

**RESTATEMENT AND EXTENSION OF CHARTER SCHOOL
AGREEMENT BETWEEN
ROCKFORD BOARD OF EDUCATION, SCHOOL DISTRICT
NO. 205, WINNEBAGO-BOONE COUNTIES, ILLINOIS AND
GALAPAGOS ROCKFORD CHARTER SCHOOL NFP, INC.**

This Charter School Agreement ("Agreement") dated this 9th day of April, 2014, with an effective date of August 15, 2014, is entered into by and between of the Board of Education Rockford School District No. 205, Winnebago-Boone Counties, Illinois, a body politic and corporate (the "Board") and Galapagos Rockford Charter School NFP, Inc. (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 November 13, 2008, the Charter School submitted an application to the Rockford Public Schools Board of Education seeking to establish a public charter school (the "Application"). The Application and all exhibits and attachments thereto are incorporated herein by reference; and

WHEREAS, on March 19, 2009, the parties executed the Charter School Agreement (the "First Agreement") authorizing the establishment of the Galapagos Rockford Charter School for a five year term commencing August 15, 2009 and ending August 14, 2014. The First Agreement and all exhibits and attachments thereto are incorporated herein by reference; and

WHEREAS, the Charter School desires to enter into a Restatement and Extension of Charter School Agreement with the Board for a five year term commencing August 15, 2014, and ending June 30, 2019 where such term is conditioned on the Charter School meeting and complying with the requirements set forth in Schedule 1; and

WHEREAS, the parties seek to extend the Charter School Agreement as set forth herein; and

WHEREAS, the parties desire that the Charter School continue to 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 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 an extension of its 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 August 15, 2014 and shall expire at midnight, June 30, 2019 unless terminated or extended pursuant to the terms hereof on the express condition that the Charter School satisfy the requirements set forth at Schedule 1, attached hereto. The conditions are hereby incorporated in this Agreement as if set forth herein in full. The Charter School acknowledges and agrees that the Board may revoke its renewal of the Charter School Agreement upon a determination by the Board that the Charter School has not fulfilled the conditions set forth in Schedule 1. Notwithstanding this provision, consistent with the Charter Schools Law (105 ILCS 5/27A-7(a)(14)), the first day of the fiscal year shall be no earlier than August 15 and no later than September 15 of each year. The Charter School acknowledges and agrees that the Board may revoke its renewal of the Charter School Agreement upon a determination by the Board that the Charter School has not materially fulfilled the conditions set forth in Schedule 1, however, any consideration of revocation by the Board shall require the Board to comply with the process provided for in the School Code at 105 ILCS 5/27A-9(c), and in no event shall revocation occur without notice from the Board in writing to Charter School specifying the reason why it believes conditions set forth in Schedule 1 have not been materially fulfilled by Charter School and an opportunity for the Charter School to submit a written plan to the Board to rectify the problem. Said written plan will be submitted to the Board no later than sixty (60) days after receipt of notification from the Board that the Board may revoke its renewal of the Charter School Agreement.
4. **Educational Program.** The Charter School shall operate an educational program and program of instruction serving 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 Limitations. The Charter School shall provide instruction to pupils in grades K through 8, unless the Charter is expanded to include a high school pursuant to Section 4(b)(xi) of this Agreement.
 - i. Application Process and Enrollment. Enrollment in the Charter School shall be open to any pupil who resides within the boundaries of the Rockford Public Schools, District No. 205 (the "District" or "District 205") and who meets the age requirements set forth in this Section of the Agreement.
 - ii. Each year, the Charter School shall set a deadline for application 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 provide the District at least seven (7) business days advance notice of the deadline for applications. Within fourteen (14) days following the application deadline, Charter School shall provide District 205 with the number of applicants at each grade level of students who reside within the boundaries of the District. If a lottery process is necessary, the Charter School shall provide the District with date and time for the lottery process at least two (2) business days in advance of the lottery process. 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 may continue to accept student applications after the application deadline, provided that applicants who applied after the deadline will not be part of the lottery and will only be considered after all timely applicants are provided an opportunity to enroll at the Charter School.
 - iii. The Charter School shall not request information in the application process about a student's race, gender, religion, academic aptitude, special education needs, English language proficiency, or any other protected category. This does not preclude the Charter School from obtaining the information described in this paragraph once the student has been selected for enrollment.
 - iv. The Board shall be notified of the places and times during which applications will be submitted and shall be permitted to inspect and review completed applications. In addition, so long as not prohibited by state or federal law, the Board shall be granted access to any documentation and information to the extent it deems necessary to ensure the integrity of the application process.

- v. If the parents or guardians of a homeless student choose to complete an application to enroll the student in the Charter School, the Charter School shall accept the application even if the student is unable to produce records normally required for enrollment, such as proof of residency or other documentation. Notwithstanding, the Charter School is not prohibited from requiring the parents or guardians of a homeless student to submit an address or such other contact information as a school district may require from parents or guardians of nonhomeless students. The Charter School shall not require students to present information and/or documents as proof of residency (such as Social Security Numbers) which, when taken together, result in a requirement for proof of legal presence in the United States.
 - vi. 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.
 - vii. The Charter School shall not knowingly permit dual enrollment of any student at both the Charter School and another public school or non-public school.
 - viii. Students who have obtained a high school diploma or a GED high school equivalency certificate shall not be eligible to enroll in the Charter School and/or to receive any services provided by the Charter School and/or otherwise participate in the Charter School's program.
 - ix. Unless otherwise mandated by law, students who are age 21 or older shall not be eligible to enroll in Charter School and/or to receive any services provided by the Charter School and/or otherwise participate in the Charter School's program.
 - x. The Charter School shall not exceed a maximum enrollment of 400 pupils during the term of this Agreement unless the Charter is expanded to include a high school pursuant to Section 4(b)(xi). In such event, its maximum enrollment will be adjusted.
 - xi. The Charter School shall be entitled to apply to the Board to expand to include K through 12 after the Charter School has maintained compliance with all of the requirements contained in Schedule 1 for at least one calendar year and so long as the Charter School is not in default of any of the terms and conditions of this Agreement, attached hereto. Any such application shall include, at a minimum, a detailed plan as to the educational and financial operations for grades 9-12.
- c. Student Transfers.
- i. Any student transfer into the Charter School from a school within District 205 shall be documented by a completed enrollment form which includes

