

Daleville Community Schools

14300 West 2nd Street • Daleville, Indiana 47334-9125
Telephone (765) 378-3329 • FAX (765) 378-3649

RESOLUTION REGARDING ESTABLISHMENT OF A VIRTUAL CHARTER SCHOOL

WHEREAS, the Board of School Trustees (the "Board") of Daleville Community Schools held a hearing pursuant to IC 20-24-3-5.5 (statute effective July 1, 2011), to hear information and solicit comment on the effect of a proposed charter school on Daleville Community Schools and consider any foreseen negative impact on this school corporation; and

WHEREAS, representatives of Business Consulting, Incorporated (BCI), the proposed organizer of a charter school to be called "Indiana Virtual," presented information regarding the virtual charter and took questions from the Board and the public; and

WHEREAS, the Board concludes that Daleville Community Schools should act as sponsor of the Indiana Virtual charter school, this being in the best interest of the students and patrons of this community and other areas around the state; now therefore,

BE IT RESOLVED, that the president of the Board, any other necessary Board member, the Superintendent, and legal counsel are authorized to negotiate and execute any and all necessary documents for the Board to act as sponsor of the BCI charter school, Indiana Virtual, in compliance with the laws of the State of Indiana.

Passed and adopted this 23rd day of May, 2011.

President, Board of School Trustees

Secretary, Board of School Trustees



"At the Crossroads of the Future."

ORIGINAL
6-8-2011

CHARTER SCHOOL AGREEMENT

This Charter School Agreement, together with any attachments, addenda, and amendments (hereafter, the "Charter") is made and entered into this 6th day of June, 2011, by and between the Daleville Community Schools, Delaware County, Indiana (hereafter, the "Sponsor"), and BCI (hereafter, the "Organizer"). The Sponsor has authorized a designated representative to serve at the Sponsor's discretion assisting with the performance of the Sponsor's duties herein.

Section 1 Authority

1.1 Grant. The Charter is granted by the Sponsor to the Organizer for the maintenance and operation of an Indiana virtual public charter school to be known as Indiana Virtual (hereafter, the "Charter School").

1.2 Authority. The Charter is issued pursuant to the authority of IC § 20-24, as the same may be amended from time to time hereafter.

Section 2 Legal Status and Establishment of Charter School

2.1 Legal Status. The Charter School is an Indiana public school and shall be subject to applicable law.

2.2 Effective Date. The Charter shall take effect upon the execution of this document by the Sponsor and a duly authorized representative of the Organizer (the "Effective Date"). It is understood that prior to the Charter's issuance on the Effective Date, the proposed Charter is subject to modification or abandonment.

Section 3 Identification of the Organizer/Description of Organizational Structure and Governance Plan

3.1 Organization. The Charter School is established and operated by the Organizer, a not-for-profit corporation formed and organized under the applicable laws of the State of Indiana. The Organizer hereby represents that the Internal Revenue Service has determined it to be tax exempt. The Organizer shall immediately inform the Sponsor if its tax-exempt status is questioned, modified, or revoked by the Internal Revenue Service or if its not-for-profit corporation status is questioned, modified, or revoked by the state of incorporation.

3.2 Board of Directors.

a. The Organizer has a Board of Directors (hereafter, the "Board") whose members constitute the governing body of the Charter School (as defined in IC § 20-26-2-2) and

shall manage the Charter School's activities in compliance with the Charter and applicable law.

b. The Organizer represents that it has conducted, or will conduct within ninety (90) days of the Effective Date: national, and state and local criminal background checks pursuant to IC § 20-26-5-10 on each current Board member to the fullest extent permitted under applicable law after obtaining any necessary consents from the current Board member. Any person that has been convicted of the following acts shall be prohibited from serving on the Board, unless such prohibition is expressly waived by the Sponsor in writing:

- i. an offense described in IC § 20-26-5-11; or
- ii. any theft, misappropriation of funds, embezzlement, misrepresentation, or fraud.

c. The Organizer represents that it will conduct national, state and local criminal background checks on new Board members to the fullest extent permitted under applicable law after obtaining any necessary consents from the prospective Board member. Any person that has been convicted of the following shall be prohibited from serving on the Board, unless such prohibition is expressly waived by the Sponsor in writing:

- i. an offense described in IC § 20-26-5-11; or
- ii. any theft, misappropriation of funds, embezzlement, misrepresentation, or fraud.

3.3 Governance. The Organizer shall operate the Charter School under the governance plan set forth in its application for the Charter, together with any attachments, addenda, and amendments (hereafter, the "Application").

3.4 Dissolution. The Organizer represents that its governing documents provide that, upon dissolution, (a) all remaining assets, except funds received from the Indiana Department of Education (the "Department"), shall be used for nonprofit educational purposes, and (b) remaining funds received from the Department shall be returned to the Department not more than ninety (90) days after dissolution.

