RENEWED CHARTER SCHOOL AGREEMENT

THIS AGREEMENT AND CHARTER ("Agreement") executed in May, 2012, to be effective immediately upon certification by the Illinois State Board of Education, by and between the Board of Education of Community Unit School District 300 (the "Board") and the board of Northern Kane Educational Corp. ("Northern Kane") recipient of the charter for the Cambridge Lakes Charter School (the "Charter School"), an independent public school established pursuant to the Charter Schools Law, 105 ILCS 5/27A-1 et seq. (the "Charter Schools Law").

RECITALS

WHEREAS, the State of Illinois enacted and from time-to-time revises Article 27A of the School Code of Illinois, otherwise known as "the Charter Schools Law;" and

WHEREAS, on May 23, 2005, Northern Kane submitted its first application (the "Initial Application") for approval and recognition as a charter school to the Board pursuant to Section 27A-7 of the Charter Schools Law and later agreed to date it July 5, 2005, as the starting date for review purposes; and

WHEREAS, after duly publishing notice thereof, the Board held a public meeting in accordance with Section 27A-8(c) of the Charter Schools Law to consider the Initial Application; and

WHEREAS, the Board convened a public meeting on July 25, 2005 to obtain information to assist the Board in its decision to grant or deny the Initial Application and published and posted appropriate notice of the meeting in compliance with Sections 27A-8(c) and (d) of the Charter Schools Law [105 ILCS 5/27A-8(c) and (d)]; and

WHEREAS, the Board convened an additional public meeting on August 15, 2005 to discuss the Initial Application with representatives of the Charter School and the public and published and posted appropriate notice of the meeting in compliance with the Open Meetings Act, 5 ILCS 120/1 et seq.; and

WHEREAS, the Board at its August 22, 2005 meeting tabled its determination on the Initial Application at the request of Northern Kane in order to provide it with an opportunity to amend the Initial Application as required by the Board and the Board and Northern Kane further agreed to extend the thirty-day determination period set forth in Section 27A-8(e); and

WHEREAS, Northern Kane submitted to the Board an amended application (the "Amended Application") for a Charter School on September 8, 2005; and

WHEREAS, the Board at its September 12, 2005 meeting reviewed the Amended Application with representatives of the Charter School; and

WHEREAS, the Board convened a public meeting on September 26, 2005 to obtain information to assist the Board in its decision to grant or deny the Amended Application and
published and posted appropriate notice of the meeting in compliance with Sections 27A-8(c) and (d) of the Charter Schools Law [105 ILCS 5/27A-8(c) and (d)]; and

WHEREAS, at its September 26, 2005 meeting, the Board adopted a Resolution (the “Conditional Resolution,”) approving the Charter School subject to the Charter School submitting a revised Charter School Proposal by October 17, 2005 that addressed and satisfied specific conditions contained in the Conditional Resolution; and

WHEREAS, in accordance with the Conditional Resolution, Northern Kane, on October 17, 2005, submitted a revised Charter School Proposal, known as the Final Application, a copy of which has been archived by the Board and Northern Kane; and

WHEREAS, the Board granted a five-year Charter on October 25, 2005 and the Illinois State Board of Education (“ISBE”) certified the charter in February 2006; and

WHEREAS, the charter was amended on February 3, 2006, and October 27, 2008, the relevant portions of which amendments are hereby merged into this revised charter agreement; and

WHEREAS, Northern Kane created the Cambridge Lakes Learning Center in Pingree Grove, IL and operates the Charter School, Cambridge Lakes Preschool and Cambridge Adult Academy on that campus; and

WHEREAS, on September 14, 2009, the Board, pursuant to Section 27A-9 of the Charter Schools Law, approved a Resolution renewing this Agreement and extending the term of the Charter School until August 31, 2014; and

WHEREAS, after receiving instructions from ISBE that additional documentation needed to be supplied jointly by Northern Kane and the Board, reviewing and accepting certain documentation and request for additional charter modifications, the Board approved the renewal of the charter until August 31, 2014 and the modification of the charter to add blended virtual learning services for District 300 students in grades 9-12; and

WHEREAS, in May, 2012, the Board, at a regularly scheduled meeting, pursuant to Section 27A-9 of the Charter Schools Law, approved a Resolution renewing this Agreement and extending the term of the Charter School until August 31, 2017; 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;

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.** 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, August 31, 2017, unless terminated or extended pursuant to the terms hereof.