a release to obtain the student's records from any attendance center in which the student has previously been enrolled. The release must be signed by the student or, if the student is a minor or has been adjudicated incompetent, by the student's parent/guardian. The District shall provide the Charter School the student's records within ten (10) business days of the Charter School providing the District with the completed enrollment form and verify whether the student meets the eligibility requirements for enrollment. If a student transfers from the Charter School to the District, the Charter School shall provide the District the student's records within ten (10) business days of the student's transfer.

- ii. Any student transfer out of the Charter School shall be documented by a transfer form signed by the student or, if the student is a minor, by the student's parent/guardian which affirmatively states that the student's transfer is voluntary.

The transfer form signed by the parent/guardian shall include the reason for the requested transfer. A copy of the completed transfer form shall be provided to the Rockford Public Schools Assistant Superintendent of Student Support. If the request to transfer schools is received after the start of the school year at issue, the student shall not be permitted to transfer until after the end of the school year, unless the Board expressly agrees to the transfer or unless the transfer meets the requirements authorizing an intradistrict transfer pursuant to Rockford Public Schools Board Policy 7.30. The Charter School shall not use the ability to transfer (or "dis-enroll") students as a mechanism to circumvent the open enrollment requirement in Charter Schools Law or as an alternative method of discipline. If a student transfers from the Charter School to the District, the Charter School shall provide the District the student's records within ten (10) business days of the student's transfer.

- 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, this Agreement and Schedule 1 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 and the timeline for achievement of performance standards, and the procedure for taking corrective action in the event that individual pupil performance at the Charter School falls below those standards, shall be consistent with the Application, this Agreement, and the No Child Left Behind Act as well as the corresponding implementing regulations and state statute.

- f. Curriculum. The curriculum established by the Charter School shall be in accordance with the Illinois School Code, as applicable to public charter schools, and 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 shall commence in the 2014/2015 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 in each academic year and in no event later than September 15 of each 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 in compliance with state law.
- h. Student Discipline. The Charter School shall implement a system of uniform student discipline. To the extent the Charter School fails to adopt and submit its own uniform student discipline code, the Charter School shall elect to adopt the Rockford Public Schools Uniform Discipline Code (the "RPS Uniform Code"). The Charter School shall submit a copy of the proposed disciplinary code, including procedures for suspension and expulsion, to the General Counsel for Board no later than July 1 prior to the school year in which the disciplinary code is to be implemented.
 - i. The Charter School shall comply at all times with federal due process requirements in its student discipline notification procedures and its disciplinary activities, and 105 ILCS Sec. 5/24-24.
 - ii. Students may only be expelled from school by a majority vote of the Charter School's governing board. In the event that any student is expelled from the Charter School by action of the Charter School, the Charter School shall promptly notify the Board of such expulsion and shall provide to the Board, no later than five (5) days following the disciplinary action, the name of the student, the reason for the expulsion, and the period of time that the student will be expelled, including the dates of expulsion.
- i. Governance and Operation. The operation of the governing board of the Charter School shall be as set forth in this paragraph.
 - i. The governing board of the Charter School shall consist of no fewer than five (5) members as of December 31, 2014, and shall consist of no fewer than seven (7) members as of April 15, 2014 and thereafter.
 - ii. No more than one (1) member of the governing board shall be employed by or be otherwise compensated by the Charter School.
 - iii. No more than one (1) member of the governing board shall be employed by the management company (if any) operating the Charter School.

- iv. Membership and composition of the governing board shall be subject to and at all times shall operate in compliance with the by-laws of the Charter School and the Illinois Open Meetings Act.
- v. 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 Agreement or the Application.
- vi. Members of the governing board of the Charter School shall provide responsible stewardship and shall meet all legal and ethical obligations.
- vii. The governing board shall hold meetings at least four times per year at a date, time, and place which is convenient to the public of Winnebago and Boone Counties, Illinois; and shall issue appropriate notice of said meetings in accordance with the time and publication requirements of the Illinois Open Meetings Act.
- viii. Appropriate notice must be given for meetings of any committee (e.g., executive, finance, personnel, development, and audit committees) or advisory board at which the business of the Charter School may or will be discussed.
- ix. In order to conduct business, the Charter School must have a quorum, which is defined as a majority of a quorum of the members of the governing board. To the extent an act of the Charter School requires a vote by its board members, such act shall require an affirmative vote of the quorum of the board members.
- j. Services Provided To The Charter School By The Board.
 - i. The Charter School shall meet the transportation needs of its students in a manner as set forth in the application and in accordance with 105 ILCS 5/29-4. The Charter School may, at its discretion, contract with the Board to provide transportation services to and from the Charter School to eligible students including, but not limited to, students who meet the requirements set forth in Section 5/29-4 of the School Code, homeless students, and special education. The Charter School shall reimburse the Board the per student cost for transportation, less any reimbursement the Board may receive from federal or state funds. The Board shall provide an invoice detailing the sums charged for transportation. Payments due to the Board for such services shall be deducted from the quarterly funding distributions as set forth in Section 6 below. The Charter School shall use its best efforts to find and retain a transportation provider other than the District in each year of this Agreement except for the 2014-15 school year.
 - ii. The Charter School shall notify the District by April 1st of each year if the Charter School intends to use the District as its transportation provider or

if the Charter School will use another transportation provider for the following year.

