

Charter between the Florida State University, on behalf of the Florida Board of Regents, and The Florida State University Schools, Inc.

This agreement between the sponsoring entity, Florida State University (“FSU”), a university in the State of Florida University System, and The Florida State University Schools, Inc., a Florida not-for-profit corporation (FSUS Inc.), is entered into for the purposes of creating and maintaining a developmental research charter school (“DRCS”) pursuant to section 228.056, Florida Statutes. FSU operates the FSU School, a developmental research school (“DRS”) established pursuant to section 228.053, Florida Statutes. Pursuant to section 230.015, Florida Statutes, the DRS is a special school district for the purposes therein set forth. Pursuant to section 228.056(4)(e), Florida Statutes, FSU is issuing this Charter to FSUS Inc. with the express intent of preserving rights and obligations reserved for the DRS in all applicable statutes. FSU shall continue to support FSUS Inc. consistent with its historical practice and in accordance with those DRS requirements necessary to insure continuation of the mission of, and the receipt of funding from all funding sources available by law to, DRS schools.

FSUS Inc. shall operate a grades K-12 DRCS regional school of choice, providing a venue for educational research, curriculum innovation, educator development, and statewide reform efforts. FSUS Inc. shall also promote excellent instruction for its students and project its continuing service mission.

It is the intent of the parties that this agreement is subject to the provisions of Section 228.056, Florida Statutes, and shall constitute the Charter. Any reference herein to a particular section of the Florida Statutes shall be considered to mean as amended.

ARTICLE I – GENERAL PROVISIONS

- 1.01 **Term and Effective Date:** This Charter shall become effective on the last date hereinafter stated upon which a party to this Charter executes it, but in no event earlier than July 6, 2000, and shall cover a term of approximately 15 years, ending on June 30, 2016.
- 1.02 **Timetable for Implementation:** Initial operation of the DRCS shall commence at the beginning of the 2000-01 school year.
- 1.03 **Charter Renewal:** This Charter may be extended or renewed by mutual written agreement of FSU and FSUS Inc. to the extent authorized by law. If none of the events described in Section 1.05 hereof has occurred, and FSUS Inc. has been operating the DRCS for two years, and during such time FSUS Inc. has demonstrated exemplary academic programming and fiscal management, it is the express intent of FSU and FSUS Inc. that this Charter shall, at such time, be renewed for an additional 15-year period, ending on June 30, 2031.

- 1.04 **Charter Modification:** This Charter may be modified during its initial term or any renewal term by mutual agreement of FSU and FSUS Inc., provided that such agreement is in writing and duly executed.
- 1.05 **Non-renewal:** At the end of the term of this Charter, FSU may choose not to renew this Charter upon any of the following grounds:
- 1.05.1 Failure to meet the requirements for student performance as stated in this Charter;
 - 1.05.2 Failure to meet generally accepted standards of fiscal management;
 - 1.05.3 Violation of law; or
 - 1.05.4 Other good cause shown.
- 1.06 **Emergency Termination:** This Charter may be terminated immediately by FSU if FSU determines that good cause has been shown, or if the health, safety, or welfare of the students is threatened. In such event, FSU shall assume operation of the DRCS.
- 1.07 **Termination of Charter:** During the term of this Charter, FSU may terminate this Charter for any of the grounds listed in Section 1.05 of this Article.
- 1.08 **Notice of Non-renewal or Termination by FSU:** If FSU intends not to extend, not to renew, or to terminate this Charter, it shall notify the governing body of FSUS Inc. of its proposed action in writing at least 360 days prior to such action. The notice shall state in reasonable detail the grounds for the proposed action and shall stipulate that the governing body of FSUS Inc. may, within 14 business days of receiving the notice, request in writing an informal hearing before FSU. If such hearing is requested, FSU shall conduct the informal hearing within 30 days of receiving such request. If, as a result of the informal hearing, FSU upholds its previous decision not to extend, not to renew, or to terminate this Charter, the governing body of FSUS Inc. shall have 14 business days from its receipt of the decision of FSU in which to submit in writing an appeal of that decision to the State Board of Education pursuant to the procedure established in section 228.056(4), Florida Statutes, except in case of emergency termination as provided in Section 1.06 of this Article.
- 1.09 **Notice of Non-renewal by FSUS Inc.:** If FSUS Inc. desires that this Charter not be extended or renewed upon its expiration, it shall notify FSU in writing at least 360 days prior to the expiration of this Charter of the desire of FSUS Inc. that this Charter not be extended or renewed.
- 1.10 **Dissolution of School:** If this Charter expires and is not extended, not renewed, or is terminated, the DRCS shall be dissolved under the provisions of law under which the DRCS was organized, and any unencumbered funds from the DRCS shall revert to FSU.