4. **Educational Program.** The Charter School shall operate a program of instruction consistent with the program now in place or as modified and as more fully enumerated in the Charter Renewal Book ("Renewal Book"), which Renewal Book is attached to this Agreement as Exhibit A and incorporated herein, to fulfill the educational needs of the students enrolled at the Charter School while facilitating high achievement by them.

   a. **Mission Statement.** The Charter School and Northern Kane provide a high performance setting for high achievement learning, 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, Minimum and Maximum Pupils.** The Charter School shall provide instruction to pupils in grades Kindergarten through Grade 12.

   c. **Pupil Performance Standards.** The Charter School shall pursue and maintain pupil performance standards consistent with those set forth in the Renewal Book and in accordance with Section 2-3.64 of the School Code.

   d. **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 are set forth in Section 9 of this Agreement and in the Renewal Book. In the event that pupil performance at the Charter School falls below District 300’s performance, as reported on the Illinois School Report Card expressed in the Overall ISAT Performance and Overall PSAE Performance—All State Tests, a plan of corrective action shall be submitted to the Board and implemented during the year following the report.

   e. **Curriculum & Educational Methods.** The curriculum adopted and implemented at the Charter School for students in all grade levels shall be research-based, building upon the scope and sequence set out by Core Knowledge curriculum for seated K-8 students and K12 Inc.’s K-12 blended virtual students, as set forth in the Renewal Book, and as otherwise modified or supplemented to facilitate high achievement learning among Charter School students. The Charter School shall keep District 300 administration informed of curriculum modifications subsequent to the date of this Agreement. To memorialize the current status of curriculum and educational methodology:
At the time of renewal, the curriculum (a) is based on the Scope and Sequence of E. D. Hirsh’s Core Knowledge curriculum and loaded into a curriculum management system named Rubicon Atlas; (b) enhances Core Knowledge through adding Illinois history, additional art and music, technology, global and language learning; (c) deepens the math and science through the addition of other research-based curricula. K12’s virtual curriculum will be the version of the scope and sequence used in blended virtual learning.

The personalization of learning begins with the creation of a Personal Learning Plan (PLP) for every student in all grade levels for seated and blended virtual students. The student, the student’s parents and the student’s grade team craft the plan and keep it up-to-date by meeting after each iteration of the MAP assessments. These quarterly Measures of Academic Progress provide formative assessment data to be applied as refinement to PLPs, benefitting each student, and to the activities and teaching and learning process followed by each grade team.

Grades are differentiated to facilitate maximum progress by each student. Students who fall two grades back in a subject or move two grades ahead receive individualized instruction through K-12 virtual courses.

All virtual courses shall comply with the requirements of Illinois law and the Illinois School Code.

f. School Year; School Days; Hours of Operation. Instruction shall begin on the Monday after Labor Day each year and extend for at least 184 days. The school week shall begin on Monday and continue without interruption through Friday each week except during Memorial Day week. The hours of operation of the Charter School shall be from 8:00 A.M. until 3:30 P.M. or as otherwise established and extended by the Charter School.

g. Suspended and Expelled Pupils. In the event that any student is expelled or suspended from the Charter School, the Charter School shall promptly notify the Board of District 300 of the name of the student and the duration of the expulsion or suspension.

h. Governance and Operation. The governance and operation of the Charter School, as set forth in the Renewal Book, shall be under the control of Northern Kane which shall extend participation in governance to parents, school administrators and teachers, and community residents in a manner consistent with the current documents of Northern Kane, which are included in the Renewal Book, as these may from time to time be modified to improve participation of the above named groups or as the structure of Northern Kane may from time to time be modified. The Superintendent of District 300 may appoint an individual to serve as an ex officio member of the Board of Northern Kane. The ex officio member will be permitted to attend closed meetings of the Board of Northern Kane and will be notified of Northern Kane Board Meetings.
i. **Pupil Transportation.** The Charter School shall meet the transportation needs of its students in the manner set forth herein, provided that the Charter School shall specifically address the transportation needs of low-income, special education and at-risk pupils. Because of the size of District 300, students may come from a vast geographical area, thus the Charter School shall help arrange adequate transportation service for its students. The Charter School shall provide the following transportation plan, which is closely aligned with the school’s size, District 300 boundaries, and finances.

   (i) **Car Pool Program.** The Charter School shall coordinate a car pool program designed to address the needs of families beyond walking or biking distance.

   (ii) **Parent Volunteers.** Parent volunteers will be sought to pick up and drop off the children whose parents cannot take part in the car pool program. In this way, these children will arrive at school in the same manner as other children and will not be singled out in any way that may make them feel different from other children attending the school.