- iii. The transportation services provided by the Board shall not include transportation for before and/or after school programs. Such transportation services shall be provided by the Charter School.
 - iv. The transportation services provided by the Board shall not include transportation to offsite educational programs or before and/or after school programs. Such transportation services shall be provided by the Charter School.
 - 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 1) shall identify students who require bilingual education by administering a 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 in accordance with the applicable state and federal laws including, but not limited to, the Equal Educational Opportunity Act. The District will provide relevant testing data from the prior year results to Charter School within ten (10) days of receiving a written request. Notwithstanding anything to the contrary in this paragraph, the Charter School shall have no obligation to provide bilingual education to a greater extent than required under the law.
 - l. 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 parties agree that the existing, and this Agreement, are in accord with current Charter Schools Law, and all other applicable Federal, State and local laws, codes or regulations, from which the Charter School is not otherwise exempt. 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 of the School Code (105 ILCS 5/10-21.9) regarding criminal background investigations of applicants for employment;
- iv. Section 24-24 of the School Code (105 ILCS 5/24-24) regarding maintenance of discipline;
- 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 10511.01 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.);
- xii. The School Building Code (105 ILCS 5/2-3.12) pursuant to which the Illinois State Board of Education was mandated to and did establish the "Health/Life Safety Code for Public Schools."
- xiii. All other applicable health and safety regulations of the State of Illinois and the City of Rockford, 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;
- xiv. All Federal and State of Illinois orders and agreements, 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 Rockford 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 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 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 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. To this end, the Charter School shall establish and maintain written policies and procedures setting forth the manner in which the Charter School shall comply with the laws identified in this Agreement. A copy of the Charter School's written policies and procedures shall be provided to the Board on or before July 1, 2014; and, to the extent these policies and procedures are thereafter amended, the Charter School shall provide a copy of such policies and procedures to the Board no later than thirty (30) days following the date on which the policies and procedures were amended.
- 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 make all required filings with the office of the Illinois Secretary of State in a timely manner. 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 as well as a current certificate of good standing from the Illinois Secretary of State. 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, if allowable under existing federal and State law. Such lists shall also indicate: (i) for each employee, the date of initiation of the criminal background investigation required under Section 10-21.9 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 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 10-21.9(c) of the Illinois School Code.
- f. Former Employee Information. Upon written request from the District, the Charter School shall timely (no later than 7 business days) provide the District the following information on former employees of the Charter School who have sought employment with the District or who have been hired by the District:
 - i. date of hire;
 - ii. date of separation;
 - iii. first day worked (if different from date of hire) and last day worked (if different from date of separation);
 - iv. position held;
 - v. number of hours worked per week for each position held and/or whether each position was full-time or part-time; and
 - vi. if authorized by the former employee, any performance evaluations, disciplinary documents and/or reason for separation and/or any other personnel documents for which the former employee authorizes the receiving party to receive.

The District agrees that upon written request from the Charter School, the District will timely (no later than 7 business days) provide the Charter School the information set forth above on former employees of the District who have sought employment with the Charter School.

- g. 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, in which case the Charter School shall not exceed the number or percentage of non-certified instructional positions as established by the Charter School Law. 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.

h. **Building.**

- i. **Existing Facilities.** The Charter School shall have the following locations: 2605 School Road, Rockford, Illinois and 3051 Rotary Road, Rockford, Illinois, which locations will serve grade K through grade 8; The Charter School shall have obtained and submitted to the Board for review no later than 45 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 of the first year of operations 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 45 days prior to taking any final action in connection therewith; and (2) the Board does not issue a denial to the Charter School within 21 days of its receipt of such notification. The Board shall issue a denial only for good cause.

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 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 no earlier than August 15 of each year.
- c. Distribution of Funds. The Board shall distribute the Charter School Funds, in accordance with this Section and as determined in paragraph 6(d) and its subparts, below, in four quarterly installments payable as set forth herein. All funds distributed to the Charter School from the Board shall be used only for the educational purposes set forth in the Application or as otherwise required or permitted by the Charter School Law. The use of such funds for any other purpose is strictly prohibited.
- d. Funding Procedure. The Board shall provide the Charter School with one hundred percent (100%) of the school district's per capita tuition. The Board shall calculate the agreed upon per capita tuition payment for each resident pupil enrolled at the Charter School based on the procedure set forth in Illinois School Code; and, as reported to the Illinois State Board of Education on or before January 1 of the year preceding the school year in which the Charter School will be provided said per capita tuition. If the Board does not receive the funding levels approved by the State of Illinois during a school year, the funding levels approved by the Board to the Charter School shall be adjusted in a proportionate amount. The Board shall provide the per capita tuition payment to the Charter School for each pupil enrolled at the Charter School as follows:
 - i. First Installment. The amount of the Board's first quarterly payment shall be calculated based upon the number of students enrolled at the Charter School on August 25 of each year, as verified by enrollment data and/or enrollment forms, multiplied by one-quarter (.25) of the per capita tuition amount. The first quarterly payment shall be made within 10 business days of receipt of the information required in this paragraph. It is understood and agreed that the first installment for each school year will be remitted only upon:
 - (1) the Board receiving the enrollment report from the Charter School;
 - (2) the Board receiving the Charter School's by-laws which have been adopted by the Charter Schools board of directors (for the first year of this Agreement only, unless it is amended by the Charter School thereafter);
 - (3) the Board receiving all Attendance Center submissions as required under Paragraph 6(p) herein; and,
 - (4) the Board receiving all submissions due on or before July 1 of the first year of this Agreement and/or on or before July 1 of each year of operation including, but not limited to those required under

