


TOPIC: CHARTER SCHOOL RENEWAL PETITION AND MEMORANDUM OF UNDERSTANDING, EL RANCHO CHARTER SCHOOL

DESCRIPTION: The Orange Unified School District has received a charter school renewal petition from the El Rancho Charter School. The Board of Education held a public hearing with respect to the renewal petition from El Rancho Charter School, pursuant to Education Code Section 47605, on May 10, 2012. Several speakers provided input at the public hearing. A copy of the renewal petition has been maintained for public review at the District Education Center. Education Code Section 47607 provides that a charter granted by a school district governing board may be renewed one or more subsequent times by that entity. Each renewal shall be for a period of five years.

This is to certify that this item was approved by the Board of Education.



Michael L. Christensen
Superintendent and Secretary
Orange Unified School District

District staff have provided a review of the renewal petition from El Rancho Charter School. Based upon said review, District staff have found that the charter school renewal petition from El Rancho Charter School meets the criteria for renewal as outlined in Education Code Section 47607. Education Code Section 47605 provides that the Board of Education shall either grant or deny the charter within 60 days of receipt of the petition. Accordingly, this item is before the Board for action on June 7, 2012, which is within the 60-day window as provided by law.

In addition to the charter, a separate memorandum of understanding regarding the operation of the El Rancho Charter School had been in effect from the previous charter. Along with Board action on the charter renewal petition, appropriate revisions to the existing memorandum of understanding have been considered and are also presented to the Board of Education for approval at this time.

FISCAL IMPACT: Upon review of the charter school renewal petition and memorandum of understanding, no changes in fiscal impact have been determined.

RECOMMENDATION: It is recommended that the Board of Education take action pursuant to Education Code Section 47607 to approve the renewal petition and memorandum of understanding for El Rancho Charter School, effective July 1, 2012.

OUSD/Kissee
Board Agenda
June 7, 2012

MEMORANDUM OF UNDERSTANDING

by and between

EL RANCHO CHARTER SCHOOL

and

ORANGE UNIFIED SCHOOL DISTRICT

July 1, 2012 to June 30, 2017

This Agreement (“Agreement”) is executed between El Rancho Charter School (“Charter School”), a California public charter school and the Orange Unified School District (“District”). The Charter School and the District are collectively referred to as “the parties.”

I. RECITALS:

A. The Charter School is a public charter school existing under the laws of the State of California and under the supervisory oversight of the District.

B. The District is a School District existing under the laws of the State of California.

C. The District is the sponsoring district of the Charter School. On November 1, 2001 the District granted a charter for the operation of the Charter School to commence on July 1, 2002. On June 30, 2012, the charter will expire and the Charter School will request renewal for additional five years. This Agreement is intended to outline the agreement of the Charter School and the District governing their respective fiscal and administrative responsibilities and their legal relationships, as well as the operation of the Charter School.

D. If the terms of this Agreement conflict with the terms of the Charter, the Charter will control while the Charter School and the District negotiate necessary amendments to the Agreement to achieve consistency.

II. AGREEMENTS

A. Terms

1. The Charter and this Agreement will govern the relationship between the District and the Charter School regarding the operation of El Rancho Charter School.

2. Any modification of this Agreement must be in writing and executed by duly authorized representatives of the parties indicating an intent to modify this Agreement.

3. The duly authorized representative of the Charter School is the principal or designee. All communication regarding any aspect of the operation of

the Charter School shall be initiated by the District with the Charter School principal unless the principal delegates this function to another officer of the Charter School. The authority of the principal shall be as determined by the Charter School Board.

4. The duly authorized representative of the District is the Superintendent or any designee thereof. 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 officer of the District. The authority of the Superintendent shall be as determined by the Board of Trustees. The Board of Trustees shall approve all formal District actions related to oversight and monitoring of the Charter School.

5. The term of this Agreement shall be coterminous with the term of the Charter granted to the Charter School. This entire Agreement is subject to approval by the respective governing boards of the District and the Charter School. The Agreement shall expire upon termination or revocation of the Charter. Either party may suggest, propose or agree to a revision to the Agreement at any time during the term of the Charter.