- 1.11 **School's Debts:** If this Charter expires and is not extended, not renewed, or is terminated, the remaining debts of FSUS Inc., if any, shall be paid in accordance with Section 228.056, Florida Statutes, and other applicable provisions of law. FSU shall not assume the debt arising from any contract for services made between the governing body of FSUS Inc. and a third party, except for a debt for which FSU and the governing body of FSUS Inc. have previously agreed in writing would be paid by FSU.
- 1.12 **Enrollment of Students Following Charter Non-extension, Non-renewal, or Termination:** If this Charter expires and is not extended, not renewed, or is terminated, a student who then attends the DRCS may re-enter a public school in accordance with the student's Individual Education Plan ("IEP") and federal and state law pertaining to exceptional student education.
- 1.13 **Statutory Requirements:** FSUS Inc. and FSU shall comply with the provisions of Section 228.056, Florida Statutes, relating to charter schools. FSUS Inc. shall comply with Chapter 119, Florida Statutes, relating to public records, and Section 286.011, Florida Statutes, relating to public meetings, as well as all applicable federal, state, and local laws, including but not limited to those relating to health, safety, welfare, and civil rights.
- 1.14 **Annual Report:** FSUS Inc. shall make an annual progress report to FSU, which, upon verification, shall be forwarded to the Commissioner of Education at the same time as any other annual school accountability report is required. The report shall contain at least the following information:
- 1.14.1 The progress of FSUS Inc. toward achieving the goals outlined in this Charter.
 - 1.14.2 The information required in the annual school report pursuant to Section 229.592, Florida Statutes.
 - 1.14.3 Financial records of FSUS Inc., including revenues and expenditures.
 - 1.14.4 Salary and benefit levels of the employees of FSUS Inc.
- 1.15 **Governance Structure of FSUS Inc.:** FSUS Inc., as operator of the DRCS, is organized as a Florida corporation not-for-profit and has elected to be a public employer. Personnel who were employed at the DRS on the day before this Charter becomes effective shall remain contracted employees of FSU as provided in Part V herein, unless FSU and FSUS Inc. agree that any or all such employees shall become employees of FSUS Inc. Personnel of the DRCS who are hired after this Charter becomes effective shall be employees of FSUS Inc. The salaries, benefits, and terms and conditions of employment of employees of FSUS Inc. shall be determined by FSUS Inc., as provided by law, rule, and policy.

ARTICLE II – ACADEMIC ACCOUNTABILITY

- 2.01 FSUS Inc. shall implement its mission and related educational programs as specified in Appendix A hereto.
- 2.02 FSUS Inc. shall implement the current baseline standard of achievement, the outcomes to be achieved, and the methods of measurement identified in Appendix A.
- 2.03 The parties agree that methods used to identify the educational strengths and needs of students and their educational goals and performance standards are set forth in Appendix A. Students attending the DRCS shall participate in the statewide assessment programs at least to the extent required by law or rule.
- 2.04 The School’s programs and operations shall be nonsectarian.

ARTICLE III – STUDENTS

- 3.01 **Community:** The parties agree that the community to be served by this Charter is defined as students in grades K-12 who may reside in the following Florida counties: Franklin, Gadsden, Jefferson, Leon, Liberty, Madison, Taylor, and Wakulla, as well as foreign exchange or other special population students.
- 3.02 **Equity:** The DRCS shall not violate the anti-discrimination provisions of Section 228.2001, Florida Statutes, known as “The Florida Educational Equity Act.”
- 3.03 **Exceptional Student Education:** As with other students in other public schools, if it is determined by staff of FSUS Inc. at an IEP meeting that the needs of a student with disabilities cannot be met by the DRCS, that student shall be withdrawn from the DRCS to be re-enrolled at a public school having appropriate programs and services.
- 3.04 **Nonsectarian Admissions Policies:** The DRCS admissions policies shall be nonsectarian.
- 3.05 **Enrollment Process:** The DRCS shall enroll any eligible student for whom a timely application is submitted within the constraints of demographic representation as defined in law, rule, or policy, unless the number of applications exceeds the capacity of a demographic grouping, program, class, grade level, or building. The maximum number of students to be accommodated by the DRCS is 1600 students with approximate distribution by grade grouping as follows:

Grades K-5	480 students
Grades 6-8	480 students
Grades 9-12	640 students

In the event that the number of applications exceeds such capacity, all eligible applicants shall have an equal chance of being admitted through a random selection process that

complies with the selection procedures mandated by all applicable law, rule, or policy relating to a DRS or a DRCS. As permitted by law, the DRCS shall admit up to 150 residents of Southwood as students during the 2000-01 school year. In the school year 2001-02 and beyond, as permitted by law and as provided in Attachment B hereto, the DRCS shall maintain a cumulative total of 6500 Southwood residents as DRCS students each year. DRCS admission preference shall also be extended to eligible siblings of students enrolled in the DRCS, in accordance with admissions guidelines, to children of employees of the DRCS and FSUS Inc., and to children of validated alumni of the FSU School or the DRCS.