Paragraph 4(i) and its subparts regarding student discipline, Paragraph 4(m) regarding school calendar, Paragraph 5(b) regarding the Charter School's written policies and procedures, Paragraph 5(g) and its subparts regarding building certificates, Paragraph 6(b) regarding budget, and Section 8 regarding insurance.

- ii. Second Installment. The amount of the Board's second quarterly payment shall be calculated based upon the number of students enrolled at the Charter School on October 1 of each year, as verified by attendance records, multiplied by one-quarter (.25) of the per capita tuition amount. The second quarterly payment shall be made no later than October 15 of each year. It is understood and agreed that the second installment for each school year will be remitted only upon the Board receiving all of the information required in this paragraph.
- iii. Third Installment. The amount of the Board's third quarterly payment shall be calculated based upon 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-quarter (.25) of the per capita tuition amount. The third quarterly payment shall be made within 10 business days of receipt of all of the information required in this paragraph.
- iv. Fourth Installment. The amount of the Board's fourth quarterly payment shall be calculated based upon the number of students enrolled at the Charter School on April 1 of each year, as verified by attendance records, multiplied by one-quarter (.25) of the per capita tuition amount. The fourth quarterly payment shall be made no later than April 15 of each year. It is understood and agreed that the fourth installment for each school year will be remitted only upon the Board receiving all of the information required in this paragraph.
- v. Payments made as specified herein shall be adjusted based on average daily attendance records of the enrolled resident students. The Charter School shall not be entitled to funds for resident students who are enrolled in the Charter School, but who do not otherwise attend the Charter School unless the enrolled student is placed in an alternative setting (e.g., a disabled student who is placed by the Charter School at a private day school), then the Charter School shall count the student in its average daily attendance and shall receive the per capita funding. Payments made as specified herein shall be based on the average daily attendance records of the enrolled resident students. Notwithstanding, the payments to the Charter School shall not result in less than ninety percent (90%) of the per capita Tuition per annum.
- vi. Payments shall be adjusted in accordance with the minimum time requirements for creditable pupil attendance days. Likewise, to the extent

the average daily attendance records do not accurately reflect that which is reported in the enrollment and attendance records, the payments shall be adjusted accordingly. In no event shall the payments be less than 90% of the School District's per capita tuition costs.

- e. Categorical Funds. The Charter School may, at its option, obtain information regarding the categorical (i.e., restricted use) funds received by the Board. In order to receive categorical funds, the Charter School shall furnish the Board with all necessary information including, but not limited to, data regarding students who are enrolled in the Charter School and who meet the eligibility requirements for the applicable categorical funds, such as, for example, Special Education revenues and Title I revenues. Categorical funds 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 categorical funds paid and the amount of categorical 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 shall be sufficient to comply with all provisions of the Charter Schools Law, including Section 27A-11 thereof. It is understood that, to the extent the Charter School, receives such Categorical Funds, the Charter School is required to comply with the statutory and/or regulatory requirements for each such Categorical Fund; and, upon request by the Board, shall be required to present all documentation necessary to demonstrate compliance with the statutory and/or regulatory requirements.
- 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 and/or unencumbered 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.
- 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, before and/or 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 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:
 - i. the adoption and implementation of a Cost Allocation Plan must be submitted to and approved by the Board prior July 1, 2014 and, thereafter, must be submitted to and approved by the Board to the extent the Charter School seeks to amend the Cost Allocation Plan. The Cost Allocation Plan should follow the cost allocation plan required by Illinois State Board of Education State and Federal Administration Policy;
 - ii. generally accepted accounting procedures;
 - iii. a checking account(s);
 - iv. adequate payroll procedures;
 - v. bylaws;
 - vi. an organization chart; and
 - vii. 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, reasonably acceptable to the Board, and approved by General Counsel for the Board. The Financial Audits shall include:
 - 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 as set forth in Section 5 of this Agreement and as otherwise specified in the Charter Schools Law.
- iv. A report on the compliance with the requirements of this Section 6 including, but not limited to the requirements that the Charter School refrain from commingling funds, that the Charter School report interested transactions, and that the charter report actual student attendance.

The Financial Audits shall be provided to the Board no later than December 1 of each year during the term of this Agreement, excepting reasonable delay.

