

CHARTER SCHOOL CONTRACT

THIS CHARTER SCHOOL CONTRACT, dated this 13th day of May, 1999, is made and entered by and between the BOULDER VALLEY SCHOOL DISTRICT RE-2 ("School District") and PEAK TO PEAK CHARTER SCHOOLS, INC., a Colorado nonprofit corporation charter school ("Peak to Peak"), by its Board of Directors.

RECITALS

WHEREAS, the Colorado General Assembly has enacted the Charter Schools Act ("Act"), C.R.S. §§ 22-30.5-101 et seq., for certain purposes as enumerated in § 22-30.5-102(2) and (3); and

WHEREAS, on May 26, 1998, an application was received from the Peak to Peak for the formation of a charter school within the School District ("Application"); and

WHEREAS, the School District's Board of Education ("Board") has determined that the Application submitted to the School District for the formation of Peak to Peak as a charter school, as further amended herein, complies with the purposes and requirements of the Charter Schools Act; and

WHEREAS, on August 27, 1998, the School District conditionally granted the Application, subject to, among other things, the negotiation and execution of a contract acceptable to the School District and Peak to Peak; and

WHEREAS, Peak to Peak seeks approval of its Application, as amended herein, and desires certain waivers from Board policy and/or state law; and

WHEREAS, the School District has the authority to waive only those Board policies and/or regulations to the extent permitted by law; and

WHEREAS, the authority of the Colorado State Board of Education ("State Board") to waive requirements of state law only extends to provisions contained in Title 22 of the Colorado Revised Statutes;

NOW, THEREFORE, in consideration of the foregoing Recitals and their mutual covenants, the parties agree as follows:

AGREEMENT

1.0 Application. The terms of the Application are incorporated into this Contract, except to the extent otherwise provided herein or to the extent inconsistent with the terms of this Contract.

To the extent that this Contract is inconsistent with the terms of the Application, this Contract shall be considered an amendment to the Application.

2.0 Mission Statement. The statement contained in the Mission Statement Section of Peak to Peak's Application is accepted by the School District.

3.0 Goals and Objectives. The goals and objectives set forth in the Goals and Objectives Section of the Application are accepted by the School District, as amended by this Contract, and subject to the conditions set forth below:

3.1 Student Attendance, Conduct, and Discipline. Peak to Peak has adopted its own set of written standards of student conduct and discipline and the School District's student rights and responsibilities handbook.

3.1.1 Peak to Peak may adopt its own written attendance policy and shall be granted a waiver from the School District's policy, so long as the policy is in compliance with Colorado's compulsory attendance laws, including, without limitation, hour requirements and the distinction made between excused and unexcused absences.

3.1.2 Peak to Peak has adopted and may revise its own set of written policies concerning standards of student conduct and student discipline and shall be granted a waiver from corresponding School District policies so long as the policies are in compliance with applicable federal and state laws, including, without limitation, the grounds and procedures established by state statute for suspending, expelling, or denying admission to a student.

3.2 Student Welfare and Safety. Peak to Peak shall comply with all Board policies and regulations (to the extent not waived by the Board) and with all applicable federal and state laws, concerning student welfare, safety, and health, including, without limitation, those addressing the reporting of child abuse, accident prevention and disaster response, and any state regulations governing the operation of school facilities.

3.3 Accreditation. Peak to Peak shall comply with the provisions of the Educational Accreditation Act of 1998, C.R.S. §§ 22-11-101 et seq., and with the State Board's Accreditation Rules 1 CCR 301-1, including, without limitation, tailoring educational programming to meet the individual needs of "exceptional students," as defined in such Rules, unless the State Board grants a request by Peak to Peak to waive any of the Rules.

4.0 Community Support. The Board finds that sufficient support for the initial formation of Peak to Peak as a charter school exists.

5.0 Educational Program, Pupil Performance Standards, and Curriculum. The educational program, pupil performance standards, and curriculum set forth in the Educational

Program and Standards Section of the Application are hereby accepted, as amended and subject to the conditions set forth herein.

5.1 Curriculum. Peak to Peak will complete its curriculum, pupil performance standards, benchmarks, assessments, and specific course offerings by June 15, 1999, for approval by the Board.

5.1.1 Peak to Peak shall have the authority and responsibility for the design and implementation of its educational program, subject to the conditions of this Contract, in a manner that is consistent with state law, including, without limitation, requirements regarding content standards. By April 1 of each year, Peak to Peak will provide to the School District's Learning Services Department a complete listing of all high school program course descriptions with revisions marked to show any changes from the approved Application and a summary of any changes to the elementary and middle school programs from the approved Application for the ensuing school year. Prior to commencement of instructional programs in Peak to Peak based upon any curriculum or program delivery system materially different from the Application and approval in section 5.1 above, Peak to Peak shall provide written evidence reasonably acceptable to the School District of the complete scope and year-by-year sequence of such program of instruction. The School District shall have forty-five days for review and to approve/disapprove commencing from the day of receipt (so long as this section and time period are referenced in the transmittal). The intent of this requirement is to ensure that students of Peak to Peak continue to have sound educational foundations which meet or exceed state-approved content standards for applicable courses. Peak to Peak's courses shall also meet or exceed the content standards of the School District, as approved from time to time by the Board of Education and shall be implemented so as to allow for assessment of subject area proficiency in a manner and at times that are consistent with state law, as implemented by the School District.

5.1.2 Peak to Peak agrees to comply with all state statutory requirements concerning subjects of instruction, unless specifically waived by the State Board, including, without limitation, instruction in the areas of state and federal history and civil government, C.R.S. § 22-1-104; honor and use of the United States flag, C.R.S. § 22-1-106; the federal Constitution, C.R.S. § 22-1-108; and the effect of use of alcohol and controlled substances, C.R.S. § 22-1-110.

5.1.3 Peak to Peak shall use the School District's process for resolving public complaints, including complaints regarding curriculum, that provides an opportunity to be heard and an appeal process similar to current School District policies and procedures (KL and KLB, together with supporting regulations), except that the final administrative appeal shall be heard by the Peak to Peak Board of Directors, rather than the Board.