Applicants who are not invited to enroll as a result of the random selection process shall be placed on a waiting list, in the order of their random selection, and shall remain on such waiting list for subsequent grade levels for the school year until they are enrolled in the school, unless their parents have them removed from the waiting list, or if no appropriate openings occur.

3.06 **Health and Immunization:** Enrollment is subject to the provisions of Sections 232.0315 and 232.032, Florida Statutes, concerning school entry health examinations and immunizations.

3.07 **Dismissals:** The dismissal of any students shall occur in accordance with the policies and procedures described in the DRCS Code of Student Conduct.

ARTICLE IV – FINANCIAL ACCOUNTABILITY

4.01 **Operational Funding:**

4.01.1 **Operating Revenue:** The DRCS shall be operationally funded pursuant to Section 228.053, Florida Statutes, and other applicable sections of law. The basis of the operational funding shall be the sum of the DRS operating funds from the Florida Education Finance Program (FEFP) as provided in Section 236.081, Florida Statutes, the General Appropriations Act, and all applicable categorical funds, grants, and other funds.

FSU shall receive the operating funds from the DOE or BOR as appropriate and within 10 days of receipt transfer the total operating funds received to FSUS Inc. for uses authorized by law, rule, or policy.

The DRCS, through FSUS Inc., shall be responsible for collecting and reporting data necessary to project, receive, and account for state and other funds, utilizing generally accepted accounting principles and practices. FSUS Inc. shall develop and administer such policies and procedures as are necessary to ensure compliance with applicable law, including but not limited to Section 228.053(9), Florida Statutes, and applicable rules or policies.

4.01.2 **Internal Revenue:** FSUS Inc. may collect and disburse such internal fund and fees, including but not limited to the student activity fee as authorized by Section 228.053(5), Florida Statutes, as prescribed by law, rule, or policy. FSUS Inc. will administer policies and procedures necessary to insure compliance with law, rule, and policy, and shall utilize generally accepted accounting principles and practices.

4.02 **Capital Funding:**

4.02.1 **Capital Revenue:** The DRCS shall be entitled to at least two types of capital revenue based on number and grade groupings of attending students as described in Section 228.056, Florida Statutes, as amended: (1) DRS capital funds pursuant to Section 228.053(9)(e) and (f), Florida Statutes, and (2) charter schools capital outlay funds pursuant to Section 228.0561, Florida Statutes. These funds may be supplemented, but not supplanted, by donations, grants, and other financial sources.

FSU shall receive the charter capital funds and applicable DRS capital funds from the DOE or BOR, as appropriate, and within 10 days of receipt shall transfer the total capital funds received to FSUS Inc., or its assignee as required by any capital financing arrangement, to service debt, remodel, renovate, or construct facilities as prescribed in applicable law, rule, or policy.

4.02.2 **Property Development:** It is anticipated that the capital revenue funds shall be provided to FSUS Inc. to provide nominal payment for a long-term lease (50 years) to the BOR for the school site and to service the debt incurred to construct a proposed new school facility. In the event the new school is not constructed, only the DRS capital funds would be available for use by FSUS Inc. In the event the new school is completed and the amount of capital funding received exceeds that which is required to maintain the lease and provide for debt service, FSUS Inc. may utilize the funds to provide additional facilities for the DRCS, make capital improvements to the existing plant, or enter into joint post-secondary use or other collaborative agreements for the enhancement or extension of public education, including but not limited to the type of agreement contemplated by Section 235.195, Florida Statutes.

4.02.3 **Facilities Ownership:** At such time that all debt service and related obligations have been satisfied, the proposed new school facilities will be owned by FSUS Inc. on behalf of the DRCS. FSUS Inc. shall have the right to possess such property for its operation during the term of this Charter, but shall allow other organizations appropriate usage when practically available as determined by policy of FSUS Inc. Provided further, however, that any such users of the facilities shall be responsible for the reasonable costs of operation, maintenance, security, damage, depreciation, and insurance coverage associated with such use and as provided by policy of FSUS Inc.