- m. Quarterly Financial Reports. The Charter School shall prepare or cause to be prepared quarterly financial reports in conformance with Exhibit C, which shall be provided to the Board on or before January 30, April 30, July 30 and October 30 of each year in which the school is open, excepting reasonable delay.
- n. Non-charter activities. The Charter School shall keep separate and distinct accounting, auditing, budgeting, reporting, and recordkeeping systems for the management and operation of the charter school. Further, the Charter School shall deposit funds received by the Board in a separate and distinct bank account from that used by any other parent, subsidiary or related corporation or entity. The funds received by the Charter School shall be used by the Charter School exclusively for the management and operation of the charter school.
 - i. Any business activities that are not directly related to the management and operation of the Charter School shall be kept in separate and distinct accounting, auditing, budgeting, reporting, and recordkeeping systems from those recording the business activities of the Charter School.
 - ii. To the extent the Charter School's parent, subsidiary, and/or related businesses, corporations, entities or programs use the personnel, facilities, equipment, supplies, inventory, or other property of the Charter School, the Charter School shall maintain detailed records documenting the times, amount and proportionate usage. The costs associated with such usage shall be charged and accounted for in proportion to the ratio of use by the Charter School.
 - iii. The Charter School shall provide any and all audited financial reports of any parent, subsidiary, and/or related businesses, corporations or entities upon request by the Board.

- iv. The Charter School shall not commingle funds received from the Board. Nor shall the Charter School commingle services and/or programs provided to students who enrolled in the Charter School. Accordingly, to the extent the Charter School is housed in the same building which is used to provide services and programs to individuals not enrolled in the Charter School and/or to the extent the Charter School utilizes job sites which are also used to provide services and programs to individuals not enrolled in the Charter School, the Charter School shall maintain a master schedule of the facilities/job-sites, documenting the dates and times on which such classrooms/job-sites will be allocated for the exclusive use of the Charter School and the names of the instructors/aides who are assigned to provide instruction and/or services in the designated classrooms/job-sites. Charter School students shall be taught in separate and distinct classrooms (including non-traditional classrooms such as job sites) by separate instructors during the Charter School student's designated classroom/job site period. Participants in non-charter school programs shall not be permitted to receive instruction or obtain services in the same classroom (including non-traditional classrooms such as job sites) during designated class periods where such classrooms are being used by the Charter School to provide programs and/or services to Charter School Students. The instructor and aides shall not provide instruction or services to non-charter school students during the same classroom/job-site periods that they are designated as providing such instruction/services to Charter School students.
- o. Interested Transactions. The Charter School shall discretely and clearly record in the accounting, auditing, budgeting, reporting, and recordkeeping systems for the management and operation of the charter school, the following:
 - i. financial transactions between the charter school and the non-charter activities of the charter holder;
 - ii. financial transactions between the charter school and an officer or employee of the charter holder or the charter school;
 - iii. financial transactions between the charter school and a member of the governing body of the charter holder or the charter school;
 - iv. financial transactions between the charter school and a management company charged with managing the operations and/or finances of a charter school; and
 - v. financial transactions between the charter school and any other person or entity in a position of influence over the charter holder or the charter school.

- p. Attendance. The Charter School shall maintain accurate enrollment data and daily records of student attendance in accordance with the Illinois State Board of Education's student attendance accounting requirements. The Charter School shall provide enrollment and attendance data to the Board on a monthly basis. The Charter School shall provide the Board with all necessary and required current enrollment and attendance data, utilizing the Board's Student Information System ("SI System") or a secure system that records and tracks the same information which is recorded and tracked in the SI System. Such enrollment and attendance data shall be maintained and updated by the Charter School on the SI System at least monthly or provided to the District at least monthly by the Charter School. To the extent the Charter School elects to utilize the Board's SI System, 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. The Charter School shall provide the necessary equipment and connectivity at the Charter School which is necessary to access the SI System.
- q. 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 law, regulation, procedure and/or policy referenced in this Agreement, excepting reasonable delay due to physical plant casualties, technological failures or circumstances beyond the Charter School's control, the Board may withhold up to 50% of 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.
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 D attached to the First Agreement, 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.

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 D, attached to First Agreement. 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: General Counsel, Rockford Public Schools, 501 7th St., Rockford, IL 61104.

9. **Academic Accountability and Evaluations.**

- a. **Accountability Plan.** The Charter School shall be held accountable by the Board in accordance with the accountability standards set forth in the Charter School's Accountability Plan as well as the No Child Left Behind Act and the corresponding implementing regulations and Illinois state statutes and regulations implementing the No Child Left Behind Act.
- 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, unless otherwise waived by the District upon request of Charter School. The Board shall notify the Charter School on an annual basis of any changes or additions to the required standardized tests. The Prairie State Achievement Examination (PSAE) or other applicable state achievement examination shall be administered to students in the spring of the second year in which s/he is enrolled. Notwithstanding, the Charter School is not required to administer the PSAE to any student whose permanent student record includes a copy of the scores received by the student or other proof satisfactory to the Board which establishes that the student has taken the PSAE.
- c. All records shall be kept and maintained in accordance with this Agreement, Board policies and regulations, and federal and state law and regulations and shall be open to inspection and review and made available in a timely manner to District officials who have legitimate educational interests in such. Records to be made to District officials in accordance with State and federal law include, but are not limited to, the following:
 - i. School student records including, but not limited to, student cumulative files, student achievement data, policies, special education records, standardized test data, RtI, and related services;
 - ii. Financial records;
 - iii. Educational program records, including test administration procedures and student protocols related to State mandated tests;
 - iv. Records identifying the credentials and certifications of Charter School teachers and other professional staff members;
 - v. Records confirming the completion of criminal background checks required under the School Code of Illinois; and
 - vi. Records related to school operations, including health, safety and occupancy requirements.
- d. **Onsite Visits and Inspections.** The District may make visits to the School to fulfill its oversight responsibilities. The Charter School shall grant reasonable

access to and cooperate with the Board, its officers, employees and other agents. Visits will be pre-arranged in a professional manner and should avoid needless disruption of the educational process, except that the District 205 Superintendent may direct a visit without notice.