5.2 Records.

5.2.1 Peak to Peak shall comply with all record-keeping requirements of the Board and/or federal or state law and shall provide any reports, as necessary, to meet the School

District's reporting obligations to the State Board, Colorado Department of Education ("CDE"), and U.S. Department of Education. Student records include, without limitation, immunization records, class schedules, records of academic performance, disciplinary actions, attendance and standardized test results, and documentation required under federal and state law regarding the education of students with disabilities. Copies of a student's permanent cumulative education file will be forwarded by the School District to Peak to Peak by June 30 for those students who are registered by that time for the ensuing school year and within a reasonable time for students registering thereafter.

5.2.2 Peak to Peak shall comply with all Board policies and regulations, and applicable federal and state laws, concerning the maintenance, retention, and disclosure of student records, including, without limitation, the Colorado Public Records Law, C.R.S. §§ 24-72-204 et seq., and the Family Educational Rights and Privacy Act of 1974, 20 U.S.C. § 1232g. The Board, its Superintendent, and their designees (whom the School District has determined to have legitimate educational interests) shall have access to all records of the charter school in the same manner as they would have access to the records of any other public school in the School District.

5.3 Nonreligious, Nonsectarian Status. The educational program of Peak to Peak shall be nonreligious, nonsectarian, and, consistent with applicable law and School District policy, shall not discriminate against any student on the basis of race, creed, color, national origin, sex, marital status, sexual orientation, religion, ancestry, or disability.

5.4 Enrollment. Enrollment shall be open to any child who resides within the School District and to any child who resides outside the School District subject to compliance with Colorado open enrollment statutes, Board policy (unless otherwise waived), and this Contract. By March 1 of each year, Peak to Peak shall submit the names, ages, grade levels, and addresses of all those students who have registered to enroll in Peak to Peak during the ensuing school year and by October 15 shall provide the same information for students who have been admitted and are in attendance. Peak to Peak's total funded enrollment shall be limited to 575 full-time equivalent students (Student FTEs) for the first year (2000-2001); 825 Student FTEs for the second year (2001-2002); 1,075 Student FTEs for the third year (2002-2003); 1,225 Student FTEs for the fourth year (2003-2004); and 1,250 for the fifth year (2004-2005) of the initial charter term, unless otherwise modified by Peak to Peak and the School District. Peak to Peak may enroll students up to the date the enrollment count "window," as defined by CDE and the provisions of the Public School Finance Act of 1994 or successor act ("Finance Act"), begins each year for purposes of determining eligibility for Peak to Peak funding under section 7.1 below and may enroll students who will not be eligible for funding at Peak to Peak at any time thereafter for the remainder of the then current year. In the event Peak to Peak's enrollment drops during the school year, Peak to Peak shall accept students from its wait list, if any, to fill available positions in order to stay as close as possible to the enrollment limit. Students enrolling in Peak to Peak are subject to the School District's open enrollment policy and regulations, except as provided in the Application.

5.5 Admissions. Except as stated herein, students shall be considered for admission into the program in the manner described in the Admissions Process Section of the Application and in all cases without regard to race, creed, color, national origin, sex, marital status, sexual orientation, religion, ancestry, or disability. Peak to Peak shall not use or consider gender, race, or other protected classifications in any admissions or enrollment process or decisions. The "First Year Admissions" Section of the Admissions Process is deleted. Denial of admission shall be handled consistent with state law and Board policy and regulation. Subject to the approval of CDE, federal charter school grants requirements, and applicable federal and state law, Peak to Peak may grant enrollment priority to students whose parents have not graduated from a four-year college. Except for the priorities stated herein and in the Application, Peak to Peak will follow the same lottery process and open enrollment timelines as the School District.

5.6 Education of Students with Disabilities or Limited English Proficiency. Peak to Peak agrees to comply with all Board policies and regulations and the requirements of federal and state law concerning the education of children with disabilities. Unless otherwise agreed in writing by the Board, Peak to Peak shall comply with this obligation by contracting with the School District to provide special education and related services as provided herein. Following enrollment of a student, Peak to Peak and the School District shall determine whether the student has been identified as a child with disabilities. If so, the parties shall obtain a copy of the student's individualized education program ("IEP"). A properly constituted staffing team shall be convened to confirm that Peak to Peak is an appropriate placement for the student and, if so, what services are to be provided by Peak to Peak and what services will be provided by the District. Where a student's special education needs or need for English as a Second Language ("ESL") services can be appropriately met by Peak to Peak certified staff, the student(s) needing such services will receive them, to the extent appropriate, on the Peak to Peak campus. To the extent that ESL services are required or special education and related services are required pursuant to a student's IEP that cannot be provided by Peak to Peak, the School District will do so in a manner consistent with its approach for other schools of the School District, in consideration of the provisions for funding in paragraph 7.1.4 below.

5.7 Tuition. Tuition may not be charged to students who reside in the School District, other than for before and after school, extended day kindergarten, summer school, and travel programs administered by Peak to Peak, consistent with the provisions of C.R.S. § 22-32-118. In the case of enrollment of a nonresident student with disabilities in Peak to Peak, the School District shall collect the tuition charge for the excess costs incurred in educating the child from the school district of residence pursuant to guidelines developed by CDE in accordance with C.R.S. § 22-20-109(5).

5.8 Enrollment in Selected Classes. Peak to Peak and School District students may apply for enrollment in individual middle and secondary classes at each other's schools on a space-available basis and subject to the other provisions of C.R.S. § 22-36-101 and Board policy. Peak to Peak and the School District shall reimburse the other at the rate of one-fourteenth of Peak

to Peak's gross per pupil funding, net of services purchased from the School District, per semester hour for each class taken.

5.9 Extracurricular and Interscholastic Activities. Subject to the provisions of C.R.S. § 22-32-116.5, the rules of the Colorado High School Activities Association ("CHSAA"), and this section 5.9, Peak to Peak students may try out for and participate in extracurricular and interscholastic activities offered by the School District that are not offered at Peak to Peak. The School District shall choose the school at which the student may participate. Among other factors, the school of participation shall be the school that offers the greatest number of activities in which the student wishes to participate and shall be at the school that would otherwise be the student's regular school of attendance in the School District unless otherwise approved by the Superintendent or designee for good cause, such as the distance from Peak to Peak to that school. To participate at another School District school, the student shall comply with all applicable laws and the then current rules, policies, and prerequisites of the School District, CHSAA, and the school of participation; all eligibility requirements; and all responsibilities and standards of conduct, including related classroom and practice requirements. Where such participation requires a fee, the Peak to Peak student or Peak to Peak shall be responsible for payment of a fee which shall be equal to 150 percent of the fee amount the school of participation would charge an enrolled student to participate in the activity. Under the same terms and conditions above, School District students similarly may try out for and participate in extracurricular and interscholastic activities offered by Peak to Peak that are not offered at the student's school of attendance.