4.02.4 **Maintenance of School Plant and Facilities:** As owner of the school facility and operator of the DRCS, FSUS Inc. shall be responsible for structural repairs and maintenance of the exterior portions of the building, for permanent improvements and appurtenances, including but not limited to roofs, water and sewer pipes, heating, ventilation and air conditioning equipment. FSUS Inc. shall be further responsible for repair and maintenance of telecommunications equipment, minor interior furnishings, and fixtures. FSUS Inc. shall be financially responsible for cleaning the buildings and grounds, replacing worn out or broken items, as well as for janitorial supplies and consumable supplies. FSUS Inc. may contract with FSU, other public entities, or private firms to perform any of the DRCS maintenance obligations for such compensation as is mutually agreeable to the parties to any such contract.

4.02.5 **Reverter:** In the event FSUS Inc. is dissolved or is otherwise terminated, all of its property and improvements, furnishings, and equipment purchased with public funds shall automatically revert to and become the property of FSU, subject to any lien or encumbrance on such property in favor of any capital or other debt obligation of FSUS Inc. being satisfied. In the event that any capital obligation remain to be satisfied, FSU and the BOR shall have first option to satisfy such capital obligation, but neither FSU nor BOR nor the State shall be responsible for such capital obligation incurred by FSUS Inc.

4.03 **Administration and Management:**

4.03.1 **Fees:** FSUS Inc. may charge fees in accordance with Section 228.053(5), Florida Statutes, other applicable laws, and lawful policies established by FSUS Inc.

4.03.2 **Disbursements:** FSU shall make certain that FSUS Inc. receives timely disbursements. Each payment shall be issued no later than 10 business days after FSU receives a distribution of applicable federal or state funds. If a warrant for payment of a scheduled disbursement is not issued within 10 business days after the receipt of funding by FSU, FSU shall pay to FSUS Inc., in addition to the amount of the scheduled disbursement, interest at a rate of one percent (1%) per month calculated on a daily basis on the unpaid balance from the expiration of the required payment period until such time as the warrant is issued.

4.03.3 **Payroll:** The total payroll costs to FSUS Inc. associated with contracting employees such as administrators, faculty, and staff (including but not limited to salaries, benefits, FICA, and Medicare) employed by FSU shall be calculated each month and deducted from the FEFP funds that would otherwise be disbursed to FSUS Inc. All other charges paid to FSU by FSUS Inc. will be disbursed by FSUS Inc. within 30 days after receipt of a valid invoice from FSU.

4.03.4 **Services provided by FSU:** FSU may charge FSUS Inc. for additional services, provided, however, that FSU and FSUS Inc. agree in writing prior to FSU rendering such services that FSUS Inc. shall be so charged. All charges to be

paid to FSU by FSUS Inc. shall be paid by FSU submitting monthly invoices to FSUS Inc.

- 4.03.5 **Services provided by FSUS Inc.:** FSUS Inc. may charge FSU for costs related to FSUS Inc. providing services for special purposes or for housing FSU employees who are not employees of FSUS Inc., provided, however, that FSU and FSUS Inc. agree in writing prior to FSUS Inc. rendering such services that FSU shall be so charged. All charges to be paid to FSUS Inc. by FSU shall be paid by FSUS Inc. submitting monthly invoices to FSU.
- 4.03.6 **Audits:** FSUS Inc. agrees to submit to annual audits in compliance with federal, state, and school district regulations showing all revenues received from all sources and all direct expenditures for services rendered. The audit shall be conducted by FSU, by an independent auditor, or by the Auditor General. FSUS Inc. further agrees to provide FSU with a copy of such audit and the corresponding response to its findings. FSU reserves the right to perform additional audits as part of FSU's financial monitoring responsibilities as FSU deems necessary. FSU shall notify FSUS Inc. of this procedure in a timely manner consistent with the notification given to other FSU units.
- 4.03.7 **Monitoring:** Pursuant to Florida law requiring FSU to monitor FSUS Inc. in its progress towards the goals established in this Charter, and to monitor the revenues and expenditures of FSUS Inc., the parties agree that such monitoring will occur at FSU's expense on an annual basis.
- 4.04 **Insurance:** Recognizing that members of the staff of the DRCS, as contracted FSU employees, are protected by the immunities of Section 768.28, Florida Statutes, FSUS Inc. shall carry and provide proof of insurance for the following levels of coverage, which may be contracted for with FSU, with the State, or with private providers as necessary:
 - 4.04.1 General liability insurance with coverage limits as are appropriate considering the limitations established in Section 768.28, Florida Statutes, and excess liability insurance;
 - 4.04.2 Worker's compensation insurance in the amounts required by state law and rule;
 - 4.04.3 Fire, casualty, and theft insurance coverage for the personal property of FSUS Inc., if applicable; and
 - 4.04.4 Fidelity/Dishonesty insurance with a coverage limit of at least \$50,000.
- 4.05 **Food Service:** FSUS Inc. may contract with FSU or with private firms for the provision of food services for students under terms and conditions that are mutually agreeable to both FSU and FSUS Inc.