10. **Specialized Services.** The Charter School shall provide services and accommodations to students with disabilities 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:
 - a. The Charter School shall obtain, adopt, and implement the Board's special education and Section 504 policies and procedures which are applicable to individual schools and are adopted, in existence, and/or otherwise amended during the term of this Agreement.
 - b. The Charter School shall obtain from the last enrolled school, the Individualized Education Plan ("IEP") for any student who has transferred to the Charter School from a Rockford Public School and for whom the Board possesses an IEP.
 - c. The Charter School shall notify and invite the Executive Director of Special Education of the Rockford Public Schools and/or his/her designee of any meeting for an initial evaluation of a student who was not identified as eligible and did not have an IEP in his/her educational placement immediately prior to enrolling in the Charter School.
 - d. The Charter School shall provide a full continuum of services to implement the IEP of a student with disabilities.
11. **Comprehensive School Management Contracts.** Charter School shall not enter into any contract for comprehensive management or operation services to be performed in substantial part by an entity not a party to this Agreement except with prior approval of the Board and as otherwise required by law, upon certification by the State Board. This provision shall not prohibit Charter School from contracting for food services, transportation services, accounting services, clerical support, custodial services, and/or technology services from third party providers without Board approval or certification by the State Board.
12. **Renewal of Charter; Failure to Renew.** No later than September 1, 2018 and no earlier than May 1, 2018 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 (1) the most recent annual report and financial statement of the Charter School, and (2) a report on the progress of the charter school in achieving the goals, objectives, pupil performance standards, content standards, and other terms of the initial approved charter proposal.

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 failed to comply with the requirements of the Charter Schools Law or did any of the following:

- a. Committed a material breach of any of the conditions, standards, or procedures set forth in this Agreement and specifically, those conditions for Renewal set forth in Schedule 1 which is fully incorporated herein; or
- b. Failed to meet or make reasonable progress toward achievement of the content standards or pupil performance standards identified in this Agreement; or
- 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 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 sixty (60) days prior the date the Board takes final action on such revocation.

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.

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, 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 (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 Indemnatee 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 (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 Indemnatee 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 Rockford Public Schools to any third party.
16. **Governing Law and Forum.** 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. The Board and Charter School agree that any claim or dispute which in any way relates to or arises out of any aspect of this Agreement, including, but not limited to, the enforcement of this Agreement, shall be brought and venue shall be proper solely in a

Court of competent jurisdiction within Winnebago County of Illinois; and, to this end, each party hereto irrevocably agrees to submit to the jurisdiction of the courts of Winnebago County of Illinois and irrevocably waives any objection which it may have now or hereafter to (a) any suit, action, or proceeding being brought in any such court and (b) any claim that any such any suit, action, or proceeding have been brought in an inconvenient forum.

17. **Waiver.** No waiver of any breach of this Agreement shall be held as a waiver of any other or subsequent breach.
18. **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.
19. **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. Notwithstanding, to the extent that the Application or any Exhibit attached to the body of this Agreement contradicts the terms and provisions set forth in the body of this Agreement (and specifically, paragraphs 2 through 28 of this Agreement), the terms and provisions set forth in the body of this Agreement shall control.
20. **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.
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: Mr. Michael Lane
Galapagos Rockford Charter School NFP, Inc.
2605 School Road
Rockford, IL 61101-5264

If to the Board: President
Rockford Board of Education
501 7th Street
Rockford, IL 61104-2092

With copies to: General Counsel
Rockford Board of Education
501 7th Street
Rockford, IL 61104-2092

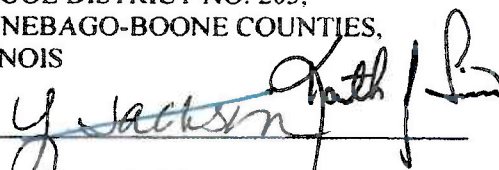
24. **Severability.** In the event that any provision of this Agreement or the application thereof to any person or in any circumstances shall be determined to be invalid, unlawful, or unenforceable to any extent, the remainder of this Agreement, and the application of such provision to persons or circumstances 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 and the First Agreement 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.
26. **Delegation.** The parties agree and acknowledge that the functions and powers of the Board exercised under this agreement shall not be delegated to any person or entity absent written agreement of the parties.
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.

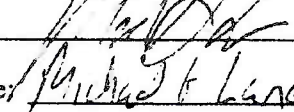
29. **Incorporation of Exhibits.** All exhibits and schedules referenced herein are hereby incorporated into and made a part of this Agreement. Notwithstanding, to the extent that the Application, the First Agreement or any Exhibit attached to the body of this Agreement contradicts the terms and provisions set forth in the body of this Agreement, the terms and provisions set forth in the body of this Agreement shall control.

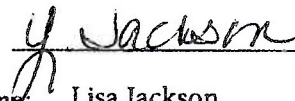
IN WITNESS WHEREOF, the parties have made and entered into this Agreement as of the effective date hereof.