3.5 Third Party Responsibilities. To the extent that applicable law renders any of the Organizer's obligations set forth herein the responsibility of the governing body of the Charter School, the Charter School, or any other third parties, as opposed to the Organizer, the Organizer shall ensure that the responsible entity fulfills the obligations set forth herein in accordance with applicable law and the terms and conditions of the Charter. If the Organizer fails to ensure such obligations are fulfilled in accordance with applicable law and the terms and conditions of the Charter, the Organizer shall (a) indemnify the Sponsor and its officers, employees, counsel, consultants, agents, representatives (including the Daleville Community School Board) and those acting on behalf of the Sponsor's officers, employees, counsel, consultants, agents and representatives harmless from any and all claims, actions, expenses, damages and liabilities, including costs and attorneys' fees, for the defense of any of the above, arising out of,

connected with, or resulting from such failure; and (b) be deemed to have committed the act or omission itself for the purposes of determining whether the Sponsor may revoke the Charter.

Section 4 Operation of the Charter School

4.1 Application. The Application may be modified after the Effective Date only by a signed amendment thereto executed by the Organizer and the Sponsor. The Organizer and Sponsor agree that the Application sets forth the overall goals, standards, and general operational policies of the Organizer relating to the Charter School, and that the Application is not a complete statement of each detail of the Organizer's operation of the Charter School. To the extent that the Organizer desires to implement specific policies, procedures, or other specific terms of operation that supplement or otherwise differ from those set forth in the Application, the Organizer shall be permitted to implement such policies, procedures, and specific terms of operation, provided that such policies, procedures, and terms of operation are (i) not otherwise prohibited or circumscribed by applicable law or the Charter, or (ii) are not materially different from those set forth in the Application. To the extent there is a conflict between the terms of the Charter and the Application, the terms of the Charter shall govern.

4.2 Mission Statement. The Organizer shall operate the Charter School under the mission statement set forth in the Application.

4.3 School Improvement Plan. As permitted under IC § 20-31-5-2, the Charter shall serve as the Charter School's strategic and continuous school improvement and achievement plan. To the extent that IC § 20-31 applies to the Charter in its function as the School Improvement Plan, the Organizer shall comply with the requirements under IC § 20-31.

4.4 Accountability Plan. The Organizer shall develop in consultation with the Sponsor a proposed accountability plan to provide a basis for evaluating whether the Organizer is meeting its educational goals under the Charter.

4.5 Nonsectarian. The Organizer shall ensure that the Charter School is nonsectarian in its curriculum, programs, admission policies, employment practices, governance, and all other operations. The Organizer shall comply with the requirements of the United States and Indiana Constitutions, including those provided by the establishment clause of the First Amendment of the United States Constitution and article 1, section 6 of the Indiana Constitution.

4.6 Educational Management Organizations. In the event the Organizer intends to contract with a third party organization that will manage or operate the Charter School or provide a significant portion of the managerial or instructional staff to the Charter School, such relationship shall meet the requirements set forth in herein.

4.7 Third Party Contracts. No contract entered into by the Organizer with any third party shall amend, alter, or modify any provision of the Charter.

Section 5 Curriculum, Instructional Methods, and Pupil Assessment

5.1 Curriculum. The Organizer shall make a copy of the curriculum available for inspection at the Charter School during normal school hours.

5.2 Educational Benchmarks of Charter School. The benchmarks and indicators of performance for measuring academic progress of students attending the Charter School shall be as described in the Application.

5.3 Annual Fall and Spring Standardized Assessments. The Charter School will administer the required standardized assessments as set forth by the Indiana Department of Education.

Section 6 Pupil Enrollment

6.1 Grades Served. Number of Students. The Organizer is authorized to enroll students in accordance with the grade levels set forth in the Application. Any change in grade levels offered at the Charter School shall require prior written approval from the Sponsor.

6.2 Open Enrollment. The Organizer shall not establish admission policies or limit student admissions in any manner in which a public school is not permitted to establish admission policies or limit student admissions except to limit enrollment to the Organizer's maximum enrollment number as determined by the Organizer.

6.3 Recruitment. Enrollment. The Organizer's recruitment and enrollment policies for the Charter School are subject to all federal and state law and constitutional provisions that prohibit discrimination on the basis of race, disability, gender, religion, national origin, ancestry, or color.

6.4 Student Records. The Organizer shall maintain all student records, including enrollment information, electronically on a system that is mutually acceptable to the Organizer and the Sponsor.

6.5 Student Identification Numbers. The Organizer shall assign and use IDOE STN (student identification numbers) both in administering ISTEP and in meeting other Indiana data reporting requirements. The Organizer shall follow procedures established by the State Board of Education for issuance and record keeping concerning student identification numbers.

Section 7 School Calendar

The Organizer plans to have students in attendance in August, 2011.