   (iii) **Arrangement with Board.** If neither the car pool program or the parent volunteer program is sufficient to transport students to the Charter School, the Charter School may make arrangements with the Board to permit students to utilize school buses operated by the Board in accordance with Section 29-4 of the Illinois School Code, 105 ILCS 5/29-4. Under any such arrangement, however, the school buses operated by the Board shall not be required to divert from their regular routes or add additional stops to accommodate Charter students. Charter students shall enter the bus at an existing stop and shall exit the bus at an existing stop closest to the Charter School. In accordance with Section 13 of this Agreement, Northern Kane and the Charter School shall indemnify the Board for any claims made by a Charter student against the Board related to such student’s use of the school buses operated by the Board.

   (iv) **Busing Contract.** If the car pool program, parent volunteers and arrangements with the Board are not sufficient to transport each Charter School student, including without limitation special needs students and low-income students, the Charter School shall contract with a school busing contractor, taxi cab service, or other transportation vendor to ensure that all students that desire to attend the Charter School are able to do so.

   (v) **Transportation Contingency Fund.** As described in §5(d)(i) of this Agreement, the Charter School shall annually establish a contingency fund for transportation and special education needs of Charter School students (hereafter, the “Transportation and Special Education Contingency Fund”); this fund shall be the sole source of funding for student transportation described in this §4(i), and the Charter School shall implement the transportation options described in this §4(i) in the order they are described, to the extent moneys within the Transportation and Special Education Contingency Fund are available for such
programs. In no event shall the Charter School implement, nor shall the Charter School be required to implement, transportation programs with costs in excess of such available funding in the Transportation and Special Education Contingency Fund. If the funds in the Transportation and Special Education Contingency Fund are not sufficient to pay for special education and transportation services, then the Board and the Charter School shall pay for the special education and transportation services in accordance with §10d(i) of this Agreement. Notwithstanding the foregoing, the Charter School shall implement the transportation programs described in §§(4)(i)(i) through (4)(i)(iii) of this Agreement, namely the Car Poll program, Parent Volunteer program, and Arrangement with Board program, regardless of the moneys available in the Transportation and Special Education Contingency Fund.

j. **Education for ESL Students.** The Charter School shall identify students who require ESL assistance through use of the data from the student's home school or other suitable identification information, shall assess the English language proficiency of all students identified as coming from a non-English background, and shall provide an English as a Second Language program for such students, consistent with the requirements of the School Code.

k. **Food Service.** The Charter School may contract with the District 300's food service contractor to provide food service for students who do not bring their lunch and for students eligible for free lunch programs. The Charter School may also provide food service on its own or through an alternative vendor. The food service is expected to be a breakeven program, with charges to students for lunch (and government reimbursements) being equal to the contract service charge and consistent with District 300 pricing for the same meals.

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 and regulations and local ordinances, including without limitation:

(i) All Federal laws and regulations applicable to public school districts and charter schools;

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

(iii) Section 10-21.9 of the School Code (105 ILCS 5/10-21.9;) regarding criminal history/fingerprint investigations of applicants for employment;
(iv) Section 24-24 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) Section 10-17a of the School Code (105 ILCS 5/10-17a) regarding School Report Cards;

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

(xi) The Open Meetings Act (5 ILCS 120/1 et seq.);

(xii) The Pension Code (40 ILCS 5/1-101 et seq.);

(xiii) All applicable health and safety regulations of the State of Illinois and relevant Village or City ordinance codes, including without limitation those laws specifically identified by the Illinois State Board of Education as being applicable to charter schools.

b. Compliance with Agreement. The Charter School shall operate at all times in accordance with the terms of this Agreement and the applicable provisions of the Renewal Book.

c. Maintenance of Corporate Status and Good Standing. Northern Kane shall at all times maintain itself as an Illinois general not-for-profit corporation or other not-for-profit entity 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. Northern Kane shall promptly provide the Board with copies of its Articles of Incorporation, Bylaws, and all amendments or modifications thereto. Northern Kane has been recognized as an organization exempt from Federal income taxation under Section 501(c)(3) of the Internal Revenue Code and shall provide the Board with copies of all filings relating to maintaining 501(c)(3) exempt status.

d. Budget. Pursuant to Section 27A-8(f) of the Charter Schools Law, the Charter School shall prepare its annual budget for each fiscal year by no later than the
August 1 immediately preceding such fiscal year and shall deliver a copy of the budget to
the Board’s administrative offices within 14 days after its completion each year. The
fiscal year for the Charter School shall begin on September 1st of each year and end on
August 31st of the subsequent year.