BOARD OF EDUCATION ROCKFORD
SCHOOL DISTRICT NO. 205,
WINNEBAGO-BOONE COUNTIES,
ILLINOIS

CHARTER SCHOOL

By: 
Name: Kenneth J. Scrivano
Title: Board President

By: 
Name: Michael E. Lane
Title: CEO

By: 
Name: Lisa Jackson
Title: Board Secretary

By: _____
Name: _____
Title: _____

ATTEST:



Board Report: _____

Approved as to legal form:


_____, General Counsel

ATTEST:

By: _____

Name: _____

Title: _____

EXHIBIT C

QUARTERLY FINANCIAL REPORT

SCHOOL NAME: _____

	Quarterly Cash Flow Budget				July 1 to End of Quarter	
	First	Second	Third	Fourth	Budget	Actual
(A) Beginning Cash						
Cash Receipts:						
Per Capita Revenues						
State Chapter 1						
Other Categorical:						
Grants						
Student Fees						
Other:						
(B) Total Receipts						
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.

Schedule 1 Renewal Conditions

Pursuant to Paragraph 3 of the Charter School Agreement, the Charter School acknowledges and agrees that the Board may revoke its renewal of the Charter School Agreement upon a determination by the Board that the Charter School has not fulfilled the conditions set forth below:

1. Open Meetings Act –

- a. The Charter School must identify an Open Meetings Act Compliance Officer, with said Officer providing proof of completion of the Illinois Attorney General's Office Open Meetings Act Training prior to August 1, 2014.
- b. The current Charter School board must provide proof of completion of the Illinois Attorney General's Office Open Meetings Act Training prior to October 1, 2014. Thereafter, any new Charter School board members must complete the Illinois Attorney General's Office Open Meetings Act Training within ninety (90) days of being appointed to the board. Proof of the completion of the Illinois Attorney General's Office Open Meetings Act Training must be submitted to the District within thirty (30) days of the date of completion.
- c. For the duration of the 2014-2015 school term, proof of compliance with all Open Meetings Act requirements, including meeting notice requirements, as well as copies of agendas and minutes, including those for Committee meetings and Board meetings, must be provided to the School District's General Counsel. Notices, agendas, and minutes must be provided to the District's General Counsel when they are made available for the public, pursuant to the Open Meetings Act. Some of the statutory requirements that need to be remedied are outlined below:
 - i. The Open Meetings Act defines a "Meeting" as any type of gathering by the majority of a quorum of the board, or if it is a five member board, a quorum of the members, that is for the purpose of discussing the business of Galapagos. Galapagos, pursuant to the Charter School's Law and the Charter School Agreement, is required to comply with the Open Meetings Act. Therefore, any time there is going to be a meeting of the members of the board of Galapagos, Galapagos will comply with the notice requirements of the Open Meetings Act and provide agendas for such meetings.
 - ii. The Open Meetings Act also requires that at the beginning of each calendar or fiscal year, that the boards subject to the Open Meetings Act post a notice of the regular meetings. That posting must include the dates, time and location of the meetings. Galapagos needs to comply with this provision and post such a notice and place it in its main office as well as on its website. Prior to each meeting, Galapagos shall post an agenda for that particular meeting also at its principal office as well as on its website.

This agenda has to be published at least 48 hours in advance of the meeting.

- iii. Galapagos will maintain and keep minutes of each meeting of its board. Those minutes must contain the date, time and place of the meeting, a roll call of the board members and identification of which board members are present and which are not present and a summary of all discussions held at that meeting. In addition, when any votes are taken, a record of the votes must be maintained. The minutes of each public meeting must be approved by the board within 30 days after the date of that meeting or at the public body's second subsequent regular meeting, whichever is later. In addition, if there is a closed session of the board, Galapagos must maintain a verbatim record of the closed meetings in the form of an audio or video recording and must prepare separate minutes for closed sessions which are to be reviewed and approved by the board in accordance with the Open Meetings Act. Galapagos must comply with this structure of conducting its meetings and recording the minutes in accordance with the Open Meetings Act. All minutes, once approved by the Board, are to be timely posted on Galapagos' website.
 - iv. Closed Session - A public body can close a meeting to the public only if its members are discussing a topic that is listed in section 2(c) of the Open Meetings Act. 5 ILCS 120/2. If a public body wants to hold a closed session, the public body must first meet in a properly noticed open meeting, then vote to close the meeting by a majority vote of a quorum present. The public body must cite the specific exemption in the Open Meetings Act that applies and allows the closure of the meeting. A public body may not take any final action in a closed session. 5 ILCS 120/2(e). A public body must make a verbatim record, by audio or video, of any closed session and take minutes of the meeting and must meet semi-annually to review such minutes and determine whether the minutes need to remain confidential. 5 ILCS 120/2.06.
2. Charter School Accountability Plan (the "Plan") – The Charter School will submit a proposed draft of an Accountability Plan, addressing student achievement goals, and meeting the criteria detailed below, by April 8, 2014. If the District finds the proposed Accountability Plan deficient, the Charter School will have thirty (30) days following the receipt of the District's notice of deficiency to submit a revised Accountability Plan correcting the noted deficiencies in the manner outlined by the District. A report of Plan progress must be submitted to the District annually throughout the length of the agreement, along with financial report submissions.
- a. Content – the Plan must address goals for 2014-2019, and must include, but is not limited to, the following information and data:
 - i. Educational Goals as set forth in the charter's renewal application.

