

## CHARTER SCHOOL AGREEMENT

This Agreement is entered into this 2nd day of July, 1999, by the Illinois State Board of Education (the "State Board") and Prairie Crossing Charter School, an Illinois Not For Profit Corporation ("Prairie Crossing" or the "charter school").

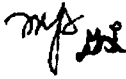
Grant of Charter. The State Board, acting as the authorized chartering entity in accordance with Section 27A-9(f) of the Charter Schools Law, shall, upon Prairie Crossing's compliance with the terms and conditions of this Agreement, grant a certified charter to Prairie Crossing to operate the Prairie Crossing Charter School as a charter school under the Charter Schools Law and in accordance with its proposal attached to this Agreement as Exhibit A, as modified and supplemented by this Agreement. The charter shall be effective beginning with the 1999-2000 school year and ending with the 2003-2004 school year, and shall be subject to modification, revocation or renewal as provided in the Charter Schools Law. The charter school shall serve a maximum of 330 students in kindergarten and grades one through eight who reside in Woodland School District 50 or Fremont School District 79. Services shall be phased-in according to the timetable designated as "Scenario B" in the Prairie Crossing proposal. <sup>or as otherwise agreed by the parties hereto.</sup> The charter school may also accept tuition students from other districts if space is available, provided that the charter school serves a minimum of 40 students from District 50 and District 79.

Maintenance of Corporate Status and Good Standing. Prairie Crossing shall at all times maintain itself as an Illinois general not-for-profit corporation capable of exercising the functions of the charter school under the law of the State of Illinois, shall remain in good standing under the laws

of the State of Illinois, and shall make all required filings with the Illinois Secretary of State. No later than August 1, 1999, Prairie Crossing shall provide the State Board with the names and addresses of its board of directors and copies of its articles of incorporation, certificate of incorporation, and bylaws, and shall forward to the State Board copies of all amendments or modifications thereto.

Third Party Management Contracts. The charter school shall not enter into any contract for comprehensive school management or operations services to be performed by a third party unless the charter school has submitted a copy of the contract to the State Board.

State Goals, Standards and Assessments. The charter school shall comply with all State goals, standards and assessments, as required by Section 27A-6(b) of the Charter Schools Law.

Accountability Plan. By August 1, 1999, the State Board shall provide to Prairie Crossing the elements and criteria for an acceptable accountability plan for student achievement. Prairie Crossing shall develop an accountability plan using these elements and criteria and shall no later than August <sup>15</sup>, 1999 submit the plan to the State Board for approval. 

Instructional Staff. No later than 30 days prior to the beginning of each school year, the charter school shall provide the State Board with the names of all persons to be employed in instructional positions for the upcoming school year, along with the certificate numbers and types of certificates held by the individuals, or evidence that these individuals meet the alternative requirements of Section 27A-10(c), and a list of classes to be taught by each individual.

Budget. Prairie Crossing shall provide the State Board with a copy of its annual budget no later than 30 days prior to the beginning of each of its fiscal years, provided that for the 1999-2000 school year, Prairie Crossing shall submit no later than August 1, 1999, a budget based upon the school's enrollment for the first year of operation, which enrollment shall be no fewer than 40 pupils.

General Funding. The charter school shall, using forms and procedures provided by the State Board, submit to the State Board accurate records of daily attendance as provided in Section 27A-11(a) of the Charter Schools Law in order to allow the State Board to calculate general state aid due Districts 50 and 79. The State Board shall withhold from the general state aid and other funds due the districts the amount necessary to pay the charter school the general funding described in this section.