(i) **Contingency Fund.** Each year, Northern Kane or the Charter
School shall establish a contingency fund (as described above, the
“Transportation and Special Education Contingency Fund”) in an amount equal to
two percent of the gross tuition revenue received from District 300, not including
any proportionate shares of State or Federal resources generated by students with
disabilities, and shall set aside the moneys contained in such fund exclusively to
provide for special education and transportation needs of Charter School students.
In the event this funding exceeds the Charter School’s expenditures for such
programs in a given year, the funding shall be preserved in the Transportation and
Special Education Contingency Fund and added to the two percent withholding
from the following year. Funding provided by the Charter School for Special
Learning Services shall be limited to the positions incorporated within the
operating budget and the balance of any funding available in the Transportation
and Special Education Contingency Fund established by this Section. Excess
costs shall be paid by the District.

e. **Tuition and Fees.** The Charter School shall charge no tuition to any
student, unless such student would otherwise be liable for tuition costs under the School
Code. The Charter School shall charge fees, if any, only as permitted under Section
27A-5(e) of the Charter Schools Law currently including textbooks, instructional
materials and student activities. Funding shall follow the process defined in Section 6 (d)
herein.

f. **Employees.** Northern Kane shall deploy personnel in instructional and
administrative positions within the Charter School 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. Northern Kane and the Charter
School shall comply with the Illinois Educational Labor Relations Act, 115 ILCS 5/1 et
seq., and with all other Federal and Illinois employment laws and regulations from which
it has not been specifically exempted under the Charter Schools Law as these laws and
regulations apply to all directly employed certified personnel of either Northern Kane or
the Charter School.

g. **Building.** The Charter School has been located at 900 Wester Boulevard,
Pingree Grove, Illinois within the Cambridge Lakes Learning Center (the “School
Building”). Northern Kane obtained and submitted to the Board for review all applicable
health and safety approvals for the School Building before the opening school day in
September 2007. Northern Kane and the Charter School shall take all necessary actions to
ensure that such approvals remain valid and in force.
(i) Health and Safety Approvals. Northern Kane and the Charter School obtained and submitted to the Board for review all applicable health and safety approvals prior to the opening of the School Buildings. These documents included, without limitation: (1) the certification of the architect for the Charter School that all buildings comply with the school life-safety standards of the Illinois School Code; (2) the building permit for the Charter School issued by the Regional School Superintendent; and (3) a copy of the written notice to the Regional Superintendent that he or she may examine the premises of the Charter School for compliance with the life-safety requirements of the Illinois School Code at any time. The Charter School shall send to the Board copies of documents from the Regional Superintendent’s office indicating compliance with such approvals.

h. Enrollment.

(i) Open Enrollment. The Charter School shall be open to all kindergarten through 12th grade students residing in District 300.

(ii) Enrollment Procedures. Applications for enrollment for the next school year will open no later than December 1st preceding it and shall be open until the following March 1st immediately preceding the next school year. If on March 1st it is determined that there are more applicants than available seats to serve all students seeking a seat, students in the then current year will be seated and a lottery held to determine which students may be awarded an available seat. Students awaiting a seat shall be ordered by use of a random numbers program. Unseated students shall be maintained on a waiting list in the order assigned by random numbering. As a seat becomes available, students on the waiting list shall be invited, in random order, to fill the seat.

If, on March 1st, excess seats are available for any grade, applicants shall be accepted on a first-come-first-seated basis.

After March 1st, all open seats or seats becoming available after all waiting list students have been seated, shall be filled on a first-come first-served basis.


a. Responsibility for Bond Security. Northern Kane shall be solely responsible for satisfying and providing adequate security for all bond obligations related to the Charter School including any private activity bonds issued for the construction of the Charter School. At no time shall the Board or District 300 have any responsibilities related to the payment of any bonds issued by Northern Kane or related to the Charter School.

b. Financial Management. Northern Kane and the Charter School shall operate in accordance with generally accepted standards of fiscal management including
preparation of an annual budget and annual audit, consistent with Non-profit GAAP standards.

c. **Budgeting.** The Board has received, reviewed and hereby accepts the budget for Northern Kane and the Charter School (most recently updated version delivered on August 10, 2010 in the Renewal Book), and finds that the terms of this Agreement are economically sound for both Northern Kane and the District 300.

