6.1. of the Agreement, shall be evaluated and presented as part of the Financial Practices Indicator:

a) The Charter School’s audit report opinion on the school’s financial statements; and
b) The Charter School’s audit report on compliance and internal control over financial reporting based on an audit of the financial statements performed in accordance with Government Auditing Standards; and

c) The status of the Charter School’s payments for pensions, payroll taxes, insurance coverage, and debt service payments.

The following items shall be tested and reported upon annually by the Charter School’s independent auditor and evaluated and presented as part of the Health and Safety Indicator:

a) Criminal background investigations (05 ILCS 5/34-18.5)
b) Administration of Medication (105 ILCS 5/10-22.21b),
c) Hazardous materials training (105 ILCS5/10-20.17a)
d) Fire Drill Act (105 ILCS 120),
e) Tornado Protection Program (105 ILCS 5/10-20.23),
f) Abused and Neglected Child Reporting Act (325 ILCS 5/1 et. seq.),
g) Eye Protection Act (105 ILCS 115/1),
The following items shall be tested and reported upon annually by the Charter School’s independent auditor and evaluated and presented as part of the Contractual Obligations Indicator:

a) Open Meetings Act (5 ILCS 120/1.01 et. seq.),
b) Student Records Act (105 ILCS 10),
c) Conformance with the following sections of the Charter School Agreement:
   i) Section 4(j), the school’s governance structure,
   ii) Section 6(k), ongoing presence of management and financial controls,
   iii) Section 4(c), an open enrollment process and lottery,
   iv) Section 5(c), maintenance of Corporate Status and Good Standing.

In addition to the above items, the Board will also consider the Charter School’s compliance with teacher qualification requirements, according to both the Illinois Charter School Law (Section 27A-10) and the requirements for “Highly Qualified” teachers under the No Child Left Behind Act (if the Charter School receives Title I funding). Failure to comply with these teacher qualification requirements may affect the rating on the Compliance Indicator.

When determining how to classify a Financial Management and Compliance Indicator, the Board may consider information from various sources, including, but not limited to, audits, site visits, and information provided by parents or employees. An audit finding shall be considered Minor unless the Board determines a finding is Major. If the Board believes an audit finding may be Major, it shall obtain an opinion from a qualified, third-party professional regarding the importance of the finding. The Board shall also ask the Charter School to respond to the finding.

In general, a finding will be considered Major if it indicates a deliberate act of wrongdoing, reckless conduct or causes a loss of confidence in the abilities or integrity of the school or seriously jeopardizes the continued operation of the school. Classification of a finding as Major shall be the sole discretion of the Board.

3. Charter School Participation in the Accountability Process

The Charter School shall take all necessary actions to collect and report the information required by this Accountability Plan, including, without limitation:
1. Full participation in the administration of the Illinois Standard Achievement Test, including all procedures designed to safeguard the integrity of the assessments;
2. Full participation in the administration of the Iowa Test of Basic Skills and/or the Test of Academic Proficiency or such other applicable student assessment, as the case may be, including all procedures designed to safeguard the integrity of the assessments;
3. Participation in site visits conducted by the Board to ascertain that sufficient, minimum educational and operational practices are in place;
4. An annual financial and compliance audit, as required by law and by the Agreement;
5. Provision of student, school and employee information required by the Agreement and/or the Accountability Plan;
6. Provision of information that is necessary to evaluate parent, student, employee or public allegations or audit findings that, if true, would constitute a violation of the law or Agreement.
7. Provision of additional information or cooperation in other actions not listed in this section necessary
to evaluate the Charter School’s performance with respect to the Compliance Categories.

4. Non-Renewal and Revocation

The Board shall hold the Charter School accountable in these and only these Compliance Categories through the Indicators contained in the annual Performance Reports. The Board shall give fair consideration to all Indicators when acting to renew, not renew, or revoke the Charter School’s charter.

The Board may act to revoke or not renew a charter during the term of the Charter School Agreement in accordance with paragraph 13 of this Agreement.

The Board shall not act to renew or to not renew a charter until the issuance of the final annual Performance Report after the fourth year of this renewal period of the Charter School. The Board shall not act to not renew the charter if the Performance Report contains no serious Low Indicators.

In all circumstances, the Board shall follow the requirements of the Illinois Charter Schools Law and its Charter School Agreement, including all due process requirements, regarding the processes required for revocation, renewal, and non-renewal.
EXHIBIT G

COMPREHENSIVE MANAGEMENT SERVICES CONTRACT REQUIREMENTS

In the event the Charter School intends to contract with a third party for comprehensive school management or operations services ("Service Contract"), all of the following requirements must be met by the Charter School:

1. **Required Provisions of Bylaws.** The bylaws of the Charter School shall provide that the Charter School may not enter into any contract for comprehensive school management or operations services ("Service Contract") without first submitting such Service Contract to the Board for review. The Charter School shall further incorporate within its bylaws, or duly establish pursuant to such bylaws, procedures for the termination of the Service Contract as provided herein.

2. **Submission of Service Contract.** The Service Contract shall be submitted to the Board no later than 30 days prior to its effective date. If the Board determines that the Service Contract does not comply with the provisions set forth in Section 3 of this Exhibit, or that the Charter School's entering into the Service Contract would otherwise be in violation of the conditions set forth in this Exhibit, the Charter School Agreement, or the Charter School Law, then the Board shall notify the Charter School within twenty (20) days, stating with particularity the grounds for its objections. In such event, the Charter School shall not enter into the Service Contract unless and until the deficiencies noted by the Board have been remedied to the Board's reasonable satisfaction.

3. **Required Terms of Service Contract.** The Service Contract shall include, without limitation, the following Required Terms:

   i. The Service Contract shall be subject to, and shall incorporate by reference, the terms and conditions of the Charter School Agreement and this Exhibit.

   ii. The Service Contract shall clearly delineate the respective roles and responsibilities of the Service Provider and the Charter School in the management and operation of each school facility for which the Service Provider shall provide management or operations services. The Service Contract shall also include acceptable procedures by which the Service Provider may be held accountable to the Charter School.

   iii. The Service Contract shall be terminable by the Charter School, in accordance with its bylaws or other established termination procedures, (A) upon default by the Service Provider, including without limitation any act or omission of the Service Provider that causes a default under the Charter School Agreement or that causes the Charter School to be in violation of the Charter Schools Law, or (B) for other good cause as agreed by the Charter School and the Service Provider.

   iv. The Service Contract shall require that the Service Provider furnish the Charter School with all information deemed necessary by the Charter School or the Board for the proper completion of the budget, quarterly reports, or Financial Audits, required under Section 6 of the Charter School Agreement.
v. The Service Contract shall provide that all financial reports provided or prepared by the Service Provider shall be presented in GAAP/FASB approved nonprofit format.

vi. The Service Contract shall provide that all employees or contractors of the Service Provider who have direct, daily contact with students of the Charter School shall be subject to the criminal background check requirements contained in Section 34-18.5 of the School Code to the same extent as employees of the Charter School.

vii. The Service Contract shall contain provisions requiring compliance with all requirements, terms and conditions established by any Federal or State funding source.

   a. Budget. The budget prepared by the Charter School pursuant to Section 6 of the Charter School Agreement shall include, without limitation, the following itemized information:
      i. All revenue anticipated to be received from the Board under the Charter School Agreement.
      
      ii. All expenses and anticipated expenses associated with the operation and management of the Charter School.
      
      iii. All expenses associated with the operation of the governing board of the Charter School, including without limitation personnel, occupancy and travel expenses, if any, and provided that in the event that the expenses in this subsection 1(b) are not paid out of expenses received from or through the Board, such expenses shall not be required to be separately itemized hereunder.
      
      iv. All contract payments, lease payments, management fees, administrative fees, licensing fees, expenses and other amounts paid to the Service Provider or otherwise paid for the Contract Services by the Charter School.
      
      v. All loan repayments for any loans made to the Charter School by the Service Provider, including separate line items for interest, principal and premium, if any, on such loan repayments.
      
      vi. All investments in the Charter School by the Service Provider, including the expected returns on equity for such investments.

   b. Quarterly Financial Statements. In the event that quarterly financial statements are required to be furnished by the Charter School pursuant to Section 6(m) of the Charter School Agreement, such financial statements shall reflect the entire school's financial operations, including an itemized accounting of all amounts paid to the Service Provider or otherwise paid for the Contract Services, which amounts shall be itemized in a manner that clearly corresponds with those categories provided in the Charter School's annual budget or the Service Contract.

   c. Annual Audit. The Financial Audits required under Section 6 of the Charter School Agreement shall include review of all fees and payments made by the Charter School to the Service
d. Reporting of Loans and Investments. All loans to, or investments in, the Charter School by the Service Provider must be evidenced by appropriate documentation, either in the contract between the Charter School and the Service Provider, or through separate agreements. In the case of investments, such documentation shall explain how the investment shall be treated on the books of the Charter School and shall clearly state the Service Provider's expected return on equity.

Nothing in this Section 4 shall be construed to waive or otherwise limit the obligation of the Charter School to provide information otherwise required to be reported by the Charter School under the Charter Schools Law or the Charter School Agreement.
FIRST AMENDMENT TO AGREEMENT
(North Kenwood/Oakland Charter School)

RE: Renovation of Charter and Charter School Agreement dated July 15, 2003 (the “Agreement”), by and between the Board of Education of the City of Chicago (the “Board”) and the University of Chicago Charter School Corporation, on behalf of North Kenwood/Oakland Charter School (the “Charter School”)

The parties to the above referenced Agreement desire to amend the Agreement as follows:

1. The Accountability Plan set forth in the Agreement as Exhibit F shall be deleted in its entirety and replaced with the new Exhibit F attached hereto, which new Exhibit F shall be effective for the 2004/2005 school year.

2. Except as specifically amended herein, all other terms and conditions of the Agreement shall continue in full force and effect.

3. The modification set forth herein is subject to final certification by the Illinois State Board of Education.

In witness whereof, the parties have made and entered into this First Amendment to Agreement as of the 14th day of October, 2004.

Board of Education of the City of Chicago

By: Ruth Moscovitch, General Counsel

The University of Chicago Charter School Corporation

By: Name: Timothy Kowles Title: Exec. Dir., Charter, CUST
April 7, 2005

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Illinois State Board of Education
Accountability Division
100 North First Street, E-230
Springfield, Illinois 62777

RE: Chicago Board of Education’s Decision to Amend the Accountability Plan of the Charter School Agreement with the following Charter Schools:

KIPP Ascend Academy Charter School
Chicago Charter School Foundation
Passages Charter School
Lawndale Educational and Regional Network Charter School, Inc.
Betty Shabazz International Charter School
North Kenwood/Oakland Charter School
Octavio Paz Charter School

Dear State Board of Education:

The Chicago Board of Education submits this report on its decision to amend the Accountability Plan of the Charter School Agreement with the above-captioned applicants (the “Applicant”) along with the following documents:

1. The Accountability Plan Exhibit of the Charter School Agreement.
2. The signed amendments for each of the Applicants.

Since the Applicants’ amendments do not involve an increase in funding, a Board Report was not required for approval.

Sincerely,

[Signature]

Kathleen M. Clarke

Enclosures
FIRST AMENDMENT TO AGREEMENT
(North Kenwood/Oakland Charter School)

RE: Renewal of Charter and Charter School Agreement dated July 15, 2003 (the "Agreement"), by and between the Board of Education of the City of Chicago (the "Board") and the University of Chicago Charter School Corporation, on behalf of North Kenwood/Oakland Charter School (the "Charter School")

The parties to the above referenced Agreement desire to amend the Agreement as follows:

1. The Accountability Plan set forth in the Agreement as Exhibit F shall be deleted in its entirety and replaced with the new Exhibit F attached hereto, which new Exhibit F shall be effective for the 2004/2005 school year.

2. Except as specifically amended herein, all other terms and conditions of the Agreement shall continue in full force and effect.

3. The modification set forth herein is subject to final certification by the Illinois State Board of Education.

In witness whereof, the parties have made and entered into this First Amendment to Agreement as of the ______ day of _________, 2004.

Board of Education of the City of Chicago

By:________________________________________
Ruth M. Moscovitch, General Counsel

The University of Chicago Charter School Corporation

By:________________________________________
Name:____________________________________
Title:_____________________________________
EXHIBIT F
ACCOUNTABILITY PLAN

The Board and the Charter School have determined that it is in the best interests of the Board, the Charter School, students, parents and the public to articulate clear standards for the Charter School and to annually publish the level of achievement of the Charter School with respect to those standards.

1. Accountability Components

The Board and the Charter School hereby agree that the Charter School shall be evaluated annually in accordance with the Agreement and this Accountability Plan.

2. Annual Performance Reports

Annually the Board shall publish a Performance Report indicating the Charter School’s performance on each of the Indicators in the following two categories: Pupil Performance and Financial Management/Compliance. A Performance Report for the preceding school year shall be issued by March 1 of each year.

Each category will have multiple Indicators and the Charter School’s performance on each Indicator will be rated as:

1. High – clearly meets/exceeds expectations;
2. Middle – meets minimum requirements for that Indicator; and
3. Low – clearly does not meet expectations.

This Accountability Plan establishes the performance levels, listed below, which generate High, Middle, and Low ratings for each Indicator. However, additional information or extenuating circumstances may lead the Board to rate a category higher or lower than when performance level criteria are strictly applied.

A. Pupil Performance

The intent of the Pupil Performance section is to provide a multi-faceted understanding of student performance at the Charter School upon which the Charter School’s academic performance will be evaluated. Pupil performance will be evaluated based on both Absolute Performance and Relative Performance. The Absolute Performance Indicators will be rated as High, Middle, or Low as defined above. (See Table I for performance levels for the rating system.) The Relative Performance Indicators will be assessed as to whether or not the Charter School outperformed the comparison school average. (See Table II for Relative Performance Indicators.)
Standardized Tests

The Charter School shall participate fully in the Illinois Standards Achievement Test ("ISAT"), the Iowa Tests of Basic Skills ("ITBS") for grades 3 through 8, and the Prairie State Achievement Examination ("PSAE") for grade 11. Data from these assessments will be compiled and evaluated as described below. Growth on the ITBS assessment shall be measured based on students who have been in attendance at the Charter School before October 1 of each school year. If for any reason the Chicago Public Schools ceases to use any of the assessment systems described herein, the Board, at its discretion, shall implement an alternate student assessment system and test measure criteria for Charter School accountability purposes.

Unique Standards and Assessments

In addition to standardized tests, the Charter School voluntarily may include Unique Standards and Assessments in its Accountability Plan. The Charter School may choose to implement alternative assessments to measure student achievement of existing Illinois Learning Standards. In addition, the Charter School may choose to implement unique learning or performance standards that are not part of the Illinois Learning Standards and to implement assessments for those unique standards. In either case, the standards must be measurable and assessed annually, and the assessment results must indicate if a student Meets or Does Not Meet the standard. In addition, the Charter School may document the growth and trend data for student performance as related to the standard. The Charter School’s decision to implement unique standards and assessments shall not affect the Charter School’s obligation to comply with the ISAT, ITBS, and PSAE assessments set forth in this Accountability Plan. Only those Unique Standards and Assessments agreed to by the Charter School and the Board by January 15 of each year may be included in the Performance Report.

Additional Student Performance Indicators

The Charter School’s attendance rate, graduation rate (for high schools), drop-out rate (for high schools), and percentage of students transferring out of the Charter School will also be assessed. While Attendance Rate data will be collected, classified, and reported annually, Low performance on this indicator alone and no others shall not be grounds for non-renewal or revocation. However, the Board may use Low performance on this measure as the basis for further inquiries about the Charter School’s practices which may be the cause of the Low performance. The Charter School shall cooperate with all reasonable inquiries by the Board in this regard.

Adequate Yearly Progress

As required by the Federal No Child Left Behind Act, Illinois has set annual Adequate Yearly Progress ("AYP") targets for student performance on the ISAT and PSAE
assessments. Charter Schools receiving Federal Title I funds must meet these targets to achieve AYP. If the Charter School receives Title I funds and fails to make AYP for 2 consecutive years, it shall be designated as a school in need of School Improvement and will face sanctions as required by Federal law. For purposes of this Agreement, the AYP target is one of many indicators to be assessed on an annual basis (see Table I). The Charter School will be ranked on the AYP indicator for purposes of this Accountability Plan. However, the Charter School will not face any sanctions if it is not receiving Title I funds.

At the time of execution of this Agreement, the annual AYP targets for the ISAT and PSAE are anticipated to be as follows. In the event that the AYP targets are revised, the Charter School will be subject to the revised targets.

<table>
<thead>
<tr>
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<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Target</td>
<td>40%</td>
<td>40%</td>
<td>47.5%</td>
<td>47.5%</td>
<td>55%</td>
<td>62.5%</td>
<td>70%</td>
<td>77.5%</td>
<td>85%</td>
<td>92.5%</td>
<td>92.5%</td>
<td>100%</td>
</tr>
</tbody>
</table>

**Relative Performance Indicators**

The Relative Performance of the Charter School will be determined by comparing the Charter School’s performance relative to a weighted, aggregate average of the performance of the Chicago Public Schools within whose attendance boundaries the Charter School students reside, referred to as the “Comparison School Average” (see Table II).

Although Relative Performance Indicators will not be given a High, Middle, or Low rating, the Board will review this data annually to determine how the Charter School is performing compared to the Chicago Public Schools that the Charter School students would otherwise attend. Table II will be completed and included in the annual Performance Report. This data will also be considered by the Board during renewal decisions.
<table>
<thead>
<tr>
<th>Indicator</th>
<th>High</th>
<th>Middle</th>
<th>Low</th>
</tr>
</thead>
<tbody>
<tr>
<td>ITBS: Reading</td>
<td>More than 70%</td>
<td>40% - 70%</td>
<td>Less than 40%</td>
</tr>
<tr>
<td>Percent at or above national norms</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>ITBS: Math</td>
<td>More than 70%</td>
<td>40% - 70%</td>
<td>Less than 40%</td>
</tr>
<tr>
<td>Percent at or above national norms</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>ITBS: Reading</td>
<td>1.00 years or more</td>
<td>0.81 - 0.99 years</td>
<td>0.80 or fewer years</td>
</tr>
<tr>
<td>Average growth above prior year</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>ITBS: Math</td>
<td>1.00 years or more</td>
<td>0.81 - 0.99 years</td>
<td>0.80 or fewer years</td>
</tr>
<tr>
<td>Average growth above prior year</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>ISAT: Composite</td>
<td>More than 70%</td>
<td>40% - 70%</td>
<td>Less than 40%</td>
</tr>
<tr>
<td>Percent meet and/or exceed State Standards</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>ISAT: Composite</td>
<td>At least 2.0% increase</td>
<td>+/- 1.99%</td>
<td>At least 2.0% decrease</td>
</tr>
<tr>
<td>Percent meet and/or exceed State Standards – change from prior year</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>PSAE: Composite (11th grade students only)</td>
<td>More than 60%</td>
<td>30% - 60%</td>
<td>Less than 30%</td>
</tr>
<tr>
<td>Percent meet and/or exceed State Standards</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>PSAE: Composite</td>
<td>At least 2.0% increase</td>
<td>+/- 1.99%</td>
<td>At least 2.0% decrease</td>
</tr>
<tr>
<td>Percent meet and/or exceed State Standards – change from prior year</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Attendance Rate (Evaluated by type of school - elementary or high school)</td>
<td>Top 25% of city's public schools</td>
<td>Middle 50% of city's public schools</td>
<td>Lowest 25% of city's public schools</td>
</tr>
<tr>
<td>Graduation Rate (High schools only)</td>
<td>Top 25% of city's public schools</td>
<td>Middle 50% of city's public schools</td>
<td>Lowest 25% of city's public schools</td>
</tr>
<tr>
<td>Transfer Out Rate (Evaluated by type of school - elementary or high school)</td>
<td>Top 25% of city's public schools</td>
<td>Middle 50% of city's public schools</td>
<td>Lowest 25% of city's public schools</td>
</tr>
<tr>
<td>Drop Out Rate (High schools only)</td>
<td>Top 25% of city's public schools</td>
<td>Middle 50% of city's public schools</td>
<td>Lowest 25% of city's public schools</td>
</tr>
<tr>
<td>Unique Standards and Assessments Percent of students who meet standard at levels to be determined by the Charter School and Board</td>
<td>To be determined for each Indicator</td>
<td>To be determined for each Indicator</td>
<td>To be determined for each Indicator</td>
</tr>
<tr>
<td>Adequate Yearly Progress (NCLB) ISAT and PSAE thresholds required to meet AYP requirements</td>
<td>Met AYP target</td>
<td>Failed to meet AYP target (1 year)</td>
<td>Failed to meet AYP targets for 2 or more years</td>
</tr>
</tbody>
</table>
## Table II: Relative Performance

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Charter School Performance</th>
<th>Comparison School Average</th>
<th>Difference</th>
</tr>
</thead>
<tbody>
<tr>
<td>ITBS Reading: Percent at or above national norms</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>ITBS Math: Percent at or above national norms</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>ITBS Reading: Average growth above prior year</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>ITBS Math: Average growth above prior year</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>ISAT Composite: Percent meet and/or exceed State Standards</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>ISAT: Composite Percent meet and/or exceed State Standards – change from prior year</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>PSAE Composite: Percent meet and/or exceed State Standards</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>PSAE: Composite Percent meet and/or exceed State Standards – change from prior year</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Attendance Rate (evaluated by type of school – elementary or high school)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Transfer Out Rate (evaluated by type of school – elementary or high school)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Graduation Rate (High schools only)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dropout Rate (High schools only)</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Summary**
The Charter School outperformed the comparison school average on ___ of the ___ indicators.
B. Financial Management and Compliance

The following Financial Management and Compliance Indicators will be included and evaluated in each Performance Report:

<table>
<thead>
<tr>
<th>Indicator</th>
<th>High</th>
<th>Middle</th>
<th>Low</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balanced Budget:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1) Prior-year balanced budget</td>
<td>Both budgets balanced</td>
<td>Current-year budget balanced. Prior-year budget not balanced.</td>
<td>Current-year budget not balanced, even if the prior year budget was balanced</td>
</tr>
<tr>
<td>2) Realistic current-year</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>balanced budget plan</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Financial Practices:</td>
<td>All in good standing and no findings</td>
<td>Any minor finding or non-payment with realistic plan to make payment; non-compliance with loan terms</td>
<td>Any repeated finding; any major finding; any non-payment without realistic plan to make payment; non-compliance with loan terms</td>
</tr>
<tr>
<td>audited financial statements,</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>internal controls, pension</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>payments, payroll taxes,</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>insurance coverage, loan</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>payments and terms</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Compliance/Contractual</td>
<td>No findings</td>
<td>Any minor finding(s)</td>
<td>Any repeated finding; any major finding</td>
</tr>
<tr>
<td>Obligations</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

The Board shall use budget and cash flow statements submitted pursuant to paragraph 6.b. of the Agreement, along with any other relevant information, to determine if the Charter School has a realistic current year balanced budget plan. The Board shall use the financial statements presented in the Charter School’s annual financial audit, required under paragraph 6.1. of the Agreement, along with any other relevant information, to determine if the Charter School maintained a balanced budget during the prior-year.