Section 8 Staff Responsibilities and Personnel Plan

8.1 Employee Benefits. Teachers and other staff who work full time at the Charter School may be provided health insurance, retirement benefits, liability insurance, and other benefits:

- a. As described in the Application; or
- b. As otherwise negotiated with their employer.

To the extent that these benefits conflict, benefits provided pursuant to Paragraph 8.1b shall govern.

8.2 Teacher Licensing. As required under IC § 20-24-6-5(a), the Organizer hereby represents that all individuals who teach in the Charter School during the term of the Charter shall:

- a. hold a license to teach in a public school in Indiana under IC § 20-28-5; or
- b. be in the process of obtaining a license to teach in a public school in Indiana under the transition to teaching program set forth in IC § 20-28-4. The Organizer represents that any individual teaching at the Charter School under this option shall complete the transition to teaching program not later than three (3) years after beginning to teach at the Charter School.

8.3 Non-Teacher Licensing. As required under IC § 20-24-6-5(c), the Organizer represents that any individual who provides a service to students at the Charter School that is not teaching, and for which a license is required under Indiana law, shall have the appropriate license to provide the service in Indiana.

8.4 Employment Applications. All applicants for employment with the Organizer who intend to provide services for the Charter School shall be required to submit employment applications. All current and prospective employees of the Organizer who have direct, ongoing contact with children at the Charter School within the scope of the individuals' employment, and employees of contractors or sub-contractors of the Organizer who have direct, ongoing contact with children within the scope of the individuals' employment, shall be subject to state and local criminal background checks to the fullest extent permitted under applicable law after obtaining any necessary consents from the individual who are subject to the background check.

Section 9 Physical Plant

9.1 Applicable Law. As a Prior Action, the Organizer may identify a location for the Charter School and develop facilities for the Charter School that comply with: (a) all applicable law, including building, fire and safety, and zoning and land use codes for school use; (b) the Charter; and (c) the Application.

Section 10 Budget, Financial Plans, and Audits

10.1 Organizer as Fiscal Agent. The Organizer is the fiscal agent for the Charter School. The Organizer has exclusive control of, and is responsible for, the funds received by the Charter School and the financial matters of the Charter School.

10.2 Separate Accounts; Audits. The Organizer shall maintain separate accountings of all funds received and disbursed for the Charter School and shall follow applicable law concerning separate maintenance of federal funds.

10.3 Adoption of Unified Accounting System. The Organizer shall adopt and implement the unified accounting system prescribed by the State Board of Education and State Board of Accounts.

10.4 Acquisition of Real and Personal Property. The Organizer may, for educational purposes, acquire real and personal property or an interest in real and personal property by purchase, gift, grant, devise, or bequest.

10.5 No Tuition. The Organizer shall not charge tuition for any Indiana Virtual student taking a normal course load. A normal course load is considered to be up to 12 credits per academic year. Courses above the normal load will be charged to the student at a rate equal to the cost of the course incurred by the Organizer.

a. Courses will be offered on a tuition basis for any student not included in the ADM count for Indiana Virtual. The tuition costs applicable to those students will be set by the Organizer.

b. The Organizer agrees to charge tuition at a rate equal to the cost of the course incurred by the Organizer to those students included in the Sponsor's ADM count.

10.6 Extraordinary Expenditures. At least fourteen (14) days prior to making an expenditure of more than fifty thousand dollars (\$50,000) for any purpose outside the ordinary course of operation of the Charter School, the Organizer shall provide notice to the Sponsor regarding the payee, the amount, and the nature and purpose of such expenditure. An expenditure for a purpose "outside the ordinary course of operation" shall not include reasonable, good faith budgeted expenses, including start-up costs or costs related to the procurement of land, facilities, and equipment for the Charter School. If the Organizer must make an immediate expenditure in excess of fifty thousand dollars (\$50,000) due to an unforeseeable emergency that could result in harm to any person or property or that poses health or safety concerns, which expenditure is outside the ordinary course of operation of the Charter School, the Organizer shall notify the Sponsor as soon as practicable, regarding the payee, the amount, and the nature and purpose of such emergency expenditure.

10.7 Federal Funding. The Organizer shall make all applications, enter into all contracts, and sign all documents necessary for the receipt by the Charter School of any aid, money, or property from the federal government.