d. **Funding Determination** The parties expressly agree that the per capita tuition rates, established annually through the state mandated auditing procedure, shall be the amount paid for any full-time student. In the event that a student enrolled in a District 300 school and not the Charter School enrolls, at District 300’s direction, for a single virtual course in a semester, the compensation rate shall be one-sixteenth (1/16), which is 6.25% of the annual per student tuition. District 300 may reduce the funding of the Charter School or deduct expenses attributable to the Charter School from the Charter School’s funding payments if the Charter School is delinquent in payments it owes to District 300 pursuant to a written agreement with District 300 including without limitation, the Charter School’s proportionate share of the cost of the student information system, Infinite Campus, which shall be set out in the quarterly tuition invoice.

The first quarterly payment of each year shall be based on the Charter School’s enrollment on August 15th of that year. Quarterly invoices shall be submitted for quarters beginning September, December, March and June of each year. The quarterly invoice for the September quarter each year shall use the tuition rate established for the most recent past year. Upon notification of the new year’s tuition rate, the first quarter’s tuition shall be recalculated and the adjustment incorporated in the second quarter’s invoice. The updated tuition rate shall be used on the second and future quarter’s invoices each year. The quarterly invoice shall include the cost to be paid for the student information system provided by District 300.

e. **Distribution of Funds.** The Board shall distribute tuition payments to the Charter School Funds in four quarterly installments payable on September 1st, December 1st, March 1st and June 1st of each fiscal year.

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. **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.

h. **Audit.** Northern Kane shall engage a CPA firm to provide an annual audit of its financial records and activities. The initial audit covered the construction period (FYE 8/31/2007) and the first year of operations (FYE 8/31/2008). The audit for FYE
8/31/2011 has been delivered concurrent with the Renewal Book for the Charter Agreement. The audit shall be that of an independent auditor conforming to all usual and customary US auditing standards and the audit shall be made available to the Board no later than December 1 of each year.

i. Attendance. The Charter School shall maintain accurate daily records of student attendance and shall make such records available to the Board within the student data management system supplied by District 300.

7. Purchase Agreement. The Board and the Charter School may enter into a purchase agreement or agreements providing for the purchase by Northern Kane or the Charter School from the Board of certain goods, services and materials in connection with the operation of the Charter School, provided at cost as pursuant to Section 27A-5(h).

8. Insurance. Northern Kane or the Charter School shall purchase and maintain such insurance as shall protect the Charter School, the Board and their members, officers, agents and employees from claims and to the single occurrence and aggregate limits as set forth below:

a. General Liability -- $10,000,000 limits.
b. School Board Legal/Professional Liability -- $10,000,000 limits.
c. Umbrella (Excess Liability) -- $10,000,000 limits.
d. Boiler and Machine Insurance – Insured in an amount equal to replacement cost.
e. Property Insurance/Leased Property Insurance -- $5,000,000 limits.
f. Automobile Liability Insurance – Insured in an amount equal to replacement cost.
g. Workers Compensation Insurance, as required under Illinois law.
h. Health Insurance for Charter School employees.

All insurance shall name the Board and District 300 as additional insureds, and shall be issued by an insurer licensed to transact business in the State of Illinois, with a BEST insurance rating of not less than A. If requested by District 300, Northern Kane shall provide copies of documents related to its insurance coverage for new school buildings that it has submitted to the Regional Office of Education. The Charter School has previously provided the Board certificates of insurance evidencing coverage in the types and amounts as set forth above and warrants that there have been no changes in insurance coverage. All such insurance policies shall contain a provision requiring notice to the Board, at least 30 days in advance, upon non-renewal or termination. In September of each school year, or as changes in coverage occur, Northern Kane shall provide certificates of insurance coverage to District 300.
9. **Academic Progress and Evaluations.**

   a. **Accountability.** Pupil performance shall be evaluated pursuant to the standards, objectives and evaluations set forth herein and shall be consistent with Section 2-3.64 of the School Code.

   b. **Reports.** Northern Kane and the Charter School shall grant reasonable access to, and cooperate with, the Board, its officers, employees and other designees, including allowing site visits by the Board, its officers, employees and other designees, for the purpose of allowing the Board to fully evaluate the operations and conformity to the Charter Schools Law. The Charter School shall also grant reasonable access to the Board upon receiving a written request from the Board to access the Charter School.