The following items, required by paragraph 6.1. of the Agreement, shall be evaluated and presented as part of the Financial Practices Indicator:

a) The Charter School’s audit report opinion on the school’s financial statements;
b) The Charter School’s audit report on compliance and internal control over financial reporting based on an audit of the financial statements performed in accordance with Government Auditing Standards; and
c) The status of the Charter School’s payments for pensions, payroll taxes, insurance coverage, and debt service payments.

The following items shall be tested and reported upon annually by the Charter School’s independent auditor and evaluated and presented as part of the Compliance Indicator:
a) Criminal background investigations (105 ILCS 5/34-18.5)
b) Administration of Medication (105 ILCS 5/10-22.21b)
c) Hazardous materials training (105 ILCS5/10-20.17a)
d) Fire Drill Act (105 ILCS 120)
e) Tornado Protection Program (105 ILCS 5/10-20.23)
f) Abused and Neglected Child Reporting Act (325 ILCS 5/1 et. seq.)
g) Eye Protection Act (105 ILCS 11/511)
h) Toxic Art Supplies in Schools Act (105 ILCS 135/5)
i) Infectious Disease Policies and Rules (105 ILCS 5/10-21.11)

The following items shall be tested and reported upon annually by the Charter School’s independent auditor and evaluated and presented as part of the Contractual Obligations Indicator:

a) Open Meetings Act (5 ILCS 120/1.01 et. seq.),
b) Student Records Act (105 ILCS 10),
c) Conformance with the following paragraphs of the Agreement:
   i) Paragraph 4.j., the school’s governance structure,
   ii) Paragraph 6.k., ongoing presence of management and financial controls,
   iii) Paragraph 4.c., an open enrollment process and lottery,
   iv) Paragraph 5.c., maintenance of Corporate Status and Good Standing.

In addition to the above items, the Board will also consider the Charter School’s compliance with teacher qualification requirements, according to both the Illinois Charter School Law (Section 27A-10) and the requirements for Highly Qualified teachers under the No Child Left Behind Act (if the Charter School receives Title I funding). Failure to comply with these teacher qualification requirements may affect the rating on the Compliance Indicator.

When determining how to classify a Financial Management and Compliance Indicator, the Board may consider information from various sources, including, but not limited to audits, site visits, and information provided by parents or employees. An audit finding shall be considered minor unless the Board determines a finding is major. If the Board believes an audit finding may be major, it shall obtain an opinion from a qualified, third-party professional regarding the importance of the finding. The Board shall also ask the Charter School to respond to the finding.

In general, a finding will be considered Major if it indicates a deliberate act of wrongdoing or reckless conduct, causes a loss of confidence in the abilities or integrity of the Charter School, or seriously jeopardizes the continued operation of the Charter School. Classification of a finding as Major shall be the sole discretion of the Board.
3. **Charter School Participation in the Accountability Process**

The Charter School shall take all necessary actions to collect and report the information required by this Accountability Plan, including, without limitation:

1. Full participation in the administration of the ISAT and/or the PSAE, or such other applicable student assessment, as the case may be, including all procedures designed to safeguard the integrity of the assessments;
2. Full participation in the administration of the ITBS or such other applicable student assessment, as the case may be, including all procedures designed to safeguard the integrity of the assessments;
3. Participation in site visits conducted by the Board to ascertain that sufficient, minimum educational and operational practices are in place;
4. An annual financial and compliance audit, as required by law and by the Agreement;
5. Provision of student, school, and employee information required by the Agreement and/or the Accountability Plan;
6. Provision of information that is necessary to evaluate parent, student, employee, or public allegations or audit findings that, if true, would constitute a violation of the law or Agreement.
7. Provision of additional information or cooperation in other actions not listed in this section necessary to evaluate the Charter School’s performance with respect to the Compliance Categories.

4. **Non-Renewal and Revocation**

The Board shall hold the Charter School accountable in these and only these Categories (Pupil Performance and Financial Management/Compliance) through the Indicators contained in the annual Performance Reports. The Board shall give fair consideration to all Indicators for the current year in comparison to the previous years of the Charter School’s history when acting to renew, not renew, or revoke the Charter School’s charter.

The Board may act to revoke or not renew a charter during the term of the Charter School Agreement in accordance with paragraphs 12 and 13 of this Agreement.

The Board shall not act to renew or to not renew a charter until the issuance of the final annual Performance Report after the fourth year of this renewal period of the Charter School. While Attendance Rate data will be collected, classified, and reported annually, Low performance on this indicator alone and no others shall not be grounds for non-renewal or revocation.
In all circumstances, the Board shall follow the requirements of the Illinois Charter Schools Law and its Charter School Agreement, including all due process requirements, regarding the processes required for revocation, renewal, and non-renewal.
September 6, 2007

Russell J. Herron
The University of Chicago
Office of Legal Counsel
5801 Ellis Avenue
Chicago, IL 60637

Re: Charter School Amendment

Dear Mr. Herron:

Enclosed for your records please find a fully executed original of the agreement. If you have any questions, please contact me at (773) 553-3428.

Sincerely,

[Signature]
Joanne M. Murphy
Associate General Counsel

Enclosure

JMM/cc

cc: Margie Bayon/Procurement and Contracts (w/enclosure)
    Jennifer Dai/Office of New School Support/Charter (w/enclosure)
    Katie Weaver/Office of New School Support/Charter (w/enclosure)
SECOND AMENDMENT TO AGREEMENT

THIS SECOND AMENDMENT TO RENEWAL OF CHARTER AND CHARTER SCHOOL AGREEMENT ("Amendment") is entered into as of the 23rd day of August, 2007, by and between the Board of Education of the City of Chicago (the "Board") and The University of Chicago Charter School Corporation, an Illinois not-for-profit corporation (the "Charter School").

RECITALS

A. The Board and the Charter School entered into that certain Renewal of Charter and Charter School Agreement dated July 15, 2003, as amended by that certain Amendment to Agreement dated October 14, 2004 (collectively, the "Agreement"); and

B. The parties hereto desire to further amend the Agreement as set forth herein, and not otherwise.

AGREEMENT

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

1. The name of the Charter School shall be changed from the North Kenwood/Oakland Charter School to The University of Chicago Charter School.

2. Paragraph 4.c. of the Agreement shall be amended so that the enrollment of the Charter School shall not exceed 1,540 pupils in grades pre-kindergarten through 12 during the term of the Agreement.

3. Paragraph 5.g.i. of the Agreement shall be amended so that the Charter School shall add the two (2) additional Attendance Centers described below:

   a) An additional Attendance Center shall be located 707 East 37th Street, Chicago, Illinois (the "George T. Donoghue Campus"). This additional Attendance Center will open in the Fall of 2005 serving approximately 250 students in grades pre-kindergarten through 3. The Attendance Center’s approximate enrollment shall be as follows:

   2005-2006: 250 students grades PreK-3
   2006-2007: 300 students grades PreK-4
   2007-2008: 350 students grades PreK-5
THE UNIVERSITY OF CHICAGO CHARTER SCHOOL

The Donoghue Campus shall have the attendance boundary set forth on Exhibit A, which is attached hereto and incorporated herein. Students residing within the attendance boundary of the Donoghue Campus shall be given priority for enrollment, but shall not be required to attend the Charter School.

b) An additional Attendance Center shall be located at 6420 South University Avenue, Chicago, Illinois (the "Woodlawn High School Campus"). This additional Attendance Center will open in the Fall of 2006 serving approximately 160 students in grades 6 and 9. The Attendance Center’s approximate enrollment shall be as follows:

<table>
<thead>
<tr>
<th>Year</th>
<th>Number of Students</th>
</tr>
</thead>
<tbody>
<tr>
<td>2006-2007</td>
<td>160 students grades 6 and 9</td>
</tr>
<tr>
<td>2007-2008</td>
<td>320 students grades 6-7 and 9-10</td>
</tr>
</tbody>
</table>

The Woodlawn High School Campus shall have the attendance boundary set forth on Exhibit A, which is attached hereto and incorporated herein. Students residing within the attendance boundary of the Woodlawn High School Campus shall be given priority for enrollment, but shall not be required to attend the Charter School.

4. Paragraph 5 of the Agreement shall be amended to include the following additional subparagraph:

5.h. Homeless Children. The Charter School acknowledges and agrees that the Chicago Public Schools are committed to serving the needs of children who are homeless and to protecting their rights under federal and state law. The Charter School agrees that one goal of this Agreement is to insure that all homeless children who attend the Charter School receive the same services provided by the Chicago Public Schools to homeless children and agrees that it will provide services to homeless children at the same level that CPS provides those services. The Charter School also must protect the rights of children under the McKinney-Vento Homeless Assistance Act (42 U.S.C. 11431 et seq.) and the Illinois Education for Homeless Children Act (105 ILCS 45/1-5 et seq.) and all other laws that protect the rights of homeless children. The Charter School further acknowledges that the Board has certain obligations under the Settlement Agreement in Salazar v. Edwards, 92 CH 5703 (Circuit Court, Cook County). The Charter School shall insure that no member of the Salazar class is deprived of his or her rights under the Settlement Agreement and the Charter School shall not interfere with the Board’s performance of its obligations under the
THE UNIVERSITY OF CHICAGO CHARTER SCHOOL

Settlement Agreement. The Charter School also agrees to provide additional services to homeless children as outlined in Exhibit H attached hereto.

5. Paragraph 12 of the Agreement shall be amended by deleting the first paragraph in its entirety and substituting the following paragraph:

Renewal of Charter; Failure to Renew. No later than January 1, 2008, and no earlier than September 1, 2007, the Charter School shall provide a written proposal to the Board in accordance with Section 27A-9 of the Charter Schools Law, setting forth proposed terms of renewal of the Agreement. Pursuant to Section 27A-9(b) of the Charter Schools Law, the renewal proposal of the Charter School shall contain the most recent annual report and financial statement of the Charter School, including financial information specific to each Attendance Center or campus, if applicable. The written proposal may contain proposed changes to this Agreement that the Charter School desires to incorporate into the renewal agreement. The renewal proposal shall be evaluated by the Board in accordance with paragraph 4 of Exhibit F.

6. Paragraph 13 of the Agreement shall be amended by deleting that paragraph in its entirety and substituting the following paragraph:

Revocation of Charter. The Board may revoke this Agreement and the charter of the Charter School, in whole or as to any Attendance Center or campus, if applicable, in accordance with Section 27A-9 of the Charter Schools Law, if the Board clearly demonstrates that the Charter School or an Attendance Center or campus, did any of the following, or otherwise failed to comply with the requirements of the Charter Schools Law:

a. Committed a material violation of any of the conditions, standards, or procedures set forth in this Agreement including the Accountability Plan; or

b. Failed to meet or make reasonable progress toward achievement of the content standards or pupil performance standards identified in this Agreement or in the Accountability Plan; or

c. Failed to meet generally accepted standards of fiscal management; or
THE UNIVERSITY OF CHICAGO CHARTER SCHOOL

d. Materially violated any provision of law from which the Charter School was not exempted.

In addition, the charter of the Charter School may be revoked in the event that the parties agree to terminate this Agreement by mutual consent pursuant to Section 23 of this Agreement, or in accordance with any specific revocation indicators set forth in paragraph 4 of Exhibit F.

7. Charter School acknowledges receipt of startup funds from the Board in the amount of $359,430.53 for the Donoghue Campus and $889,180.82 for the Woodlawn High School Campus, for a total of $1,248,611.35 pursuant to the Agreements Regarding Disbursement and Use of Startup Funds dated July 25, 2005 and June 29, 2006 respectively between the Board and Charter School (the “Disbursement Agreement(s)”). Said Disbursement Agreements are hereby incorporated by reference into and made a part of the Agreement.

8. Exhibit C of the Agreement shall be deleted in its entirety and replaced with Exhibit C attached hereto.

9. Exhibit E of the Agreement shall be deleted in its entirety and replaced with Exhibit E attached hereto.

10. Exhibit F of the Agreement shall be deleted in its entirety and replaced with Exhibit F attached hereto.

11. Except as specifically amended herein, all other terms and conditions of the Agreement shall continue in full force and effect.

12. The modifications set forth herein are subject to final certification by the Illinois State Board of Education.

[Remainder of this page left intentionally blank.]
THE UNIVERSITY OF CHICAGO CHARTER SCHOOL

In witness whereof, the parties have entered into this Second Amendment to Agreement as of the effective date hereof.

Board of Education of the City of Chicago

By: Rufus Williams, President

ATTEST:

By: Estela G. Beltran, Secretary

Board Report:

Approved as to legal form:

Patrick J. Rocks, General Counsel

The University of Chicago Charter School Corporation

By: Henry E. Wilen

Name: Henry E. Wilen

Title: Vice President

ATTEST:

By: Beth A. Harris

Name: Beth A. Harris

Title: Vice President & General Counsel

Attachments:
Exhibit A - Attendance Boundary
Exhibit C - Funding Determination Procedure (revised)
Exhibit E - Insurance Requirements (revised)
Exhibit F - Accountability Plan (revised)
Exhibit H - Homeless Children Additional Services
EXHIBIT A
ATTENDANCE BOUNDARY

I. The George T. Donoghue Campus of the University of Chicago Charter School will serve pre-kindergarten through eighth grade students in the attendance area set forth below:

Effective July 1, 2005 serve grades pre-kindergarten through third;
Effective July 1, 2006 serve grades pre-kindergarten through fourth;
Effective July 1, 2007 serve grades pre-kindergarten through fifth;
Contingent upon renewal of the Agreement:
Effective July 1, 2008, serve grades pre-kindergarten through sixth;
Effective July 1, 2009 serve grades pre-kindergarten through seventh;
Effective July 1, 2010 serve grades pre-kindergarten through eighth.

Beginning at Vincennes Avenue and 37th Street
East to Cottage Grove Avenue
Northwest to 36th Street
Northeast to Lake Park Avenue
Northwest to 35th Street/Stephen A. Douglas Drive
East to Lake Michigan
Southeast to Oakwood Boulevard
Southwest to Pershing Road
West to Vincennes Avenue
Northeast to Starting Point.

II. The Woodlawn High School Campus of the University of Chicago Charter School will serve students in grades six through twelve in the attendance area set forth below:

Effective July 1, 2006 serve grades six and nine;
Effective July 1, 2007 serve grades six through seven and nine through ten;
Contingent upon renewal of the Agreement:
Effective July 1, 2008 serve grades six through eleven;
Effective July 1, 2009 serve grades six through twelve.

Starting at 60th Street and Langley Avenue
East to Lake Michigan
South along the lakefront to 67th Street
West to Evans Avenue
North to 61st Street
West to Langley Avenue
North to the Starting Point.
EXHIBIT C
FUNDING DETERMINATION PROCEDURE

See attached.
EXHIBIT C

FUNDING DETERMINATION PROCEDURE

1. **Base Allocation:** The Charter School will receive from the Board a Base Allocation on a per pupil, per annum basis in accordance with the formula stated below:

   A. A per pupil funding amount which is equal to a fraction, the numerator of which is the total current year operating expenses of the Board (excluding capital and debt service), minus expenses from Supplemental General State Aid, Federal title programs, food service, special education, bilingual education, early childhood education, competitive and foundation grants, and State and Federal categorical programs, and the denominator of which is the current year enrollment in either Kindergarten though eighth grade or ninth through twelfth grade of the school district, as applicable to the Charter School, which information will be found in the budget adopted by the Board at the commencement of each fiscal year (the "Per Pupil Funding Amount").

   B. For the 2006-07 fiscal year, the Per Pupil Funding Amount for grades kindergarten through eight is $5,200. For subsequent years, the Per Pupil Funding Amount for grades kindergarten through eight shall be equal to the fraction described above, calculated using the Board's enrollment and expense figures for all students in the Chicago Public School system in grades kindergarten through eight. The Per Pupil Funding Amount for subsequent years will appear in the Final Budget Book adopted by the Board on an annual basis.

   C. For the 2006-07 fiscal year, the Per Pupil Funding Amount for grades nine through twelve is $6,250. For subsequent years, the Per Pupil Funding Amount for grades nine through twelve shall be equal to the fraction described above, calculated using the Board's enrollment and expense figures for all students in the Chicago Public School system in grades nine through twelve. The Per Pupil Funding Amount for subsequent years will appear in the Final Budget Book adopted by the Board on an annual basis.

   D. Pursuant to guidelines to be issued by the Board's Office of Early Childhood Programs, the Charter School may apply to receive funding for half day pre-Kindergarten students screened as at risk of school failure as per the Illinois State Early Childhood Block Grant. The amount for an approved program varies depending on the program design as well as the amount of available funding for that school year. Board approval to the
Charter School to operate a pre-Kindergarten program does not guarantee funding.

II. **Additional Funding:** The Charter School may be eligible to receive additional funding from the Board on a per pupil, per annum basis if the Charter School satisfies the criteria described in any of the categories stated below:

A. **School size**

The Charter School will receive an additional $300 per pupil if its maximum planned enrollment at each individual campus is 600 or less, subject to funding availability.

B. **Special Education Funding Amount**

Special Education Teachers will be provided to Performance Schools by the Board based on each school’s population of students with disabilities. A Charter or Contract School may elect to have such staff provided by the Board. Such elections to the Board shall be made by July 1. Charter or Contract Schools who hire their own Special Education staff will receive reimbursement for its Special Education Teachers based on the average cost of salary and benefits for full-time Special Education teachers employed by the Board. For the 2006-2007 school year, the reimbursement rate is up to $65,000 per year, per full-time teacher. The maximum reimbursement to the School for full-time Special Education teachers will be the lesser of the combined maximum amount per eligible number of full-time teachers for the Charter or Contract School or the sum of the actual salaries of the Special Education teachers. The number of positions eligible for such reimbursement will be determined by the Board based upon the School’s population of students with disabilities on or around June 15. Adjustments to the number of positions eligible will be made based on the School’s population of students with disabilities as determined by students counts on the 20th day of the school. The Board will provide the School with a stipend for a qualified Case Manager. The amount of the stipend is subject to the terms of the agreement between the Board and the Chicago Teachers Union. The stipend amount for the 2006-2007 school year will be $750 per semester. The Board will also provide all Schools with assistive equipment in accordance with the Individual Education Programs of its students.
C. Facilities

If the Charter School operates in a facility that is not owned and maintained by the Board, the Charter School will receive an additional allocation of $425 per pupil.

