

MEMORANDUM OF UNDERSTANDING
by and between
SANTA BARBARA UNIFIED SCHOOL DISTRICT

AND

SANTA BARBARA CHARTER SCHOOL

This Memorandum of Understanding (“Agreement”) is entered into between the Santa Barbara Unified School District (“District”) and Santa Barbara Charter School (“Charter School”), a California public charter school operated by a non-profit public benefit corporation (“Non-Profit”). The District, the Charter School and the Non-Profit are collectively referred to herein as the “Parties,” and each may be individually referred to herein as a “Party.” This Agreement shall be enforceable only following execution by both Parties and ratification or approval by the governing boards of each of the Parties.

RECITALS:

1. The District is a School District existing under the laws of the State of California.
2. The Charter School is a public charter school existing under the laws of the State of California.
3. In June 1993, the District’s Board of Education (the “Board”) granted a charter school petition (“Charter”) for the operation of the Charter School. The Charter was renewed in 1998 and 2003. In October 2008, the District renewed the Charter for a five-year term ending in October 2013. As the Charter School’s chartering entity, the District assumes supervisory oversight of the Charter School consistent with Education Code sections 47604.32 and 47604.33. On December 10, 2013, the Board conditionally granted a renewal of the Charter for a five-year period, ending June 30, 2018. The conditions of the Board’s approval are set forth as obligations of the Charter School in Section 4 (“Fulfilling Conditions of Approval of the Charter”) of this Agreement.
4. This Agreement is intended to outline the Parties’ agreement governing their respective fiscal and administrative responsibilities and their legal relationships, the operation of the Charter School, and other matters of mutual interest not otherwise addressed or resolved for the during and in the terms of the Charter.
5. To the extent any terms or obligations contained in the Charter conflict with any terms or obligations found in this Agreement, the Parties acknowledge and agree that the terms and obligations expressed in this Agreement shall be controlling.
6. The Charter School is operated by Non-Profit, a non-profit public benefit corporation. All obligations imposed hereby on the Charter School are equally imposed on the Non-Profit,

and all references to the Charter School are deemed equally to apply to the Non-Profit, unless expressly stated otherwise.

NOW, THEREFORE, for and in consideration of the recitals set forth above and the mutual representations, covenants, and conditions contained herein, the District and the Charter School hereby agree as follows.

AGREEMENT

1. Term and Renewal. This Agreement shall commence on the Effective Date and end on the date of the Charter's expiration, June 30, 2018. This Agreement is subject to early termination only as set forth in this Agreement or as otherwise permitted by law, including but not limited to upon revocation of the Charter. Renewal or extension of the Charter and this Agreement shall be based, in part, on compliance with the terms set forth in this Agreement, District policy, and applicable law.

2. Designation of School and Representatives.

(a) Name. The Charter School shall be known as the Santa Barbara Charter School. The Charter School may not change its name, nor operate under any other name, without the prior express written approval of the District, and any change of name shall be considered a material revision to the Charter under Education Code sections 47605 and 47607. The Non-Profit shall be responsible for all functions of the Charter School, subject to the terms and conditions set forth in this Agreement and the Charter.

(b) School Site. The Charter School shall not operate more than one school site nor change location without prior express written approval of the District.

(c) Representatives. The duly authorized representative of the Charter School is the Director of Operations or the Director of Education. The duly authorized representative of the District is the Superintendent or any designee. All communication regarding any aspect of the operation of the Charter School shall be initiated by the Charter School with the Superintendent, unless the Superintendent delegates this function to another employee of the District.

3. Legal Relationship. The parties recognize that the Charter School, operated by the Non-Profit in accordance with Education Code section 47604, is a separate legal entity under the oversight of the District under the Education Code sections 47600, *et seq.* The Charter School shall be wholly responsible for its own operations and shall manage its operations efficiently, economically, and within the constraints of its annual budget. The District shall not be liable for the debts or obligations of the Charter School or the Non-Profit for claims arising from the performance of acts, errors, or omissions by the Charter School or Non-Profit to the maximum extent permitted by applicable law.

The Charter School shall not have the authority to make or enter into a contract or agreement that would bind the District, that would extend the credit of the District to any third person or party, or to be managed or operated by any other non-profit public benefit corporation (or any other corporation or entity) without the express written prior approval of the District. The Charter

School shall clearly indicate to vendors and other entities and individuals outside the District with which or with whom the Charter School enters into an agreement or contract for goods or services. The obligations of the Charter School under such agreement or contract are solely the responsibility of the Charter School and are not the responsibility of the District.