Section 11 Insurance; Indemnification

11.1 Insurance. The Organizer shall maintain as a Prior Action a schedule of insurance.

11.2 Indemnification. The Organizer indemnifies and holds the Sponsor and its officers, employees, counsel, consultants, agents, representatives (including the Daleville Community School Board) and those acting on behalf of the Sponsor's officers, employees, counsel, consultants, agents and representatives harmless from any claim, action, expense (including attorneys' fees), damage, and liability, arising out of, connected with, or resulting from the Organizer's operation of the Charter School, including:

- a. The negligence, recklessness, intentional wrongful act, misconduct or culpability of the Organizer, the governing body of the Charter School, or the Charter School and those acting on behalf of these entities as officers, employees, agents, representatives, contractors, sub-contractors, or lessors;
- b. An act by the Organizer and those acting on behalf of the Organizer as officers, employees, agents, representatives, contractors, sub-contractors, or lessors that would serve as a basis for the Sponsor's revocation of the Charter pursuant to Paragraph 15.4;
- c. Any failure by the Organizer, the governing body of the Charter School, or the Charter School and those acting on behalf of these entities as officers, employees, agents, representatives, contractors, or sub-contractors to pay employees, suppliers, lenders, creditors, contractors, or sub-contractors;
- d. The hiring, supervision, or discipline of any officer, employee, agent, representative, volunteer, or student of the Organizer, the governing body of the Charter School, or the Charter School, and those acting on behalf of these entities as officers, employees, agents, representatives, contractors, or sub-contractors;
- e. The obligations of the Organizer, the governing body of the Charter School, or the Charter School and those acting on behalf of these entities as officers, employees, agents, representatives, contractors, or sub-contractors under the United States Constitution, the Indiana Constitution, and applicable law;
- f. The infringement of patent or other proprietary rights by the Organizer, the governing body of the Charter School, or the Charter School and those acting on behalf of these entities as officers, employees, agents, representatives, contractors, or sub-contractors in any material, process, machine, or appliance used in the operation of the Charter School; or
- g. The Sponsor's oversight responsibilities set forth in IC § 20-24-9-3.

11.3 Surviving Provisions. Notwithstanding the expiration, non-renewal, or revocation of the Charter, the Organizer agrees that the insurance coverage requirements required under Paragraph 11.1, and the duty to indemnify described in Paragraph 11.2 and Paragraph 3.6 shall continue in force and effect with respect to any claim, action, expense (including attorneys' fees), damage or liability arising out of, connected with, or resulting from the operation of the Charter School until such claim, action, expense (including attorneys' fees), damage, or liability is barred by any applicable statute of limitations.

11.4 Notice of Potential Claims. The Organizer and the Sponsor shall make a good faith effort to notify each other of any actual or potential claims subject to indemnification under Paragraph 11.2, but failure to do so shall not invalidate the Organizer's indemnification duties herein.

Section 12 Discipline and Safety Program

12.1 Discipline; Student Rights; School Safety. The Organizer shall develop, implement, and maintain a school safety plan, including a discipline plan, to provide for a safe learning environment at the Charter School for students, staff, volunteers, and visitors. The school safety plan shall include an emergency preparedness plan for the Charter School that meets the requirements set forth in 511 IAC § 6.1-2-2.5.

12.2 Expulsion or Involuntary Transfer. No student shall be expelled or transferred involuntarily from the Charter School except in accordance with applicable law governing the conduct and discipline of students, including IC § 20-33-8-19, IC § 20-33-8-21, and IC § 20-33-8-22.

Section 13 Desegregation Order

The Organizer shall comply with any applicable desegregation order and any plan set forth in the Application relating thereto.

Section 14 Compliance Issues

14.1 Compliance with Constitution; Discrimination Law; Applicable Law Generally. The Organizer shall comply with the United States Constitution; the Indiana Constitution; all federal and state law provisions that prohibit discrimination on the basis of age, disability, race, color, gender, national origin, religion or ancestry; the Indiana statutes specified in IC § 20-24-8-5; and any other applicable law.

14.2 Compliance Obligations under IC § 20-24. The Organizer specifically acknowledges its obligations under IC § 20-24 to abide by any applicable requirements set forth therein, as may be amended from time to time.

14.3 Compliance with Applicable Law Relating to Special Education Students. The Organizer acknowledges that it shall comply with any applicable law that relates to the provision of services to special education students attending the Charter School and shall develop, as a Prior Action, a comprehensive special education plan for such students.

14.4 ESL Students. The Organizer shall adhere to applicable law related to English as a Second Language students.

14.5 Access to Public Records Law. Records relating to the Organizer's Charter and the operation of the Charter School that are in the possession, custody, or control of the Organizer are subject to inspection to the same extent that records of a public school are subject to inspection pursuant to IC § 5-14-3.

14.6 Compliance with State and Federal Law; Inspection. Records provided by the Organizer to the Department or the Sponsor that relate to compliance by the Organizer with the terms of the Charter or applicable law are subject to inspection pursuant to IC § 5-14-3.

14.7 Open Door Law. The Organizer's operation of the Charter School is subject to the requirements of the Open Door Law governing public meetings pursuant to IC § 5-14-1.5.

14.8 Criminal History Information. The Organizer shall create and implement a policy for conducting criminal history background checks in its operation of the Charter School that is consistent with IC § 20-26-5-10.