B. Funding

1. The Charter School is eligible for all State funding afforded to a California charter school. Funding will include, but is not limited to, the Charter School's computed share of categorical programs listed in California Education Code section 47634 and the Charter School block grant. Block grant funding will be apportioned by Average Daily Attendance ("ADA"). The Charter School will be responsible for providing the State Department of Education with all data required for funding. The Block Grant Funding may not include:

- a. Programs for which the Charter School is required to apply separately, such as summer school or class-size reduction.
- b. Special Education Programs -- these funds are allocated to the SELPA in which the District is affiliated.
- c. Economic Impact Aid -- these funds are allocated separately, based on qualifying students.
- d. Lottery funds -- the Charter School will be funded from the State, in addition to the block grant funding, for their share of these funds. A portion of Lottery Funds must be spent on instruction, as dictated by the State.

2. The Charter School is eligible for Federal funding including, but not limited to: Title I, II, IV and VII, based on the qualification of the Charter School's students for such funding. The Charter School will apply for this funding in conjunction with the District.

3. The Charter School may receive funding from new or one-time funding sources available to schools or school districts provided by the State of California to the extent that the Charter School and its students generate such entitlements. Additionally, the Charter School may apply for private grants. It is the Charter School's obligation to apply for these funding sources/grants on its own.

4. Grants written and obtained by the Charter School will come directly to the Charter School and will not go through the District, except as required by Orange County Treasurer procedures.

5. In addition to the Block Grant Funding specified herein, the parties recognize the authority of Charter School to pursue additional sources of funding.

6. If the District applies for additional sources of funding in the form of grants and/or categorical funding at the request of and for the benefit of the Charter School, the District will receive a percentage of such funds to be allocated to the Charter School. The District may charge the maximum indirect cost as allowed under law. 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 administration fee (i.e., indirect charge fee) charged by the District. Nothing in this provision shall obligate the District to apply for such additional sources of funding unless it is otherwise obligated to under law.

7. Pursuant to Education Code 47636(a)(2) the Charter School reserves the right to apply for state and federal categorical programs in cooperation with the District, however neither the Charter School nor the District shall be obligated to make such application.

8. The Charter School is also entitled to lottery funds, class size reduction funds, a variety of state and federal application based programs, as well as various grant opportunities. It shall be the responsibility of the Charter School to apply for funding which is beyond the base statutory entitlement.

9. The District shall monthly transfer to the Charter School funding in lieu of property taxes pursuant to Education Code section 47635.

10. 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.”

11. The Charter School agrees that all revenue obtained by the Charter School shall only be used to provide educational services consistent with its Charter and shall not be used for purposes other than those set forth in the approved Charter, this Agreement or any authorized amendments. All expenditures shall be in accordance with applicable law.

12. The parties agree to negotiate on a case-by-case basis for any additional funding pursuant to Education Code section 47636, subdivision (b).

C. Legal Relationship

1. The parties recognize that the Charter School is a separate legal entity that operates the El Rancho Middle School under the supervisory oversight of the District under the Education Code section 47600, *et seq.*

2. The Charter School shall be wholly responsible for its own operations and shall manage its operations within the constraints of its annual budget. The District 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, as long as the District has performed the oversight responsibilities described in Education Code Sections 47604.32 and 47605(m).

The Charter School shall not have the authority to enter into a contract that would bind the District, nor to extend the credit of the District to any third person or party. 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 that 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.

The Charter School shall, to the fullest extent permitted by law, indemnify, defend, and hold harmless 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 actions, suits, claims, demands, losses, costs, penalties, obligations, errors, omissions, or liabilities, including legal costs, attorney's fees, and expert witness fees, whether or not suit is actually filed, and/or any 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.