6.0 Evaluation of Pupil Performance and Procedures for Corrective Action. The Board accepts Peak to Peak's methods for evaluating pupil performance as contained in the Plan for Evaluating Student Performance Section of the Application. The Board of Education accepts Peak to Peak's proposal for the use of multiple tools for assessment of student performance which shall include but not be limited to standardized achievement tests. Peak to Peak agrees to cooperate with School District administrators to coordinate testing and the reporting of test data with the School District's statistical reporting needs and to implement any testing requirements that may be required to meet the School District's obligations under the provisions of C.R.S. §§ 22-53-401 et seq.

7.0 Economic Plan, Budget, and Annual Audit. The Proposed Budget Section of the Application is amended as follows, which amendments, and all other provisions of this Contract, shall supersede and control over any conflicting language contained in the Application.

7.1 Funding Package.

7.1.1 Subject to the provisions of sections and paragraphs 5.4 (enrollment limits), 7.1.5 (not occupying School District facilities), 7.2.2 (purchased services and allocated costs), and 8.8 (facility), the School District shall provide funding for each funded student ("Student FTE") enrolled in Peak to Peak during each fiscal year of the initial term of the charter (commencing with the 2000-2001 fiscal year) as follows: (a) 100 percent of the School District per pupil operating revenues ("PPOR"), as defined by C.R.S. § 22-54-103(9); (b) 100 percent of the per pupil revenue

attributable to the School District's November 1991 budget election; (c) a "fair share" per pupil to Peak to Peak, as annually determined by the Board, of the November 1998 budget election; (d) the minimum per pupil amount allocated by the School District for the management of risk-related activities under C.R.S. § 22-54-105(2); and (e) the minimum per pupil amount allocated by the School District to the capital reserve fund under C.R.S. § 22-54-105(2). The parties agree that the funding levels provided for in this Contract, including the purchased services and allocated costs, comply with the financing guidelines contained in C.R.S. § 22-30.5-112, as amended by H.B. 99-1113. The term "enrolled" as used in this Contract shall be deemed to mean enrolled as of the counting dates or periods and in accordance with the requirements of the Public School Finance Act of 1994, C.R.S. §§ 22-54-101 et seq. (or successor act) ("Finance Act"), and CDE regulations. Peak to Peak shall be subject to audit by CDE and by the School District of the count of students enrolled in Peak to Peak.

7.1.2 So long as Peak to Peak is not in material breach of this Contract, any funding provided by the School District hereunder will be made available for draw by Peak to Peak throughout the year consistent with the School District's procedures for its other schools, commencing on July 1, 2000, for the first year and on July 1 in each year of the charter thereafter, subject to the enrollment limits and to adjustments and deductions as provided in this Contract. The funding on July 1 will be based on the number of students with enrollment forms on file with the School District at that time that are signed by a parent or guardian. At the end of the first full week of school for the new school year, Peak to Peak will submit to the School District written certification of the actual number of students in attendance at Peak to Peak. Funding will be adjusted again in October to reflect the official October count required by the state. When adjustments in funding are made, based upon these enrollment count dates, any increases or decreases shall apply to the total school year but shall be spread over the remaining months of the fiscal year. Expenditures, within the applicable funding allocated to Peak to Peak, shall be made by the School District on Peak to Peak's behalf as part of Business Services.

7.1.3 To the extent the School District experiences any reduction or receives any increase in state equalization support by state audit attributable to Peak to Peak's enrollment or a legislative rescission or a modification to per pupil equalization funding, proportionate reductions or increases will be made to Peak to Peak by adjustment or setoff in subsequent months. Adjustments may be accomplished by the School District upon thirty days' prior written notice. Further, if any significant alteration is made to the Finance Act, the parties shall reexamine and renegotiate in good faith the funding of Peak to Peak to take into consideration the changes in the Finance Act. The parties recognize and understand that under the current version of the Finance Act, neither Peak to Peak nor the School District will receive funding for students in the year of enrollment if the student first enrolls in Peak to Peak or the School District after the October 1 count date.

7.1.4 In consideration of the special education and ESL services to be provided by the School District under section 5.6 (Education of Students with Disabilities or Limited English Proficiency), Peak to Peak agrees that the School District will deduct from the funding

provided in this section 7.1 the amount of the School District's average, per pupil special education and ESL costs (items numbered 13 and 14 on Exhibit B) multiplied by Peak to Peak's total student funded enrollment. Peak to Peak will receive, as a credit against such costs, a proportionate share of the categorical reimbursement funding provided to the School District by the federal and state governments for special education, ESL, and for English Language Proficiency Act ("ELPA"). Upon the submission of appropriate documentation by Peak to Peak (preferably by September 1), the School District also shall allocate funds back to the benefit of Peak to Peak in the then current fiscal year for that portion of the salaries and benefits of those staff members at Peak to Peak who had been approved by the School District and Peak to Peak to provide special education services under this Contract consistent with the students' IEPs. Such amounts shall be based upon the School District's average special education teacher costs and benefits for such services, and shall be subject to annual reconciliation by the School District. With respect to categorical programs other than special education, ESL, and ELPA, Peak to Peak may apply for and receive state and federal funding to the extent that Peak to Peak is serving students who are eligible for such aid, complies with the conditions and requirements of such programs and applicable law, fulfills the reporting requirements under such programs, and is not receiving services under such programs from the School District.

7.1.5 The level of funding provided by the School District for Peak to Peak in section 7.1 above and the term of such funding is based upon the assumption that Peak to Peak will not be occupying existing or future School District-owned facilities. The level of funding shall be reopened and Peak to Peak and the District agree to negotiate in good faith a reduction in the total funding, provided for in this Contract, in any fiscal year that Peak to Peak is occupying School District facilities and is not making installment or rental payments at levels substantially the same as projected in Peak to Peak's budget, referred to in section 7.2 below.