It shall be the sole responsibility of the Charter School to file, and update as required, the “Statement of Facts Roster of Public Agencies” if required by Government Code section 53051. The current Statement of Facts Roster shall be submitted to the District by October 31 each year. It shall also be the sole responsibility of the Charter School to file an amendment to the Statement of Facts Roster within 10 days after a change in any of the required information.

4. Fulfilling Conditions of Approval of the Charter. The Charter was renewed on the condition that the Charter School make the following substantive changes to its educational program. No later than the dates set forth individually below, the Charter School shall make changes to its Charter and educational program, to the satisfaction of the District.

(a) English/Language Arts and Math. The Charter School shall implement an educational program in English and Language Arts and Math that demonstrates an increase in the academic performance of all of its population subgroups. The Charter School shall demonstrate that each of its population subgroups performs at the same level or better in these subjects as students in the District’s similar elementary schools, taking into account the composition of the pupil population that is served at the Charter School. The Charter School’s new academic program and its student success will be measured by the District’s localized norms.

(b) Meeting Charter’s Diversity Goals. The Charter School shall meet the self-imposed goals included in its plan to expand the Charter School’s diversity by the annual student enrollment date (aka “CBEDS” day). If the Charter School does not successfully implement any goal included in the plan by the date assigned to that goal, the Charter School shall provide a written explanation for the failure to the District on or before the date assigned.

(c) LCAP. The Charter School’s Local Control Accountability Plan (“LCAP”) shall include the following elements:

(i) A definition of the Charter School’s goals and annual actions to achieve the goals identified in the Petition, which are consistent with each of the State priorities and any identified local priorities.

(ii) A review of progress towards Charter School’s goals.

(iv) An assessment of the effectiveness of the specific actions described in the Petition towards achieving the goals.

(v) A description of changes to the specific actions the Charter School will make as a result of review and assessment.

(vi) A listing and description of the expenditures for the fiscal year implementing the specific actions to be taken as a result of the reviews and assessment required.

The Charter School shall meet the self-imposed goals included in its LCAP. If the Charter School does not successfully implement any goal included in the plan by the date assigned to that goal, the Charter School must provide a written explanation for the failure to the District within thirty (30) days following the date assigned to the goal.

(d) Low-Achieving Students. The Charter School will develop and implement a clear and explicit plan stating how teachers and the Charter School's staff will identify low-achieving students. The plan should also include specific types of monitoring techniques to be used when "continuously" monitoring this student population.

(e) English Learners. The Charter School will continue to monitor the progress and success of its English learner program and will provide periodic reports to the Board regarding the success of its English learner population. The Charter School must provide evidence of its monitoring and English learner program success for that respective school year within 30 days of the completion of each school year.

Should the Charter School fail or be unable to implement any of the above conditions required by the Board to renew and maintain the Charter, the District may, consistent with applicable law, consider such failure to be grounds for revocation of the Charter.

5. Funding.

(a) LCFF. The Charter School shall receive its funding in accordance with applicable law. The Charter School is eligible for a general-purpose entitlement allocated through the Local Control Funding Formula ("LCFF") (Ed. Code § 42388 *et seq.*), including a Basic grant and potentially Supplemental and Concentrated grants. The Charter School has elected to receive funding from the State directly, pursuant to Education Code section 47651.

(b) Block Grant. In addition to LCFF funding, the Charter School may continue to receive Block Grant Funding for eligible expenses from prior years consistent with state law.

(c) Federal Funding. The Charter School is eligible for Federal funding including, but not limited to: Title I, II, IV, and VII, to the extent that the Charter School's students qualify for such funding. It is the Charter School's obligation to apply for its own Federal funding. The Charter School shall notify the District within one (1) week of receiving notification from the Federal Department of Education of the amounts of any Title I, II, IV, and VII funding that the Charter School will be receiving for the 2014-2015 school year and each school year thereafter for the duration of this Agreement. If such amounts are 10% or less than the amounts set forth in the Charter School's budget, the Charter School will provide the District, within thirty (30) days of receiving notification of its funding levels, a detailed plan regarding how the Charter School will address any such shortfall.