The State Board shall pay the charter school general funding in quarterly installments on or about August 15, November 15, February 15 and May 15 of each year, based upon the charter school's enrollment on August 1, November 1, February 1, and May 1, as reported to the State Board on a claim form to be provided by the State Board. The amount of each quarterly payment shall be 25% of the District 50 or District 79 annual per capita tuition charge for the school year ending the previous June 30 for each resident student enrolled in the charter school in grades K-8 on the applicable date of enrollment. Enrollment on August 1 shall be based upon student registration on that date for the upcoming school year. Enrollment on November 1, February 1, and May 1 shall be based upon the number of students who are currently enrolled and regularly attending the

charter school on that date. If any quarterly payments during a year must be made using an earlier year's per capita tuition charge because of the unavailability of the district's per capita tuition charge for the school year ending the previous June 30 on the date when the quarterly payment is due, subsequent quarterly payments during that year shall be adjusted so that the overall funding for that year is equal to the amounts described in this section.

General funding shall only be paid for students who are residents of Districts 50 and 79 and who are not enrolled in any other public or private school. Claims filed by the charter school shall be subject to audit and recovery by the State Board of any overpayments.

Special Education. Prairie Crossing shall serve all enrolled students who require special education services in the manner described in its proposal. All services shall comply with federal and state special education laws. The State Board shall direct to Prairie Crossing those federal and state special education funds due to Prairie Crossing because of the eligible child count or other appropriate special education reimbursement mechanisms based on Prairie Crossing's submission of appropriate applications and/or claims.

Categorical Payments. As required by Sections 27A-11(c) and 27A-9(f) of the Charter Schools Law, the State Board shall pay to the charter school a proportionate share of federal and State categorical aid programs for which its students are eligible upon the charter school's filing with the State Board appropriate application and claim forms verifying student eligibility.

School Building. No later than <sup>10</sup>30 days prior to the opening of the charter school in 1999 and no later than 30 days prior to the opening of the new Prairie Crossing facility in <sup>2001</sup>2000, Prairie Crossing shall provide the State Board with the address of its school building and a copy of the occupancy permit for the building issued by the regional superintendent of schools. Prairie Crossing shall permit representatives of the regional superintendent or the State Board to inspect the building at any reasonable time to assure compliance with the State Board's Health/Life Safety Code for Public Schools (23 Ill. Adm. Code 180).

and/or any interim facilities prior thereto,

Health and Safety Requirements. As required by Section 27A-5(d) of the Charter Schools Law, the charter school shall comply with all health and safety requirements applicable to public schools, including those laws and their implementing regulations listed in Exhibit B.

Recruitment of Students - Transportation. Prairie Crossing shall use all reasonable efforts to vigorously recruit and enroll students from throughout the Woodland and Fremont Districts, including those who reside furthest from the school.

or as state law provides at any relevant time.

Student Transportation shall be provided as described in the proposal. Prairie Crossing shall closely monitor and at all times use reasonable efforts to ensure that the lack of transportation does not prevent any student's access to the school, especially low-income and at-risk students whose parents may not be able to participate in car pools or otherwise provide their own transportation.

Audit. The charter school shall cause a financial statement audit and financial and administrative procedures controls review (collectively, the "financial audits") to be performed annually at its expense by a certified public accountant retained by the charter school and acceptable to the State Board. The financial audits shall be conducted in accordance with generally accepted accounting principles for non-profit corporations and shall be made available to the State Board no later than October 1 of each year, beginning with October 1, 2000.

Reports. No later than September 1 of each year, the charter school shall submit to the State Board an annual report setting forth information requested by the State Board, including but not limited to the academic program and performance of the charter school, the results of standardized student tests, and an assessment of the success or failure of the charter school in meeting the goals and objectives set forth in the Agreement. In addition, the charter school shall comply with any other request for information from the State Board that the State Board deems necessary to monitor the charter school's compliance with this Agreement.

Inspections. The charter school shall grant reasonable access to, and cooperate with, the State Board, its officers, employees and other agents, including allowing site visits by the State Board, its officers, employees and other agents, for the purpose of allowing the State Board to fully evaluate the operations and performance of the charter school pursuant to the Charter Schools Law.

Insurance. The charter school shall, at its own expense, purchase and maintain insurance covering all of its operations. Such insurance shall include the types of insurance set forth in Exhibit C

hereto, subject to the conditions and in no less amounts than the respective limits set forth therein.