14.9 Inspection; Certification. The Sponsor may enter the premises of the Charter School during school hours, on a scheduled basis, to monitor whether the Organizer is operating the Charter School in compliance with applicable law and with the terms and conditions of the Charter. To the extent permitted under applicable law, the Organizer shall maintain the following information at the Charter School and make it available to the Sponsor upon request no later than the second (2nd) business day following such request; or, if the information has not yet been disclosed by a third party, as soon as practicable with the exercise of due diligence on the part of the Organizer:

- a. The Organizer's Articles of Incorporation;
- b. The Organizer's by-laws;
- c. Board policies;
- d. The Organizer's enrollment and admissions process for the Charter School;
- e. A list of all formerly and currently enrolled students and, for each student, the following information: full legal name, social security number (if available), student identification number (for purposes of state testing), birth date, address, school corporation in which the student resides, names and addresses of legal guardians; required documentation relevant to the student's special needs status (if applicable); results on assessments required by applicable law, the Application, the School Improvement Plan, and the Charter; and documentation of a student's suspension or expulsion (if applicable);
- f. A list of teachers who work at the Charter School and, for each one, the following information: name, social security number, birth date, address, compensation, evidence of certification to teach or progress toward certification to teach (if applicable), documentation of termination or resignation (if applicable);
- g. Evidence of insurance;
- h. Leases;
- i. Documentation of loans and other debt of the Organizer related to Charter School;

14.10 Notice of Litigation. The Organizer shall notify the Sponsor within five (5) days of being named as a plaintiff or defendant in any court proceeding or as the subject of any administrative enforcement proceeding arising from the operation of the Charter School.

Section 15 Term, Review, Renewal, and Revocation

15.1 Term. The term of the Charter shall commence on the Effective Date and end forty-five (45) days after completion of the third (3rd) school year of the Charter School.

15.2 Performance Review. The Sponsor shall review the Organizer's performance no less frequently than every 3 years, with the content and scope of each review to be determined by the Sponsor. As part of the overall review process, the Sponsor shall review the Organizer's performance in operating the Charter School, including methodology for gauging the progress of the Charter School in achieving the educational mission and goals incorporated in the Application and the Charter. Such performance review shall include methods for holding the Organizer accountable for improvement in student performance as measured by the following, if appropriate for grade level:

- a. Results on mandatory annual assessments, as defined in 511 IAC § 6.2-6-1, including the number and percentage of students meeting state academic standards;
- b. Graduation rates;
- c. Number and percentage of students completing the Core 40 curriculum and results on Core 40 end of course assessments; and
- d. Number of academic honors diplomas.

15.3 Renewal. In considering any renewal, the Sponsor may review the Organizer's performance in operating the Charter School, including the progress of the Charter School in achieving the academic goals set forth in the Application and the School Improvement Plan.

15.4 Grounds for Revocation. The Charter may be revoked by the Sponsor at any time before the expiration of the term if the Sponsor determines that one (1) of the following has occurred:

- a. The Organizer fails to fulfill any of its obligations in the Charter;
- b. The Organizer violates any of its representations in the Charter;
- c. The Organizer fails to comply with any of the terms and conditions set forth in the Charter;
- d. The Organizer fails to commence Charter School operations,
- e. The Organizer fails to meet the educational goals of the Charter School set forth in the Application or the Charter;
- f. The Organizer fails to comply with the U.S. Constitution, the Indiana Constitution, or applicable law;
- g. The Organizer fails to use the accounting principles required under applicable law;

h. The Organizer files for bankruptcy or becomes insolvent.

15.5 Cause for Revocation; Notice. If the Sponsor becomes aware of circumstances that may provide cause for revocation the Sponsor shall provide the Organizer with written notice of such circumstances and state a date, which shall not be less than fifteen (15) business days from the date of such notice, by which time the Organizer must respond in writing (a) showing cause why the Charter should not be revoked or (b) proposing to cure the condition.

15.6 Non-Renewal, Revocation, or Expiration. If the Charter is not renewed, is revoked, or expires:

- a. the Organizer shall be responsible for winding down the operations of the Charter School, including payment of any and all debts, loans, liabilities (contingent or otherwise) and obligations incurred at any time by the Organizer in connection with the operation of the Charter School. Under no circumstances, shall the Sponsor or the Sponsor's officers, employees, agents, or representatives, including the Sponsor and the Indianapolis Charter Schools Board, or those acting on behalf of the Sponsor's officers, employees, agents and representatives, be responsible for such obligations.
- b. the Organizer shall cooperate with the Sponsor to effect the orderly closing of the Charter School.

Section 16 Reporting Requirements

16.1 Reporting Calendar. The Organizer shall annually provide to the Sponsor a calendar that sets forth the schedule for all reports that the Organizer shall submit to the Sponsor as required hereunder and the dates by which such reports shall be submitted (the "Reporting Calendar"). The Reporting Calendar shall be submitted to the Sponsor on July 1.