(d) Other Sources of Funding. The Charter School may apply for funding from new or one-time funding sources provided by the State of California available to schools or school districts. It shall be the responsibility of the Charter School to apply for or comply with conditions for receiving funding not included in the Basic, Supplemental or Concentrated grants. Additionally, the Charter School may apply for private grants. Grants written and obtained by the Charter School will come directly to the Charter School and will not go through the District. Any application for funding by the Charter School that depends on the support or creditworthiness of the District shall be presented to the District for its prior written approval.

(e) District Assistance with Grants. If the District applies for additional sources of funding in the form of grants at the request of and for the benefit of the Charter School, the District shall receive three percent (3%) of any funds allocated to the Charter School to compensate the District for its services in obtaining the funds for the Charter School. Funds shall be allocated to the Charter School on a prorated basis related to the formula that generates the funds. For example, if funds are generated on a per eligible student basis, they shall be allocated to the Charter School on a per eligible student basis and subject to the three percent (3%) administration cost charged by the District.

(f) In Lieu Property Taxes. The District shall annually transfer to the Charter School funding in lieu of property taxes in monthly installments on or before the *15th day of the month* pursuant to Education Code section 47635.

(g) Compliance. The Charter School shall comply with all District policies, laws and regulations, currently in existence and as amended, concerning LCFF procedures and requirements, including but not limited to the following requirements:

(i) Provide documentation, to the District's satisfaction and on a monthly basis, supporting the Charter School's receipt of funds based on the categories commonly referred to as Basic, Supplemental and Concentrated funding;

(ii) To the extent the Charter School is eligible to receive Supplemental and Concentrated funding under LCFF the Charter School shall provide to the District sufficient information regarding its enrolled free and reduced-price meal eligibility, foster youth, and English learner pupil-level records for enrolled pupils;

(iii) Develop, adopt, and annually update a three-year Local Control Accountability Plan ("LCAP") with public participation by July 1, 2014;

(iv) Provide annual notifications to parents informing them of the right to file a complaint challenging the Charter School's compliance with the LCAP process pursuant to Education Code section 52075, subdivision (e); and

(v) Update the Charter School's goals and annual actions to achieve those goals identified in the charter on or before July 1, 2015, and each year thereafter, pursuant to Education Code section 47606.5.

6. Fiscal Management. The Charter School shall adopt and meet generally accepted accounting principles and shall adopt policies to ensure the Charter School's funds are used to most effectively support the Charter School's mission and to ensure that funds are budgeted, accounted for, expended, and maintained in an appropriate fashion. Such policies will include, but not be limited to, principles that ensure that: (1) expenditures shall be made in accordance with amounts specified in the budget adopted by the Charter School's governing board; (2) the Charter School's funds are managed and held in a manner that provide a high degree of protection of the Charter School's assets; and (3) all transactions are recorded and documented in an appropriate manner that allow reporting to the State as required. In addition, the Charter School shall perform the functions and adhere to the fiscal management practices identified below.

(a) Fiscal Committee. The Charter School shall establish a fiscal committee to monitor all fiscal operations of the Charter School program, including budget development and oversight.

(b) Segregation of Duties. The Charter School will develop and maintain simple check requests and purchase order forms to document the authorization of all non-payroll expenditures. All proposed expenditures must be approved by the Principal of the Charter School, who will review the proposed expenditure to determine whether it is consistent with the Charter School Board-adopted budget and sign the check request form. All transactions will be posted on an electronic general ledger. The transactions will be posted on the ledger by Charter School staff or a contracted bookkeeper.

(c) Budget. The Charter School shall develop and monitor its budget in accordance with the annual budget development and monitoring calendar to be developed by the Charter School. A preliminary budget shall be provided to the District and the County Superintendent of Schools for review by no later than July 1 of each year. All key budget variables, including revenue, expenditure, debt, beginning and ending balance variables shall be defined. The Charter School's budget must comply with Education Code section 47606.5, which must include a listing and description of the expenditures for the fiscal year implementing the specific actions included in the Charter as a result of the reviews and assessments required pursuant to section 47606.5.

(d) Reserves. The Charter School shall maintain a minimum reserve requirement for the Charter School's ending balance in conformity with section 15443 of Title 5 of the California Code of Regulations, which shall at least equivalent to those required of school districts of similar size. The reserve shall be calculated as a percentage of the Charter School's annual expenditures.