7.1.6 By June 30, 2001, and by the end of June each year thereafter during the term of the charter, Peak to Peak's ending fund balance shall comply with the emergency reserve requirements of Article X, Section 20 of the Colorado Constitution ("TABOR Reserve"). The School District shall credit to Peak to Peak's ending fund balance in each fiscal year the per pupil portion of the School District's TABOR Reserve for Peak to Peak students who were enrolled in the School District during the prior fiscal year. When Peak to Peak reaches its enrollment limits, Peak to Peak will be charged, as an allocated cost, its pro-rata share of any required TABOR Reserve increases.

7.2 Budget. The 1999-2000 Peak to Peak budget, included in the Application as Appendix H, is replaced with the revised budget for the years 2000-01 through 2004-05, attached and incorporated as Exhibit A, and is further amended as follows:

7.2.1 The per pupil funding for subsequent years shall be determined in accordance with section 7.1 above.

7.2.2 Peak to Peak shall be responsible for all costs associated with its school operations, including the cost of contracting for goods and services and the cost of certain

purchased services and allocated costs of the School District as set forth in Exhibit B, attached and incorporated by this reference. The services identified on Exhibit B shall be provided to Peak to Peak by the School District during the initial term of this Contract at the School District's annually budgeted cost as set forth in Exhibit B. For those services identified as optional on Exhibit B, Peak to Peak shall inform the School District by no later than April 1 of each year of the services it intends to purchase for the following fiscal year. The School District shall provide Peak to Peak with access to projected service rates by March 15 and final, budgeted service rates for each fiscal year within fifteen days following final adoption of the School District's budget for that year. These rates will be the basis for costs charged to Peak to Peak during that fiscal year. Exhibit B provides a detailed description of each service and allocated cost charges together with cost estimates provided by the School District for the 1999-2000 school year. This will be adjusted to reflect budgeted costs for each fiscal year.

7.2.3 The School District will provide legal services through the School District's legal counsel for the defense of special education due process hearings and appeals and of actions against Peak to Peak for which the School District provides insurance coverage in accordance with Exhibit C. Such legal services shall not be provided for defense of matters involving disputes between Peak to Peak and the School District. The provision of a defense is conditioned upon prompt notification by Peak to Peak to the School District of all claims, including threatened or reasonably anticipated claims or actions; full cooperation with the School District and legal counsel in defending the claim and Peak to Peak not compromising, settling, negotiating, or otherwise similarly dealing with the claim without the express consent of the Board. Peak to Peak acknowledges that in the event of a dispute between Peak to Peak and the School District, the School District's legal counsel will represent the School District and not Peak to Peak with respect to such dispute. However, any potential conflict arising from the representation of Peak to Peak by the School District's legal counsel shall be resolved in accordance with the Colorado Rules of Professional Conduct. Peak to Peak shall have access to legal consultation and advice from the School District's legal counsel and at the School District's expense where such assistance is requested through and approved by the School District's Superintendent or designee. In other cases, legal services shall be provided at Peak to Peak's expense.

7.2.4 On or before April 1 and September 1 of each year, Peak to Peak shall identify the total Student FTEs who have enrolled and provide to the Board its proposed balanced budget for the upcoming fiscal year based upon such enrollment. The projected Peak to Peak balanced budget, when incorporated into the School District's budget and accepted by the Board for each fiscal year, will be attached and incorporated into this Contract as an exhibit, and will be subject to adjustment based upon current state-funding data as it becomes available during the budget adoption process. The budget format used by Peak to Peak shall be consistent with the requirements of applicable Colorado law (currently form CDE-18). The budget may be modified so long as it continues to present a balanced financial plan, consistent with this Contract and state law, to provide the instructional services represented by Peak to Peak.

7.3 Financial Records and Annual Audit. Peak to Peak shall establish, maintain, and retain appropriate financial records in accordance with all applicable federal, state, and local laws, rules, and regulations, and make such records available to the School District, as requested, from time to time; provided that, for those services that the School District agrees to perform under this Contract, the School District will maintain and make available such records. Peak to Peak shall cooperate in an independent, outside audit by a certified public accountant of its financial and administrative operations on an annual basis. The Peak to Peak audit shall be performed by the School District's independent auditors in conjunction with the audit of the School District itself. The results of the audit shall be provided to the School District in written form within the same statutory time limits required of the School District and shall be published and posted as required by law. Any cost associated with the audit of Peak to Peak is included in the amount designated on Exhibit B for contracted Business Services.

8.0 Governance and Operation. The Governance and Operation Section of the Application concerning the nature and extent of parental, professional educator, and community involvement in the governance and operation of Peak to Peak is accepted by the School District to the extent permissible under federal and state law and subject to all conditions of this Contract and to the policies and regulations of the School District, as amended and adopted from time to time (except to the extent waived by the Board as provided in this Contract). In addition, the Application is amended as follows, which amendments and other provisions of this Contract shall supersede and control over any conflicting language contained in the Application:

8.1 Conflict of Interest. Members of the Peak to Peak Board of Directors and other committees of Peak to Peak that have been delegated the authority to make hiring or contracting recommendations shall comply with applicable state law and Board policies and regulations regarding ethics and conflict of interest.

8.2 Nonreligious, Nonsectarian Status. Peak to Peak shall operate, in all respects, as a nonsectarian, nonreligious, non-home-based public school. Peak to Peak shall not be affiliated with any nonpublic sectarian school or religious organization. Negotiation by Peak to Peak of an occupancy lease from a religious institution shall not be construed as affiliation.

8.3 Commitment to Nondiscrimination. Peak to Peak shall comply with all applicable federal, state, and local laws, rules, and regulations and School District policies, prohibiting discrimination on the basis of race, creed, color, national origin, sex, marital status, sexual orientation, religion, age, ancestry, or disability.

8.4 Accountability. Peak to Peak shall operate under the auspices of, and be accountable to, the School District and subject to Colorado law, regulations of the State Board and CDE, and all Board policies and regulations unless specifically waived. The Peak to Peak Board of Directors shall establish a school accountability committee that shall have a composition of members consistent with the requirements of Colorado law and that will participate in the accountability process in accordance with Board policy and state law. All records created and maintained in

accordance with the provisions of this Contract, Board policy, and federal and state law shall be open to inspection by the School District.