16.2 Budgets and Accounting Reports; Timing. The Organizer shall adopt a July 1 through June 30 budget and accounting year (the "Accounting Year"). The Organizer shall gather, calculate, and submit budgets and accounting information requested hereunder based upon the Accounting Year. If applicable law requires the Organizer to implement a different Accounting Year, the Organizer shall comply with such requirements for both accounting and budgetary reporting purposes.

16.3 Monthly Report. The Organizer shall submit to the Sponsor by the fifteenth (15th) day of the following month any of the following that apply and, if none of the following applies, the Organizer need not submit written notification to the Sponsor to that effect:

- a. List of students expelled during the month;
- b. Applications, filings, or Internal Revenue Service determinations related to seeking and maintaining the Organizer's tax-exempt status;
- c. Applications, filings or state determinations related to seeking and maintaining the Organizer's not-for-profit corporation status;

d. Any conflict of interest issues that arose under Paragraph 3.4 and the resolution of such issue, if any.

16.4 Annual Report. As required under IC 20-24-9-1, the Organizer shall submit an annual report to the Department containing the information set forth in IC 20-24-9-2 in addition to any other data required by the Department under applicable law. The Organizer shall provide a copy of the annual report that it submits to the Department to the Sponsor.

16.5 Performance Report. As required by IC § 20-24-9-6, the Organizer shall publish a performance report not earlier than January 15 or later than January 31 that provides the information required under IC § 20-20-8-8. The Organizer shall provide a copy to the Sponsor of its performance report.

16.6 Other Reports.

a. Accounting.

i. By June 1 following the calendar year of the Effective Date, the Organizer shall submit to the Sponsor a statement prepared by an independent, certified public accountant to the effect that the Organizer has adopted proper internal financial and accounting controls, and a plan to address any deficiencies noted in the accountant's statement.

ii. Within six (6) months after the end of each Accounting Year during the term of the Charter, the Organizer shall submit to the Sponsor financial statements prepared in accordance with the unified accounting system prescribed by the State Board of Education and State Board of Accounts and audited by an independent, certified public accountant.

iii. The Organizer shall also submit to the Sponsor the audit of the Organizer's financial statements performed by the State Board of Accounts as required under IC § 20-24-8-5(1) (the "SBA Audit") as soon as it is available; and, to the extent that such SBA Audit is submitted in a timely fashion, the Sponsor may waive, in writing, the requirement to submit audited financial statements as set forth in Subparagraph (ii).

b. Projections. The Organizer shall provide the following projections:

i. Documentation of the Charter School's recruiting and admission process for the upcoming school year.

ii. The projected budget no later than June 1 prior to the upcoming Accounting Year;

iii. The school calendar no later than July 1 prior to the commencement date of the upcoming school year; and

iv. The projected student enrollment no later than July 1 prior to the commencement date of the upcoming school year, specifying expected number of students by grade level and school corporation of record.

c. Enrollment Report. Not later than the date established by the Department for determining average daily membership under IC § 21-3-1.6-1.1(d), and after May 31, the Organizer shall submit to the Department, with a copy to the Sponsor, any information required under IC § 20-24-7-2(a).

16.7 Public Inspection. The Sponsor may make any of the reports herein available for public inspection, to the extent permitted under applicable law.

Section 17 General Provisions

17.1 Notice. All notices, reports, and other documents covered by the Charter and required to be sent to one of the parties shall be in writing and shall be delivered by hand or by U.S. Certified Mail, return receipt requested, to the following contacts, as applicable, at the address shown or to such other address as may be provided by notice under this paragraph:

If to the Sponsor:

Daleville Community Schools
14300 West Second Street
Daleville, IN 47334

If to the Organizer:

BCI
2206 East 96th Street
Indianapolis, IN 46240

17.2 Governing Law. The Charter shall be governed by, subject to, and construed under the laws of the State of Indiana without regard to its conflicts of laws provisions.

17.3 Waiver. No waiver of any breach of any provision of the Charter shall be held as a waiver of any other or subsequent breach.

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

17.5 Amendment. The Charter may be amended only by a written instrument executed by the Organizer and the Sponsor.

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

17.7 Entire Charter. The Charter supersedes and replaces any and all prior agreements and understandings between the Sponsor (or the Sponsor's officers, employees, counsel, consultants, agents, representatives, and those acting on behalf of the Sponsor's officers, employees, counsel, consultants, agents and representatives) and the Organizer (or the Organizer's duly authorized representatives).

17.8 Construction. The Charter shall be construed fairly as to both parties and not in favor of or against either party, regardless of which party prepared the Charter.