(e) Banking Arrangements. The Charter School will maintain its accounts either in the county treasury or at a federally-insured commercial bank or credit union. Funds will be deposited in non-speculative accounts including federally-insured savings or checking accounts or invested in non-speculative federally backed instruments. The Charter School's bookkeeper will reconcile the School's ledger(s) with its bank accounts or accounts in the county treasury on a monthly basis and prepare (1) a balance sheet, (2) a comparison of budgeted to actual revenues and expenditures to date, and (3) a cash flow statement. The Charter School's Principal and

fiscal committee will regularly review these statements. The Charter School will deposit all funds received as soon as practical upon receipt. A “revolving” cash fund, not to exceed \$1,000 (\$100 may be petty cash) may be established with an appropriate ledger to be reconciled monthly by the Charter School site secretary, who shall not be authorized to expend petty cash. Bank account reconciliations will be performed by the Charter School on a monthly basis and reported to the District semi-annually and/or as recommended by the Charter School’s independent auditor.

(f) STRS/PERS. The Charter School shall be responsible for establishing the appropriate funds or accounts in the county treasury for the Charter School and for making necessary arrangements for the Charter School’s participation, as appropriate, in the State Teachers’ Retirement System (“STRS”), the Public Employees’ Retirement System (“PERS”), and social security.

(g) Attendance Accounting. The Charter School shall establish and maintain an appropriate daily and monthly attendance accounting system to record the number of days students are actually in attendance at the Charter School and engaged in activities required of them by the Charter School. The Charter School will be responsible for its daily and monthly attendance accounting, as well as any attendance reporting to the District, the County Office of Education, or state agencies. The Charter School’s annual audit will review actual attendance accounting records and practices to ensure compliance. The attendance accounting practices will be in conformance with the Charter Schools Act, the California Administrative Code sections defining charter school average daily attendance, and other applicable law.

(h) Purchasing Procedures. The Charter School shall develop its own purchasing procedures for public bidding.

(i) Inventory. The Charter School’s Principal shall establish and maintain an annual inventory of all Charter School non-consumable goods and equipment over \$600.

(j) Loans. Pursuant to Education Code section 47604, subdivision (c), the Charter School agrees that all loans received by the Charter School shall be the sole responsibility of the Charter School and the District shall have no obligation for repayment. The parties agree that it is their intent, consistent with Education Code section 47604, subdivision (c), that “an authority that grants a charter to a charter School . . . shall not be liable for the debts or obligations of the charter school, or for claims arising from the performance of acts, errors, or omissions by the charter school, if the authority has complied with all oversight responsibilities required by law, including, but not limited to, those required by Section 47604.32 and subdivision (m) of Section 47605.”

(k) Third Party Liabilities. Assets or funds allocated or held by the Charter School for provision of its educational services shall not be used to satisfy any third party debts or liabilities, including those of the Non-Profit. Without limitation on the foregoing, no Charter School monies shall be allocated or spent on the debts or liabilities of any party or organization that is associated with founding this Charter School.

(l) Other Fiscal Control Policies. The Charter School shall review and consider for implementation reasonable fiscal control policies as recommended by the District. Updated fiscal policies of the Charter School shall be provided to the District annually.

7. Other Reporting. For purposes of fiscal oversight and monitoring by the District, the Charter School shall provide the District with a copy of the following documents, data and reports, in the form and at the times specified. All problems, questions, concerns, and/or issues, if any, related to the documents, data and reports that are produced by the Charter School and delivered to the District shall be brought to the Charter School's attention in writing:

(a) Enrollment and ADA. Absent mutual agreement between the parties, the Charter School shall align its enrollment timelines with the District's enrollment timelines. The Charter School shall submit student enrollment projections to the District by March 1 of each preceding school year. During the school year, the Charter School shall provide monthly enrollment and average daily attendance ("ADA") reports to the District. The Charter School shall also provide an annual breakdown of newly admitted students in the order students were selected no later than June 30 each year.

The Charter School shall maintain contemporaneous written records of enrollment and ADA and make these records available to the District for inspection and audit upon request. The Charter School shall provide data for the P-1, P-2, and annual state attendance reports to the District by January 15, April 30, and June 25, respectively, each year. Copies of amended state attendance reports, if any, shall be provided to the District within three (3) weeks of discovery of the need for making such an amendment. In addition, the Charter School shall provide all necessary information required to be submitted to the California Basic Education Data System ("CBEDS") by no later than October 31 of each year, including data for the R-30 Report.