All insurers shall be licensed by the State of Illinois.

No later than August 1, 1999 and any time thereafter upon the request of the State Board, the charter school shall provide the State Board with certificates of insurance or other satisfactory proof evidencing coverage in the types and amounts as set forth above and in Exhibit C. All such insurance policies shall contain a provision requiring notice to the State Board, at least 30 days in advance, of any material change, non-renewal or termination.

Indemnification. To the fullest extent permitted by law, the charter school shall indemnify, defend and hold harmless the State Board and its respective members, agents, officers, employees, agents, affiliates and representatives, past and present (collectively, the "board indemnitees"), from and against any and all liabilities, losses, penalties, damages and expenses, including costs and attorney fees, arising out of all claims, liens, demands, suits, liabilities, injuries (personal or bodily), of every kind, nature and character arising or resulting from or occasioned by or in connection with (i) the possession, occupancy or use of the property of the charter school, its faculty, students, patrons, employees, guests or agents, (ii) any act or omission to act, whether negligent, willful, wrongful or otherwise by the charter school, its faculty, students, patrons, employees, guests or agents, (iii) a violation of any law, statute, code, ordinance or regulation by the charter school, its faculty, students, patrons, employees, guests or agents, and/or any breach, defaults, violation or nonperformance by the charter school of any term, covenant, condition, duty or obligation provided in this Agreement (collectively, the "covered losses"). This indemnification shall not apply to the extent that any covered loss results from the negligence or wrongful act or

omission of any board indemnitee or from any act or omission of the charter school required by law or this Agreement.

To the fullest extent permitted by law, the State Board shall indemnify, defend and hold harmless the charter school, any successor entity thereto, and their respective members, agents, officers, employees, agents, affiliates and representatives, past and present (collectively, the "charter indemnitees"), from and against any and all liabilities, losses, penalties, damages and expenses, including costs and attorney fees, arising out of all claims, liens, demands, suits, liabilities, injuries (personal or bodily), of every kind, nature and character arising or resulting from or occasioned by or in connection with (i) any act or omission to act, whether negligent, willful, wrongful or otherwise by the State Board, its members, agents, officers or employees, or (ii) a violation of any law, statute, code, ordinance or regulation by the State Board, its members, agents, officers or employees, and/or any breach, defaults, violation or nonperformance by the State Board of any term, covenant, condition, duty or obligation provided in this Agreement (collectively, the "covered losses"). This indemnification shall not apply to the extent that any covered loss results from the negligence or wrongful act or omission of any charter indemnitee or from any act or omission of the State Board required by law or this Agreement.

This indemnification, defense and hold harmless obligation shall survive the termination of this Agreement. Any indemnified party shall have the right, at its own expense, to participate in the defense of any suit, without relieving the indemnifying party of any of its obligations hereunder.



Disclaimer of Liability. The parties expressly acknowledge that the charter school is not operating as the agent, or under the direction and control, of the State Board except as required by law or this Agreement, and, except to the extent set forth in the indemnity provision above, that the State Board assumes no liability for any loss or injury resulting from: (1) the acts and omissions of the charter school, its directors, trustees, agents or employees; (2) the use and occupancy of the building or buildings, occupied by the charter school, or any matter in connection with the condition of such building or buildings; or (3) any debt or contractual obligation incurred by the charter school.

Notices. Any notice, demand or request from one party to the other party shall be deemed to have been sufficiently given if, and as of the date, it is delivered by hand or by overnight courier, or within three (3) business days of being sent by certified mail, postage prepaid, to the following addresses:

If to the Charter School:

~~Ms. Miriam J. Frank~~  
 President, Prairie Crossing Charter School  
~~32400 North Harris Road~~ 1571 Jones Point Road  
 Grayslake, IL 60030

If to the State Board:

Illinois State Board of Education  
 Charter Schools  
 100 North First Street  
 Springfield, IL 62777

Assignment. This Agreement may not be assigned or delegated by the charter school under any circumstances, it being expressly understood that the charter granted hereby runs solely and exclusively to the charter school.