10. **Special Education.**

    a. The Special Learning Services personnel included within the Charter School’s budget and as a specified special education staffing cost shall be:

       - One full time school social worker. The school social worker would oversee pupil personnel services, i.e., referrals for case study evaluations, appropriate classroom interventions, training of staff, FERPA matters, managing caseloads of Section 504 students, etc.;
       - One full time teacher who is LBS I certified; and
       - One full time certified school nurse.

    b. In addition, Northern Kane and the Charter School will make arrangements for additional special education employees or contract services not included within the Charter School’s budget as specified below. Such employees and contract services shall not be considered as specified budgeted special education staffing costs, and include:

       - Certified speech language pathologist, as needed under applicable IEPs;
       - Occupational therapist, as needed under applicable IEPs;
       - Physical therapist, as needed under applicable IEPs;
       - Vision/hearing specialists, as needed under applicable IEPs;
       - School psychologist, as needed under applicable IEPs;
       - Assistive technology devices for its special education students, as needed under applicable IEPs;
       - Transportation to special education students who attend the charter facility as their daily school, as needed under applicable IEPs;
c. **Provision of Services.** The Charter School shall provide services and accommodation to students with disabilities in accordance with the Individuals with Disabilities Education Act (20 U.S.C. §1401 et seq.), Section 504 of the Rehabilitation Act of 1973 (29 U.S.C. §794), Article 14 of the School Code, and subject to the following additional conditions:

(i) The Charter School shall comply with all District 300 policies and procedures for serving students with disabilities, including forwarding requests for due process hearings to the Director of Special Education or his/her designee;

(ii) The Charter School shall cooperate with District 300 and legal counsel chosen by District 300 with regard to due process hearings or other complaints filed against District 300 concerning a student enrolled in the Charter School, including providing documentation and appropriate staff for testimony, without additional cost to District 300;

(iii) Students requiring special education services whose home school is the Charter School will have access to the same full continuum of special education services required by law and available to all special education students enrolled in District 300;

(iv) The Charter School shall provide prior notice to the Director of Special Education, and shall allow the Director or his/her designee to participate, in all IEP conferences for disabled students;

(v) The Charter School shall designate and identify to the Director of Special Education an individual who shall assume case management responsibilities for disabled students at the Charter School;

(vi) The Charter School shall hire or contract for services for the following individuals to deliver special education and related services to special education students enrolled in the Charter School. Such staff members or service providers are listed in Section 10.a and 10.b of this agreement:

(vii) The Charter School must conduct case study evaluations (both initial evaluations and reevaluations) and annual IEP meetings for students enrolled in the Charter School;

(viii) Special education students attending the Charter School who are eligible for extended school year services shall be entitled to attend District 300’s ESY program, at the Charter School’s expense;

(ix) The Charter School shall draft and implement Section 504 Plans for eligible students enrolled in the Charter School, at the Charter School’s expense; and
(x) In compliance with IDEIA-2004, the K-12 Virtual School Program will implement a response to intervention protocol as documented by early intervening services in personal learning plans using research based interventions prior to requesting a special education referral.

d. Funding of Services Northern Kane or the Charter School shall be solely responsible for paying for the personnel set out in this section and budgeted by Northern Kane. Quarterly, with the preparation of the next quarter’s budget, expenses in excess of the budget shall be (a) drawn from the Special Education and Transportation Reserve and (b) any overage submitted for reimbursement to District 300. A proportionate share of State and Federal resources generated by students with disabilities enrolled in the Charter School and the staff serving them shall be directed to the Charter School by District 300.

(i) Extraordinary Expenses for Special Education. Northern Kane established a one-time reserve of $100,000. District 300 shall establish a matching reserve fund. This combined reserve fund shall be used to pay for extraordinary expenses related to the provision of Special Education services not covered by the funds otherwise available under this Section (such as but not limited to a due process hearing.) Expenses paid by the Charter School and District 300 from their respective reserve funds shall be paid on a matching basis. Northern Kane and District 300 agree that their respective responsibilities and liabilities for the provision and payment of such services shall be governed by the Individuals with Disabilities Education Act (20 U.S.C. §1401 et seq.), Section 504 of the Rehabilitation Act of 1973 (29 U.S.C. §794), and Articles 14 and 27A of the School Code. Northern Kane’s limitation of liability under this Section 10 (d)(i) shall be expressly limited to the $100,000 reserve or any remaining portion thereof.

11. Renewal of Charter; Failure to Renew. As described in this Agreement, the initial Charter was granted for a period of five years, commencing with the 2006-2007 school year and concluding on August 31, 2011. The Board of Education renewed the Charter and it was scheduled to conclude on August 31, 2014. The Board of Education hereby renews the Charter again until August 31, 2017, unless renewed as provided herein. No later than June 1, 2015 and no earlier than January 1, 2015, Northern Kane 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.