(b) Personnel Information. The Charter School shall provide staffing projections for the next school year to the District annually by March 1, and shall provide a list of teaching/class assignments for each teacher to the District at the commencement of each school year, along with written verification by the Charter School that NCLB credentialing requirements have been met. Certificated and classified employee salary schedules shall be provided upon commencement of each school year, and during the year when updated. A copy of the Charter School's personnel policies shall be provided annually.

(c) Meeting Information. Copies of agendas and minutes for meetings of the Charter School Board of Directors shall be provided to the District at the time they are distributed to the public pursuant to the Brown Act.

(d) Instructional Minutes. The Charter School shall submit to the District its total annual instructional minutes report by June 30 each school year.

(e) Other. The Charter School shall provide such other documents, data, and reports as may be reasonably requested or required by the District and the County Office of Education.

8. Interim Reports. The First Interim Financial Report shall be provided to the District and the County Superintendent of Schools within 45 days after October 31 of each year (no later than December 15), and the Second Interim Financial Report shall be provided to the District within 45 days after January 31 of each year (no later than March 15). The Charter School will use an accounting formula acceptable to the California Department of Education. The submissions will include an updated budget for all funds and accounts operated by the Charter School, a multi-year projection for the current and subsequent two (2) fiscal years, and a written narrative describing the assumptions on which the budget and multi-year projects are based.

The Interim Reports shall include the following: (a) Year to date financial activity, broken down by month, showing budgeted versus actual amounts; (b) Detailed revenue and expenditure projections for the current year and the two (2) succeeding years, with assumptions; (c) Monthly cash flow, including up to date actuals and projects for the remainder of the current year; (d) Updated enrollment and ADA figures.

The Unaudited Actuals Financial Report shall be provided to the District and the County Superintendent of Schools by September 15 of each year or within two weeks of receiving year-end closing data from the District, whichever is later. The Charter School will use an accounting formula acceptable to the California Department of Education. The submissions will include the year-end unaudited actual financial statement for all funds and accounts operated by the Charter School, a multi-year projection for the current and subsequent two (2) fiscal years, and a written narrative describing the assumptions on which the budget and multi-year projects are based.

9. Audits. The Charter School shall provide a copy of the Charter School's Audited Financial Report to the District, the County Superintendent of Schools, the State Controller, and the California Department of Education by December 15 of each year. Audit exceptions or deficiencies identified in the audit report shall be addressed by the Charter School through the development of a remediation plan outlining how and when they will be resolved. The remediation plan will be provided to the District by January 15 of each year or within 4 weeks following the finalization of the Audited Financial Report, whichever is later.

In accordance with Education Code section 47605(b)(5)(I), all exceptions and deficiencies will be resolved to the satisfaction of the District and are not subject to any dispute resolution process of any kind. The Charter School maintains the right to appeal audit findings with the Educational Audit Appeals Panel.

10. Oversight Fee. The Parties agree that the District will incur costs in connection with its performance of supervisory oversight of the Charter School as required by law. The Parties agree that the actual cost of the District's supervisory oversight of the Charter School is one percent (1%) of all of the Charter School's revenue.

The Parties further agree that should the District be required by law or requested by the Charter School to perform services on behalf of the Charter School outside of its supervisory oversight functions and other than as outlined below as regards administrative services, it will incur

additional costs or expenses, which Charter School agrees are not included within the services under the Oversight Fee.

11. Administrative Services. The Charter School has the obligation to provide all services necessary to operate the Charter School, including but not limited to those set forth in this Agreement. The Charter School may provide these services directly, may contract with a third party, or may contract with the District to provide services. The Charter School has agreed to purchase, and the District has agreed to provide, for the 2014-2015 school year, the services set forth in Exhibit A (attached and incorporated herein). By February 15 of each year of the term hereof (beginning with February 15, 2015), the Charter School shall notify the District which services it wishes to purchase from the District for the upcoming school year. The District may in its sole discretion agree to perform some, all or none of the requested services. All charges for services provided by the District shall be calculated on revenues (excluding grants, loans, private donations, and other sources of revenue for which the charter school makes separate application) of the Charter School at the rates set forth in Exhibit A.