17.9 Disputes. The Organizer and Sponsor shall not exercise any legal remedy with respect to any dispute arising from the Charter without (a) first providing written notice to the other party setting forth a description of the dispute, and (b) thereafter, meeting with the other party and attempting in good faith to negotiate a resolution of such dispute. This provision shall not apply to the Sponsor's revocation rights under Paragraph 16.4.

17.10 Definitional Provisions. Words used herein, regardless of the number and gender specifically used, shall be deemed and construed to include any other number, singular or plural, and any other gender, masculine, feminine or neuter, as the context indicates is appropriate. When a reference is made in the Charter to an introduction, recital, section, paragraph or attachment, such reference shall be to an introduction, recital, section or paragraph of, or an attachment to, the Charter unless otherwise indicated. The words "hereof", "herein" and "hereunder" and words of similar import shall be deemed to refer to the Charter as a whole and not to any particular provision of the Charter. The headings contained in the Charter are for reference purposes only and shall not affect in any way the meaning or interpretation of the Charter. Whenever the words "include," "includes" or "including" are used in the Charter, they shall be deemed to be followed by the words "without limitation." Accounting terms not expressly defined in the Charter shall have the respective meanings given to them under generally accepted accounting principles. The words "applicable law" shall mean any federal, state, or local laws, rules, regulations, ordinances, or other legal authority to which the entity in question is subject.

17.11 Authority. The Organizer is duly authorized to enter into the Charter, and the persons executing the Charter have been duly authorized to do so by the Board.

17.12 Surviving Provisions. In addition to the surviving terms and conditions set forth in Paragraph 11.3, Paragraphs 3.5, 16.6, 18.9, and 18.10 shall also survive the expiration, non-renewal, or revocation of the Charter.

17.13 Report Due Dates. If an Organizer is obligated to provide reports or other information on a date that falls on a holiday or weekend, the Organizer may provide such reports or other information on the next business day after the holiday or weekend.

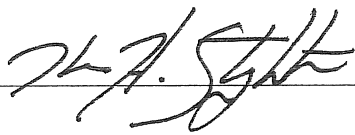
Required Actions

Exhibit A..... Requirements for contracting with educational management organizations

Exhibit B..... Requirements regarding insurance

IN WITNESS WHEREOF, the parties hereto have executed the Charter as of the day and year stated below.

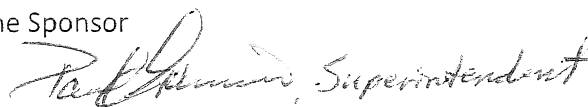
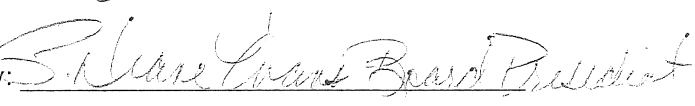
Duly Authorized Representatives of
[ORGANIZER]

By: 

Dated: 6-6-2011

Attest: 

The Sponsor

 Superintendent
By:  Board President
Daleville Community Schools

Dated: 6-6-2011


Attest:  Kip A. Corn
Board Secretary

Exhibit A

REQUIREMENTS FOR CONTRACTING WITH EDUCATIONAL MANAGEMENT ORGANIZATIONS

If, at any time, the Organizer intends to enter into a contract or make any modifications or amendments to an existing contract (together, the "Service Contract") with an educational management organization (the "EMO"), defined as any third party organization that will manage or operate the Charter School or provide any substantial portion of the managerial or instructional staff to the Charter School the following requirements must be met by the Organizer:

1. Submission of Service Contract. The Service Contract shall be submitted to the Sponsor. If the Sponsor determines that the Service Contract does not comply with applicable law, then the Sponsor shall notify the Organizer within forty (40) days of receipt, stating the bases for objecting to the Service Contract. In such event, the Organizer may not enter into the Service Contract unless and until the deficiencies noted by the Sponsor have been addressed.

2. Required Terms of Service Contract. The Service Contract may include, in substance, the following terms:

a. The Service Contract shall be subject to, and shall incorporate by reference, the terms and conditions of the Charter. No provision of the Service Contract shall interfere with the Organizer's ability to perform its obligations under the Charter. The Organizer shall at all times remain legally responsible to the Sponsor for the operations and management of the Charter School and for ensuring that the terms and conditions of the Charter are satisfied.

b. The Service Contract shall specify a reasonable fixed term, not to exceed the term of the Charter, and shall be terminable (i) at any time by the mutual written agreement of the Organizer and the EMO; (ii) by the Organizer upon any material breach of the Service Contract by the EMO; (iii) by the Organizer if the Service Contract or its implementation would serve as grounds for revocation under the Charter, would jeopardize the tax exempt or not-for-profit status of the Organizer or would cause the Organizer to be in violation of applicable law.