- 4.06 **Security:** FSU shall provide a School Resource Officer and other security support upon the same terms and with the same costs and terms as are provided on the day prior to the last date hereinafter stated upon which a party to this Charter executes it.
- 4.07 **Surplus:** FSU shall provide notification and first right of refusal to FSUS Inc. for surplus furniture, equipment, software, materials, or other items, and shall notify FSUS Inc. prior to making them available to other agencies or disposing of them in another manner.
- 4.08 FSUS Inc. may continue to use the term “Seminoles,” “Noles,” “Lady Noles,” and “Lady Seminole,” as prescribed by the FSU president in 1992, as well as non-licensed seals and symbols, in the traditional manner in which they are used by FSUS Inc. on the day prior to the last date hereinafter stated upon which a party to this Charter executes it. The names “Florida State University School,” “Florida State University Charter School,” and “Florida High” shall be reserved by FSU for the exclusive use of FSUS Inc.
- 4.09 **Other Services:** FSUS Inc. may contract with FSU for the provision of other services, facilities, or programs to the extent that the FSU is willing to do so.

ARTICLE V – HUMAN RESOURCES

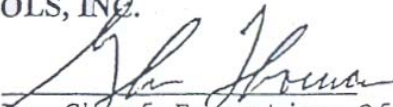
- 5.01 **Employment:** FSUS Inc. shall acquire DRCS administrators, faculty, and staff subject to all terms and conditions provided by law, rule, or policy, and any applicable collective bargaining agreements. FSUS Inc. and contracted DRCS employees during the 2000-2001 school year shall, for all purposes, remain FSU employees on temporary assignment to the DRCS. During the 2001-2002 school year and thereafter, employees serving in school year 2000-01 may voluntarily choose to remain contracted FSU employees or to become employees of FSUS Inc. It is acknowledged herein that the terms and conditions of employment may vary between the FSU and FSUS Inc.
- 5.01.1 FSUS Inc. agrees that its employment policies and practices shall be nonsectarian.
- 5.01.2 The teachers assigned to the DRCS shall be certified as required by Section 231.17, Florida Statutes, or may be skilled selected non-certified personnel employed to provide instructional services or to assist instructional staff members as teaching assistants in the manner provided in Section 231.15, Florida Statutes.
- 5.01.3 FSUS Inc. may not employ an individual to provide instructional services or to serve as a teaching assistant if the individual’s certification or license as an educator has been suspended or revoked in this State or in any other state.
- 5.01.4 FSUS Inc. agrees to disclose to the parents the qualifications of its teachers.
- 5.01.5 FSUS Inc. shall implement the practices and procedures for hiring, dismissal, salaries, contracts, benefit packages, and all other terms and conditions of

employment required by law, rule, policy, and any applicable collective bargaining agreement.

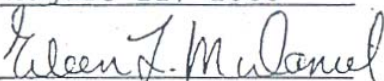
- 5.01.6 All administrators, faculty, and staff employed by or assigned to FSUS Inc. are required to comply with the fingerprinting requirements of Section 231.02, Florida Statutes.
- 5.01.7 FSUS Inc. shall not violate the anti-discrimination provisions of Section 228.2001, Florida Statutes, known as the Florida Educational Equity Act.
- 5.01.8 The employees of FSUS Inc. during 2000-01 will have access to any sick leave pool so long as they meet applicable FSU qualifications for same. The employees of FSUS Inc., so long as they applicable FSU qualifications for same, will accrue other applicable and appropriate benefits of FSU employees. FSUS Inc. hereby reserves the right to establish such additional positions as it deems necessary. FSUS Inc. shall establish a payroll process for these positions. Qualifications and salaries for these positions shall be determined by FSUS Inc.
- 5.02 **Contracted Staffing:** FSUS Inc. may contract with FSU, or with any other public or private entity, for such managerial, instructional, security, support, or other services as it deems necessary.
- 5.03 **Collective Bargaining:** The employees of FSUS Inc. shall have the right to bargain collectively as public employees as provided by law and any applicable collective bargaining agreement.
- 5.04 **Training:** The DRCS teachers may participate in training conducted by FSU, and FSU faculty and staff may participate in training conducted by FSUS Inc. New teachers who are assigned to or employed by FSUS Inc. may participate in the FSU's Orientation Program at no charge for those contracted through FSU.

WHEREFORE the parties have executed this agreement on the dates indicated below:

FLORIDA STATE UNIVERSITY
SCHOOLS, INC.