A final accounting and invoicing of all fees for administrative services will be submitted to the Charter School in writing prior to the close of the school year. The Charter School may make payment either by check or by written consent to withdraw the funds from the County Treasury account.

12. Insurance and Risk Management. The Charter School, at its own cost and expense during the term hereof, shall procure, pay for, and keep in full force and effect insurance coverage with a licensed carrier(s) to cover the operations of the Charter School, and shall supply the District with proof of the insurance listed below. The District's insurer shall provide written notice to the Charter School regarding any proposed change in coverage limits. The Charter School assumes all responsibilities with respect to risk management, including but not limited to all training and notification requirements, and budgeting to cover Charter School self-insured retentions/deductibles for all claims that are made or anticipated.

(a) Basic Terms. All insurance policies required under this Section 14 shall include the following:

(i) A clause stating: "This policy shall not be canceled or reduced until notice has been mailed to the Santa Barbara Unified School District stating the date of cancellation or reduction. The date of cancellation or reduction may not be less than thirty (30) calendar days after the date of mailing such notice.";

(ii) Language stating with particularity those insured, the extent of insurance, locations, and operations to which the insurance applies, expiration date, to whom the cancellation and reduction noticed required by Section VII(a)(1) will be sent, and the length of notice period; and

(iii) A statement that the Santa Barbara Unified School District and its officers, employees, and agents are named as additional insureds under the policy and that such insurance policy shall be primary to any insurance or self-insurance maintained by the

District. The Charter School Shall provide the District with an additional insured endorsement for each insurance policy held by the Chart School. A certificate of insurance containing reference to the endorsement will not be accepted in lieu of the actual endorsement.

(b) General Liability Insurance. The Charter School shall purchase comprehensive or commercial general liability insurance with limits not less than Five Million Dollars (\$5,000,000) each occurrence combined single limit for bodily injury and property damage (whether coverage is through primary only or primary plus excess.).

(c) Comprehensive or Business Automobile Liability Insurance. The Charter School shall purchase comprehensive or business automobile liability insurance with limits not less than One Million Dollars (\$1,000,000) each occurrence Combined Single Limit for Bodily Injury and Property Damage including coverage for Owned, Non-owned and Hired Vehicles, as applicable.

(d) Workers' Compensation. The Charter School shall secure Workers' Compensation insurance in accordance with statutory limits.

(e) Professional Liability. The Charter School shall purchase Professional Liability (Errors and Omissions) Insurance (including employment practices coverage) with limits not less than One Million Dollars (\$1,000,000) each occurrence.

(f) Property Insurance. The Charter School shall secure property coverage as a supplement to the general liability insurance detailed above, insuring real and personal property of the named insured with a minimum policy limit of eighty percent (80%) of the value of the Charter School's property. The Charter School shall be responsible, at its sole expense, for separately insuring its personal property.

(g) Miscellaneous. The Charter School shall purchase Fidelity and Directors and Officers insurance in amounts and types of coverage as agreed upon between the Charter School and the District as recommended by both Parties' insurance carriers.

(h) Continuity of Policy. If any policies are written on a claims-made form, the Charter School agrees to maintain such insurance continuously in force for three (3) years following termination or revocation of the Charter or extend the period for reporting claims for three years following the termination or revocation of the Charter to the effect that occurrences which take place during this shall be insured.

13. Indemnification. The Charter School shall, to the fullest extent permitted by law, hold harmless, indemnify, and defend the District, its officers, directors, and employees, attorneys, agents, representatives, volunteers, successors and assigns (collectively hereinafter District and District Personnel) from and against any and all claims, demands, actions, suits, losses, costs, penalties, obligations, errors, omissions, or liabilities, including attorneys' fees, and expert witness fees, whether or not suit is actually filed, and/or judgment rendered against District and/or District Personnel, that may be asserted or claimed by any person, firm or entity arising out of, or in connection with, the Charter School's performance under this Agreement, the

Charter or any acts or errors or omissions by the Charter School or its board of directors, administrators, employees, agents, representatives, volunteers, successors and assigns. This indemnity and hold harmless provision shall exclude actions brought by third persons against the District arising out of the negligence or intentional acts, errors, or omissions of the District and/or District Personnel.