In the absence of a cause for revocation of the Charter under §12 of this Agreement, within 45 days after receipt of such notice, the Board shall provide written notice to Northern Kane indicating renewal of the Charter 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 only refuse to renew the Agreement upon a finding that any cause for revocation exists under Section 12 hereof, or upon determining that it is not in the best
interests of the students in the District 300 to continue the operation of the Charter School. If the Board determines to renew the charter, such renewal shall be effective for a five year period. It is specifically contemplated by this Charter Agreement that the Charter School shall operate on five year charters, with rolling, three-year renewals of such five year charters. In the event the parties are unable to reach agreement on renewal of the charter, the Charter School shall continue to operate for the remaining two years of the then present charter.

Notwithstanding the foregoing, the parties agree that the Charter School shall, on a triannual basis and on the same dates as provided above, provide a written proposal to the Board setting forth proposed terms for an extension or renewal of this Agreement. In the event that the proposal requests renewal under the terms and conditions contained herein, or as amended from time to time, and, so long as the Charter School substantially meets all conditions of the mutually agreed evaluation criteria contained in the Renewal Book or this Charter Agreement, as determined by the Board in its sole discretion, this Agreement shall be extend for an additional three years from the then current termination date (which shall create a five year term from the year of renewal). If the proposal requires changes, it shall in all respects comply with the foregoing provisions for renewal after the initial term of the charter set forth above.

12. Minor Violations and Revocation of Charter. In the event there are alleged minor violations of this Agreement by either party, the Superintendent of District 300 and the President/CEO of the Charter School (and any other staff or faculty members as who may be needed to resolve the matter) shall meet to discuss and resolve the same. If a mutually agreeable resolution is not reached, then the parties may pursue a corrective action agreement as hereinafter described in this Section 12.

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 one of the following, or otherwise failed to comply with the requirements of the Charter Schools Law:

a. Committed a material violation of the conditions, standards, or procedures set forth in this Agreement, the Renewal Book or the Charter Schools Law;

b. Failed to meet or make reasonable progress toward achievement of the content standards or pupil performance standards identified in this Agreement, the Renewal Book, or state or federal law;

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

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

In the event of any such alleged violation or failure, the Board shall give Northern Kane notice, in writing, describing specifically the alleged violation or failure. Within two weeks of receipt of such written notice, Northern Kane and the Board or its representatives shall hold a meeting to enter into a corrective action agreement or shall, by mutual agreement, extend the
period within which to enter into such corrective action agreement. In the event that a corrective action agreement is entered into, such agreement shall describe the timeline for corrective action, shall describe the steps for corrective action, and shall describe the criteria by which corrective action shall be evaluated. In no event shall such timeline for corrective action be less than thirty days after the corrective action agreement is entered into.

In the event the parties, after the expiration of the initial two week corrective action agreement period and any subsequent mutually agreeable extension thereof, are unable to reach a mutually acceptable corrective action agreement, or in the event, in the Board’s sole discretion, Northern Kane does not satisfy the requirements of the corrective action agreement, Northern Kane shall have a period of not less than thirty (30) days to correct or amend such violation or failure. Upon the expiration of such thirty day period, Northern Kane shall have such rights of appeal of any determination by the Board as are afforded under the Charter Schools Law.

13. **Indemnification.**

   a. **Northern Kane and the Charter School’s Agreement to Indemnify.** To the fullest extent permitted by law, Northern Kane and the Charter School shall indemnify, defend and hold harmless the Board, its officers, employees, agents, affiliates and representatives, past and present, 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. This indemnification shall not apply to the extent that any loss for which indemnity is claimed to the extent that the loss results from the negligence or wrongful act or omission of the Board, its officers, employees, agents, affiliates and representatives, past and present, or required by law or this Agreement. The Board retains final approval of any and all settlements or legal strategies or contracts which involves the Board, its officers, employees, agents, affiliates and representatives.

   b. **Board’s Agreement to Indemnify.** To the fullest extent permitted by law, the Board shall indemnify, defend and hold harmless Northern Kane and the Charter School, its officers, employees, agents, affiliates and representatives, past and present, 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, District 300, its faculty, students, patrons, employees, guests or agents in connection with this Agreement, (ii) a
violation of any law, statute, code, ordinance or regulation by the Board, District 300, its faculty, students, patrons, employees, guests or agents, and/or any breach, defaults, violation or nonperformance by the Board of any term, covenant, condition, duty or obligation provided in this Agreement. This indemnification shall not apply to the extent that any loss for which indemnity is claimed to the extent that the loss results from the negligence or wrongful act or omission of Northern Kane, the Charter School, its officers, employees, agents, affiliates and representatives, past and present, or required by law or this Agreement. The Board retains final approval of any and all settlements or legal strategies or contracts which involves the Board, its officers, employees, agents, affiliates and representatives.