By: 
its Chief Executive Officer/
Director


Date: August 21, 2000

Attest 

FLORIDA STATE UNIVERSITY

By: 
Talbot D'Alemberte, President

Date: 8/22/00

Attest 

APPENDIX A

CHARTER GOALS

I. INSTRUCTION

- A. **State Tests:** The DRCS will, in future years, strive to improve test scores as measured by the Florida Comprehensive Achievement Test using the current trends as a baseline, realizing the variables inherent in an admissions process dependent on student demographic representation.
- B. **Innovative Curriculum:** The DRCS will, in future years, introduce innovative curriculum models and report results on student performance.

II. RESEARCH AND DEVELOPMENT

- A. **University/DRCS Collaboration:** The DRCS will, in future years, collaborate in FSU's research agenda with an emphasis on continued increases in grant funding and enhancements in educational research and teacher preparation.
- B. **Reform Agenda:** The DRCS will, in future years, extend and project the State of Florida's K-12 Reform Agenda.

III. SERVICE

- A. **Presentations, Articles, and Training:** The faculty, staff, and administrators of the DRCS will, in future years, provide presentations, articles, and training as documented in the FSUS Research and Grant Activity Reports.
- B. **Leadership and Support:** The DRCS will, in future years, extend services to the community, state, and nation in a variety of leadership and support roles.

APPENDIX B

FLORIDA STATE UNIVERSITY DEVELOPMENTAL RESEARCH CHARTER SCHOOL STUDENT RESERVATION AGREEMENT

I. **Preamble.** **FLORIDA STATE UNIVERSITY SCHOOLS, INC.** ("FSUS Inc."), a Florida corporation not for profit, has been granted a Charter by the Florida State University to operate a developmental research charter school ("DRCS") pursuant to Section 228.056(4)(e), Florida Statutes. **THE ST. JOE COMPANY** ("St. Joe"), a Florida corporation, is the developer of a residential community in Leon County, Florida, known as Southwood ("Southwood").

FSUS Inc. shall establish and operate the DRCS in Southwood beginning in the 2001-02 school year, unless the developer has not met the date for substantial completion of the DRCS project. The DRCS shall have a capacity for at least 1,600 students (the capacity for each such student is hereinafter referred to as a "seat") in grade levels Kindergarten through twelfth. The parties hereto, and, other entities, have heretofore set forth their respective understandings and agreements and have undertaken activities with respect to accomplishing the acquisition of real property for the DRCS, and the chartering, design, construction, and financing of the DRCS.

In return for St. Joe's support and assistance of the DRCS, as described herein, FSUS Inc. agrees to reserve seats to be used by purchasers of lots or homes in the Southwood community, and the parties hereby set forth their mutual understandings and agreements with respect thereto.

II. **Southwood Students.** (A) Reservation total: grade level apportionment: admission rules. FSUS Inc. shall reserve, for the children of purchasers of lots or homes in the Southwood community ("Southwood students") at least the number of seats (Southwood seats") specified in the following table ("Minimum Reserved Seats"):

Minimum Reserved Student Seats							
	School Year	2000/01	2001/02	2002/03	2003/04	2004/05	Final Student Seats
Elementary (K-5)		0	48	84	120	160	160
Middle (6-8)		0	64	112	160	180	180
High School (9-12)		0	48	84	120	160	160
Southwood Student Seats Over Prior Year		0	160	120	120	100	500
total Southwood Student Seats		0	160	280	400	500	

Except as the parties hereto otherwise agree in writing, the Southwood seats shall be apportioned among three grade level groups as follows:

1. Kindergarten through fifth grade (K-5): 32 %;
2. Sixth grade through eighth grade (6-8): 36 %;
3. Ninth grade through twelfth grade (9-12): 32%.

FSUS Inc. shall accept each eligible applicant for a Southwood seat up to the Minimum Reserved Seats open for the respective grade level grouping irrespective of the grade level of an individual incoming Southwood student. FSUS Inc. shall not restrict enrollment of a Southwood student by any means or according to any criteria other than by grade level grouping; provided, however, a Southwood student shall otherwise be required to abide by school rules and regulations, including but not limited to payment of a student activity fee and such other fees and assessments, required by school policy for all students.

(B) Eligibility and verification. Subject to the enrollment limitations and other limitations and conditions provided for herein, a Southwood seat shall be available to the child of a person who:

1. owns a lot or home in the residential community of Southwood; or
2. has contracted to purchase a lot or home in the residential community of Southwood.

In the event the person is no longer a party to the contract for purchase, or if the contract for

purchase has been terminated for any reason, the child shall no longer be eligible to be a Southwood student or for continued enrollment in a Southwood seat, and St. Joe may thereafter reissue that seat to another eligible Southwood student.

FSUS Inc. shall verify eligibility prior to enrollment of a Southwood student into a Southwood seat. Southwood seats shall be filled on a first-come, first-served basis; however, in the case of a resident sibling of a student enrolled in a Southwood seat, priority shall be given for enrollment to such resident sibling. Except as provided herein pursuant to the provisions of Section III. herein, FSUS Inc. shall not enroll into a Southwood seat any student other than a Southwood student eligible for a Southwood seat.