8.5 Open Meetings Law. Peak to Peak acknowledges and agrees that it is subject to the provisions of the Colorado Open Meetings Law, C.R.S. §§ 24-6-401 et seq., and that it will comply with the provisions of such law in connection with all of its activities.

8.6 Low-Income Students. Except for those programs described in section 5.4 above for which tuition may be charged, Peak to Peak shall waive all fees for indigent students in accordance with Board policy and applicable federal and state law. If requested by the School District, Peak to Peak shall survey its student population for eligibility for free and reduced lunches under federal guidelines in accordance with State Board regulations. On all fee lists and schedules, Peak to Peak shall include notification of the policy of waiver of fees for indigent students.

8.7 Operational Powers. Subject to the conditions and provisions of this Contract, Peak to Peak shall be fiscally responsible for its own operations within the limitations of any funding provided by the School District and other revenues derived by Peak to Peak consistent with law.

8.7.1 To the extent consistent with federal and state law, Peak to Peak shall have authority to exercise independently the following powers (including such other powers as provided for elsewhere in this Contract and in the Application): purchase goods and services; prepare a proposed budget; select and hire personnel and determine their compensation; procure insurance; purchase, lease, or rent furniture, equipment, and supplies; retain fees collected from students in accordance with law; and accept and expend gifts, donations, or grants of any kind in accordance with such conditions prescribed by the donor as are consistent with law and not contrary to any of the terms of this Contract. Unless otherwise agreed herein or in writing by the School District, Peak to Peak shall not have authority to enter into a contract or subcontract for the management or administration of its core instructional program or services, including special education and related services. This shall not prevent Peak to Peak from engaging contractors to teach selected, specific courses so long as the total fees paid to such contractors do not exceed 30 percent of Peak to Peak's per pupil revenues in any single year.

8.7.2 Peak to Peak shall comply with applicable provisions of Article X, Section 20 of the Colorado Constitution. Peak to Peak shall not have any authority to enter into any agreement or make any commitment that gives rise to a multiple-fiscal year direct or indirect debt or other financial obligation whatsoever on the part of Peak to Peak or the School District without the prior express written consent of the School District.

8.7.3 In exercising its powers, Peak to Peak shall comply with all presently existing Board policies, except as amended by this Contract, unless a specific waiver is obtained. All policy changes will be made available to Peak to Peak in the same manner as for other schools within the School District. Peak to Peak shall furnish to the Board copies of all written policies or procedures it may develop with respect to any matter relating to its operations and educational

program upon adoption of such policies by the Peak to Peak Board of Directors. Peak to Peak agrees to comply with future Board policies unless Peak to Peak demonstrates to the School District that any such policy would materially interfere with essential elements of Peak to Peak's educational program as implemented pursuant to its Application as amended herein. In that case, the parties agree to negotiate the potential waiver of such policy, and to subject any disagreements about such waiver to the process described in section 12.9 herein.

8.7.4 Peak to Peak shall clearly indicate to vendors and other entities and individuals outside the School District with which or with whom Peak to Peak desires to transact business that the obligations of Peak to Peak under any agreement are solely the responsibility of Peak to Peak and are not the responsibility of the School District.

8.7.5 All cash gifts or donations and all gifts or donations of property, having a reasonable value in excess of \$250, shall be reported by Peak to Peak to the School District by recording the same in the financial records required under section 7, above. Peak to Peak shall report to the Board of Education within fourteen days the acceptance of any gift or donation in excess of \$10,000 and shall obtain the prior approval of the Board of Education for any grant or any gift or donation that would involve any condition or obligation on the part of the School District beyond the normal accounting for use of grant funds within purchased services and confirmation of Peak to Peak's charter school status and enrollment numbers. Gifts to Peak to Peak and Peak to Peak's fund-raising activities shall be consistent with School District policies, unless otherwise approved by the Board of Education, but will not affect funding by the School District pursuant to this Contract. To assist in the initial start-up, Peak to Peak may accept gifts to employ staff for the period prior to September 1, 2000. All non-consumable grants, gifts, and donations shall be considered the property of the School District, unless otherwise provided in writing by the donor.

8.7.6 Peak to Peak shall have access to surplus personal property of the School District prior to the disposal of such property.

8.8 School Facility. Subject to the provisions of this Contract, Peak to Peak may contract with third persons to acquire or lease land, buildings, and other facilities to be used as public school facilities for Peak to Peak.

8.8.1 By September 1, 2000, and by September 1 of each school year thereafter during the term of the charter, Peak to Peak shall secure, in other than School District facilities, adequate school facilities for its projected student enrollment for that school year. Peak to Peak's school facilities shall comply at all times with all applicable federal, state, and local laws.

8.8.2 So long as Peak to Peak's charter is in effect and it is not in material breach of the Contract, it shall have the right to control the operation and use of any facilities acquired or leased by Peak to Peak. These rights shall include, without limitation, (a) scheduling of classes and events, (b) contracting for maintenance and upkeep, (c) subleasing or allowing after-hours use of portions of the land and buildings not needed for its purposes, consistent with applicable

laws and Peak to Peak's community use of school facilities approved replacement policies, (d) retention of fees for subleases or after-hours use of the facility so long as Peak to Peak is making installment or rental payments for its facilities, and (e) retention of revenues from Peak to Peak's own advertising or vending operations at the facility.

8.8.3 Upon request by Peak to Peak, the School District will reasonably assist Peak to Peak in obtaining an exemption from local property taxes for any land and buildings acquired or occupied by Peak to Peak.

8.9 Waivers. Peak to Peak will be granted certain waivers from Board policies and regulations upon approval by the Board of acceptable replacements. The waivers from state law to be requested jointly and the waivers from Board policy are set forth in the attached Exhibits D and E, respectively, both of which are incorporated by this reference.

8.10 Bidding Requirements. Unless purchased from or through the School District, contractual services and purchases of supplies, materials, and equipment shall be procured through a system of competitive bidding, as required by Board policy and state law.