D. English Language Learners

The School will receive an additional per pupil funding amount for each English Language Learner (ELL) student attending the School, which amount will equal a fraction, the numerator of which is the state bilingual block grant (excluding administrative expenses), and the denominator of which is the total number of ELL students attending Chicago Public Schools in the current year, as determined by student counts on the 20th day of the school year (the “ELL Per Pupil Funding Amount”). For the 2005-2006 school year, the ELL Per Pupil Funding Amount is $589 per eligible student. For the 2006-2007 school year, this amount may be subject to change.

E. Categorical Funding

CPS shall use its best efforts to allocate Categorical Funds to eligible Schools to support eligible programs provided to eligible students. The amount of Categorical Funds provided to a School shall be dependent upon the number of eligible students engaged in comparable programs in comparable Chicago Public Schools. Eligibility criteria for schools, students and programs shall be reviewed and approved annually by both the Board’s Chief Education Officer and the Illinois State Board of Education.

Availability of Categorical Funds to a School is conditional upon the School’s maintaining continuous reporting, inspections, and audits, the quality of which shall be satisfactory to CPS and other relevant regulatory organizations. The scope and frequency of program reporting shall be agreed upon by the School and CPS prior to funding the relevant programs.

F. NCLB Title I funds

Federal NCLB funds will be allocated to the Charter School based on a Poverty Index which is calculated using two factors: (1) the number of students qualifying for Federal Free or Reduced Lunch (“FRL”) and (2) the number of students receiving Temporary Assistance for Needy Families (“TANF”).

iii
The formula for determining the School's Poverty Index is as follows:

\[
\text{40\% of TANF students + 60\% of FRL students} \\
\text{Total student enrollment}
\]

Total student enrollment is defined as the Charter School's attendance on the first Friday in December prior to the start of the relevant school year.

Each year, the Board determines a minimum Poverty Index threshold for Title I eligibility. For the 2006-2007 school year, that threshold is 40%. If the School's Poverty Index is at least 40%, it shall be eligible to receive NCLB Title I funding for the 2006-2007 school year.

Allocations to the Charter School will be made on a per eligible student basis. The number of eligible students shall equal the numerator from the Poverty Index formula. The per eligible student rate shall begin at $430 and increase by $10 with each percentage point increase in the School's Poverty Index. Thus, a Poverty Index ranging from 40-40.99% would result in $430 per eligible student; a Poverty Index rating between 41-41.99% will result in $440 per eligible student and so on.

Because prior-year data is not available for new schools, such schools are assumed to have a Poverty Index of 40% for their opening year. A new school therefore receives a Federal NCLB Funds allocation equal to 40% multiplied by total enrollment multiplied by $430. Enrollment information captured on the first Friday in December of that first school year will determine the school's allocation for its second year.

G. Supplemental General State Aid

The Charter School will receive Supplemental General State Aid ("SGSA") for each student receiving free or reduced-price lunches. Eligible students are counted on the first Friday in December for the following school year, but if the Charter School has a declining or increasing enrollment, it may apply to have the count adjusted on the 20th day of the current school year. To determine the per-pupil SGSA rate, total SGSA funding is divided by the number of all CPS students who are eligible for free or reduced-price lunches. For the 2006-2007 school year, the SGSA per pupil rate for students in grades Kindergarten through twelfth is $716. The SGSA per pupil rate for students in pre-Kindergarten is $358 for eligible half-day students and $716 for eligible full day students. The Charter School will receive an allocation that equals the SGSA per-pupil rate times the number of students eligible for free or reduced-price lunches.
Because prior-year data is not available for new schools, such schools are assumed to have a student eligibility for free or reduced-price lunch at a rate of 67%. A new school therefore receives SGSA Funds allocation of 67% of their projected enrollment multiplied by $716. Enrollment information captured on the first Friday in December of that first school year will determine the school’s allocation for its second year.

III. **Deductions for Administrative Services:** A 6% deduction from the Base Allocation (defined as the Per Pupil Rate multiplied by total enrollment) will be applied to annual payments from the Board to all Performance Schools.

IV. **Board of Education Required Contribution to the Public School Teachers’ Pension and Retirement Fund of Chicago:** On an annual basis, the Board is instructed by the Public School Teacher’s Pension and Retirement Fund of Chicago (“CTPF”) to make a Required Employer Contribution to the CTPF in the upcoming fiscal year. The full cost of the Required Employer Contribution will be distributed among all Chicago Public Schools employing CTPF members. Such costs will be allocated and deducted on an annual basis from payments issued by the Board to the Charter School. Performance Schools will have such funds deducted from the payment made at the start of each school year.

Charter Schools will have such funds deducted on a quarterly basis. The funds will be deducted in arrears, with the exception of the final quarter’s deduction. The Board will deduct both the first and second quarter contribution from the third quarterly payment and both the third and fourth contribution from the final quarterly payment. The fourth quarter’s contribution will be estimated as an amount equal to the third quarter’s contribution. An adjustment will be made to the first payment of the following school year to reconcile the amount by which the fourth quarter payment was inaccurate.

The cost allocated to the Charter School for each CTPF member employed by the Charter School shall be determined as a percent of each member’s pension-eligible salary. This percent shall be determined by a fraction, the numerator of which will be equal to the Required Employer Contribution for the current fiscal year, and the denominator of which will equal the total payroll for all active members of the CTPF as of the beginning of the prior fiscal year. For the 2005-2006 school year, 6.3 percent of each CTPF member’s annual salary will be deducted. For the 2006-2007 school year, this percentage may be subject to change.

V. **Deductions for other services rendered:** The Board may offer to provide certain services to the Charter School. Performance Schools will be charged an annual fee of (A) $775 per pupil in grades Kindergarten through eight and (B) $1,025 per pupil in grades nine through twelve in exchange for facilities
management, technology support and security services provided by the Board. Charter or Contract Schools wishing to purchase the same package of services will have such charges deducted uniformly from the quarterly payments issued by the Board and such services will be outlined in the lease between the Board and the School. Schools occupying CPS facilities may be required to purchase certain services as described in the School's lease agreement.
THE UNIVERSITY OF CHICAGO CHARTER SCHOOL

EXHIBIT E
INSURANCE REQUIREMENTS

See attached.
EXHIBIT E
INSURANCE REQUIREMENTS

1. **Insurance:** Charter School, at its own expense, shall procure and maintain insurance covering all operations under the Agreement, whether performed by Charter School or by subcontractors. All insurers shall be legally permitted to provide insurance in the State of Illinois and rated A-VII or better by A.M. Best or a comparable rating service. Charter School shall submit to the Board satisfactory evidence of insurance coverage prior to commencement of work under the Agreement and upon request, shall promptly provide a certified copy of any applicable policy of insurance. Minimum insurance requirements are:

   a. **Workers’ Compensation and Employers’ Liability Insurance:** Workers’ Compensation Insurance affording workers’ compensation benefits for all employees as required by law and Employers’ Liability Insurance covering all employees who are to provide Services under the Contract with limits of not less than Five Hundred Thousand and 00/100 Dollars ($500,000.00) per occurrence.

   b. **Commercial General Liability Insurance:** Commercial General Liability Insurance or equivalent with limits of not less than One Million and 00/100 Dollars, ($1,000,000.00) per occurrence, and Two Million and 00/100 Dollars ($2,000,000.00) in the aggregate, combined single limit for bodily injury, personal injury and property damage liability coverage shall include the following: all premises and operations, products/completed operations (for a minimum of two (2) years following completion), independent contractors, separation of insureds, defense and contractual liability. Policy shall not exclude sexual abuse/molestation coverage provided that such insurance is available to Charter School at commercially reasonable rates, if not available, then the Charter School shall self-insure. The Board shall be named as an additional insured on a primary, non-contributory basis for any liability arising directly or indirectly from Services.

   c. **Automobile Liability Insurance:** Automobile Liability Insurance is required when any motor vehicle (whether owned, non-owned or hired) is used in connection with Services to be performed, with limits of not less than One Million and 00/100 Dollars, ($1,000,000.00) per occurrence for bodily injury and property damage.
d. **School Board Legal/Professional:** School Board Legal/Professional (or educators legal liability insurance) liability insurance covering Charter School and its directors and officers from liability claims arising from wrongful acts, errors or omissions in regards to the conduct of their duties related to operation and management of the school with limits of not less than Two Million and 00/100 Dollars ($2,000,000.00) per claim. Coverage shall include Employment Practices Liability and Sexual Harassment provided that Sexual Harassment insurance is available to Charter School at commercially reasonable rates; if not available, then the Charter School shall self-insure.

e. **Umbrella/Excess Liability Insurance:** Umbrella or Excess Liability Insurance with limits of not less than Two Million and 00/100 Dollars ($2,000,000.00) to provide additional limits for underlying general and automobile liability coverages.

f. **Property Insurance:** Property insurance for full Replacement Cost of property, including Board property for which the Charter School is contractually responsible, by lease or other agreement, from physical loss or damage. Such insurance shall cover boiler and machinery exposures and business interruption/extra expense losses.

g. **Fidelity Bond or Crime Insurance:** Fidelity bond or crime insurance coverage in the amount of at least Two Hundred Thousand and 00/100 Dollars ($200,000.00) with a responsible surety or insurance company with respect to all of Charter School's employees as may be necessary to protect against losses, including, without limitation, those arising from theft, embezzlement, fraud, or misplacement of funds, money, or documents.

h. **Construction:** Charter School shall indemnify, defend and agree to save and hold Board harmless from and against all liability, injury, loss, claims, cost, damage and expense (including reasonable attorneys fees and expenses), with respect to any injury to, or death of, any person, or damage to or loss or destruction of, any property occasioned by or growing out of any construction work on Charter School premises (other than premises leased from the Board which are governed by a separate Lease Agreement between the Board and Charter School), except to the extent any of the foregoing arise out of or are attributable to the negligence or willful misconduct of the Board, its employees or agents. Charter School shall not commence any such work until Board has been provided with
insurance certificates evidencing that the contractors and subcontractors performing such work have in full force and effect adequate insurance as required by the Board's construction program at the time of the work. Required coverage may include, but is not limited to: workers' compensation, general liability, professional liability, automobile liability, environmental liability, excess liability, property and builders' risk insurance. Charter Schools' contractors are subject to the same requirements as Charter School in regards to additional insured, rating, notice, etc.

**Additional Insured.** The Charter School's general insurance policy (as stated in paragraph 1.b. above) shall provide that the Board of Education of the City of Chicago, a body politic and corporate, and its members, employees, officers, officials, agents, and any other entity as may be designated by the Board are named as additional insureds on a primary basis without recourse or right of contribution from the Board.

**Insurance Certificate.** The insurance company, or its representative, shall submit an insurance certificate to the Board evidencing all coverage as required hereunder and indicating the Additional Insured status as required above. Board will not pay the Charter School for any work if satisfactory proof of insurance is not provided prior to the commencement of services. The Certificate must provide thirty (30) days prior written notice of material change, cancellation, or non-renewal be given to:

- Board of Education of the City of Chicago
- Charter Schools Office
- 125 S. Clark Street, 5th Floor
- Chicago, Illinois 60603
- Attn: Director

**General.** Any failure of the Board to demand or receive proof of insurance coverage shall not constitute a waiver of Charter School's obligation to obtain the required insurance. The receipt of any certificate does not constitute an agreement by the Board that the insurance requirements in the Contract have been fully met or that the insurance policies indicated on the certificate are in compliance with all Contract requirements.

Charter School's failure to carry or document required insurance shall constitute a breach of the Charter School's agreement with the Board. Non-fulfillment of the insurance conditions may constitute a violation of the Contract, and the Board retains the right to stop work until proper evidence of insurance is provided, or the Contract may be terminated. Board will not pay the Charter School for any Work until satisfactory proof of insurance is provided.
Any deductibles or self-insured retentions on referenced insurance coverage must be borne by Charter School. Any insurance or self-insurance programs maintained by the Board of Education do not contribute with insurance provided by the Charter School under the Contract.

All subcontractors are subject to the same insurance requirements of Charter School unless otherwise specified in this Contract. Except as provided in the immediately following sentence, the Charter School shall require any and all subcontractors under this Agreement to carry the insurance as required herein and to comply with the foregoing requirements; otherwise, Charter School shall provide coverage for subcontractors. In the event that a proposed Charter School subcontractor does not meet any of these requirements, the Board will consider a waiver of the applicable requirements, not to be unreasonably withheld or delayed. Requests for waivers shall be submitted in writing to the CPS Department of Risk Management, 125 South Clark Street, 14th Floor, Chicago, Illinois. The Charter School will maintain a file of subcontractor's insurance certificates evidencing compliance with these requirements.

The coverages and limits furnished by Charter School in no way limit the Charter School's liabilities and responsibilities specified within the Contract or by law. The required insurance is not limited by any limitations expressed in the indemnification language in this Contract, if any, or any limitation placed on any indemnity in this Contract that might be given as a matter of law.

The Charter School agrees that its workers' compensation and employers' liability and property insurers waive their rights of subrogation against the Board.

Upon Board request, Charter School and/or its subcontractors shall promptly provide a certified copy of any applicable policy of insurance. The Board reserves the right to modify, delete, alter or change insurance requirements as it deems commercially reasonable at any time, but no such modifications, alterations or changes shall be effective unless Charter School has been given at least sixty (60) days’ prior written notice.
THE UNIVERSITY OF CHICAGO CHARTER SCHOOL

EXHIBIT F
ACCOUNTABILITY PLAN

See attached.
EXHIBIT F
ACCOUNTABILITY PLAN

The Board and the Charter School have determined that it is in the best interests of the Board, the Charter School, students, parents and the public to articulate clear standards for the Charter School and to annually publish the level of achievement of the Charter School with respect to those standards.

1. Accountability Components

The Board and the Charter School hereby agree that the Charter School shall be evaluated annually in accordance with the Agreement and this Accountability Plan, as may be amended from time to time.

2. Annual Performance Reports

Annually the Board shall publish a Performance Report indicating the Charter School's performance on each of the Indicators in the following two categories: Pupil Performance and Financial Management/Compliance. A Performance Report for the preceding school year may be issued by March 1 of each year or earlier when possible.

Each category will have multiple Indicators and the Charter School's performance on each Indicator will be rated as:

1. High – clearly meets/exceeds expectations;
2. Middle – meets minimum requirements for that Indicator; and
3. Low – clearly does not meet expectations.

This Accountability Plan establishes the performance levels, listed below, which generate High, Middle, and Low ratings for each Indicator. However, additional information or extenuating circumstances may lead the Board to rate a category higher or lower than when performance level criteria are strictly applied.

A. Pupil Performance

The intent of the Pupil Performance section is to provide a multi-faceted understanding of student performance at the Charter School upon which the Charter School's academic performance will be evaluated. Pupil performance will be evaluated based on both Absolute Performance and Relative Performance. The Absolute Performance Indicators will be rated as High, Middle, or Low as defined above. (See Table I for performance levels for the rating system.) The Relative Performance Indicators will be assessed as to whether or not the Charter School outperformed the comparison school average. (See Table II for Relative Performance Indicators.)
Standardized Tests

The Charter School shall participate fully in the Illinois Standards Achievement Test ("ISAT") for grades 3 through 8 and the Prairie State Achievement Examination ("PSAE") for grade 11. For comparison purposes, the Charter School shall participate in the Explore Test in grade 9 and the Plan Test in grade 10. Data from these assessments will be compiled and evaluated as described below. If for any reason the Chicago Public Schools ceases to use any of the assessment systems described herein, the Board, at its discretion, shall implement an alternate student assessment system and test measure criteria for Charter School accountability purposes.

Unique Standards and Assessments

In addition to standardized tests, the Charter School voluntarily may include Unique Standards and Assessments in its Accountability Plan. The Charter School may choose to implement alternative assessments to measure student achievement of existing Illinois Learning Standards. In addition, the Charter School may choose to implement unique learning or performance standards that are not part of the Illinois Learning Standards and to implement assessments for those unique standards. In either case, the standards must be measurable and assessed annually, and the assessment results must indicate if a student Meets or Does Not Meet the standard. In addition, the Charter School may document the growth and trend data for student performance as related to the standard. The Charter School's decision to implement unique standards and assessments shall not affect the Charter School's obligation to comply with the ISAT, and PSAE assessments set forth in this Accountability Plan, and the Explore and Plan Tests as described above. Only those Unique Standards and Assessments agreed to by the Charter School and the Board by January 15 of each year may be included in the Performance Report.

Additional Student Performance Indicators

The Charter School's attendance rate, graduation rate (for high schools), dropout rate (for high schools), and percentage of students transferring out of the Charter School will also be assessed. While Attendance Rate data will be collected, classified, and reported annually, Low performance on this indicator alone (and no others) shall not be grounds for non-renewal or revocation. However, the Board may use Low performance on this measure as the basis for further inquiries about the Charter School's practices, which may be the cause of the Low performance. The Charter School shall cooperate with all reasonable inquiries by the Board in this regard.

Adequate Yearly Progress

As required by the Federal No Child Left Behind Act, Illinois has set annual Adequate Yearly Progress ("AYP") targets for student performance on the ISAT and PSAE assessments. Charter Schools receiving Title I funds must meet these targets to achieve AYP. If the Charter School receives Title I funds and fails to make AYP for 2
consecutive years, it shall be designated as a school in need of School Improvement and will face sanctions as required by Federal law. For purposes of this Agreement, the AYP target is one of many indicators to be assessed on an annual basis (see Table I). The Charter School will be ranked on the AYP indicator for purposes of this Accountability Plan. However, the Charter School will not face any sanctions if it is not receiving Title I funds.

At the time of execution of this Agreement, the annual AYP targets for the ISAT and PSAE are anticipated to be as follows. In the event that the AYP targets are revised, the Charter School will be subject to the revised targets.

<table>
<thead>
<tr>
<th>Year</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
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<tr>
<td>Target</td>
<td>47.5%</td>
<td>55%</td>
<td>62.5%</td>
<td>70%</td>
<td>77.5%</td>
<td>85%</td>
<td>92.5%</td>
<td>92.5%</td>
<td>100%</td>
</tr>
</tbody>
</table>

**Relative Performance Indicators**

The Relative Performance of the Charter School will be determined by comparing the Charter School’s performance relative to a weighted, aggregate average of the performance of the Chicago Public Schools within whose attendance boundaries the Charter School students reside, referred to as the “Comparison School Average” (see Table II).

Although Relative Performance Indicators will not be given a High, Middle, or Low rating, the Board will review this data annually to determine how the Charter School is performing compared to the Chicago Public Schools that the Charter School students would otherwise attend. Table II will be completed and included in the annual Performance Report. This data will also be considered by the Board during renewal decisions.

**CPS School Probation Policy**

Pursuant to the new Probation and Remediation policy for both elementary and high schools adopted March 22, 2006 (06-0322-PO2) by the Board, CPS may assign any charter or contract school, in its third year of operation, an accountability designation for purposes of comparison to other CPS schools and public reporting. Under the policy, a school shall receive one of two ratings: probation or non-probation. In designating the non-probationary or probationary status of a school the level of the school’s achievement and progress on the following indicators will be considered:

a) Tests administered system-wide  
b) Attendance  
c) Student gain where available  
d) Graduation rate (high schools only)

Data and gains from the Explore Test and the Plan Test will be evaluated as EPAS, a performance component factoring into the school’s designation. The CPS School
Probation and Remediation Policy shall not govern the revocation or renewal of a school's charter or contract.