(C) Demographic or other enrollment balance. Except as otherwise provided herein in Section III.(C) relating to exceeding the adjusted annual allotment, FSUS Inc. shall maintain any required demographic or other enrollment balance or minimum requirement with respect to the overall DRCS student population through enrollment criteria and adjustments to student seats other than Southwood seats. St. Joe shall assist FSUS Inc. in the admissions process as it relates to Southwood residents by sharing demographic or other relevant information it has in its possession concerning the Southwood community and its residents.

III. Ramp Up Phase. (A) Establishment, duration, and initial annual allotment. There shall be a ramp up phase ("Ramp Up Phase") during which time less than all Minimum Reserved Seats have been filled with Southwood students. The Ramp Up Phase shall continue until all 500 Southwood seats are filled with eligible Southwood students, at which time the provisions of this section shall no longer apply.

(B) Adjustment to annual seat allotment. During the Ramp Up Phase, FSUS Inc. and St.

Joe may agree in writing to adjust the annual Southwood seat allotment by grade level grouping to a level which totals less than the Minimum Reserved Seats, which agreement shall not be unreasonably withheld. Any adjustment which reduces the annual Southwood seat allotment during the Ramp Up Phase shall not constitute a reduction in the number of permanent Southwood seats.

(C) Exceeding annual allotment or adjusted annual allotment. If at any time the number of students eligible for enrollment into Southwood seats exceeds either the Minimum Reserved Seats or the Minimum Reserved Seats for a grade level group, FSUS Inc. shall authorize enrollment by the excess Southwood students to the extent that seats are available, and subject to any required demographic or other enrollment balance or minimum requirement with respect to the overall DRCS student population.

(D) Temporary increase or decrease in seat allotment. During the Ramp Up Phase, St. Joe may elect to increase or decrease temporarily a portion of the initial annual Southwood seat allotment or adjusted annual Southwood seat allotment. In such event, by March 1 of each year of the Ramp Up Phase, St. Joe may notify FSUS Inc. in writing of its request to increase or decrease the Southwood seat allotment for the ensuing school year. The written notice shall specify the requested increase or decrease in the Southwood seat allotment by grade level grouping, and the resulting adjusted Southwood seat allotment for the coming year, as well as any resulting adjustment to the annual Southwood seat allotment for subsequent school years.

1. Temporary increase in seat allotment. During the Ramp Up Phase, in the case of a requested increase in the Southwood seat allotment as provided for herein, FSUS Inc. shall advise St. Joe in writing, within 30 days of its receipt of St. Joe's written notice requesting an increase, of the availability of seats to implement St. Joe's requested increase in the Southwood

seat allotment. FSUS Inc. shall provide additional seats for the ensuing school year, if available, and if such seats can be accommodated within its demographic balancing requirements, up to the permanent 500' Southwood seats.

2. Temporary decrease in seat allotment. During the Ramp Up Phase, in the case of a requested decrease in the Southwood seat allotment as provided for herein, FSUS Inc. shall advise St. Joe in writing, within 30 days of its receipt of St. Joe's written notice requesting a decrease, that FSUS Inc. shall implement St. Joe's requested decrease in the Southwood seat allotment by accepting a released seat. In such event, FSUS Inc. shall accept a released seat, and shall have the right to fill the released seat with a non-Southwood student until the non-Southwood student has completed the highest grade in the respective grade level grouping to which the non-Southwood student is enrolled, to the maximum number of years for that grade level grouping, as follows:

- (a) Kindergarten through fifth grade (K-5): Six years;
- (b) Sixth grade through eighth grade (6-8): Three years;
- (c) Ninth grade through twelfth grade (9-12): Four years.

(E) Additional adjustment of annual allotment. By June 1 of each year during the Ramp Up Phase, St. Joe may notify in writing FSUS Inc. of a requested increase or decrease of not more than 20% in the Southwood seat allotment or adjusted Southwood seat allotment for the ensuing school year by grade level group. In the event of an increase, FSUS Inc. shall make a good faith attempt to accommodate the requested adjustment to the Southwood seat allotment. In the case of a decrease in seat allotment, FSUS Inc. shall accept the seats and shall make a good faith attempt to fill the seats with non-Southwood students for the ensuing school year.