This indemnification, defense and hold harmless obligation shall survive the termination of this Agreement. Each party shall have the right, at its own expense, to participate in the defense of any suit, without relieving the other party from any of their obligations hereunder.

14. 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, and that the Board assumes no liability for the acts and omissions of the Charter School, its directors, agents or employees, nor shall the Board be liable for 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 to any third party.

15. Governing Law. This Agreement shall be governed by, subject to and construed under the laws of the State of Illinois and adjudicated within a court of competent jurisdiction in Kane County which is the most proximate location of such a court to Northern Kane, the Charter School and the Board.

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

17. 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.

18. Submission to State Board of Education. The Secretary of the Board of Education is hereby authorized and directed to submit this Agreement to the Illinois State Board of Education for review and approval in accordance with Section 27A-6(d) of the Charter Schools Law.

19. Amendments. This Agreement may be amended only by consent of the parties hereto and, in the case of material amendments, only after submission of such amendments to, and approval by, ISBE in accordance with Section 27A-6(e) of the Charter Schools Law. Except as provided herein, nothing in this Agreement shall be construed as requiring Northern Kane to act or perform any service not otherwise required by the Charter Schools Law. The parties agree that in the event of any significant change to the Charter Schools Law they will meet to review
such change and determine whether it is in the best interests of the parties to amend this Agreement in accordance with the provisions of such change.

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

   a. **Change of Name.** The Board expressly agrees and acknowledges that, should a change of the name of the Charter School prove necessary, advantageous or otherwise desirable to Northern Kane, Northern Kane shall be permitted to change the name of the Charter School, subject to the approval of the Board, which approval shall not be unreasonably withheld. In the event of a proposed name change, the Board shall provide its response to the proposed name change within fourteen (14) days of receiving notice of a proposed revised name. Upon approval of a proposed name change, all references in this Agreement to the Charter School shall be automatically amended to refer to the Charter School with its revised name.

   b. **Incorporation of Subsidiary.** Nothing contained within this Agreement shall in any way prohibit, restrict or otherwise limit the ability of Northern Kane to incorporate the Charter School as a subsidiary corporation of Northern Kane, without requiring any permission or authorization from the Board. In the event Northern Kane takes such action, it shall provide the Board with not less than thirty (30) days written notice of the change in corporate structure. Subsequent to such incorporation of the Charter School as a subsidiary, all terms and conditions of this Agreement shall be performed by Northern Kane or the subsidiary, as appropriate, without amendment or alteration of any form. Notwithstanding any such incorporation of a subsidiary, the obligations of Northern Kane under this Agreement shall not be limited or terminated for the duration of this Agreement or any renewal hereof.

21. **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 9 hereof. Termination of this Agreement for any reason shall serve to immediately revoke the charter granted hereby.

22. **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 Northern Kane or the Charter School:
Northern Kane Educational Corp.
900 Wester Boulevard
Pingree Grove, IL 60140
23. Severability. In the event that any provision of this Agreement or the Renewal Book 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 Renewal Book 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.

24. Superceder. This Agreement supersedes and replaces any and all prior writings, agreements and understandings between the Board and the Charter School. To the extent that any conflict or incompatibility exists between the Renewal Book and this Agreement, this Agreement shall control.

25. Delegation. The parties agree and acknowledge that the functions and powers of the Board may be exercised by the Superintendent of Community Unit School District 300, provided that any ultimate decision regarding renewal, non-renewal or revocation of this Agreement may be made only by the Board.
IN WITNESS WHEREOF, the parties have made and entered into this Agreement as of the date first above written.

BOARD OF EDUCATION OF COMMUNITY UNIT SCHOOL DISTRICT 300

By:  
President

ATTEST:

By:  
Secretary

Dated: 5.29.12

NORTHERN KANE EDUCATIONAL CORP.

By:  
Larry Fuhrer, President/CEO

ATTEST:

By:  
Its:

Dated 05.09.12
Exhibit A

Renewal Book

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