**Table I: Absolute Performance**

<table>
<thead>
<tr>
<th>Indicator</th>
<th>High</th>
<th>Middle</th>
<th>Low</th>
</tr>
</thead>
<tbody>
<tr>
<td>ISAT: Composite Percent meet and/or exceed State Standards</td>
<td>More than 70%</td>
<td>40% - 70%</td>
<td>Less than 40%</td>
</tr>
<tr>
<td>ISAT: Composite Percent meet and/or exceed State Standards – change from prior year</td>
<td>At least 2.0% increase</td>
<td>+/- 1.99%</td>
<td>At least 2.0% decrease</td>
</tr>
<tr>
<td>PSAE: Composite (11th grade students only) Percent meet and/or exceed State Standards</td>
<td>More than 60%</td>
<td>30% - 60%</td>
<td>Less than 30%</td>
</tr>
<tr>
<td>PSAE: Composite Percent meet and/or exceed State Standards – change from prior year</td>
<td>At least 2.0% increase</td>
<td>+/- 1.99%</td>
<td>At least 2.0% decrease</td>
</tr>
<tr>
<td>Attendance Rate (Evaluated by type of school - elementary or high school)</td>
<td>Top 25% of city's public schools</td>
<td>Middle 50% of city's public schools</td>
<td>Lowest 25% of city's public schools</td>
</tr>
<tr>
<td>Graduation Rate (High schools only)</td>
<td>Top 25% of city's public schools</td>
<td>Middle 50% of city's public schools</td>
<td>Lowest 25% of city's public schools</td>
</tr>
<tr>
<td>Transfer Out Rate (Evaluated by type of school - elementary or high school)</td>
<td>Top 25% of city's public schools</td>
<td>Middle 50% of city's public schools</td>
<td>Lowest 25% of city's public schools</td>
</tr>
<tr>
<td>Drop Out Rate (High schools only)</td>
<td>Top 25% of city's public schools</td>
<td>Middle 50% of city's public schools</td>
<td>Lowest 25% of city's public schools</td>
</tr>
<tr>
<td>Unique Standards and Assessments Percent of students who meet standard at levels to be determined by the Charter School and Board</td>
<td>To be determined for each Indicator</td>
<td>To be determined for each Indicator</td>
<td>To be determined for each Indicator</td>
</tr>
<tr>
<td>Adequate Yearly Progress (NCLB) ISAT and PSAE thresholds required to meet AYP requirements</td>
<td>Met AYP target</td>
<td>Failed to meet AYP target (1 year)</td>
<td>Failed to meet AYP targets for 2 or more years</td>
</tr>
</tbody>
</table>
Table II: Relative Performance

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Charter School Performance</th>
<th>Comparison School Average</th>
<th>Difference</th>
</tr>
</thead>
<tbody>
<tr>
<td>ISAT Composite:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Percent meet and/or exceed State Standards</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>ISAT: Composite</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Percent meet and/or exceed State Standards - change from prior year</td>
<td></td>
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<tr>
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<tr>
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<tr>
<td>PSAE: Composite</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Percent meet and/or exceed State Standards - change from prior year</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Attendance Rate</td>
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<tr>
<td>(evaluated by type of school – elementary or high school)</td>
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<tr>
<td>Transfer Out Rate</td>
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<tr>
<td>(evaluated by type of school – elementary or high school)</td>
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<td></td>
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<tr>
<td>Graduation Rate</td>
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<td></td>
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<tr>
<td>(High schools only)</td>
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<td></td>
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<tr>
<td>Dropout Rate</td>
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<td></td>
<td></td>
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<tr>
<td>(High schools only)</td>
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<td></td>
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</tbody>
</table>

Summary
The Charter School outperformed the comparison school average on ___ of the ___ indicators.
B. Financial Management and Compliance

The following Financial Management and Compliance Indicators will be included and evaluated in each Performance Report:

<table>
<thead>
<tr>
<th>Indicator</th>
<th>High</th>
<th>Middle</th>
<th>Low</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Balanced Budget:</strong></td>
<td>Both budgets balanced</td>
<td>Current-year budget balanced. Prior-year budget not balanced.</td>
<td>Current-year budget not balanced, even if the prior year budget was balanced</td>
</tr>
<tr>
<td>1) Prior-year balanced budget successfully implemented</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2) Realistic current-year balanced budget plan</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Financial Practices:</strong></td>
<td>All in good standing and no findings</td>
<td>Any minor finding or non-payment with realistic plan to make payment; non-compliance with loan terms</td>
<td>Any repeated finding; any major finding; any non-payment without realistic plan to make payment; non-compliance with loan terms</td>
</tr>
<tr>
<td>audited financial statements, internal controls, pension payments, payroll taxes, insurance coverage, loan payments and terms</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Compliance/Contractual Obligations</strong></td>
<td>No findings</td>
<td>Any minor finding(s)</td>
<td>Any repeated finding; any major finding</td>
</tr>
</tbody>
</table>

The Board shall use budget and cash flow statements submitted pursuant to paragraph 6.b. of the Agreement, along with any other relevant information, to determine if the Charter School has a realistic current year balanced budget plan. The Board shall use the financial statements presented in the Charter School's annual financial audit, required under paragraph 6.1. of the Agreement, along with any other relevant information, to determine if the Charter School maintained a balanced budget during the prior-year.

The following items, required by paragraph 6.1. of the Agreement, shall be evaluated and presented as part of the Financial Practices Indicator:

a) The Charter School's audit report opinion on the school's financial statements;
b) The Charter School's audit report on compliance and internal control over financial reporting based on an audit of the financial statements performed in accordance with Government Auditing Standards; and
c) The status of the Charter School's payments for pensions, payroll taxes, insurance coverage, and debt service payments.

The following items shall be tested and reported upon annually by the Charter School's independent auditor and evaluated and presented as part of the Compliance Indicator:
a) Criminal background investigations (105 ILCS 5/34-18.5)
b) Administration of Medication (105 ILCS 5/10-22.21b)
c) Hazardous materials training (105 ILCS 5/10-20.17a)
d) Fire Drill Act (105 ILCS 120)
e) Tornado Protection Program (105 ILCS 5/10-20.23)
f) Abused and Neglected Child Reporting Act (325 ILCS 5/1 et. seq.)
g) Eye Protection Act (105 ILCS 115/1)
h) Toxic Art Supplies in Schools Act (105 ILCS 135/5)
i) Infectious Disease Policies and Rules (105 ILCS 5/10-21.11)

The following items shall be tested and reported upon annually by the Charter School's independent auditor and evaluated and presented as part of the Contractual Obligations Indicator:

a) Open Meetings Act (5 ILCS 120/1.01 et. seq.),
b) Student Records Act (105 ILCS 10),
c) Conformance with the following paragraphs of the Agreement:
d) Paragraph 4.j., the school's governance structure,
e) Paragraph 6.k., ongoing presence of management and financial controls,
f) Paragraph 4.c., an open enrollment process and lottery,
g) Paragraph 5.c., maintenance of Corporate Status and Good Standing.

In addition to the above items, the Board will also consider the Charter School's compliance with teacher qualification requirements, according to both the Illinois Charter School Law (Section 27A-10) and the requirements for Highly Qualified teachers under the No Child Left Behind Act (if the Charter School receives Title I funding). Failure to comply with these teacher qualification requirements may affect the rating on the Compliance Indicator.

When determining how to classify a Financial Management and Compliance Indicator, the Board may consider information from various sources, including, but not limited to, audits, site visits, and information provided by parents or employees. An audit finding shall be considered minor unless the Board determines a finding is major. If the Board believes an audit finding may be major, it shall obtain an opinion from a qualified, third-party professional regarding the importance of the finding. The Board shall also ask the Charter School to respond to the finding.

In general, a finding will be considered Major if it indicates a deliberate act of wrongdoing or reckless conduct, causes a loss of confidence in the abilities or integrity of the Charter School, or seriously jeopardizes the continued operation of the Charter School. Classification of a finding as Major shall be the sole discretion of the Board.
3. Charter School Participation in the Accountability Process

The Charter School shall take all necessary actions to collect and report the information required by this Accountability Plan, including, without limitation:

1. Full participation in the administration of the ISAT and/or the PSAE, or such other applicable student assessment, as the case may be, including all procedures designed to safeguard the integrity of the assessments;
2. Participation in site visits conducted by the Board to ascertain that sufficient, minimum educational and operational practices are in place;
3. An annual financial and compliance audit, as required by law and by the Agreement;
4. Provision of student, school, and employee information required by the Agreement and/or the Accountability Plan;
5. Provision of information that is necessary to evaluate parent, student, employee, or public allegations or audit findings that, if true, would constitute a violation of the law or Agreement;
6. Provision of additional information or cooperation in other actions not listed in this section necessary to evaluate the Charter School’s performance with respect to the Compliance Categories.

4. Non-Renewal and Revocation

The Board shall hold the Charter School accountable in these and only these Categories (Pupil Performance and Financial Management/Compliance) through the Indicators contained in the annual Performance Reports. The Board shall give fair consideration to all Indicators for the current year in comparison to the previous years of the Charter School’s history when acting to renew, not renew, or revoke the Charter School’s charter.

The Board may act to revoke or not renew a charter during the term of the Charter School Agreement in accordance with paragraphs 12 and 13 of this Agreement.

The Board shall not act to renew or to not renew a charter until the issuance of the final annual Performance Report after the fourth year of this renewal period of the Charter School. While Attendance Rate data will be collected, classified, and reported annually, Low performance on this indicator alone (and no others) shall not be grounds for non-renewal or revocation.

In all circumstances, the Board shall follow the requirements of the Illinois Charter Schools Law and its Charter School Agreement, including all due process requirements, regarding the processes required for revocation, renewal, and non-renewal.
THE UNIVERSITY OF CHICAGO CHARTER SCHOOL

EXHIBIT H
HOMEROOM CHILDREN ADDITIONAL SERVICES

See attached.
45) The Chicago Public Schools system is committed to serving the needs of children who are homeless and to protecting their rights under federal and state law. Our goal is to ensure that all children who attend Renaissance 2010 schools receive the same services provided by the Chicago Public Schools. We welcome proposals that provide additional services to these children. For a complete description of the CPS policy, and a summary of services, please consult Appendix H. All proposals to this RFP must include a commitment to provide services to homeless children at the same level that CPS provides those services. All proposals also must promise to protect the rights of children under the federal McKinney-Vento Homeless Assistance Act, 42 USC 11431 et seq. and the Illinois Education for Homeless Children Act 105 ILCS 45/1-5 et seq. and other laws that protect the rights of homeless children. Copies of these statutes and related regulations can be found at http://www.homelessed.net. CPS has also demonstrated its commitment to protect the rights of homeless children by entering into the Settlement Agreement in Salazar v. Edwards, 92 CH 5703 (Cir. Ct. Cook, Judge Nowicki). A copy of the Settlement Agreement is available on the CPS website. All respondents must explain how they will ensure that no member of the Salazar class will be deprived of his or her rights under the Settlement Agreement and how they will ensure that the school does not interfere with the Board’s performance of its obligations under the Agreement. Respondents are also encouraged to propose additional ways to serve the needs of homeless children. In preparing your response, you are encouraged to consider the following questions: (a) How will the school support the academic success of students who are homeless? (b) How will the school ensure immediate enrollment and sensitive, inclusive treatment? (c) What steps will the school take to encourage and enable students to stay in the school for the duration of the program? (d) How will homeless students be included in all school programs and activities, and receive additional support services? (e) How will the school train its staff at least annually on the needs and rights of homeless students? (f) How will the school be sensitive and responsive to the needs and concerns of homeless students? (g) How will parents of students who are homeless be included in any governing or advisory bodies and any other school activities which are available to all parents of children in the school? (h) How will the school encourage enrollment of homeless students? (i) How will the school provide transportation to a student and, if appropriate, the student’s parents, when the school is the school of origin for the homeless student? (j) How will the school coordinate with other entities to comprehensively serve the needs of students without housing?

In accordance with the mission of the school, CHS commits to working with all eager students, regardless of their tested abilities and economic or social backgrounds. This includes a willingness to serve students who are homeless. CHS will support homeless students by continuing to hold high standards for their performance and by providing additional, targeted support to assist them and their families during this period of challenge. CHS commits to providing:

- CTA and RTA transportation vouchers for students to travel to and from school;
- CTA and RTA transportation vouchers for parents to travel to and from school in order to support their child’s success in school and to participate in school activities;
- Case management of academic progress through the academic and social support system (including onsite tutoring, counseling, and curriculum accommodations, as needed);
• Referral, facilitated by our sister campus at Donoghue, to its partner, the Abraham Lincoln Centre, for external case management, access to social and health services, and management of family needs across school campuses;

• Fee waivers for instructional materials and participation in school programs;

• Assistance with school uniforms, as needed; and

• Only upon request of the family, assistance in determining and accessing information about the student’s closest attendance area school.

Additionally, CHS leadership will work with faculty and staff to create a community of support and inclusiveness. Professional development will be provided annually to faculty and staff during orientation, which will include the needs and rights of homeless students.

We expect that many of our students will be or may become homeless, due to the CHA Housing Transformation Project that continues to affect families in the North Kenwood, Oakland, Douglas, and Grand Boulevard communities. CHS is committed to working with these families during their time of transition and to providing a stable education environment for their children.

To this end, our recruitment efforts will ensure outreach to families that are homeless or at risk of becoming homeless through the Local Advisory Councils at Ida B. Wells and Robert Taylor Homes and social service providers such as The Community Builders and the Department of Human Services LAN network. Ongoing coordination between these social service providers and the campus director of academic and social support will provide comprehensive supports to the students and families of CHS.
RENEWAL OF CHARTER AND CHARTER SCHOOL AGREEMENT  
(THE UNIVERSITY OF CHICAGO CHARTER SCHOOL)  

THIS RENEWAL OF CHARTER AND CHARTER SCHOOL AGREEMENT ("Agreement") dated July 1, 2008 (the "Effective Date") is entered into by and between the Board of Education of the City of Chicago, a body politic and corporate (the "Board") and The University of Chicago Charter School Corporation, an Illinois not-for-profit corporation (the "Charter School"), an independent public school established under the Charter Schools Law, 105 ILCS 5/27A-1 et seq. (the "Charter Schools Law").

RECITALS

WHEREAS, the State of Illinois enacted the Charter Schools Law as Public Act 89-450, effective April 10, 1996, as amended; and

WHEREAS, the Charter Schools Law was enacted for the following purposes:

1. To improve pupil learning by creating schools with high, rigorous standards for pupil performance;

2. To increase learning opportunities for all pupils, with special emphasis on expanded learning experiences for at-risk pupils;

3. To encourage the use of innovative teaching methods;

4. To allow for the development of innovative forms of measuring pupil learning and achievement;

5. To create new professional opportunities for teachers, including the opportunity to be responsible for the learning program at the school site;

6. To provide parents and pupils with expanded choices within the school system;

7. To encourage parental and community involvement with public schools;

8. To hold charter schools accountable for meeting rigorous school content standards and to provide those schools with the opportunity to improve accountability; and

WHEREAS, on February 13, 1998, the Charter School entered into a Charter School Agreement with the Board for a five (5) year term commencing July 1, 1998 and ending June 30, 2003, which was approved and certified by the Illinois State Board of Education.
WHEREAS, on December 16, 2002, the Charter School submitted an application to the Board to renew its Charter School Agreement, and subsequently on July 15, 2003, the Charter School entered into a Renewal of the Charter School Agreement with the Board for another five (5) year term commencing July 1, 2003 and ending June 30, 2008, which was approved and certified by the State Board;

WHEREAS, on October 5, 2007, the Charter School submitted an application to the Board (the “Application”) to renew its Charter School Agreement, a copy of which Application is incorporated by reference as described in Exhibit A, and

WHEREAS, the parties desire that the Charter School be authorized to continue to operate and conduct its affairs in accordance with the terms of this Agreement and the Charter Schools Law.

NOW, THEREFORE, in consideration of the mutual covenants, representations, warranties and agreements contained herein and for other good and lawful consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereby agree as follows:

1. Recitals Incorporated by Reference. The recitals to this Agreement are incorporated herein by reference and made a part hereof.

2. Grant of Charter. Subject to the final certification by the State Board, the Charter School is hereby authorized, and granted a renewal of a charter in accordance with the Charter Schools Law and the terms and conditions of this Agreement, to operate a charter school as described herein.

3. Term of Agreement. This Agreement shall commence on the Effective Date provided above, and shall expire at midnight, June 30, 2013, unless terminated or extended pursuant to the terms hereof.

4. Educational Program. The Charter School shall operate an educational program and program of instruction serving the educational needs of the students enrolled therein.
   a. Name of School. The educational facility shall be known as “The University of Chicago Charter School”.
   b. Mission Statement. The Charter School shall operate under the mission statement set forth in the Application, and such mission statement is hereby accepted to the extent that it is consistent with the declared purposes of the General Assembly as stated in the Charter School Law.
c. **Age, Grade Range.** The Charter School shall provide instruction to pupils in grades Kindergarten through 12 as provided in the Application.

d. **Enrollment.** The Board has the right to establish an attendance boundary for the Charter School. The Board shall notify the Charter School regarding its attendance boundary and the Charter School shall adhere to such boundary. The Charter School shall not conduct its lottery until one month after the specific application deadline determined by the Board for its high school magnet school program, which date will be conveyed to the Charter School by the Board’s Office of New Schools (“New Schools Office”). Each year, if on the date of the Charter School’s application deadline, there are more eligible applicants for enrollment in the Charter School than there are spaces available, successful applicants shall be selected by lottery which shall be open to all applicants and the public. The lottery shall be witnessed by an independent third party or videotaped. The Charter School shall submit to the New Schools Office a copy of the lottery results, a written summary of its lottery process and the manner in which its lottery process complies with Article 27A of the Illinois School Code, and any supporting documentation within ten (10) business days of the lottery date. The Charter School shall not request information in the application process about a student’s academic aptitude, special education needs or English language proficiency. Priority for enrollment may be given to siblings of pupils enrolled in the Charter School and to pupils who were enrolled in the Charter School the previous school year, unless expelled for cause. Using the lottery process required herein, the Charter School shall establish a waiting list of students who shall be offered the opportunity to enroll at the Charter School if additional space later becomes available. The Charter School shall not permit dual enrollment of any student at both the Charter School and another public school or non-public school. The Charter School’s enrollment shall be no more than 1,966 students.

e. **Student Transfers.** Any student transfer out of the Charter School shall be documented by a transfer form signed by the student’s parent/guardian which affirmatively states that the student’s transfer is voluntary.

f. **Goals, Objectives, Pupil Performance Standards.** The Charter School shall pursue and make reasonable progress toward the achievement of the goals, objectives and pupil performance standards consistent with those set forth in the Application and in accordance with the Accountability Plan described in paragraph 9 of this Agreement, provided that such goals, objectives and pupil performance standards shall at all times remain in compliance with Section 2-3.64 of the Illinois School Code, 105 ILCS 5/2-3.64.

g. **Evaluation of Pupils.** The Charter School’s plan for evaluating pupil
performance, the types of assessments to be used, the timeline for achievement of
performance standards, and the procedure for taking corrective action in the event
that pupil performance at the Charter School falls below those standards, shall be
consistent with the Application and as further described in paragraph 9 hereof.

h. Curriculum. The curriculum established by the Charter School shall
be consistent with the Application and as otherwise modified or supplemented
herein. The Charter School shall notify the Board of any material change in its
curriculum subsequent to the date of this Agreement.

i. School Year; School Days; Hours of Operation. Instruction shall
commence in the 2008-2009 school year and subsequent school years on dates
established by the Charter School, provided that the beginning date of instruction
shall be no earlier than August 15 and no later than September 15 of the first
academic year. The days and hours of operation of the Charter School shall be as set
forth in the Application or as otherwise established by the Charter School.

j. Discipline. The Charter School shall implement a system of uniform
student discipline. The Charter School may develop and implement its own system
of student discipline in accordance with paragraph 4.j.i. or may elect to adopt the
Chicago Public Schools Student Code of Conduct (the “CPS Conduct Code”)
effective at the beginning of any academic year in accordance with paragraph 4.j.ii.

i. In the event that the Charter School elects to develop its own
system of student discipline, the Charter School shall submit a proposed
disciplinary code, including procedures for suspension and expulsion, to the
Board for review no later than July 1, 2008, or July 1 of any subsequent year,
shall adopt such disciplinary code no later than September 1 of such year,
including any reasonable modifications requested by the Board, and shall
carry out all disciplinary actions in accordance with such disciplinary code.
The Charter School shall comply at all times with applicable Federal due
process requirements in its disciplinary activities. Students may only be
expelled from the Charter School by a vote of the Charter School’s governing
board, or a determination by a member of its governing board who has been
delegated such authority by the Charter School’s governing board. In the
event that any student is suspended or expelled from the Charter School by
action of the Charter School, the Charter School shall promptly notify the
Board of such suspension or expulsion and shall provide to the Board, no
later than five (5) days following the expulsion of such student, a summary
statement of the grounds and evidence warranting expulsion and a record of
the proceedings in which the expulsion decision was made. The Board may
initiate additional disciplinary proceedings against any student expelled by
the Charter School in accordance with its rules and procedures for the

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expulsion of students. Should the Board initiate additional disciplinary proceedings against the student, the Charter School shall provide factual information relating to the offense, including live testimony in an expulsion hearing.

ii. The Charter School may, at its option, elect to adopt the CPS Conduct Code effective at the beginning of any academic year, provided that the Charter School shall notify the Board of its election to do so no later than July 1, 2008, or at least fifteen (15) days prior to the commencement of any subsequent academic year for which such election shall be effective. If the Charter School fails to submit a proposed disciplinary code or fails to adopt a disciplinary code, the CPS Conduct Code will be deemed to apply.

k. Governance and Operation. The operation of the governing board of the Charter School shall be as set forth below:

i. The governing board of the Charter School shall consist of no fewer than 3 members.

ii. Membership and composition of the governing board shall be subject to and in accordance with the bylaws of the Charter School.

iii. Governing board vacancies shall be filled by the Charter School’s corporate board.

iv. Members of the governing board of the Charter School shall have duties and responsibilities consistent with the Illinois General Not-For-Profit Corporation Act of 1986, as amended, and as stated in the Application.

v. The governing board shall hold meetings at least four times a year.

l. Student Transportation. The Charter School shall meet the transportation needs of its students including, the needs of its low-income and at-risk students, and homeless children and youth, in the manner set forth in its Application which transportation plan may include, but not be limited to, the following: coordinating with Chicago Public Schools to provide transportation for any students with disabilities who have Individualized Education Programs (“IEPs”) in which transportation is required; participating in the state’s Parental Transportation Reimbursement Program; providing Chicago Transit Authority reduced fare permits or cards to students based on income qualifications; assisting parents in the development of car pool plans; or working with students and their parents to highlight the best routes to and from school via public transportation.
expressways and streets.

m. Bilingual Education. The Charter School shall provide bilingual education services in a manner consistent with that in the Application, provided that the Charter School (1) shall identify students who require bilingual education by administering the Chicago Public Schools’ Home Language Survey Form or other suitable identification instrument to all incoming students; (2) shall assess the English language proficiency of all students identified as coming from a non-English speaking background by administering the state-prescribed screening instrument or other suitable screening instrument; (3) shall provide a bilingual education or English as a Second Language program for such students; and (4) shall annually assess the English language proficiency of all identified English Language Learners by administering the state-mandated English language proficiency assessment. Notwithstanding anything to the contrary in this subparagraph, the Charter School shall have no obligation to provide bilingual education to a greater extent than required under the Charter Schools Law and under any Federal consent decrees or other orders governing the provision of bilingual education services to students in the Chicago Public Schools.

n. School Calendar. No later than July 1 prior to the commencement of each academic year during which this Agreement is in effect, the Charter School shall submit to the Board its school calendar for such academic year and the following summer session.