14. Compliance with Law. The Charter School will comply with all applicable State and federal laws, including, without limitation, the Ralph M. Brown Act (Gov. Code §§ 54950 *et seq.*), the California Public Records Act (Gov. Code §§ 6250 *et seq.*), the Political Reform Act (Gov. Code §§ 87100 *et seq.*), State conflict of interest laws (Gov. Code §§ 1090 *et seq.*), the Child Abuse and Neglect Reporting Act (Penal Code §§ 11164 *et seq.*), the Individuals with Disabilities Education Act (“IDEA”) (20 U.S.C. §§ 1400 *et seq.*), the Americans with Disabilities Acts (42 U.S.C. §§ 12101 *et seq.*), the U.S. Civil Rights Acts, including Title VII of the 1964 Civil Rights Act, the California Fair Employment and Housing Act (“FEHA”) (Gov. Code §§ 12900 *et seq.*), the Age Discrimination and Employment Act (“ADEA”) (29 U.S.C. §§ 621 *et seq.*), Section 504 of the Rehabilitation Act of 1973 (29 U.S.C. §§ 794 *et seq.*), Education Code sections 220 *et seq.*, the Uniform Complaint Procedure (5 Cal. Code Regs. §§ 4600 *et seq.*), and the recently enacted Local Control Funding Formula (California Assembly Bill 97). The Charter School shall also comply with all applicable federal and state laws concerning the maintenance and disclosure of student records, including, without limitation, the Family Education Rights and Privacy Act of 1974 (20 U.S.C. section 1232g), and all applicable state and federal laws and regulations concerning the improvement of student achievement, including, without limitation, any applicable provisions of the Elementary and Secondary Education Act of 1965 (20 U.S.C. section 6301 *et seq.* as amended by the No Child Left Behind Act of 2001 (“NCLB”)). The Charter School also agrees to take appropriate remedial action if notified by the State of California of a violation of any of the foregoing.

15. Human Resources Management. The Charter School is the exclusive public school employer of persons employed at the Charter School. The Charter School shall have sole responsibility for employment, management, payroll, salary, benefits, dismissal and discipline of its employees as further outlined by the Charter. The Charter School agrees to comply with applicable federal statutory and regulatory requirements for highly qualified teachers and paraprofessionals used for instructional support as set forth in NCLB.

The Charter School will make contributions to STRS, PERS and/or Social Security as set forth in the Charter.

16. Transportation. The Charter School, and not the District, shall be responsible for any transportation services offered to students enrolled in the Charter School, including but not limited to transportation to and from school and for field trips.

17. Nutrition. The Charter School will have access to Free and Reduced price lunches at its neighbor school, Goleta Valley Junior High School, for all of its eligible students. The Charter School may, with the agreement of the District, participate in the District’s Hot Lunch Program, in conjunction with the District Nutritional Services Department. Should the Charter School elect to participate in the District Hot Lunch Program, the terms of such an election will be

governed either by a separate agreement between the Parties or by a duly executed amendment to this Agreement.

18. Health and Safety. The Charter School agrees to adopt health and safety policies and procedures consistent with applicable federal law, including Section 504 and the IDEA. The Charter School shall also be responsible for ensuring the provision of health and nursing services to satisfy the health needs of the students who enroll in the Charter School as required by applicable laws, including but not limited to the administration of injectable medications.

19. Facilities. The Charter School and the District may reach a separate agreement regarding facilities, which will be set forth in a Facilities Use Agreement not incorporated herein. The District shall receive thirty (30) days' advance written notice if the Charter School intends to use facilities not owned by the District. Any such facilities must be fully in compliance with applicable law prior to the Charter School's occupancy.

20. Complaints. Complaints filed with the Charter School, whether formal or informal, whether filed by the public, a governmental agency, students, parents, or Charter School staff, and including complaints filed with any governmental entity other than the District, must be provided to the District within seven (7) working days of receipt. If any such complaint raises an issue or issues that may be grounds for revocation or non-renewal of the Charter, the District may request that the Charter School report to the District on how such complaints are being addressed, and the Charter School agrees to provide such information upon the District's request. The Charter School shall make such information available to the District for inspection and copying upon request during regular business hours or, upon request, the Charter School shall deliver to the District within ten (10) business days a current copy of any requested records or information. Under all circumstances, the Charter School will cooperate fully in the release of information to the District to assist in the District's oversight.