8.11 Periodic Review of Progress. Peak to Peak shall be subject to a review of its operations and finances by the Board or a designee upon reasonable advance written notice. Peak to Peak shall, by July 1 of each year, provide to the School District a written report concerning its operations, including, without limitation, progress made towards achieving its educational goals and objectives, content standards, policy development issues, student performance standards, student attendance and discipline information, personnel matters, and other provisions of its Application.

8.12 Financial Reports. Unless provided by the School District as part of Business Services, Peak to Peak shall be responsible for confirming with the School District, within twenty days following the end of each month, written revenue and expenditure reports with comparisons to budget and, on an annual basis, a financial statement that reports the costs of administration, instruction, and other spending categories, consistent with the format required by state law.

8.13 Term. It is the intent of the Board of Education of the School District that the charter and this Contract are to be effective as of the date first written above but to provide for an initial term of operation for funding purposes commencing July 1, 2000, through June 30, 2005. Although this Contract is for operation of Peak to Peak as a charter school in the School District for a period of five years, any financial commitment on the part of the School District contained in this Contract is subject to annual appropriation by the Board of Education. The parties agree that the School District has no obligation to fund the financial obligations under this Contract other than for the then current year of the Contract term and that the School District has not irrevocably pledged and held for payment sufficient cash reserves for funding Peak to Peak or for providing services described herein for the entire term of the Contract. Peak to Peak may apply for renewal of the charter in accordance with C.R.S. § 22-30.5-110(2).

8.14 Termination.

8.14.1 This Contract may be terminated, and the charter revoked by the Board, for any of the grounds provided by state law, C.R.S. § 22-30.5-110(3) and (4), and/or for any material breach of this Contract. Peak to Peak shall first be given a reasonable opportunity to cure the breach after receiving written notice of the breach from the School District. For this purpose, reasonable opportunity to cure shall mean cure within twenty-one days of the effective date of such notice, or in the case of breaches which cannot practically be cured within twenty-one days, commencement of the cure within twenty-one days and diligent pursuit of the cure to the satisfaction of the School District until the cure is complete; and, to the extent reasonably practical, the School District shall exhaust the dispute resolution provisions set forth in section 12.9. Should Peak to Peak choose to terminate this Contract and revoke its charter before the end of the Contract term, it may do so with the Board's approval, at any time, upon thirty days' advance written notice. In the event of termination, all assets not requiring return or transfer to donors or grantors or required for discharge of existing liabilities and operations of Peak to Peak shall be returned to the School District. Unless a donor or grantor specifically provides otherwise in writing, all gifts, donations, and grants shall be assumed to be made to the School District for the benefit of Peak to Peak and shall be included among the assets returned to the School District upon termination of this Contract.

8.14.2 During the period after the School District gives Peak to Peak written notice of a termination or a material breach, in addition to any other rights, the School District shall also have the following additional right and power to (a) require Peak to Peak to promptly take such actions as may be necessary to freeze bank accounts and other assets of Peak to Peak and/or to require School District approval of any expenditure or disposition of assets and (b) receive full and complete access to all Peak to Peak records, data, and information.

8.14.3 Notwithstanding any other provision of this Contract, in the case of any breach which the Board reasonably determines poses a serious threat to Peak to Peak or School District students, the community, or the property rights of the School District or Peak to Peak, the School District may, but shall not be required to, take immediate control of Peak to Peak and may exercise any portion or all power and authority of the Peak to Peak Board of Directors for such period of time as may be necessary to appropriately deal with such threat. These additional rights of the School District shall continue during the pendency of any dispute resolution process with respect to the breach.

8.15 Dissolution. In the event Peak to Peak should cease operations for whatever reason, including the nonrenewal or revocation of the charter, it is agreed that the Board shall supervise and have authority to conduct the closure of the business and affairs of Peak to Peak; provided, however, that in doing so, the School District does not assume any liability incurred by Peak to Peak beyond the funds allocated to it by the School District under this Contract. The School District's authority hereunder shall include, but not be limited to, the return and/or disposition of any assets acquired by purchase or donation by Peak to Peak during the time of its existence, consistent with any donor conditions.

9.0 Employment Matters. The Employee Relationships Section of the Application concerning employment matters and specific personnel policies are accepted to the extent specifically described below and subject to the provisions of this Contract:

9.1 Hiring of Personnel. All persons who perform services for Peak to Peak shall be considered "at-will" employees or volunteers of Peak to Peak. The School District agrees that Peak to Peak may select and hire its personnel directly without prior authorization from the Board, subject to compliance with all federal and state rules and regulations, including, without limitation, requirements concerning the recruitment of applicants, the use of background and criminal checks, and certification and/or licensure requirements for teachers and the principal, except as may be waived by the State Board. The School District shall endorse applications for alternative certification or licensing by Peak to Peak teachers, counselors, and administrators; provided, however, that Peak to Peak shall be responsible for any costs associated with such application and approval process. Teachers at Peak to Peak shall not accrue credit in the School District toward non-probationary status. The Peak to Peak Board of Directors may terminate the employment of any of its personnel so long as such employees are not terminated for constitutionally impermissible reasons.

9.2 Employee Compensation, Evaluation, and Discipline. In addition to those waivers of policy identified in Exhibit E, the School District agrees to cooperate with Peak to Peak in considering the waiver of other Board policies and regulations concerning the compensation, evaluation, promotion, discipline, and termination of employees at Peak to Peak, subject to compliance with all applicable state rules and regulations, unless specific waivers are obtained from the State Board. In all cases below, Board policies will remain in effect and be followed by Peak to Peak until the adoption by the Peak to Peak Board of Directors of replacement policies that are in compliance with applicable law and approved by the School District.

9.2.1 The supervision and evaluation of the teaching staff within Peak to Peak will be carried out as set forth in the Employee Relationships and Governance and Operations Sections of the Application.

9.2.2 The Board of Directors of Peak to Peak shall be responsible for annually evaluating the performance of the school's Principal. The written results of such evaluation and the evaluation report shall be submitted to the Superintendent on or before July 1 of each year.

9.2.3 By October 1, 1999, Peak to Peak shall adopt its own written policies in compliance with federal and state law, concerning the recruitment, promotion, discipline, and termination of personnel; methods for evaluating performance; and a plan for resolving employee-related problems, including complaint and grievance procedures to the extent that such are not currently set forth in the Application.