5. Additional Covenants and Warranties of Charter School. The Charter School covenants and warrants as follows:

a. Compliance with Laws and Regulations. The Charter School shall operate at all times in accordance with the Charter Schools Law and all other applicable Federal and State laws from which the Charter School is not otherwise exempt and constitutional provisions prohibiting discrimination on the basis of disability, race, creed, color, gender, national origin, religion, ancestry, marital status or need for special educational services. The Charter School shall also comply with the following, to the extent applicable to Charter Schools (as amended from time to time):

i. The No Child Left Behind Act of 2001 (PL 107-110, signed January 8, 2002);

ii. Section 2-3.64 of the Illinois School Code (105 ILCS 5/2-3.64), regarding performance goals, standards and assessments;

iii. Section 10-17a of the Illinois School Code (105 ILCS 5/10-17a)
regarding school report cards;

iv. Section 10-21.9 and 34-18.5 of the Illinois School Code (105 ILCS 5/10-21.9; 105 ILCS 5/34-18.5) regarding fingerprint-based criminal history records checks and checks of the Statewide Sex Offender Database and the Statewide Child Murderer and Violent Offender Against Youth Database of applicants for employment;

v. Section 24-24 and 34-84A of the Illinois School Code (105 ILCS 5/24-24; 105 ILCS 5/34-84A) regarding discipline of students;

vi. The Local Governmental and Governmental Employees Tort Immunity Act (745 ILCS 10/1-101 et seq.);

vii. Section 108.75 of the General Not For Profit Corporation Act of 1986 (805 ILCS 105/108.75) regarding indemnification of officers, directors, employees and agents;

viii. The Abused and Neglected Child Reporting Act (325 ILCS 5/1 et seq.);

ix. The Illinois School Student Records Act (105 ILCS 10/1 et seq.);

x. The Freedom of Information Act (5 ILCS 140/1 et seq.);

xi. The Open Meetings Act (5 ILCS 120/1.01 et seq.);

xii. The Illinois Pension Code (40 ILCS 5/1-101 et seq.), subject to the limitations set forth in paragraph 6.j. below;

xiii. All applicable health and safety regulations of the State of Illinois and the City of Chicago including, without limitation, those laws specifically identified by the State Board as being applicable to charter schools. A current list of such laws, which may be added to, deleted from or otherwise amended from time to time by the State Board, is attached hereto as Exhibit B;

xiv. All Federal and State of Illinois orders and agreements, including desegregation orders, orders regarding special education, orders regarding bilingual education, compliance agreements or other agreements with the United States Department of Education or other Federal or State agencies, applicable to the Chicago Public Schools. Upon the request of the Charter School, the Board shall furnish copies of any such orders or
agreements. To the extent that the Charter School believes that it is exempt from compliance with any such law, order or agreement, the Charter School shall provide the Board's General Counsel with a copy of an exemption ruling or opinion rendered by the applicable Federal or State authority that has jurisdiction over such law or that issued the order or agreement. To the extent the Board is a party to a court action that is likely to result in a new order or agreement which will require compliance by the Charter School, the Board shall use reasonable efforts to notify the Charter School of such court action.

b. Compliance with Agreement. The Charter School shall operate at all times in accordance with the terms of this Agreement including the Accountability Plan attached hereto as Exhibit E, the additional specific terms and conditions set forth in Attachment 1 and all other Exhibits attached hereto.

c. Maintenance of Corporate Status and Good Standing. The Charter School shall at all times maintain itself as an Illinois general not-for-profit corporation capable of exercising the functions of the Charter School under the laws of the State of Illinois, shall remain in good standing under the laws of the State of Illinois, and shall timely make all required filings with the office of the Illinois Secretary of State. Upon request, the Charter School shall provide the Board with certified copies of its Articles of Incorporation, a Certificate of Incorporation evidencing its incorporation as a nonprofit corporation, its Bylaws, and all amendments or modifications thereto. The Charter School is also recognized as an organization exempt from Federal income taxation under Section 501(c)(3) of the Internal Revenue Code, and upon request, the Charter School shall provide the Board with copies of all filings relating to the Charter School maintaining 501(c)(3) exempt status.

d. Personnel. The relationship between the Charter School and its employees, and the manner in which terms and conditions of employment shall be addressed with affected employees and their recognized representatives, if any, shall be as set forth in the Application and this Agreement, provided that the Charter School shall comply with all Federal and Illinois employment laws and regulations made applicable to charter schools under the Charter Schools Law.

No later than September 1 of each year during the term of this Agreement, the Charter School shall provide the Board with a current list of all of its employees, and shall cause each of its subcontractors to provide the Board with a current list of all of such subcontractor's employees providing services at the Charter School. Such lists shall contain the names, job positions and social security numbers of all applicable employees. Such list shall also indicate: (1) for each employee, the date of initiation of the fingerprint-based criminal background investigation and checks of...
the Statewide Sex Offender Database and the Statewide Child Murderer and Violent Offender Against Youth Database required under Section 34-18.5 of the School Code and paragraph 5.e. of this Agreement, and the results of such background check; and (2) for each individual employed in an instructional position, evidence of certification, or evidence that such individual is otherwise qualified to teach under Section 27A-10(c) of the Charter Schools Law, including information regarding the additional mentoring, training and staff development, if any, to be provided by the Charter School pursuant to paragraph 5.f. of this Agreement. For any person hired in an instructional position after September 1 of any school year, the Charter School shall provide the Board with such evidence of certification or other qualification no later than ten (10) business days after the individual’s initial date of employment.

e. **Criminal Background Checks.** The Charter School shall not knowingly employ and shall not permit its subcontractors to knowingly employ any individual (i) for whom a fingerprint-based criminal background investigation and checks of the Statewide Sex Offender Database and the Statewide Child Murderer and Violent Offender Against Youth Database has not been conducted or (ii) who has been convicted of committing or attempting to commit one of the offenses enumerated in Section 34-18.5(c) of the Illinois School Code.

f. **Instructional Providers.** The Charter School shall employ or otherwise utilize in instructional positions and shall require that its subcontractors employ or otherwise utilize in instructional positions only those individuals who are certificated under Article 21 of the Illinois School Code, 105 ILCS 5/21-1 et seq., or who are otherwise qualified to teach under Section 27A-10(c) of the Charter Schools Law. If the Charter School receives Title I funds, all individuals in instructional positions must also meet the definition of “Highly Qualified” in accordance with the No Child Left Behind legislation. For purposes of this paragraph, “instructional positions” means all those positions involving duties and responsibilities which, if otherwise undertaken in the Chicago Public Schools, would require teacher certification. In the event that the Charter School employs or otherwise utilizes any of its subcontractors employs or otherwise utilizes non-certificated personnel in instructional positions, the Charter School and/or its subcontractors shall provide such additional mentoring, training and staff development as the Charter School determines is necessary to ensure that such individuals perform their instructional duties satisfactorily.

g. **Facilities.**

i. **Existing Facilities.** The Charter School shall be located at the following locations in Chicago, Illinois (each referred to as an “Attendance Center”):
The Charter School shall have obtained and submitted to the New Schools Office for review no later than thirty (30) days prior to the commencement of operation of any Attendance Center: (1) all applicable occupancy permits and health and safety approvals for such Attendance Center; (2) an executed copy of the lease agreement for such Attendance Center, if occupied under a lease agreement; and (3) evidence of title to such Attendance Center, if owned by the Charter School. The Charter School shall take such actions as are necessary to ensure that all leases (for all Attendance Centers not owned by the Charter School), occupancy permits and health and safety approvals for all established Attendance Centers remain valid and in force, and shall certify to the Board by August 1, 2008 and thereafter no earlier than June 1 and no later than July 1 of each subsequent year during the term of this Agreement that such leases, permits, certificates and approvals remain in force.

ii. Change in Location; Additional Facilities. The Charter School may change the physical location of an Attendance Center, provided that the Charter School fulfills certain conditions of the Board and provides the information set forth in this subparagraph with respect to such new physical location, and provided further that (1) the Charter School notifies the Board of the proposed change in location not less than one hundred and twenty (120) days prior to taking any final action in connection therewith; and (2) the Board, or its Chief Executive Officer, does not issue a denial to the Charter School within fourteen (14) days of its receipt of such notification. Upon the New Schools Office issuing a Request for Proposal for new school openings once every year, the Charter School may establish additional facilities provided that the Charter School fulfills certain conditions of the Board and provides the information set forth in this subparagraph with respect to such additional facilities, and provided further that the Board approves such additional facilities. Such a change in the physical location of an existing Attendance Center or establishment of a new Attendance Center by the Charter School shall be deemed a material modification of this Agreement which requires the prior approval of the Board and State Board to be in full force and effect.

iii. Compliance with Disability Access Laws and Regulations.
The Charter School shall ensure that its facilities and operations comply with:
(1) all applicable provisions of Federal, State and local disability access laws including, without limitation, the Americans with Disabilities Act ("ADA"), 42 U.S.C.A. §12101 et seq., the Rehabilitation Act of 1973, 29 U.S.C.A. §701 et seq., as amended, their implementing regulations, the Illinois Environmental Barriers Act, 410 ILCS 25/1 et seq., and the accessibility portions of the Chicago Building Code; and (2) the ADA and Rehabilitation Act aspects of the Accountability Plan; provided, however, if the Charter School enters into a lease agreement with the Board to occupy a Board facility to operate an Attendance Center, the terms and conditions of the lease agreement shall control as to that Attendance Center.

iv. **ADA Plans.** The Charter School shall submit facility plans for each Attendance Center which shall comply with the ADA and Section 504 of the Rehabilitation Act of 1973, as amended, their implementing regulations, the Illinois Environmental Barriers Act, and the accessibility portions of the Chicago Building Code ("ADA Plan"). Any such ADA Plans shall be submitted to the Board for approval which shall not be unreasonably withheld. Any such ADA Plans submitted to the New Schools Office and approved by the Board shall be incorporated herein by reference and made a part of this Agreement. Failure to submit ADA Plans to the New Schools Office by the Board-specified date shall be deemed a material breach of this Agreement, subject to paragraph 13 herein, and the Board shall consider such non-compliance a factor in determining whether to revoke or renew the Charter School's charter.

h. **Homeless Children.** The Charter School acknowledges and agrees that the Chicago Public Schools are committed to serving the needs of children who are homeless and to protecting their rights under Federal and State law. The Charter School agrees that one goal of this Agreement is to ensure that all homeless children who attend the Charter School receive the same services provided by the Chicago Public Schools to homeless children and agrees that it will provide services to homeless children at the same level that CPS provides those services. The Charter School also must protect the rights of children under the McKinney-Vento Homeless Assistance Act (42 U.S.C. §11431 et seq.) and the Illinois Education for Homeless Children Act (105 ILCS 45/1-5 et seq.) and all other laws that protect the rights of homeless children. The Charter School further acknowledges that the Board has certain obligations under the Settlement Agreement in *Salazar v. Edwards*, 92 CH 5703 (Circuit Court, Cook County). The Charter School shall ensure that no member of the Salazar class is deprived of his or her rights under the Settlement Agreement and the Charter School shall not interfere with the Board's performance of its obligations under the Settlement Agreement.
6. **Financial Operations of Charter School.**

   a. **Financial Management.** At fiscal year end, the Charter School shall prepare its annual financial statements in accordance with accounting principles generally accepted in the United States of America for not-for-profit organizations ("GAAP"). During the fiscal year, the Charter School shall operate in accordance with GAAP, the cash basis of accounting, or any other basis of accounting, provided that the Charter School's accounting methods allow it to prepare reports required by the Board, the State Board, and any other grantors.

   b. **Budget and Cash Flow.** The Charter School shall prepare and provide to the Board a copy of its annual budget and cash flow projections for each fiscal year by no later than July 1 of such fiscal year. The fiscal year for the Charter School shall begin on July 1 of each year and end on June 30 of the subsequent year.

   c. **Distribution of Funds.** The Board shall distribute the Charter School Funds, as determined in paragraph 6.d., Exhibit C, in four quarterly installments payable on or before July 22, October 15, January 15 and April 15 of each fiscal year, or the first business day following each such day if any such day falls on a Saturday, a Sunday, or a holiday. The first such distribution shall be July 22, 2008. All funds distributed to the Charter School from the Board shall be used for educational purposes only. The use of such funds for any other purpose is strictly prohibited.

   d. **Funding Procedure.** The Board shall calculate the per capita tuition payment for each pupil enrolled at the Charter School based on the procedure set forth in Exhibit C and shall provide this amount to the Charter School for each pupil enrolled at the Charter School as follows:

      i. **First Installment (July 22).** The amount of the Board's first quarterly payment shall be based initially on a pre-enrollment report provided to the Board no later than June 22 of each year, which pre-enrollment report shall contain the names and addresses of all students enrolled in the Charter School. It is understood and agreed that the first installment for each school year will be remitted only upon the Board receiving all of the following: (1) the pre-enrollment report from the Charter School, (2) all Attendance Center submissions as required under paragraph 6.m. herein; and (3) all submissions due each July 1 including those required under paragraphs 4.j. regarding discipline, 4.n. regarding school calendar, 5.g. regarding building certificates, 6.b. regarding budget, 8 regarding insurance, and 10.b. and 10.c. regarding special education staffing.

      ii. **Second Installment (October 15).** The amount of the Board's second quarterly payment shall be calculated such that the aggregate amount
of the first and second quarterly installments is equal to the number of students enrolled at the Charter School on the twentieth day of the first semester, as verified by attendance records, multiplied by one half the per capita tuition amount.

iii. **Third Installment (January 15).** The amount of the Board's third quarterly payment shall be based on the Charter School's first semester enrollment, as determined under paragraph 6.d.ii. and shall be equal to one half of the aggregate amount of the first and second payments.

iv. **Fourth Installment (April 15).** The amount of the Board's fourth quarterly payment shall be calculated such that the aggregate amount of the third and fourth installments is equal to the number of students enrolled at the Charter School on the tenth day of the second semester, as verified by attendance records, multiplied by one-half the per capita tuition amount.

e. **Supplemental General State Aid and Title I Funds.** The Charter School shall furnish the Board with eligibility data regarding Supplemental General State Aid ("State Aid") and Title I eligible students enrolled in the Charter School. State Aid revenues to which the Charter School is entitled shall be distributed to the Charter School quarterly on the dates set forth in paragraph 6.d. hereof on an estimated basis, provided that the Board may adjust any such payment to account for prior deviations between the estimated State Aid funds paid and the amount of State Aid funds to which the Charter School was entitled during such payment period. Such amounts shall be in addition to the per pupil funding amounts provided under paragraph 6.d. hereof and Exhibit C hereto, and shall be sufficient to comply with all provisions of the Charter Schools Law, including Section 27A-11 thereof.

f. **Refund of Unspent Funds.** In the event that this Agreement is revoked or is not renewed by the Board, the Charter School shall refund to the Board all unspent funds in accordance with Section 27A-11(g) of the Charter Schools Law.

g. **Other Sources of Funds for Charter School.** Paragraph 6.d. is not intended to increase or decrease the amount of per capita student tuition to which the Charter School is entitled under the Charter Schools Law. In addition, the parties acknowledge that the Charter School is or may be entitled to other categorical State and Federal sources of funds for schools which are not included in the per capita tuition payment described in Exhibit C hereto.

h. **Tuition and Fees.** The Charter School shall not charge tuition to any student, unless such student would otherwise be liable for tuition costs under the
Illinois School Code. The Charter School may charge reasonable fees, to the extent permitted by law, for textbooks, instructional materials, summer school programs, after school programs, and student activities.

i. **Outside Funding.** The Charter School may accept gifts, donations or grants pursuant to Section 27A-11(d) of the Charter Schools Law, provided that no such gifts, grants or donations may be accepted if contrary to applicable law or to the terms of this Agreement. In the event that the Charter School solicits funding from sources other than those set forth in this paragraph 6, it shall comply with all applicable State or Federal laws regarding the reporting of charitable solicitations.

j. **Pension Payments.** The Board shall make payments directly to the Chicago Teachers Pension Fund on behalf of any education, administrative or other staff member employed at the Charter School (whether by the Charter School itself or one of its subcontractors) who is certified under the law governing certification of teachers in the amount of that employer's proportionate share of State funds made available to the Chicago Public Schools for such purpose. The Board shall not have any duty to make the employee's or other staff's member contributions. Notwithstanding the foregoing, the Charter School acknowledges and agrees that the Board retains the right to collect delinquent employee contributions from the Charter School in accordance with Section 17-132 of the Illinois Pension Code (40 ILCS 5/17-132) and may deduct such delinquent contributions from any quarterly payments due the Charter School.

In the event that the Board elects to deduct delinquent employee contributions from quarterly payments due the Charter School, the Board shall provide the Charter School with forty-five (45) days prior written notice setting forth in detail the grounds for such action and the amount delinquent. If the Charter School fails to cure such delinquency to the Board's satisfaction within said 45-day cure period, the Board shall be deemed to have a sufficient basis to withhold such funds from any quarterly payments otherwise due the Charter School and to remit such funds to the Chicago Teachers Pension Fund.

The parties hereby acknowledge and agree that the Charter School shall comply with those provisions of the Illinois Pension Code which specify applicability to, or compliance by, charter schools and it is not the intent of the parties to have the Charter School comply with any other portions of the Illinois Pension Code.

k. **Management and Financial Controls.** At all times, the Charter School shall maintain appropriate governance and managerial procedures and financial controls which procedures and controls shall include, but not be limited to: (1) accounting methods as specified in paragraph 6.a.; (2) a checking account; (3)
adequate payroll procedures; (4) bylaws; (5) an organizational chart; (6) procedures for the creation and review of monthly and quarterly financial reports, which procedures shall specifically identify the individual who will be responsible for preparing such financial reports in the following fiscal year; and (7) internal control procedures for cash receipts, cash disbursements and purchases.

I. Annual Audits. The Charter School shall cause a Financial Statement Audit and Financial and Administrative Procedures Controls Review (collectively, the “Financial Audit”), to be performed annually at its expense by an outside independent auditor that must be retained by the Charter School by July 15th of each year of this Agreement, and such auditor must be reasonably acceptable to the Board. The Financial Audit shall include, without limitation:

i. An opinion on the financial statements (and Supplementary Schedule of Expenditures of Federal Awards, if applicable);

ii. A report on compliance and on internal control over financial reporting based on an audit of financial statements performed in accordance with Government Auditing Standards and the Single Audit Act of 1984, as amended; and

iii. A report on compliance with requirements of applicable laws and regulations, including the audit requirements contained in the Accountability Plan.

The Financial Audit shall be made available to the Board no later than November 1 of each year during the term of this Agreement, beginning with November 1, 2009.

m. Quarterly Financial Reports. The Charter School shall prepare or cause to be prepared quarterly financial reports in conformance with Exhibit D, which shall be provided to the Board on or before January 14, April 14, July 14 and October 14 of each year, beginning October 14, 2008.

n. Attendance. The Charter School shall maintain accurate enrollment data and daily records of student attendance. The Charter School shall provide the Board with current enrollment and attendance data, including Individual Educational Plan and English Language Learner data, via the Board’s Student Information/IMPACT System (“SI/IMPACT System”), or such other system as may be subsequently implemented by the Board. Such enrollment and attendance data shall be maintained and updated on the SI/IMPACT System on a daily basis by the Charter School (or on any other time-frame basis as determined by the Board). The Board shall provide the Charter School with the necessary SI/IMPACT System access, software and training to allow Charter School personnel to use the Board’s
SI/IMPACT System and input enrollment/attendance data.