21. Response to Requests. The Charter School understands and agrees that all of its records that relate in any way to the operation of the Charter School are public records subject to the requirement of the Public Records Act (Government Code sections 6250 *et seq.*) as well as Education Code section 47604.3. The Charter School shall respond promptly to all reasonable requests of the District.

22. Legal Counsel. The Charter School has the right to use its own legal counsel and will be responsible for procuring such counsel and associated costs.

23. Enrollment of Expelled Students. Neither the Charter School nor the District shall be obligated to accept enrollment of any student who has been expelled from the other entity during the term of the expulsion.

24. Non-Assignment. Neither Party shall assign its rights, duties or privileges under this Agreement, nor shall either Party attempt to confer any of its rights, duties or privileges under this Agreement on any third party, without the written consent of the other Party. Any change in the governance structure of the Charter School shall be treated as a material revision of the Charter, subject to the review and approval of the District pursuant to applicable provisions of the Education Code.

25. Severability. If any provision or any part of this Agreement is for any reason held to be invalid or unenforceable or contrary to public policy, law or statute and/or ordinance, the remainder of this Agreement shall not be affected thereby and shall remain valid and fully enforceable.

26. Dispute Resolution. All disputes regarding this Agreement shall be resolved in accordance with the Dispute Resolution provision included in the Charter.

27. Governing Law and Authority. To the extent that this Agreement is inconsistent with any of the terms of the Charter, the terms of this Agreement shall supersede the terms of the Charter. Any violation of this Agreement may be treated by the District as a violation of the Charter under Education Code section 47607. However, if any provision of this Agreement is not aligned with the Charter, the Charter School and the District may mutually agree to modify this Agreement pursuant to applicable law, in order to bring about alignment.

This Agreement shall be construed in accordance with the laws of the State of California and any action or proceeding seeking any relief under or with respect to this Agreement shall be brought solely in the Superior Court of the State of California for the County of Santa Barbara, subject to any transfer of venue as required by law.

28. Amendments. Any modification of this Agreement must be in writing and executed by duly authorized representatives of the Parties specifically indicating the intent of the parties to modify this Agreement. No such modification or amendment shall be effective absent approval or ratification by the governing boards of the Parties. In the event of changes in laws, District policies, or conditions of operation by the State Board of Education (“SBE”), the District reserves the right to require modifications to this Agreement. The Charter School agrees to approve such modifications as required by applicable law, District policy or SBE directive.

29. Notices. All notices, requests, and other communications under this Agreement shall be in writing and submitted in writing to the addresses set forth below. Notice shall be deemed given on the second day following the mailing of notice by certified mail.

To the District at:

Santa Barbara School District
720 Santa Barbara St.
Santa Barbara, CA 93101
Attn: Superintendent

To the Charter School at:

Santa Barbara Charter School
6100 Stow Canyon Rd.
Goleta, CA 93117
Attn: Director of Operations or the Director of Education

30. Entire Agreement; Counterparts. This Agreement contains the entire agreement of the Parties with respect to the matters covered hereby, and supersedes any oral or written

understandings or agreements between the Parties with respect to the subject matter of this Agreement. This Agreement may be executed in counterparts, each of which shall constitute an original. Facsimile copies of signature pages transmitted to other parties to this Agreement shall be deemed equivalent to original signatures on counterparts.

Dated: _____

Santa Barbara Charter School

Dated: _____

Santa Barbara School District

EXHIBIT A

For the 2014-2015 school year, the District shall charge the Charter School a sum equivalent to 1.5% of the Charter School's revenue (excluding grants, loans, private donations, and other sources of revenue for which the charter school makes separate application) for the provision of the following administrative services to the Charter School:

- Human Resources support, including new hire processing comparable to the processing of District employees. The District will maintain Charter School employee records at the District's offices
- Payroll services for Charter School employees
- General accounting support
- Purchasing support
- Access to and training on use of district student information system (SIS)
- Maintenance contract on student information system (SIS)
- California Student Information System (CSIS) data submissions and related state reports
- California Basic Educational Data System (CBEDS) reports
- J 18/19 attendance report
- Data collection for state required tests
- Pre-identification for state tests and data corrections
- R-30 Language Census
- Data processing for migrant education, pre-school programs, and library systems
- Training, monitoring, and security for state required tests
- Food service data processing, including National School Lunch Program (NSLP).
- Inter-District mail service