9.2.4 Peak to Peak shall notify the School District and other appropriate authorities, in accordance with state law, of the discipline of employees at Peak to Peak arising from

misconduct or behavior that may have resulted in harm to students or others or that constituted violations of law.

9.3 Payroll. Employees shall be paid through the Payroll Department of the School District, as part of Business Services, using its procedures for recording employee work hours, overtime, absences, leaves, vacation, and other adjustments, as contained in applicable Board policies and regulations.

9.4 Benefits. So long as authorized by the provider of the respective School District benefit programs and in compliance with eligibility requirements, Peak to Peak employees may participate at their expense in such programs. Unless otherwise agreed in writing, all benefit programs will be handled and administered by the School District for Peak to Peak consistent with the procedures utilized by and as part of the services purchased through the School District's Business Services Division.

9.5 PERA Membership. All employees at Peak to Peak shall be members of the Public Employees' Retirement Association and subject to its requirements. Peak to Peak shall be responsible for the cost of the School District's/employer's respective share of any required contributions.

9.6 Equal Opportunity Employer. Peak to Peak affirms that, consistent with applicable law and Board policies, it shall not discriminate against any employee on the basis of race, creed, color, national origin, sex, marital status, sexual orientation, religion, age, ancestry, or disability in its recruitment, selection, training, utilization, termination, or other employment-related activities.

9.7 Employee Welfare, Safety, and Training. Peak to Peak shall comply with all Board policies, and applicable federal and state laws, concerning employee welfare, safety, and health issues, including, without limitation, the requirements of federal law for a drug-free workplace, and statutorily required training concerning the Child Protection Act of 1987, C.R.S. §§ 19-3-301 et seq.

9.8 Employee Records. Peak to Peak shall comply with all Board policies and regulations, as modified and not waived herein, and applicable federal and state laws, concerning the maintenance and disclosure of employee records, including, without limitation, the requirements of the Colorado Public Records Law, C.R.S. §§ 24-72-204 et seq.

9.9 Employee Conflicts of Interest. All employees at Peak to Peak shall comply with the Board's policy and regulation, and applicable state law, concerning employee actual and potential conflicts of interest.

9.10 District Teachers. If current School District teachers are hired by Peak to Peak, they will be granted a one-year leave of absence from their employment with the School

District. Such leave shall commence on the first day of services as a teacher for Peak to Peak. Upon the request of the teacher and the mutual agreement of the teacher and Peak to Peak, the teacher will be granted a second and a third consecutive one-year leave of absence from the School District while employed at Peak to Peak. Teachers who are granted a leave of absence must notify the School District by April 1 of the year of the leave of their intent to return to the School District. Teachers who desire to return to the School District after a one-, two-, or three-year leave of absence will be assigned to a position for which they possess the appropriate qualifications and certification. Current or future probationary teachers in the School District who are selected for positions at Peak to Peak shall not accrue years of service toward non-probationary status in the School District. However, salary increments or reductions will accrue to the teacher while he/she is on leave under this provision. Teachers who do not request a second or a third year leave of absence or who complete three years leave of absence and do not return to the School District will no longer be considered employees of the School District for any purpose other than the protections under the Colorado Governmental Immunity Act.

9.10.1 Subject to the continuation of the career longevity stipend by the Board for School District employees, the obligation for the payment of any additional salary to a teacher who becomes eligible and is selected for the career longevity stipend during the first, second, or third year at Peak to Peak, will be prorated between the School District and Peak to Peak in a ratio based upon the number of years at Peak to Peak compared to the total years in the District and at Peak to Peak. After the third year at Peak to Peak, the School District shall have no further obligation for career longevity stipends for Peak to Peak's teachers.

9.10.2 Accrued sick leave for eligible School District employees that was "frozen" as of June 7, 1996, will continue to be paid by the School District for those Peak to Peak teachers who, while in good standing, resign or retire from their employment within the first three years of the charter. At the end of three years, any employee, in good standing, who remains at Peak to Peak will be paid such accrued, unused sick leave by the School District in the same manner as would be the case for any employee retiring or resigning from the School District itself. Peak to Peak's employees will use sick leave they accrue while an employee of the charter school before their School District-accrued sick leave. Peak to Peak's employees will not be eligible to participate in the School District's sick leave bank. Peak to Peak may establish its own sick leave bank.

9.11 Teacher Qualifications. Teachers shall be qualified to teach at Peak to Peak, subject to selection by the Board of Directors, and shall possess one or more of the credentials outlined in Peak to Peak's replacement policy, GCA, Professional Staff Positions.

10.0 Insurance and Legal Liabilities.

10.1 Insurance. It is agreed that during the initial term of this Contract, the School District will provide insurance coverages as set forth in Exhibit C, attached and incorporated into this Contract, which are consistent with the coverages available to the School District itself. Peak to Peak agrees that it will coordinate all risk management activities through the School District's risk

management office. This will include the prompt reporting of any and all pending or threatened claims, filing of timely notices of claim, cooperating fully with the School District in the defense of any claims, and complying with the defense and reimbursement provisions of the Colorado Governmental Immunity Act and the School District's applicable insurance policies. Peak to Peak shall neither compromise, settle, negotiate, nor otherwise affect any disposition of potential claims asserted against it without the School District's prior written approval. So long as Peak to Peak is in compliance with these insurance and risk management requirements, the deductible portion of any insured claim shall be covered by the School District.

10.2 Legal Liabilities. Peak to Peak shall operate in compliance with all Board policies and regulations and all applicable federal, state, and local laws, rules, and regulations, unless specifically waived as indicated in attached Exhibits D and E or unless such waiver is obtained from the proper authority pursuant to the procedures of paragraph 10.2.1 below subsequent to the execution of this Contract.

10.2.1 Waivers. Waivers from specific Board policies or regulations and/or state law may be requested by Peak to Peak by submitting such a request, in writing, to the School District's Superintendent in compliance with state regulations. The request shall include the reasons why Peak to Peak is in need of or desires the waiver and alternative or substitute policies proposed, if any. The Superintendent shall have ten school days (or, if submitted during the months of June, July, or August, fifteen business days) to review the request and, thereafter, will present the matter before the Board at its next regular meeting. The Board shall have thirty calendar days to consider the matter prior to rendering a decision at a regular meeting. Waivers of Board policies and regulations may be granted only to the extent permitted by state law. In the event the School District policy or regulation from which Peak to Peak seeks a waiver is required by state law, or where Peak to Peak otherwise requests release from a state regulation, the School District agrees to jointly request such a waiver from the State Board, if the School District's Board first approves the request.