- **Withholding of Funds.** In the event the Charter School fails to (1) submit to the Board any documents or information required under this Agreement, (2) follow any procedures or policies set forth in this Agreement, (3) submit any other data required by the Board or State Board, (4) meet teacher certification levels, or (5) make timely employee contribution deductions to the Chicago Teachers Pension Fund; the Board may withhold any and all payments of funds to the Charter School providing the Board gives the Charter School written notice enumerating the specific failure(s). Upon the Charter School's cure of any such failure(s), the Board shall immediately release any and all payments of funds due the Charter School. Repeated violations of this paragraph shall be deemed a material violation of this Agreement, and the Board may revoke this Agreement and the charter of the Charter School in accordance with paragraph 13 herein.

7. **Purchase Agreement.** The Board and the Charter School may enter into a purchase agreement or agreements providing for the purchase by the Charter School from the Board of certain goods, services and materials in connection with the operation of the Charter School.

8. **Insurance.** The Charter School shall, at its own expense, purchase and maintain insurance covering all of its operations, whether performed by Charter School or by subcontractors. Such insurance shall include the types of insurance set forth in Exhibit E hereto, subject to the conditions and in no less than the respective limits set forth therein. All insurers shall be licensed by the State of Illinois and rated A- or better by A. M. Best or a comparable rating service. No later than fifteen (15) days following the execution of this Agreement, and each July 1 thereafter, the Charter School shall provide the Board with certificates of insurance or other satisfactory proof evidencing coverage in the types and amounts as set forth in Exhibit E.

9. **Academic Accountability and Evaluations.**
   a. **Accountability Plan.** The Charter School shall be held accountable by the Board in accordance with the Accountability Plan contained in Exhibit F ("Accountability Plan"). Due to potentially sweeping changes regarding testing requirements and other accountability standards that may occur because of the enactment of the No Child Left Behind Act or other laws or mandates, the parties agree that the Accountability Plan attached as Exhibit F hereto is subject to renegotiation effective on or before June 30 of each year of the Agreement upon written notice from the Board no later than April 1 of each year. The parties agree to work diligently and in good faith to re-negotiate the Accountability Plan so as to comply with any and all required changes regarding accountability standards which are applicable to charter schools.
b. **Standardized Tests.** The Charter School shall administer such standardized tests of academic proficiency as are provided for in the Board's policies and procedures, and shall participate in State assessments required by Section 2-3.64 of the Illinois School Code.

c. **Site Visits.** In addition to the above procedures, the Charter School shall grant reasonable access to, and cooperate with, the Board, its officers, employees and other agents, including allowing site visits by the Board, its officers, employees and other agents, for the purpose of allowing the Board to fully evaluate the operations and performance of the Charter School pursuant to the Accountability Plan and the Charter Schools Law. Where possible, the Board shall provide the Charter School with at least 24 hours prior notice of such site visits.

10. **Specialized Services.**

   a. The Charter School shall provide special education and related services to students with disabilities in accordance and compliance with (i) the student’s IEP; (ii) the Individuals with Disabilities Education Act (20 U.S.C. §1401 et seg.); (iii) the Board-approved “A Procedural Manual Educating Children with Disabilities in Chicago Public Schools”, revised edition 2002, as may be amended from time to time, which is incorporated herein by reference; (iv) any and all Federal court orders applicable to children with disabilities in the Chicago Public Schools including, but not limited to, Corey H, 92 C 3409; and (v) any and all service bulletins issued by the Board’s Office of Specialized Services.

   b. **Special Education Teachers & Paraprofessionals.** The Charter School shall hire its own special education teachers and paraprofessionals to provide special education services to the Charter School’s students with disabilities. The Board shall reimburse the Charter School for the salary and benefits of certified special education teachers and paraprofessionals based on the Board’s special education staffing formulas and the student’s IEP.

   c. **Staffing Election of Clinicians.** The Charter School may elect to hire its own clinicians to provide IEP services to its students with disabilities enrolled at the Charter School or it may elect to have the Board furnish clinicians to serve the Charter School’s students with disabilities. The Charter School shall notify the Board in writing, by July 1 of each year, of its election regarding the staffing of clinicians if such staffing is required by its students’ IEPs. If the Charter School elects to have the Board furnish the necessary clinicians, the Board shall assign the necessary staff to the Charter School. If the Charter School elects to hire its own clinicians, the Charter School shall be reimbursed by the Board.
d. **Staff Requirements.** Annually, in accordance with the Board’s budgetary process, the Charter School shall receive the projected staffing allocation for special education teachers, paraprofessionals and clinicians required by State guidelines, based on students enrolled at the Charter School, entered into and identified as needing services by the students' IEPs and the Board’s SI/IMPACT System. The Board may during the school year issue adjustments to these staff requirements to accommodate changes in the enrollment and IEP needs of the Charter School's students. All special education teachers, paraprofessionals and clinicians employed by the Charter School shall have the requisite qualifications, Illinois certificates and/or licenses.

e. **Additional Resources.** Notwithstanding paragraph 6 of this Agreement, the Board shall provide necessary additional resources including assistive technologies (as required by a student’s IEP) for the education of students with disabilities enrolled in the Charter School in accordance with the Individuals with Disabilities Education Act, Section 504 of the Rehabilitation Act of 1973, and the IEPs of such students. Such additional resources shall be sufficient to comply with all provisions of the Charter Schools Law, including Section 27A-11 thereof.

11. **Comprehensive School Management Contracts.** No entity or party other than the Charter School may provide comprehensive school management or operations except upon the prior approval of the Board, and certification by the State Board. Furthermore, in the event the Charter School desires to enter into any contract for comprehensive school management or operations services to be performed in substantial part by an entity not a party to this Agreement, the provisions of Exhibit G attached hereto must be incorporated into any such contract.

12. **Renewal of Charter; Failure to Renew.** No later than January 1, 2013, and no earlier than September 1, 2012, but in no event later than the date set by the New Schools Office, the Charter School shall provide a written proposal to the Board in accordance with Section 27A-9 of the Charter Schools Law, setting forth proposed terms of renewal of this Agreement. Pursuant to Section 27A-9(b) of the Charter Schools Law, the renewal proposal of the Charter School shall contain the most recent annual report and financial statement of the Charter School, including financial information specific to each Attendance Center or campus, if applicable. The written proposal may contain proposed changes to this Agreement that the Charter School desires to incorporate into the renewed agreement. The renewal proposal shall be evaluated by the New Schools Office in accordance with paragraph 4 of Exhibit F.

The New Schools Office shall notify the Charter School of its recommendation regarding such renewal indicating whether, and upon what conditions, it is willing to recommend to the Board the renewal of the charter and the Agreement, including any modified terms proposed by the New Schools Office. If there is no agreement on the terms
of renewal, then the parties shall fulfill their mutual obligations hereunder to the end of the term of this Agreement. The Board may refuse to renew the charter and the Agreement upon a finding that any cause for revocation exists under paragraph 13 hereof.

13. **Revocation of Charter.** The Board may revoke this Agreement and the charter of the Charter School, in whole or as to any Attendance Center or campus, if applicable, in accordance with Section 27A-9 of the Charter Schools Law, if the Board clearly demonstrates that the Charter School, or any Attendance Center or campus, did any of the following, or otherwise failed to comply with the requirements of the Charter Schools Law:

   a. Committed a material violation of any of the conditions, standards, or procedures set forth in this Agreement including the Accountability Plan; or

   b. Failed to meet or make reasonable progress toward achievement of the content standards or pupil performance standards identified in this Agreement or in the Accountability Plan; or

   c. Failed to meet generally accepted standards of fiscal management; or

   d. Materially violated any provision of law from which the Charter School was not exempted; or

   e. Committed a material breach of any contract between the Board and the Charter School for the operation of early childhood services including, but not limited to, a pre-Kindergarten program.

In addition, the charter of the Charter School may be revoked in the event that the parties agree to terminate this Agreement by mutual consent pursuant to paragraph 23 of this Agreement, or in accordance with any specific revocation indicators set forth in paragraph 4 of Exhibit F.

In the event that the Board proposes to revoke this Agreement and the charter of the Charter School, in whole or as to any Attendance Center or campus, the Board shall provide the Charter School with written notice setting forth in detail the grounds for such revocation at least 14 days prior to the date the Board takes final action on such revocation.

14. **Indemnification.**

   a. To the fullest extent permitted by law, the Charter School shall indemnify, defend and hold harmless the Board, its members, officers, employees, agents, affiliates and representatives, past and present (collectively, the "Board Indemnitees"), from and against any and all liabilities, losses, penalties, damages
and expenses, including costs and attorney fees, arising out of all claims, liens, demands, suits, liabilities, injuries (personal or bodily), of every kind, nature and character arising or resulting from or occasioned by or in connection with (i) the possession, occupancy or use of the property of the Charter School, its faculty, students, patrons, employees, guests or agents, (ii) any act or omission to act, whether negligent, willful, wrongful or otherwise by the Charter School, its faculty, students, patrons, employees, guests or agents, (iii) a violation of any law, statute, code, ordinance or regulation by the Charter School, its faculty, students, patrons, employees, subcontractors, guests or agents, and/or (iv) any breach, default, violation or nonperformance by the Charter School of any term, covenant, condition, duty or obligation provided in this Agreement including, but not limited to, the Accountability Plan (collectively, the “Covered Losses”). This indemnification shall not apply to the extent that any Covered Loss results from the negligence or wrongful act or omission of any Board Indemnitee or from any act or omission of the Charter School required by law or this Agreement.

b. To the fullest extent permitted by law, the Board shall indemnify, defend and hold harmless the Charter School, any successor entity thereto, and their respective members, officers, employees, agents, affiliates and representatives, past and present (collectively, the “Charter Indemnites”), from and against any and all liabilities, losses, penalties, damages and expenses, including costs and attorney fees, arising out of all claims, liens, demands, suits, liabilities, injuries (personal or bodily), of every kind, nature and character arising or resulting from or occasioned by or in connection with (i) a violation of any law, statute, code, ordinance or regulation by the Board, its members, agents, officers or employees, and/or (ii) any breach, default, violation or nonperformance by the Board of any term, covenant, condition, duty or obligation provided in this Agreement or the Accountability Plan (collectively, the “Covered Losses”). This indemnification shall not apply to the extent that any Covered Loss results from the negligence or wrongful act or omission of any Charter Indemnitee or from any act or omission of the Board required by law or this Agreement.

c. This indemnification, defense and hold harmless obligation 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.

15. **Disclaimer of Liability.** The parties expressly acknowledge that the Charter School is not operating as the agent, or under the direction and control, of the Board except as required by law or this Agreement, and that the Board assumes no liability for any loss or injury resulting from: (1) the acts and omissions of the Charter School, its directors, trustees, agents, subcontractors or employees; (2) the use and occupancy of the building or buildings occupied by the Charter School, or any matter in connection with the condition of
such building or buildings; or (3) any debt or contractual obligation incurred by the Charter School. The Charter School acknowledges that it is without authority to, and will not, extend the faith and credit of the Board or the Chicago Public Schools to any third party.

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

17. **Waiver.** No waiver of any breach of this Agreement shall be held as a waiver of any other or subsequent breach.

18. **Dispute Resolution.** If a minor violation or dispute arises between the parties relating to the interpretation or performance of this Agreement, designated representatives of each party who shall have the authority to resolve the dispute shall attempt in good faith to negotiate or mediate a resolution of the dispute. Notwithstanding anything to the contrary in this paragraph, both parties shall continue to perform their obligations under this Agreement in good faith during the resolution of such minor dispute, unless and until this Agreement is terminated in accordance with the provisions hereof.

19. **Counterparts; Signature by Facsimile.** This Agreement may be signed in counterparts, which shall together constitute the original Agreement. Signatures received by facsimile (with confirmation thereof) by either of the parties shall have the same effect as original signatures.

20. **Terms and Conditions of Application.** The parties hereto expressly agree that the Application sets forth the overall goals, standards and general operational policies of the Charter School. The Charter School acknowledges and agrees that its Application is an integral part of this Agreement, and the Board shall have the right to hold the Charter School responsible for all information, representations and statements contained in the Application. The parties understand, however, 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 policies, procedures or other specific terms of operation that supplement or otherwise differ from those set forth in the Application, the Charter School shall be permitted to implement such policies, procedures, and specific terms of operation, provided that such policies, procedures and terms of operation are consistent with the goals, standards and general operational policies set forth in the Application, this Agreement, and the Charter Schools Law.

21. **Amendments.** This Agreement may be amended only by written consent of the parties hereto and, in the case of material amendments, only after submission of such amendments to, and approval by, the State Board in accordance with Section 27A-6(e) of the Charter Schools Law. For purposes of this Agreement, the parties acknowledge that material changes include, but are not limited to, the following: (a) the addition of new
grades; (b) an increase in enrollment capacity; (c) a move to a new Attendance Center; (d) the addition of a new Attendance Center or campus; and (e) any and all other material modifications to this Agreement.

22. **Assignment.** This Agreement may not be assigned or delegated by the Charter School under any circumstances, it being expressly understood that the charter granted hereby runs solely and exclusively to the Charter School.

23. **Termination.** This Agreement may be terminated prior to its expiration by the mutual consent of the parties or revocation of the charter of the Charter School pursuant to paragraph 13 hereof. Termination of this Agreement for any reason shall serve to immediately revoke the charter granted hereby.

24. **Notices.** Any notice, demand or request from one party to any other party or parties hereunder shall be deemed to have been sufficiently given or served for all purposes if, and as of the date, it is delivered by hand, overnight courier, facsimile (with confirmation thereof), or within three business days of being sent by registered or certified mail, postage prepaid, to the parties at the following addresses:

If to the Charter School: The University of Chicago
Charter School Corporation
1313 East 60th Street
Chicago, Illinois 60637
Attn: Linda Wing, Deputy Director
Facsimile: 773-702-2010

With a copy to: The University of Chicago
Office of Legal Counsel
5801 South Ellis Avenue
Chicago, Illinois 60637

If to the Board: Chicago Board of Education
Office of New Schools
125 South Clark Street, 5th Floor
Chicago, Illinois 60603
Attn: Joshua R. Edelman, Executive Director
Facsimile: (773) 553-2199

With a copy to: Chicago Board of Education
Law Department
125 South Clark Street, 7th Floor
Chicago, Illinois 60603
Attn: Patrick J. Rocks, General Counsel
25. **Audit and Document Retention.** The Charter School shall maintain records showing time expended and costs incurred in operating the Charter School. All records referenced above and all records required to be maintained as part of operating the Charter School shall be retained for five (5) years after the term of this Agreement and shall be subject to inspection and audit by the Board. The Charter School shall include in all subcontractor agreements provisions requiring subcontractors to maintain the above described records and allowing the Board, the Inspector General of the Board, and their duly authorized representatives the same right to inspect and audit said records as set forth above with respect to the books and records maintained by the Charter School.

26. **Severability.** In the event that any provision of this Agreement or the application thereof to any person or in any circumstances shall be determined to be invalid, unlawful, or unenforceable to any extent, the remainder of this Agreement, and the application of such provision to persons or circumstances other than those as to which it is determined to be invalid, unlawful or unenforceable, shall not be affected thereby, and each remaining provision of this Agreement shall continue to be valid and may be enforced to the fullest extent permitted by law.

27. **Superseder.** This Agreement supersedes and replaces any and all prior agreements and understandings between the Board and the Charter School with respect to the subject matter hereof. To the extent that any conflict or incompatibility exists between the Application as incorporated herein and the other terms of this Agreement, such other terms of this Agreement shall control.

28. **Delegation.** The parties agree and acknowledge that the functions and powers of the Board may be exercised by the Chief Executive Officer of the Chicago Public Schools, provided that any ultimate decision regarding renewal, non-renewal or revocation of this Agreement may be made only by the Chicago Board of Education.

29. **Prior Actions.** It is expressly agreed and understood that as a condition precedent to this Agreement becoming effective on the Effective Date hereof, the Charter School 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 that failure to do so shall constitute grounds for the Board to declare this Agreement null and void.

30. **Construction.** This Agreement shall be construed fairly as to both parties and not in favor of or against either party, regardless of which party prepared the Agreement.

31. **Incorporation of Exhibits.** All exhibits referenced herein are hereby incorporated into and made a part of this Agreement.
IN WITNESS WHEREOF, the parties have made and entered into this amended and restated Agreement as of the Effective Date hereof.

BOARD OF EDUCATION OF THE CITY OF CHICAGO

By: Clare Muñana, Vice President

ATTEST:

By: Estela G. Beltran, Secretary

Dated: 3/9/09

THE UNIVERSITY OF CHICAGO CHARTER SCHOOL CORPORATION

By: Thomas F. Rosenbaum

Name: Thomas F. Rosenbaum

Title: Treasurer

ATTEST:

By: Beth A. Harris

Name: Beth A. Harris

Title: Secretary

Dated: March 3, 2009

Board Report: 08-0326-EX11; 08-0723-AR1-22;
08-0924-AR1-15; 08-1119-AR2-10;
09-0128-AR1-6

Approved as to legal form:

Patrick J. Rocks, General Counsel

Attachments:
Attachment 1 - Additional Specific Terms and Conditions
Exhibit A - Application
Exhibit B - State Board List of Health & Safety Laws Applicable to Charter Schools
Exhibit C - Funding Determination Procedure
Exhibit D - Quarterly Financial Report
Exhibit E - Insurance Requirements
Exhibit F - Accountability Plan
Exhibit G - Comprehensive Management Services Contract Requirements
ATTACHMENT 1

ADDITIONAL SPECIFIC TERMS AND CONDITIONS

The Charter School must fulfill the following additional specific terms and conditions below and submit the necessary documentation to the New Schools Office:

1. By May 5, 2008, the Charter School shall arrange to meet with the Board's ADA Policy Director in order to strengthen, memorialize and publicize its ADA Plan. The Charter School shall submit a final ADA Plan to the New Schools Office by June 6, 2008. The elements of such plan shall be as follows:
   - Instituting procedures for relocating programs from school areas that are temporarily or will be permanently inaccessible;
   - Making these procedures public so that students, parents, staff and community members are made easily aware of the procedures (e.g., on the website, in notices, posted in breakrooms, in handbooks);
   - Instituting procedures for the provision of sign language interpreters and accessible formats of written documents; and
   - Providing accessible information technology.

2. By July 28, 2008, the Charter School must submit to the New Schools Office a staffing and hiring plan outlining how it plans to achieve the required certification levels, i.e., 75% of teachers must be IL certified and 100% of teachers must be NCLB certified. One hundred percent of its teachers must be in compliance with Charter Schools Law. The plan must detail the steps that the Charter School will take to hire highly qualified certified teachers to its staff while also addressing how current non-certified teachers will become certified.

Upon approval by the Board to renew the charter and the Agreement, the aforementioned specific terms and conditions shall be incorporated into and made a part of the Agreement. If the Charter School fails to meet these conditions within the designated timeframes, the Board may elect to i) revoke the Agreement, ii) pursue all other remedies available under the Agreement, or iii) not renew the Agreement in the future.
EXHIBIT A

APPLICATION

The following documents are hereby incorporated by reference as if set forth fully herein and collectively constitute the Application:

1. The renewal Application of the Charter School dated October 5, 2007 as approved by the Board on March 26, 2008.
EXHIBIT B

STATE BOARD LIST OF HEALTH AND SAFETY LAWS
APPLICABLE TO CHARTER SCHOOLS
(as amended from time to time)

1. The Following Sections of the Illinois School Code, 105 ILCS 5/1-1 et seq.:
   a. Section 2-3.12 (requires compliance with State Board building and life and safety codes).
   b. Sections 10-20.5b, 34-18.11 (prohibits tobacco use on school property).
   c. Section 10-20.17a (requires in-service training for school personnel who handle hazardous or toxic waste).
   d. Section 10-21.10 (prohibits students from having electronic paging devices on school property).
   e. Section 10-21.11 (requires schools to have policies for handling students with chronic infectious diseases).
   f. Section 27-8.1 (requires that students have periodic health examinations and immunizations).
   g. Section 10-22.21b (requires that schools have policies regarding administering medication to students).


3. Eye Protection in School Act, 105 ILCS 115/0.01 et seq.


5. Toxic Art Supplies in Schools Act, 105 ILCS 135/1 et seq.
EXHIBIT C

FUNDING DETERMINATION PROCEDURE

See attached.
CHARTER FUNDING DETERMINATION PROCEDURE

Funding amounts provided to the Charter School by the Board may be adjusted or vary from year to year depending upon the amount of appropriations authorized by the Illinois General Assembly and subsequent Board approval of the budget on an annual basis.

I. **Base Allocation:** The Charter School will receive from the Board a Base Allocation on a per pupil, per annum basis in accordance with the formula stated below or in the Final Budget Book adopted by the Board each fiscal year.

A. For each student enrolled at the Charter School, the Board shall provide to the Charter School an amount equal to the current fiscal year general revenues of the Board divided by the current fiscal year K-12 enrollment of the Board.