c. The EMO shall furnish all information relating to its contract with the Organizer that is deemed necessary by the Organizer or the Sponsor (i) to fulfill the Organizer's reporting requirements under the Charter, (ii) for the Sponsor's proper oversight of the Charter School operations, and (iii) as otherwise required under applicable law or the Charter. This information shall be prepared by the EMO in accordance with the uniform accounting principles prescribed by the State Board of Education and State Board of Accounts, or in such other form as may be required under applicable law or the Charter.

d. All EMO employees, contractors of the EMO, or employees of contractors of the EMO who have direct, ongoing contact with children at the Charter School within the scope of their employment, shall be subject to criminal background check requirements to the

same extent as employees of the Organizer who have direct, ongoing contact with children at the Charter School within the scope of their employment.

e. The EMO shall comply with all applicable law and the terms and conditions of the Charter.

f. The Organizer shall be the recipient of all public funds that are disbursed to fund the operations of the Charter School and all other funds to which the Charter School or the Organizer is entitled.

g. The EMO shall comply with all terms and conditions established by any funding source.

h. The Service Contract shall, in its entirety, be consistent with the Organizer's status as a nonprofit entity under the Internal Revenue Code or applicable state law, including but not limited to any applicable provisions prohibiting or restricting private benefit or private inurement.

i. The Service Contract shall not require the EMO's name to be included in or attached to the name of the Charter School.

3. Areas to be Addressed in Service Contract. The Service Contract shall address the following issues:

a. The Service Contract shall clearly delineate the respective roles and responsibilities of the EMO and the Organizer in the management and operation of the Charter School.

b. The Service Contract shall set forth procedures that are consistent with applicable law for determining whether assets purchased for use at the Charter School are owned by the Organizer or the EMO.

c. The Service Contract shall identify the procedures that the Organizer shall use to monitor and oversee the EMO.

d. The Service Contract shall specify the methodology for calculating the EMO's compensation, including all amounts to be paid to the EMO by the Organizer, whether as contract payments, lease payments, management fees, administrative fees, licensing fees, expenses, claims on residual revenues, or any other amounts payable to the EMO. The total amount to be paid to the EMO by the Organizer and/or any third party, including students, parents, or other organizations, under the Service Contract shall be reasonable, market rate, and commensurate with the services provided by the EMO. Compensation arrangements that grant the EMO the Organizer's or Charter School's annual operating surplus, give the EMO a percentage of all the Organizer's or Charter School's revenues, or include bonuses or incentives, must be designed in accordance with any applicable law and Internal Revenue Service guidance.

e. The Service Contract shall define the services that the EMO will provide to the Organizer.

4. Contact Information. The Organizer shall provide the Sponsor with contact information for the EMO.

5. Board Approval. The Board shall formally approve the Service Contract.

Exhibit B

REQUIREMENTS REGARDING INSURANCE

The Organizer shall set forth the following schedule of required minimum insurance with an insurance company licensed to do business in Indiana that has at least an A- rating from A.M. Best:

Directors' and Officers' Liability/
Educators' Legal Liability/
Employment Practices Liability: \$1,000,000 per occurrence; \$3,000,000 aggregate

Sexual Abuse Liability: \$1,000,000

NOTE: Sexual abuse liability must be a separate policy or a separate coverage part with limits independent of other coverage parts in the general liability policy.

Umbrella (Excess Liability): \$5,000,000 per occurrence; \$5,000,000 aggregate

NOTE THAT THE UMBRELLA POLICY MUST INCLUDE: Commercial General Liability/
Directors' and Officers' Liability/Educators' Legal Liability/Employment Practices
Liability, Automobile Liability, and Sexual Abuse Liability.

Workers Compensation Liability: As required by Indiana Law

The Sponsor must be listed as an additional named insured on each of these policies. The Sponsor may request further documentation at any time. The insurance provided by the Organizer shall apply on a primary basis. No funds, assets, insurance, or self-insurance of the Sponsor or the Sponsor's officers, employees, agents, counsels, consultants, or representatives, including the Charter Schools Board, or those acting on behalf of the Sponsor's officers, employees, agents, counsels, consultants, and representatives shall be held to answer for the payment of any claim, action, expense (including attorney's fees), damage, liability of the Organizer. The insurance provided herein shall provide coverage for the Organizer's indemnification obligations set forth in the Charter.

The Organizer shall submit its proposed insurance coverage for Directors' and Officers' Liability/ Educators' Legal Liability/ Employment Practices Liability, Automobile Liability, Sexual Abuse Liability, and Workers Compensation Liability to the Sponsor no later than June 30th and these coverages shall take effect within two (2) business days of this date. The Organizer shall submit its proposed insurance coverage for Commercial General Liability and Umbrella Liability to the Sponsor at least two (2) weeks prior to acquiring, through purchase, lease, or otherwise, the physical plant of the Charter School, and these coverages shall take effect no later than the effective date of such acquisition.