10.2.2 Faith and Credit. Peak to Peak agrees that it will not extend the faith and credit of the School District to any third person or entity. Peak to Peak acknowledges and agrees that it has no authority to enter into a contract or incur obligations that would bind the School District, including, without limitation, any waiver or modification of the provisions of the Colorado Governmental Immunity Act. Peak to Peak also is limited in its authority to commit its funds by the amount of funds obtained from and held on its behalf by the School District, as provided hereunder, or from other independent sources.

10.2.3 Indemnification. To the extent permitted by law and not covered by insurance or not otherwise barred by the Colorado Governmental Immunity Act, Peak to Peak and the School District agree to indemnify and hold the other and their respective board and employees harmless (to the extent of any funding that would otherwise have been made available to Peak to Peak under this Contract) from all liability, claims and demands on account of injury, loss, or damage, including, without limitation, claims arising from bodily injury, personal injury, sickness, disease, death, property loss, or damage or any other losses of any kind whatsoever that are

proximately caused by the negligent or intentional acts of their respective employees. The foregoing provision shall not be deemed a relinquishment or waiver of any kind of applicable bar or limitation of liability provided by the Colorado Governmental Immunity Act or other law.

11.0 Transportation. The School District and Peak to Peak acknowledge and agree that transportation will not be provided by the School District to students attending Peak to Peak, unless required as a related service by law and an IEP. If Peak to Peak subsequently determines to provide transportation during the term of this Contract, Peak to Peak may contract with the School District for transportation services at cost, by separate written agreement as an addendum to this Contract.

12.0 Miscellaneous Provisions.

12.1 Entire Agreement. This Contract, with attachments, contains all terms, conditions, and provisions hereof and the entire understandings and all representations of understandings and discussions of the parties relating thereto, and all prior representations, understandings, and discussions are merged herein and superseded and canceled by this Contract.

12.2 Amendment. This Contract may only be modified or amended by further written agreement executed by the parties hereto.

12.3 Notice. Any notice required, or permitted, under this Contract, shall be in writing and shall be effective upon personal delivery (subject to verification of service or acknowledgment of receipt) or three days after mailing when sent by certified mail, postage prepaid, to Peak to Peak's President, in the case of notice being sent to Peak to Peak, or to the Office of the Superintendent for notice to the School District, to the following address:

Peak to Peak:

President
Peak to Peak Charter Schools, Inc.
637 South Broadway, B341
Boulder, Colorado 80303-5932

School District:

Superintendent
Boulder Valley School District RE-2
6500 East Arapahoe Road
Boulder, Colorado 80303

12.4 No Waiver. The parties agree that no assent, express or implied, to any breach by either of them of any one or more of the covenants and agreements expressed herein shall be deemed or be taken to constitute a waiver of any succeeding or other breach.

12.5 Invalidity. If any provision of this Contract is determined to be unenforceable or invalid for any reason, the remainder of the Contract shall remain in effect, unless otherwise terminated by one or both of the parties in accordance with the terms contained herein.

12.6 Interpretation. In the event of any disagreement or conflict concerning the interpretation or enforcement of this Contract, the Application, and Board of Education policies,

procedures, regulations, or other requirements, other than those for which waivers have been granted, it is agreed that the provisions of this Contract and Board policies shall control over the Application and that compliance by Peak to Peak shall be required and measured in the same manner as may be applied and expected by the School District of a majority of its other schools.

12.7 Standing and Capacity. The Peak to Peak Board of Directors shall have standing and capacity to enter into and enforce any of the terms of this Contract on behalf of Peak to Peak. Any action by Peak to Peak's representative body on behalf of Peak to Peak shall be limited to enforcing the terms of this Contract and recovering the amounts provided for herein and shall not include any action or proceeding for other amounts or damages.

12.8 Assignment. Peak to Peak shall not assign its charter nor any of its rights or obligations under this Contract to any person or entity without the prior written approval of the Board of Education.

12.9 Dispute Resolution. In the event any dispute arises between the School District and Peak to Peak concerning this Contract, including, without limitation, the implementation of or waiver from any policies, regulations, or procedures, such dispute shall first be submitted to the Superintendent of the School District or his or her designee for review. Thereafter, representatives of the School District and Peak to Peak shall meet and attempt in good faith to negotiate a resolution of the dispute. In the event these representatives are unable to resolve the dispute informally pursuant to this procedure, they shall submit the matter to the Board for its consideration. The decision of the Board shall be final; provided, however, Peak to Peak may appeal to the State Board concerning those matters within its jurisdiction under the Act.

12.10 Mutual Cooperation. The parties pledge to collaborate in good faith, through two-way communication and mutual respect, to attempt to informally and amicably resolve any issues that may arise between them. To promote their common goals within the School District, the parties agree to avoid publishing or dispensing disparaging or factually inaccurate information about the educational programs offered by the other.

12.11 No Third Party Beneficiary. The enforcement of the terms and conditions of this Contract and all rights of action relating to such enforcement shall be strictly reserved to the School District and, subject to the provisions of section 12.7, Peak to Peak's Board of Directors. Nothing contained in this Contract shall give or allow any claim or right of action whatsoever by any other or third person. It is the express intent of the parties to this Contract that any person receiving services or benefits hereunder shall be deemed an incidental beneficiary only.

IN WITNESS WHEREOF, the parties have executed this Contract as of the date first above written.

PEAK TO PEAK CHARTER SCHOOLS, INC.

By: Ronda Kelley
President
For the Peak to Peak Board of Directors

ATTEST:

Sally Benjamin

BOULDER VALLEY SCHOOL DISTRICT RE-2

By: Linda Shoemaker
Linda Shoemaker, President
Board of Education

ATTEST:

Diana Shollenbarger
Diana Shollenbarger, Secretary

Approved as to form:

Richard Bump
School District Attorney

G:\WPFBVSD\CHRTSCH\PEAK\CONTRACT-REV5-13.WPD