The general revenues shall include all revenues available to the Board for general use to support all pupils and programs including, but not limited to, General State Aid, General Operating Funds property taxes, Corporate Personal Property Replacement Tax revenues, and unrestricted State block grant revenues.

The general revenues shall not include revenues which may be used only for specific types of pupils, programs, or purposes, nor revenues which are reimbursements for expenses associated with specific types of pupils, programs, or purposes including, but not limited to, State pension revenues, State and Federal special education revenues, State Chapter 1 revenues, and Federal Title I revenues. General revenues shall also not include available fund balance and interest on investments.

B. For the 2008-09 fiscal year, the Per Pupil Funding Amount for schools serving grades Kindergarten through eight will be $5,939. For subsequent years, the Per Pupil Funding Amount for grades Kindergarten through eight shall appear in the Final Budget Book adopted by the Board on an annual basis.

C. For the 2008-09 fiscal year, the Per Pupil Funding Amount for schools serving grades nine through twelve will be $7,424. This Per Pupil Funding Amount will be applied to all students in schools serving grades nine through twelve including all students in schools serving grades nine through twelve and any configuration of grades six through eight. For subsequent years, the Per Pupil Funding Amount shall appear in the Final Budget Book adopted by the Board on an annual basis.

II. **Additional Funding:** The Charter School may be eligible to receive additional funding from the Board on a per pupil, per annum basis if the Charter School satisfies the criteria described in any of the categories stated below:
A. School Size

Subject to funding availability, the Charter School will receive an additional $300 per pupil if its maximum planned enrollment at each individual campus is 600 or less for high schools and 350 or less for elementary schools.

B. Special Education Funding Amount

1. The Charter School will hire its own special education teachers based on the school’s population of students with disabilities. The Charter School will receive reimbursement, on a quarterly basis, for its special education teachers based on the average cost of salary and benefits for full-time special education teachers employed by the Board. For the 2008-2009 school year, the reimbursement rate is up to $65,000 per year, per full-time teacher. The maximum reimbursement to the Charter School for full-time special education teachers will be the lesser of the (i) product of the reimbursement rate multiplied by the number of full-time teachers eligible for the Charter School or (ii) aggregate sum of the actual salaries of the special education teachers employed at the Charter School.

2. The Charter School will hire its own paraprofessionals to provide the necessary supports required by its students’ IEPs. The Charter School will receive reimbursement, on a quarterly basis, for such paraprofessionals based on the average cost of salary and benefits for full-time paraprofessionals employed by the Board. For the 2008-2009 school year, the reimbursement rate is up to $32,500 per year, per full-time paraprofessional. The maximum reimbursement to the Charter School for full-time paraprofessionals will be the lesser of the (i) product of the reimbursement rate multiplied by the number of full-time paraprofessionals eligible for the Charter School or (ii) aggregate sum of the actual salaries of the paraprofessionals employed at the Charter School for special education purposes.

3. If required by its students’ IEPs, the Charter School may elect to furnish its own clinicians to provide support to its students with disabilities enrolled at the Charter School or it may elect to have the Board furnish clinicians to serve the Charter School’s students with disabilities. If the Charter School elects to have the Board furnish the clinicians, the Board shall assign the necessary staff to the Charter School. If the Charter School elects to hire its own clinicians, the Charter School will receive reimbursement, on a quarterly basis, for its clinicians based on the average cost of salary and benefits for full-time clinicians employed by the Board. For the 2008-2009 school year, the reimbursement rate is up to $65,000 per year, per full-time clinician. The maximum reimbursement to the Charter School for full-time clinicians will be the lesser of the (i) product of the reimbursement rate...
multiplied by the number of full-time clinicians at the Charter School or (ii) aggregate sum of the actual salaries of the clinicians at the Charter School.

4. The Charter School shall hire and pay a salary and benefits for its own qualified Case Manager; however, the Board will provide the Charter School with a stipend for such Case Manager. The amount of the stipend is subject to the terms of the agreement between the Board and the Chicago Teachers Union. The stipend amount for the 2008-2009 school year will be $1,300 per semester.

C. Facilities

If the Charter School operates in a facility that is not owned and maintained by the Board or other City of Chicago agency, the Charter School will receive an additional allocation of $425 per pupil.

D. English Language Learners

For the 2008-09 fiscal year, the Charter School will receive an additional per pupil funding amount of $589 for each eligible English Language Learner ("ELL") student attending the Charter School. For the 2009-10 fiscal year and subsequent years, this ELL per pupil funding amount shall appear in the Final Budget Book adopted by the Board on an annual basis.

E. Categorical Funding

CPS shall use its best efforts to allocate Categorical Funds to eligible Charter Schools to support eligible programs provided to eligible students. The amount of Categorical Funds provided to a Charter School shall be dependent upon the number of eligible students engaged in comparable programs in comparable Chicago Public Schools. Eligibility criteria for Charter Schools, students and programs shall be reviewed and approved annually by both the Board's Chief Education Officer and the Illinois State Board of Education.

Availability of Categorical Funds to a Charter School is conditional upon the amount of governmental funding available, and the Charter School's maintaining continuous reporting, inspections, and audits, the quality of which shall be satisfactory to CPS and other relevant regulatory organizations. The scope and frequency of program reporting shall be agreed upon by the Charter School and CPS prior to funding the relevant programs.

F. NCLB Title I funds

Federal NCLB funds will be allocated to the Charter School based on a Poverty Index which is calculated using two factors: (1) the number of students
qualifying for Federal Free or Reduced Lunch ("FRL") and (2) the number of students receiving Temporary Assistance for Needy Families ("TANF").

The formula for determining the Charter School’s Poverty Index is as follows:

\[
\text{40\% of TANF students} + \text{60\% of FRL students} \over \text{Total student enrollment}
\]

Total student enrollment is defined as the Charter School’s attendance on the first Friday in December prior to the start of the relevant school year.

Each year, the Board determines a minimum Poverty Index threshold for Title I eligibility. For the 2007-2008 school year, that threshold was 40%. If the Charter School’s Poverty Index was at least 40%, it shall be eligible to receive NCLB Title I funding for the 2008-2009 school year.

Allocations to the Charter School will be made on a per eligible student basis. The number of eligible students shall equal the numerator from the Poverty Index formula. The per eligible student rate shall begin at $430 and increase by $13 with each percentage point increase in the Charter School’s Poverty Index. Thus, a Poverty Index ranging from 40-40.99% would result in $430 per eligible student; a Poverty Index rating between 41-41.99% will result in $443 per eligible student and so on.

During the first year of operation of a new Attendance Center or campus, because prior-year data is not available for the new Attendance Center or campus, such new campus shall be assumed to have a Poverty Index of 40% for its opening year if its three neighboring public schools receive Title I funds as well. A new campus therefore shall receive a Federal NCLB Funds allocation equal to 40% multiplied by total enrollment multiplied by $443. Enrollment information captured on the first Friday in December of that first school year for the new campus will determine the allocation for the new campus for its second year.

Notwithstanding the foregoing, when a Charter School has multiple Attendance Centers or campuses, their NCLB Title I allocation will be received in aggregate based on the formula set forth herein above. Once the total allocation for that Charter School has been determined, the funds will be distributed to individual Attendance Centers based on the poverty data generated by each Attendance Center’s low income count per the funding formula referenced above.

G. Supplemental General State Aid

The Charter School will receive Supplemental General State Aid ("SGSA") for each student receiving free or reduced-price lunches. Eligible students are
counted on the first Friday in December for the following school year, but if the Charter School has a declining or increasing enrollment, its student count will be adjusted on the 20th day of the current school year. To determine the per-pupil SGSA rate, total SGSA funding is divided by the number of all CPS students who are eligible for free or reduced-price lunches. For the 2008-2009 school year, the SGSA per pupil rate for students in grades Kindergarten through twelfth will be $735. The SGSA per pupil rate for students in pre-Kindergarten will be $367.50 for eligible half-day students and $735 for eligible full day students. The Charter School will receive an allocation that equals the SGSA per-pupil rate times the number of students eligible for free or reduced-price lunches.

During the first year of operation of a new Attendance Center or campus, because prior-year data is not available for the new Attendance Center or campus, such new campus shall be assumed to have a student eligibility for free or reduced-price lunch at a rate of 67%. A new campus therefore shall receive a SGSA Funds allocation equal to 67% of its projected enrollment multiplied by $735. Enrollment information captured on the first Friday in December of that first school year for the new campus will determine the allocation for the new campus for its second year.

III. Required Employee Contribution to the Public School Teachers' Pension and Retirement Fund of Chicago (“CTPF”): Employees who participate in the CTPF are required to pay employee pension contributions in accordance with the Illinois Pension Code. This statutorily required employee contribution is currently set at 9% of pension-eligible salary. Employers of CTPF members are authorized to deduct 9% of pension-eligible payroll as employee contributions and submit them to the CTPF within fifteen (15) business days of the pre-designated paydays. In accordance with Section 17-130.2 of the Illinois Pension Code (40 ILCS 5/17-130.2), the current 9% employee contributions may be funded, in whole or in part, by employers as agreed upon by the Charter Schools and its employees and treated as employer contributions for the purposes of determining federal tax treatment.

IV. Deductions for Other Services Rendered: The Board may offer to provide Charter Schools with certain facility services including building maintenance, technology services, utilities, and safety and security (“Facility Services”). A Charter School located in a CPS building and utilizing the Facility Services will have such charges deducted uniformly from the quarterly payments issued by the Board and such services and charges will be outlined in the lease between the Board and the Charter School. Such charges may be adjusted annually or upon such other terms as set forth in the lease agreement. A Charter School occupying a CPS facility may be required to purchase certain services as described in the Charter School's lease agreement.

**School Name**

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<th><strong>(B) Total Receipts</strong></th>
<th><strong>(C) Total Disbursements</strong></th>
<th><strong>(D) Net Receipts (B - C)</strong></th>
<th><strong>Ending Cash (A + D)</strong></th>
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<td><strong>Ending Cash (A + D)</strong></td>
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**Notes:**
- The first dates of each quarter are July 1, October 1, January 1, and April 1.
- Do NOT include capital loan proceeds and disbursements.
- *Ending Cash* should correspond to actual bank balance.
- *Direct Student Costs*: Classroom supplies, educational materials, instructional equipment, computers, field study, etc.
- *Salaries and Benefits*: Salaries, pension, payroll taxes, health benefits, staff development.
- *Occupancy of Facilities*: Rent or mortgage, utilities, maintenance.
EXHIBIT E

INSURANCE REQUIREMENTS

See attached.
EXHIBIT E
INSURANCE REQUIREMENTS

1. **Insurance:** Charter School, at its own expense, shall procure and maintain insurance covering all operations under the Agreement, whether performed by Charter School or by subcontractors. All insurers shall be legally permitted to provide insurance in the State of Illinois and rated A-VII or better by A.M. Best or a comparable rating service. Charter School shall submit to the Board satisfactory evidence of insurance coverage prior to commencement of work under the Agreement and upon request, shall promptly provide a certified copy of any applicable policy of insurance. Minimum insurance requirements are:

   a. **Workers' Compensation and Employers' Liability Insurance:** Workers' Compensation Insurance affording workers' compensation benefits for all employees as required by law and Employers' Liability Insurance covering all employees who are to provide Services under the Agreement with limits of not less than Five Hundred Thousand and 00/100 Dollars ($500,000.00) per occurrence.

   b. **Commercial General Liability Insurance:** Commercial General Liability Insurance or equivalent with limits of not less than One Million and 00/100 Dollars ($1,000,000.00) per occurrence, and Two Million and 00/100 Dollars ($2,000,000.00) in the aggregate, combined single limit for bodily injury, personal injury and property damage liability coverage shall include the following: all premises and operations, products/completed operations (for a minimum of two (2) years following completion), independent contractors, separation of insureds, defense and contractual liability. Policy shall not exclude sexual abuse/molestation coverage provided that such insurance is available to Charter School at commercially reasonable rates; otherwise, the Charter School shall self-insure up to the limits required in the Agreement. The Board shall be named as an additional insured on a primary, non-contributory basis for any liability arising directly or indirectly from Services.

   c. **Automobile Liability Insurance:** Automobile Liability Insurance is required when any motor vehicle (whether owned, non-owned or hired) is used in connection with Services to be performed, with limits of not less than One Million and 00/100 Dollars ($1,000,000.00) per occurrence for bodily injury and property damage.
d. **School Board Legal/Professional**: School Board Legal/Professional (or educators legal liability insurance) liability insurance covering Charter School and its directors and officers from liability claims arising from wrongful acts, errors or omissions in regards to the conduct of their duties related to operation and management of the school with limits of not less than Two Million and 00/100 Dollars ($2,000,000.00) per claim. Coverage shall include Employment Practices Liability and Sexual Harassment provided that Sexual Harassment insurance is available to Charter School at commercially reasonable rates; otherwise, the Charter School shall self-insure up to the limits required in the Agreement.

e. **Umbrella/Excess Liability Insurance**: Umbrella or Excess Liability Insurance with limits of not less than Two Million and 00/100 Dollars ($2,000,000.00) to provide additional limits for underlying general and automobile liability coverages.

f. **Property Insurance**: Property insurance for full Replacement Cost of property, including Board property for which the Charter School is contractually responsible, by lease or other agreement, from physical loss or damage. Such insurance shall cover boiler and machinery exposures and business interruption/extra expense losses.

g. **Fidelity Bond or Crime Insurance**: Fidelity bond or crime insurance coverage in the amount of at least Two Hundred Thousand and 00/100 Dollars ($200,000.00) with a responsible surety or insurance company with respect to all of Charter School's employees as may be necessary to protect against losses, including, without limitation, those arising from theft, embezzlement, fraud, or misplacement of funds, money, or documents.

h. **Construction**: Charter School shall indemnify, defend and agree to save and hold Board harmless from and against all liability, injury, loss, claims, cost, damage and expense (including reasonable attorneys fees and expenses), with respect to any injury to, or death of, any person, or damage to or loss or destruction of, any property occasioned by or growing out of any construction work on Charter School premises (other than premises leased from the Board which are governed by a separate Lease Agreement between the Board and Charter School), except to the extent any of the foregoing arise out of or are attributable to the negligence or willful misconduct of the Board, its employees or agents. Charter School shall not commence any such work until Board has been provided with insurance
certificates evidencing that the contractors and subcontractors performing such work have in full force and effect adequate insurance as required by the Board's construction program at the time of the work. Required coverage may include, but is not limited to: workers' compensation, general liability, professional liability, automobile liability, environmental liability, excess liability, property and builders' risk insurance. Charter Schools' contractors are subject to the same requirements as Charter School in regards to additional insured, rating, notice, etc.

**Additional Insured.** The Charter School's general insurance policy (as stated in paragraph 1.b. above) shall provide that the Board of Education of the City of Chicago, a body politic and corporate, and its members, employees, officers, officials, agents, and any other entity as may be designated by the Board are named as additional insureds on a primary basis without recourse or right of contribution from the Board.

**Insurance Certificate.** The insurance company, or its representative, shall submit an insurance certificate to the Board evidencing all coverage as required hereunder and indicating the Additional Insured status as required above. The Board will not pay the Charter School for any work if satisfactory proof of insurance is not provided prior to the commencement of services. The certificate must provide thirty (30) days prior written notice of material change, cancellation, or non-renewal be given to:

Board of Education of the City of Chicago  
Office of New Schools  
125 S. Clark Street, 5th Floor  
Chicago, Illinois 60603  
Attn: Executive Director

**General.** Any failure of the Board to demand or receive proof of insurance coverage shall not constitute a waiver of Charter School's obligation to obtain the required insurance. The receipt of any certificate does not constitute an agreement by the Board that the insurance requirements in the Agreement have been fully met or that the insurance policies indicated on the certificate are in compliance with all contract requirements.

Charter School's failure to carry or document required insurance shall constitute a breach of the Charter School's agreement with the Board. Non-fulfillment of the insurance conditions may constitute a violation of the Agreement, and the Board retains the right to stop work until proper evidence of insurance is provided, or the Agreement may be terminated. The Board will not pay the Charter School for any Work until satisfactory proof of insurance is provided.
Any deductibles or self-insured retentions on referenced insurance coverage must be borne by the Charter School. Any insurance or self-insurance programs maintained by the Board do not contribute with insurance provided by the Charter School under the Agreement.

All subcontractors are subject to the same insurance requirements of Charter School unless otherwise specified in this Agreement. Except as provided in the immediately following sentence, the Charter School shall require any and all subcontractors under this Agreement to carry the insurance as required herein and to comply with the foregoing requirements; otherwise, Charter School shall provide coverage for subcontractors. In the event that a proposed Charter School subcontractor does not meet any of these requirements, the Board will consider a waiver of the applicable requirements, not to be unreasonably withheld or delayed. Requests for waivers shall be submitted in writing to the CPS Department of Risk Management, 125 South Clark Street, 14th Floor, Chicago, Illinois. The Charter School will maintain a file of subcontractor’s insurance certificates evidencing compliance with these requirements.

The coverages and limits furnished by Charter School in no way limit the Charter School’s liabilities and responsibilities specified within the Agreement or by law. The required insurance is not limited by any limitations expressed in the indemnification language in this Agreement, if any, or any limitation placed on any indemnity in this Agreement that might be given as a matter of law.

The Charter School agrees that its workers' compensation and employers' liability and property insurers waive their rights of subrogation against the Board.

Upon Board request, Charter School and/or its subcontractors shall promptly provide a certified copy of any applicable policy of insurance. The Board reserves the right to modify, delete, alter or change insurance requirements as it deems commercially reasonable at any time, but no such modifications, alterations or changes shall be effective unless the Charter School has been given at least sixty (60) days' prior written notice.
EXHIBIT F
ACCOUNTABILITY PLAN

See attached.
CHARTER ACCOUNTABILITY PLAN

The Board and the Charter School have determined that it is in the best interests of the Board, the Charter School, students, parents and the public to articulate clear standards for the Charter School and to annually publish the level of achievement of the Charter School with respect to those standards.

1. Accountability Components

The Board and the Charter School hereby agree that the Charter School shall be evaluated annually in accordance with the Agreement and this Accountability Plan, as may be amended from time to time.

2. Annual Performance Reports

Annually the Board shall publish a Performance Report indicating the Charter School’s performance overall and by each Attendance Center or campus if applicable, on each of the Indicators in the following two categories: Pupil Performance and Financial Management/Compliance. A Performance Report for the preceding school year may be issued by April 1 of each year or as soon as the data and corresponding analysis is available.

Each category will have multiple Indicators and the Charter School’s performance on each Indicator will be rated as:

1. High - clearly meets/exceeds expectations;
2. Middle - meets minimum requirements for that Indicator; and
3. Low - clearly does not meet expectations.

This Accountability Plan establishes the performance levels, listed below, which generate High, Middle and Low ratings for each Indicator. However, additional information or extenuating circumstances may lead the Board to rate a category higher or lower than when performance level criteria are strictly applied.

A. Pupil Performance

The intent of the Pupil Performance section is to provide a multi-faceted understanding of student performance at the Charter School upon which the Charter School’s academic performance will be evaluated. Pupil performance will be evaluated based on both Absolute Performance and Relative Performance. The Absolute Performance Indicators will be rated as High, Middle or Low as defined above. (See Table 1 for performance levels for the rating system.) The Relative Performance Indicators will be
assessed as to whether or not the Charter School outperformed the comparison school average. (See Table II for Relative Performance Indicators.)

**Standardized Tests**

The Charter School shall participate fully in the Illinois Standards Achievement Test ("ISAT") for grades 3 through 8 and the Prairie State Achievement Examination ("PSAE") for grade 11. For comparison purposes, the Charter School shall participate in the Explore Test in grade 9 and the Plan Test in grade 10. Data from these assessments will be compiled and evaluated as described below. If for any reason the Chicago Public Schools ceases to use any of the assessment systems described herein, the Board, at its discretion, shall implement an alternate student assessment system and test measure criteria for Charter School accountability purposes.

**Unique Standards and Assessments**

In addition to standardized tests, the Charter School voluntarily may include Unique Standards and Assessments in its Accountability Plan. The Charter School may choose to implement alternative assessments to measure student achievement of existing Illinois Learning Standards. In addition, the Charter School may choose to implement unique learning or performance standards that are not part of the Illinois Learning Standards and to implement assessments for those unique standards. In either case, the standards must be measurable and assessed annually, and the assessment results must indicate if a student Meets or Does Not Meet the standard. In addition, the Charter School may document the growth and trend data for student performance as related to the standard. The Charter School's decision to implement unique standards and assessments shall not affect the Charter School's obligation to comply with the ISAT and PSAE assessments set forth in this Accountability Plan, and the Explore and Plan Tests as described above. Only those Unique Standards and Assessments agreed to by the Charter School and the Board by January 15 of each year may be included in the Performance Report.