IV. Capital Funding Payment. (A) Filling allotted seats: notification of shortfall; payment. FSUS Inc. shall make a good faith attempt to fill the allotted Southwood seats with Southwood students by the commencement of each school year. FSUS Inc. shall notify St. Joe in writing of any shortfall in enrollment in the allotted Southwood seats by Southwood students, by grade level grouping, no later than the end of the third week of each school year. FSUS Inc. shall provide in such. written notice a request for payment by St. Joe of an amount equal to the capital funding applicable to each of the empty Southwood seats.. The capital funding payment ("Capital Funding Payment") by St. Joe for each seat shall be equal to the amount of capital funds that would otherwise have been provided by the State of Florida if the seat had been filled for the school year. St. Joe shall deposit its Capital Funding Payment with FSUS Inc., which payment shall be retained by FSUS Inc. in a separate capital account. The deposit by St. Joe shall be made within 15 business days following its receipt of a written request by FSUS Inc. for St. Joe's Capital Funding Payment, but in no event later than September 30 of any school year.

(B) Filling Southwood seats after Capital Funding Payment; rebate.: FSUS Inc. shall make a good faith attempt in each school year to fill empty Southwood seats with Southwood students following the Capital Funding Payment by St. Joe. St. Joe shall be rebated any Capital Funding Payment for each empty seat when such seat is subsequently filled by a Southwood student and for which capital funds are received from the State of Florida during that school year. Such funds shall be rebated to St. Joe within 15 business days of receipt of those funds to the credit of FSUS Inc.

(C) Requested reduction following Capital Funding Payment. St. Joe may request in writing to FSUS Inc. a reduction of its allotted Southwood seats following the Capital Funding Payment by St. Joe. In that event, FSUS Inc. shall make a good faith attempt to fill the empty

Southwood seats with non-Southwood students. St. Joe shall be rebated any Capital Funding Payment for each empty seat when such seat is subsequently filled by a non-Southwood student and for which capital funds are received from the State of Florida during that school year. Such funds shall be rebated to St. Joe within 15 business days of receipt of those funds to the credit of FSUS Inc. The seats so filled shall be deemed a temporary release of seats and shall be governed by the provisions of Section III.(D) herein, subject to their reclassification as Southwood seats in the following school year.

V. **Excess Southwood Students.** (A) Waiting list. FSUS Inc. shall maintain a separate waiting list of eligible Southwood students if there are more Southwood students eligible for enrollment than there are available seats.

(B) Filling seats from waiting list. If at any time the total number of Southwood students enrolled at the DRCS is less than 500, FSUS Inc. shall fill seats that become available at the DRCS first with eligible Southwood students on the waiting list.

VI. **Temporary Overflow Classroom Space.** If the number of Southwood students eligible for enrollment exceeds the Minimum Reserved Seats or the annual allotment or adjusted allotment of Southwood students, or in the event St. Joe projects that the number of eligible Southwood students will exceed the Minimum Reserved Seats in the ensuing school year, St. Joe may in writing request FSUS Inc. to increase the capacity of the school on a temporary basis. If temporary classroom space is requested and approved by FSUS Inc., St. Joe and FSUS Inc. each shall contribute an agreed-upon amount to cover the costs of providing such temporary classroom space. In the event that a temporary increase in the capacity of the school is made, FSUS Inc. shall provide no less than 33% of the number of seats resulting from the increase in capacity of the DRCS to Southwood students on the same enrollment basis as other Southwood

students, other than those students enrolled as provided herein in Section III.(C) for which FSUS Inc. has enrolled subject to any required demographic or other enrollment balance or minimum requirement with respect to the overall DRCS student population. If temporary space is provided to allow for the increase in the capacity of the DRCS as provided in this section, FSUS Inc. and St. Joe shall negotiate to provide a permanent increase to the capacity of the DRCS, either on-site or off-site.

VII. **Increase in Capacity of DRCS**. If at any time FSUS Inc. increases the capacity of the DRCS to a number greater than 1600 students other than on the temporary basis as provided in Section VI. herein, St. Joe shall have the option to increase the Minimum Reserved Seats by an amount up to 33% of the number of seats resulting from the increase in capacity of the DRCS.

VIII. **Assignment of Rights**. St. Joe may assign its rights to a third party, to a community association, or to a successor developer of the Southwood community, subject to the approval of FSUS Inc., which approval shall not be unreasonably withheld. In the event of such assignment, the third party or successor developer shall assume all of St. Joe's obligations with respect hereto.

THE FLORIDA STATE UNIVERSITY
SCHOOLS, INC.

By: 

Its: Chief Executive Officer/Director

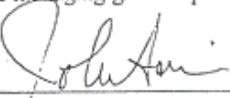
Date: August 21, 2000

THE ST. JOE COMPANY

a Florida corporation,

By: St. Joe/Arvida Company, L.P.,
its authorized agent

By: St. Joe/Arvida Company, Inc.,
its managing general partner

By: 

Its: Vice President

Date: 8/24/00