Waiver. No waiver of any breach of this Agreement shall be held as a waiver of any other or subsequent breach.

Termination. This Agreement may be terminated prior to its expiration by (a) the mutual consent of the parties or (b) revocation of the charter pursuant to Section 27A-9(c) of the Charter Schools Law if the charter school:

- (1) committed a material violation of any of the conditions, standards, or procedures set forth in the charter;
- (2) failed to meet or make reasonable progress toward achievement of the content standards or pupil performance standards identified in the charter;
- (3) failed to meet generally accepted standards of fiscal management; or
- (4) violated any provision of law from which the charter school was not exempted.

Before taking action to revoke the charter, the State Board shall give Prairie Crossing notice and a reasonable opportunity to correct problems that the State Board determines are remediable and do not jeopardize the health, safety or educational well-being of Prairie Crossing's students.

Suprcseder. This Agreement supersedes and replaces any and all prior agreements and understandings between the State Board and the Charter School. To the extent that any conflict

or incompatibility exists between the proposal attached as Exhibit A and the other terms of this Agreement, such other terms of this Agreement shall control.

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

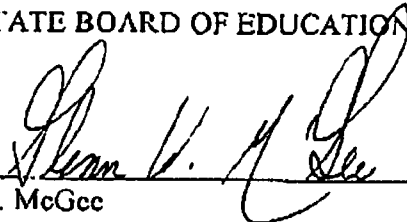
Severability. In the event that any provision of this Agreement or the application thereof to any person or in any circumstances shall be determined to be invalid, unlawful, or unenforceable to any extent, the remainder of this Agreement, and the application of such provision to persons or circumstances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

Amendments. This Agreement may be amended only by the written agreement of the parties.

IN WITNESS WHEREOF, the parties have signed this Agreement.

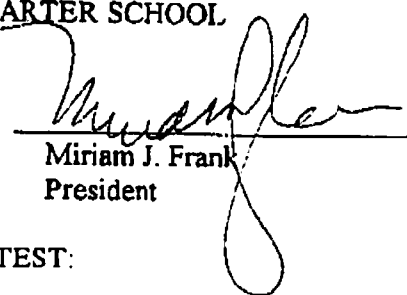
ILLINOIS STATE BOARD OF EDUCATION

By: \_\_\_\_\_

  
Glenn W. McGee  
State Superintendent of Education

PRAIRIE CROSSING  
CHARTER SCHOOL

By: \_\_\_\_\_

  
Miriam J. Frank  
President

ATTEST:

By: \_\_\_\_\_

Name: MIRIAM J. FRANK

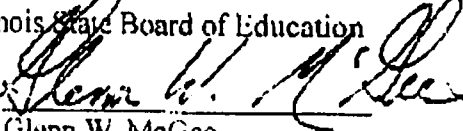
Its: PRESIDENT, BD OF  
DIRECTORS.

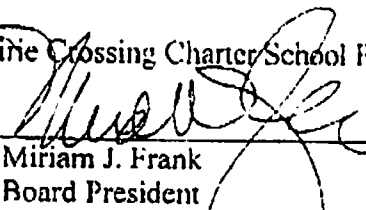
(Corporate Seal)

Amendment to Charter School Agreement

The Illinois State Board of Education (the "State Board") and the Prairie Crossing Charter School Foundation ("Prairie Crossing") hereby amend their Charter School Agreement as follows:

1. Due to construction delays, the number of required student days will be decreased by five days, from 185 to 180 days, for the 2000-2001 school year only.
2. All other provisions of the Charter School Agreement shall remain in full force and effect.

Illinois State Board of Education  
 By:   
 Glenn W. McGee  
 State Superintendent of Education

Prairie Crossing Charter School Foundation  
 By:   
 Miriam J. Frank  
 Board President

Date: 8/11/00

Date: 8/8/00