**Additional Student Performance Indicators**

The Charter School's attendance rate, graduation rate (for high schools), dropout rate (for high schools), and percentage of students transferring out of the Charter School will also be assessed. While attendance rate data will be collected, classified, and reported annually, Low performance on this indicator alone (and no others) shall not be grounds for non-renewal or revocation. However, the Board may use Low performance on this measure as the basis for further inquiries about the Charter School's practices, which may be the cause of the Low performance. The Charter School shall cooperate with all reasonable inquiries by the Board in this regard.
Adequate Yearly Progress

As required by the Federal No Child Left Behind Act, Illinois has set annual Adequate Yearly Progress ("AYP") targets for student performance on the ISAT and PSAE assessments. Charter Schools receiving Title I funds must meet these targets to achieve AYP. If the Charter School receives Title I funds and fails to make AYP for 2 consecutive years, it shall be designated as a school in need of School Improvement and will face sanctions as required by Federal law. For purposes of this Agreement, the AYP target is one of many indicators to be assessed on an annual basis (see Table I). The Charter School will be ranked on the AYP indicator for purposes of this Accountability Plan. However, the Charter School will not face any sanctions if it is not receiving Title I funds.

At the time of execution of this Agreement, the annual AYP targets for the ISAT and PSAE are anticipated to be as follows. In the event that the AYP targets are revised, the Charter School will be subject to the revised targets.

<table>
<thead>
<tr>
<th>Year</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Target</td>
<td>62.5%</td>
<td>70%</td>
<td>77.5%</td>
<td>85%</td>
<td>92.5%</td>
<td>92.5%</td>
<td>100%</td>
</tr>
</tbody>
</table>

Relative Performance Indicators

The Relative Performance of the Charter School will be determined by comparing the Charter School’s performance relative to a weighted, aggregate average of the performance of the Chicago Public Schools within whose attendance boundaries the Charter School students reside, referred to as the “Comparison School Average” (see Table II).

Although Relative Performance Indicators will not be given a High, Middle or Low rating, the Board will review this data annually to determine how the Charter School is performing compared to the Chicago Public Schools that the Charter School students would otherwise attend. Table II will be completed and included in the annual Performance Report. This data will also be considered by the Board during renewal decisions.

School Performance, Remediation and Probation Policy

Pursuant to the Board’s School Performance, Remediation and Probation Policy for both elementary and high schools adopted June 2, 2008 (08-0602-PO2), as amended, CPS may assign any charter school, beginning in its third year of operation, an accountability designation for purposes of comparison to other CPS schools and public reporting. Under the policy, the Charter School may receive one of three ratings: Remediation, Probation or Good Standing. In designating the status of the Charter School, the level
of the Charter School’s achievement and progress on the following indicators will be considere:

a) Tests administered system-wide
b) Attendance
c) Student gain where available
d) Graduation rate (high schools only)

Data and gains from the Explore Test and the Plan Test will be evaluated as EPAS, a performance component factoring into the Charter School’s designation. The School Performance, Remediation and Probation Policy shall not govern the revocation or renewal of a school’s charter or agreement.

[Rest of page left intentionally blank.]
<table>
<thead>
<tr>
<th>Indicator</th>
<th>High</th>
<th>Middle</th>
<th>Low</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ISAT: Reading</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Percent meet and/or exceed State standards</td>
<td>More than 70%</td>
<td>40% - 69.99%</td>
<td>Less than 39.99%</td>
</tr>
<tr>
<td>Percent meet and/or exceed State standards in current year compared to the average percent of students meeting/exceeding standards on reading for the past 3 years</td>
<td>At least 2.0% increase</td>
<td>+/- 1.99%</td>
<td>At least 2.0% decrease</td>
</tr>
<tr>
<td><strong>ISAT: Math</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Percent meet and/or exceed State standards</td>
<td>More than 70%</td>
<td>40% - 69.99%</td>
<td>Less than 39.99%</td>
</tr>
<tr>
<td>Percent meet and/or exceed State standards in current year compared to the average percent of students meeting/exceeding standards on math for the past 3 years</td>
<td>At least 2.0% increase</td>
<td>+/- 1.99%</td>
<td>At least 2.0% decrease</td>
</tr>
<tr>
<td><strong>ISAT: Science</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Percent meet and/or exceed State standards</td>
<td>More than 70%</td>
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</tr>
<tr>
<td>Percent meet and/or exceed State standards in current year compared to the average percent of students meeting/exceeding standards on science for the past 3 years</td>
<td>At least 2.0% increase</td>
<td>+/- 1.99%</td>
<td>At least 2.0% decrease</td>
</tr>
<tr>
<td><strong>ISAT: Composite</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Percent meet and/or exceed State standards</td>
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<td>40% - 69.99%</td>
<td>Less than 39.99%</td>
</tr>
<tr>
<td>Percent meet and/or exceed State standards in current year compared to the average percent of students meeting/exceeding standards for the past 3 years</td>
<td>At least 2.0% increase</td>
<td>+/- 1.99%</td>
<td>At least 2.0% decrease</td>
</tr>
<tr>
<td>PSAE: Reading (11th grade students only)</td>
<td>More than 70%</td>
<td>30% - 69.99%</td>
<td>Less than 29.99%</td>
</tr>
<tr>
<td>----------------------------------------</td>
<td>----------------</td>
<td>----------------</td>
<td>------------------</td>
</tr>
<tr>
<td>Percent meet and/or exceed State standards</td>
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<td>At least 2.0% increase</td>
<td>+/- 1.99%</td>
<td>At least 2.0% decrease</td>
</tr>
<tr>
<td>Attendance Rate</td>
<td>Top 25% of city's public schools</td>
<td>Middle 50% of city's public schools</td>
<td>Lowest 25% of city's public schools</td>
</tr>
<tr>
<td>Graduation Rate (High schools only)</td>
<td>Top 25% of city's public schools</td>
<td>Middle 50% of city's public schools</td>
<td>Lowest 25% of city's public schools</td>
</tr>
<tr>
<td>-----------------------------------</td>
<td>----------------------------------</td>
<td>-----------------------------------</td>
<td>-----------------------------------</td>
</tr>
<tr>
<td>Transfer Out Rate (Evaluated by type of school - elementary or high school)</td>
<td>Top 25% of city's public schools</td>
<td>Middle 50% of city's public schools</td>
<td>Lowest 25% of city's public schools</td>
</tr>
<tr>
<td>Dropout Rate (High schools only)</td>
<td>Top 25% of city's public schools</td>
<td>Middle 50% of city's public schools</td>
<td>Lowest 25% of city's public schools</td>
</tr>
<tr>
<td>Unique Standards and Assessments</td>
<td>To be determined for each Indicator</td>
<td>To be determined for each Indicator</td>
<td>To be determined for each Indicator</td>
</tr>
<tr>
<td>Percent of students who meet standard at levels to be determined by the Charter School and Board</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Adequate Yearly Progress (NCLB)</td>
<td>Met AYP target</td>
<td>Failed to meet AYP target (1 year)</td>
<td>Failed to meet AYP targets for 2 or more years</td>
</tr>
</tbody>
</table>

Table II: Relative Performance

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Charter School Performance</th>
<th>Comparison School Average</th>
<th>Difference</th>
</tr>
</thead>
<tbody>
<tr>
<td>ISAT: Reading Percent meet and/or exceed State standards</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>ISAT: Reading Percent meet and/or exceed standards in current year compared to the average percent of students meeting/exceeding standards on reading for the past 3 years</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>ISAT: Math Percent meet and/or exceed State standards</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>ISAT: Math Percent meet and/or exceed standards in current year compared</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Test</td>
<td>Description</td>
<td></td>
<td></td>
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<tr>
<td>------</td>
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<td></td>
</tr>
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<td>ISAT: Science</td>
<td>Percent meet and/or exceed State standards in current year compared to the average percent of students meeting/exceeding standards on science for the past 3 years</td>
<td></td>
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</tr>
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<td>ISAT: Composite</td>
<td>Percent meet and/or exceed State standards in current year compared to the average percent of students meeting/exceeding standards for the past 3 years</td>
<td></td>
<td></td>
</tr>
<tr>
<td>PSAE: Reading (11th grade students only)</td>
<td>Percent meet and/or exceed State standards in current year compared to the average percent of students meeting/exceeding standards for the past 3 years</td>
<td></td>
<td></td>
</tr>
<tr>
<td>PSAE: Math (11th grade students only)</td>
<td>Percent meet and/or exceed State standards in current year compared to the average percent of students meeting/exceeding standards for the past 3 years</td>
<td></td>
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</tr>
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<td>PSAE: Science (11th grade students only)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Percent meet and/or exceed State standards</strong></td>
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<td>------------------------------------------------</td>
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<td></td>
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<td></td>
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</tr>
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<td></td>
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</tr>
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<td></td>
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<td><strong>PSAE: Composite</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Percent meet and/or exceed standards in current year compared to the average percent of students meeting/exceeding standards for the past 3 years</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Attendance Rate</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(Evaluated by type of school - elementary or high school)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Graduation Rate</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(High schools only)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Transfer Out Rate</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(Evaluated by type of school - elementary or high school)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Dropout Rate</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(High schools only)</td>
<td></td>
<td></td>
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</tr>
</tbody>
</table>

**Summary**
The Charter School outperformed the comparison school average on ____ of _______ indicators.
B. Financial Management and Compliance

The following Financial Management and Compliance Indicators will be included and evaluated in each Performance Report:

<table>
<thead>
<tr>
<th>Indicator</th>
<th>High</th>
<th>Middle</th>
<th>Low</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Balanced Budget:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1) Prior-year balanced budget</td>
<td>Both budgets balanced</td>
<td>Current-year budget balanced.</td>
<td>Current-year budget not balanced, even if</td>
</tr>
<tr>
<td>successfully implemented</td>
<td></td>
<td>Prior-year budget not balanced.</td>
<td>the prior year budget was</td>
</tr>
<tr>
<td>2) Realistic current-year</td>
<td></td>
<td></td>
<td>balanced</td>
</tr>
<tr>
<td>balanced budget plan</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Financial Practices:</strong></td>
<td>All in good standing and no findings</td>
<td>Any minor finding or non-payment with</td>
<td>Any repeated finding; any major finding;</td>
</tr>
<tr>
<td>financial statements, internal</td>
<td></td>
<td>realistic plan to make payment;</td>
<td>any non-payment without</td>
</tr>
<tr>
<td>controls, pension payments,</td>
<td></td>
<td>non-compliance with loan terms</td>
<td>realistic plan to make payment;</td>
</tr>
<tr>
<td>payroll taxes, insurance</td>
<td></td>
<td></td>
<td>non-compliance with loan terms</td>
</tr>
<tr>
<td>coverage, loan payments and</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>terms</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>**Compliance/Contractual</td>
<td>No findings</td>
<td>Any minor finding(s)</td>
<td>Any repeated finding; any major finding;</td>
</tr>
<tr>
<td>Obligations**</td>
<td></td>
<td></td>
<td>any non-payment with</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>realistic plan to make payment;</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>non-compliance with loan terms</td>
</tr>
</tbody>
</table>

The Board shall use budget and cash flow statements submitted pursuant to paragraph 6.b. of the Agreement, along with any other relevant information, to determine if the Charter School has a realistic current year balanced budget plan. The Board shall use the financial statements presented in the Charter School's annual Financial Audit, required under paragraph 6.1. of the Agreement, along with any other relevant information, to determine if the Charter School maintained a balanced budget during the prior-year.

The following items, required by paragraph 6.1. of the Agreement, shall be evaluated and presented as part of the Financial Practices Indicator:

a) The Charter School's audit report opinion on the school's financial statements;
b) The Charter School's audit report on compliance and internal control over financial reporting based on an audit of the financial statements performed in accordance with Government Auditing Standards and the Single Audit Act of 1984, as amended; and
c) The status of the Charter School's payments for pensions, payroll taxes, insurance coverage, and debt service payments.
The following items shall be tested and reported upon annually by the Charter School’s independent auditor and evaluated and presented as part of the Compliance Indicator:

a) Fingerprint-based criminal background investigations and checks of the Statewide Sex Offender Database and Statewide Child Murderer and Violent Offender Against Youth Database (105 ILCS 5/34-18.5)
b) Administration of Medication (105 ILCS 5/10-22.21b)
c) Hazardous materials training (105 ILCS 5/10-20.17a)
d) School Safety Drill Act (105 ILCS 128/1 et seq.)
e) Abused and Neglected Child Reporting Act (325 ILCS 5/1 et seq.)
f) Eye Protection in School Act (105 ILCS 113/0.01 et seq.)
g) Toxic Art Supplies in Schools Act (105 ILCS 135/1 et seq.)
h) Infectious Disease Policies and Rules (105 ILCS 5/10-21.11)

The following items shall be tested and reported upon annually by the Charter School’s independent auditor and evaluated and presented as part of the Contractual Obligations Indicator:

a) Open Meetings Act (5 ILCS 120/1.01 et seq.),
b) IL School Student Records Act (105 ILCS 10/1 et seq.),
c) Conformance with the following paragraphs of the Agreement:
   i) Paragraph 4 k., the school’s governance structure,
   ii) Paragraph 6 k., ongoing presence of management and financial controls,
   iii) Paragraph 4 d., an open enrollment process and lottery,
   iv) Paragraph 5 c., maintenance of corporate status and good standing, and
   v) Paragraph 5 g., the school’s facilities and ADA compliance.

In addition to the above items, the Board will also consider the Charter School’s compliance with teacher qualification requirements, according to both the Charter Schools Law (Section 27A-10) and the requirements for Highly Qualified teachers under the No Child Left Behind Act (if the Charter School receives Title I funding). Failure to comply with these teacher qualification requirements may affect the rating on the Compliance Indicator.

When determining how to classify a Financial Management and Compliance Indicator, the Board may consider information from various sources including, but not limited to audits, site visits, and information provided by parents or employees. An audit finding shall be considered minor unless the Board determines a finding is major. If the Board believes an audit finding may be major, it shall obtain an opinion from a qualified,
third-party professional regarding the importance of the finding. The Board shall also ask the Charter School to respond to the finding.

In general, a finding will be considered major if it indicates a deliberate act of wrongdoing or reckless conduct, causes a loss of confidence in the abilities or integrity of the Charter School, or seriously jeopardizes the continued operation of the Charter School. Classification of a finding as major shall be at the sole discretion of the Board.

3. Charter School Participation in the Accountability Process

The Charter School shall take all necessary actions to collect and report the information required by this Accountability Plan for the Charter School overall and by each Attendance Center, if applicable, including, without limitation:

1. Full participation in the administration of the ISAT and/or the PSAE, or such other applicable student assessment, as the case may be, including all procedures designed to safeguard the integrity of the assessments;
2. Participation in site visits conducted by the Board to ascertain that sufficient, minimum educational and operational practices are in place;
3. An annual financial and compliance audit, as required by law, including but not limited to, the Single Audit Act Amendments of 1996 (31 U.S.C. §7501-07), OMB Circular A-133, and the compliance requirements set forth in OMB Compliance Supplement, and by the Agreement;
4. Provision of student, school, and employee information required by the Agreement and/or the Accountability Plan;
5. Submission and implementation of ADA Plans for the Attendance Centers required by the Agreement;
6. Provision of information that is necessary to evaluate parent, student, employee, or public allegations or audit findings that, if true, would constitute a violation of the law or Agreement; and
7. Provision of additional information or cooperation in other actions not listed in this section necessary to evaluate the Charter School's performance with respect to the Compliance Categories.

4. Non-Renewal and Revocation

The Board shall hold the Charter School accountable in these Categories (Pupil Performance and Financial Management/Compliance) through the Indicators contained in the annual Performance Reports. The Board shall give fair consideration to all Indicators for the current year in comparison to the previous years of the Charter School’s history when acting to renew, not renew, or revoke the Charter School’s charter.
The Board may act to revoke or to not renew a charter, in whole or as to any Attendance Center or campus, during the term of the Agreement in accordance with paragraphs 12 and 13 of this Agreement.

The Board shall not act to renew or to not renew a charter until the issuance of the final annual Performance Report after the fourth year of the term of this Agreement.

In all circumstances, the Board shall follow the requirements of the Charter Schools Law and its Agreement, including all due process requirements, regarding the processes required for revocation, renewal, and non-renewal.
EXHIBIT G

COMPREHENSIVE MANAGEMENT SERVICES CONTRACT REQUIREMENTS

In the event the Charter School intends to contract with a third party for comprehensive school management or operations services ("Service Contract"), all of the following requirements must be met by the Charter School:

1. **Required Provisions of Bylaws.** The bylaws of the Charter School shall provide that the Charter School may not enter into any contract for comprehensive school management or operations services ("Service Contract") without first submitting such Service Contract to the Board for review. The Charter School shall further incorporate within its bylaws, or duly establish pursuant to such bylaws, procedures for the termination of the Service Contract as provided herein.

2. **Submission of Service Contract.** The Service Contract shall be submitted to the Board no later than 30 days prior to its effective date. If the Board determines that the Service Contract does not comply with the provisions set forth in Section 3 of this Exhibit, or that the Charter School’s entering into the Service Contract would otherwise be in violation of the conditions set forth in this Exhibit, the Charter School Agreement, or the Charter School Law, then the Board shall notify the Charter School within twenty (20) days, stating with particularity the grounds for its objections. In such event, the Charter School shall not enter into the Service Contract unless and until the deficiencies noted by the Board have been remedied to the Board’s reasonable satisfaction.

3. **Required Terms of Service Contract.** The Service Contract shall include, without limitation, the following Required Terms:
   
   i. The Service Contract shall be subject to, and shall incorporate by reference, the terms and conditions of the Charter School Agreement.
   
   ii. The Service Contract shall clearly delineate the respective roles and responsibilities of the Service Provider and the Charter School in the management and operation of each school facility for which the Service Provider shall provide management or operations services. The Service Contract shall also include acceptable procedures by which the Service Provider may be held accountable to the Charter School.
   
   iii. The Service Contract shall be terminable by the Charter School, in accordance with its bylaws or other established termination procedures, (a) upon default by the Service Provider, including without limitation any act or omission of the Service Provider that causes a default under the Charter School Agreement or that causes the Charter School to be in violation of the Charter Schools Law, or (b)
for other good cause as agreed by the Charter School and the Service Provider.

iv. The Service Contract shall require that the Service Provider furnish the Charter School with all information deemed necessary by the Charter School or the Board for the proper completion of the budget, quarterly reports, or Financial Audits, required under paragraph 6 of the Charter School Agreement.

v. The Service Contract shall provide that all financial reports provided or prepared by the Service Provider shall be presented in GAAP/FASB approved nonprofit format.

vi. The Service Contract shall provide that all employees or contractors of the Service Provider who have direct, daily contact with students of the Charter School shall be subject to the fingerprint-based criminal background investigations and checks of the Statewide Sex Offender Database and the Statewide Child Murderer and Violent Offender Against Youth Database requirement contained in Section 34-18.5 of the School Code to the same extent as employees of the Charter School.

vii. The Service Contract shall contain provisions requiring compliance with all requirements, terms and conditions established by any Federal or State funding source.


a. Budget. The budget prepared by the Charter School pursuant to paragraph 6 of the Charter School Agreement shall include, without limitation, the following itemized information:

i. All revenue anticipated to be received from the Board under the Charter School Agreement.

ii. All expenses and anticipated expenses associated with the operation and management of the Charter School.

iii. All expenses associated with the operation of the governing board of the Charter School including, without limitation, personnel, occupancy and travel expenses, if any, and that are not paid out of expenses received from or through the Board, such expenses shall not be required to be separately itemized hereunder.

iv. All contract payments, lease payments, management fees, administrative fees, licensing fees, expenses and other amounts paid to the Service Provider or otherwise paid for the Contract Services by the Charter
School.

v. All loan repayments for any loans made to the Charter School by the Service Provider, including separate line items for interest, principal and premium, if any, on such loan repayments.

vi. All investments in the Charter School by the Service Provider, including the expected returns on equity for such investments.

b. Quarterly Financial Statements. In the event that quarterly financial statements are required to be furnished by the Charter School pursuant to paragraph 6.m. of the Charter School Agreement, such financial statements shall reflect the entire school’s financial operations, including an itemized accounting of all amounts paid to the Service Provider or otherwise paid for the Contract Services, which amounts shall be itemized in a manner that clearly corresponds with those categories provided in the Charter School’s annual budget or the Service Contract.

c. Annual Audit. The Financial Audits required under paragraph 6 of the Charter School Agreement shall include review of all fees and payments made by the Charter School to the Service Provider.

d. Reporting of Loans and Investments. All loans to, or investments in, the Charter School by the Service Provider must be evidenced by appropriate documentation, either in the contract between the Charter School and the Service Provider, or through separate agreements. In the case of investments, such documentation shall explain how the investment shall be treated on the books of the Charter School and shall clearly state the Service Provider’s expected return on equity.

Nothing in this paragraph 4 shall be construed to waive or otherwise limit the obligation of the Charter School to provide information otherwise required to be reported by the Charter School under the Charter Schools Law or the Charter School Agreement.