- ii. Financial and Operational Goals as set forth in the charter's renewal application.
 - iii. Annual state student assessment goals for all subjects tested.
- b. Format – the Plan must meet the following standards:
 - i. Specific – Goals must be clearly and concisely stated, and tied to academic standards that specify what students should know and be able to do, for each subject or content area and for each grade, age, or other grouping level.
 - ii. Measurable – Goals must be tied to measurable results to be achieved.
 - iii. Attainable – Goals must be based on a well-informed assessment of the Charter School's capacities and students' baseline achievement levels.
 - iv. Time-Specific with Target Date – Goals must specify a time frame or target date for achievement. The Charter School must specify both long-term goals that it expects to achieve by the end of the fifth year of the Renewal Agreement, along with annual benchmarks that will enable the school, authorizer and other stakeholders to monitor and assess the pace of progress.
- c. Report – the report of the Plan progress must be submitted to the District semi-annually, along with financial report submissions, and must include the following information:
 - i. Annual progress on Educational Goals
 - ii. Quarterly progress on Operational and Financial Goals.
- 3. The Charter School shall provide the District with the full data set for the two MAP assessments. The full data set shall include student-specific results and the District shall have electronic access to the data set.
- 4. Galapagos shall be in compliance with all the requirements of Section 4(i) (Governance and Operations) of the Charter School Agreement on or before August 15, 2014.
- 5. Galapagos shall be in compliance with all the requirements of Section 10 (Specialized Services) of the Charter School Agreement on or before December 31, 2014.

**SECOND AMENDMENT TO THE AGREEMENT BETWEEN
ROCKFORD BOARD OF EDUCATION, SCHOOL DISTRICT NO. 205,
WINNEBAGO-BOONE COUNTIES, ILLINOIS AND GALAPAGOS
ROCKFORD CHARTER SCHOOL NFP, INC.**

This Amendment ("Amendment") to the Charter School Agreement ("Agreement") entered into on or about April 9, 2014, with an effective date of January 1, 2015, is entered into by and between of the Board of Education Rockford School District No. 205, Winnebago-Boone Counties, Illinois, a body politic and corporate (the "Board") and Galapagos Rockford Charter School NFP (the "Charter School"), an independent public school established under the Charter Schools Law, 105 ILCS 5/27A-1 et seq. (the Charter Schools Law").

FEB 10 2015

RECITALS

WHEREAS, the Board and the Charter School entered into an Agreement with regard to the Charter School's proposal for renewal on or about April 9, 2014; and

WHEREAS, the parties desire to amend the Agreement as set forth herein.

NOW, THEREFORE, for and in consideration of the mutual agreements set forth below, the receipt and sufficiency of which is hereby acknowledged, the Agreement is hereby amended as follows:

1. The Agreement is amended, at §3. Said section is deleted in its entirety and hereby replaced as follows:

"Term of Agreement. This Agreement shall commence on August 15, 2014 and shall expire at midnight, June 30, 2019 unless terminated or extended pursuant to the terms hereof on the express condition that the Charter School satisfy the requirements set forth at Schedule 1, attached hereto. The conditions are hereby incorporated in this Agreement as if set forth herein in full. The Charter School acknowledges and agrees that the Board may revoke its renewal of the Charter School Agreement upon a determination by the Board that the Charter School has not fulfilled the conditions set forth in Schedule 1. Notwithstanding this provision, consistent with the Charter Schools Law (105 ILCS 5/27A-7(a)(14)), the first day of the fiscal year shall be July 1 of each year. The Charter School acknowledges and agrees that the Board may revoke its renewal of the Charter School Agreement upon a determination by the Board that the Charter School has not materially fulfilled the conditions set forth in Schedule 1, however, any consideration of revocation by the Board shall require the Board to comply with the process provided for in the School Code at 105 ILCS 5/27A-9(c), and in no event shall revocation occur without notice from the Board in writing to Charter School specifying the reason why it believes conditions set forth in Schedule 1 have not been materially fulfilled by Charter School and an opportunity for the Charter School to submit a written plan to the Board to rectify the problem. Said written plan will be submitted to the Board no later than sixty (60) days after receipt of notification from the Board that the Board may revoke its renewal of the Charter School Agreement."

2. The Agreement is amended, at §4(g). Said paragraph is deleted in its entirety and hereby replaced as follows:

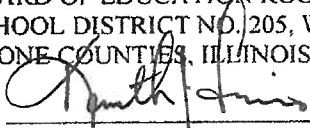
"School Year; School Days; Hours of Operation. Instruction shall commence in the 2014/2015 school year and subsequent school years on dates, established by the Charter School, provided that the beginning date of instruction shall be no earlier than August 15 in each academic year and in no event later than September 15 of each 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 in compliance with state law."


3. The Agreement is amended, at §6(b). Said paragraph is deleted in its entirety and hereby replaced as follows:

"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 each year for the upcoming fiscal budget year. The first day of the fiscal year shall be July 1."

IN WITNESS WHEREOF, the undersigned have caused this Amendment to be executed on day and year first noted above.

BOARD OF EDUCATION ROCKFORD
SCHOOL DISTRICT NO. 205, WINNEBAGO-
BOONE COUNTIES, ILLINOIS

By: 
Name: Kenneth J. Scrivano
Title: Board President

By: 
Name: Lisa Jackson
Title: Board Secretary

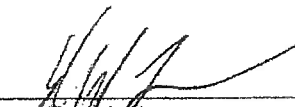
ATTEST: 

Board Report: _____

Approved as to legal form: _____

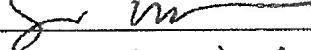
General Counsel

CHARTER SCHOOL

By: 
Name: Richard G. Lee
Title: CEO

By: _____
Name: _____
Title: _____

ATTEST: _____

By: 
Name: Stephanie Bartel
Title: CAO