3. The Charter School will comply with all applicable State and federal laws, including, without limitation, The Ralph M. Brown Act (Gov. Code section 54950, *et seq.*), the California Public Records Act (Gov. Code section 6250, *et seq.*), and the Political Reform Act (Gov. Code section 87100). The Charter School agrees to comply with conflict of interest laws, however, it reserves the right to not comply with or to modify its compliance with the conflict of interest laws if the Legislature, or any California Court of Appeal or Supreme Court determines that these laws do not apply to charter schools. When issues arise related to the terms and conditions of employment, or personnel-related matters, for paid employees sitting on the Board, the Board will take appropriate action, which may include, but not be limited to, the disqualification and abstention of those employees from participation in the Board's deliberation or decision making process related to their own contracts or employment, other contractual decisions of the Board that impact a financial term and/or condition of their employment, in which the employee may have a financial interest, or any personnel-related matter involving confidentiality concerns. The Charter School agrees that the indemnity provision contained in provision II(C)(2) of this Agreement shall apply to any and all allegations that the Charter School Board violated any conflict of interest provision. This provision shall not in any way prejudice the District's right to issue a Notice to Cure with respect to wrongdoings related to the Charter School Board's compliance with conflict of interest laws.

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.A. 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.A. 6301, et seq. as amended by the No Child Left Behind Act of 2001 (hereinafter the law, state and federal regulations referred to herein as "NCLB")). The Charter School also agrees to take the appropriate remedial action if notified by the State of California of a violation of any of the foregoing.

4. It shall be the sole responsibility of the Charter School to file and update as required, the "Statement of Facts Roster of Public Agencies" as 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.

D. Fiscal Relationship

Oversight Obligations

1. The District's oversight responsibilities include, but will not be necessarily limited to, the following:

a. Review of this Memorandum of Understanding and subsequent agreements to clarify and interpret the Charter and amendments to the Charter and the relationship between the Charter School and the District.

b. Monitoring performance and compliance with the Charter and with applicable laws, including the following:

Visiting the Charter School at least once per year;

Monitoring the fiscal condition of the Charter School;

Notifying the State of California upon the occurrence of any of the events described in Education Code section 47604.32(e), *i.e.*, renewal, revocation or termination of the charter for any reason.

The Charter School shall respond to all reasonable inquiries of the District, including, but not limited to, inquiries regarding its financial records.

c. Charter revocation processes, including hearing/investigating alleged violations and monitoring efforts to cure.

d. For purposes of fiscal oversight and monitoring by the District, the Charter School shall provide to the District copies of financial and programmatic data and reports unless the Charter School chooses to keep their funds in District accounts. 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.

(1) Student Data

The Charter School shall maintain contemporaneous written records of enrollment and ADA and make these records available to the District for inspection and audit. The Charter School shall cooperate with the District in creating copies of the P-1, P-2, and annual state attendance reports. 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 the R-30 Report.

The Charter School's student discipline policies shall be provided for review by the District annually as updated. The District will provide the Charter with a reminder after 15 days in the event that the information has not been provided.

(2) Personnel Data/Credential Data

The original credentials and other personnel records shall be maintained by the District.

(3) Budget/Financial Data

Budget Data:

A preliminary budget shall be provided to the District and the County Superintendent of Schools for review by no later than May 31 of each year. A copy of the adopted budget shall be provided to the District for review by no later than July 15 of each year.

Financial Data:

Bank account reconciliations will be performed by the Charter School on a monthly basis and shall be provided for District review on a quarterly basis. Balance sheets, and

check registers shall be provided for District review concurrently with bank account reconciliations.

Updated fiscal policies of the Charter School shall be available for District review annually. The Charter School also agrees to comply with the remaining reporting provisions contained in Education Code section 47604.33

The First Interim Financial Report shall be provided to the District and County Superintendent of Schools within 45 days after October 31 of each year (no later than December 15); 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 Third Interim Financial Report shall be provided to the District within 45 days after April 30 of each year (no later than June 15). The revised budget of the current fiscal year shall be provided to the District by September 1 of each year.

Financial Audit:

The Charter School annual audit will be conducted simultaneously with the District's audit and will be performed by the same firm employed by the District for auditing purposes. 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.

(4) Governance Data/Meeting Information

Copies of meeting agendas and minutes for meetings of the Charter Board and any of its committees shall be provided to the District within three days of the meeting. The District will provide the Charter with a reminder after 15 days in the event that the information has not been provided.

(5) Payroll Information

Certificated and classified employee salary schedules shall be available for District review. The Charter School may process Charter School STRS and PERS through the District in accordance with Education Code § 47611.3.

(6) Risk Management Data

Copies of all policies of insurance and memoranda of coverage, including endorsements, shall be provided to the District annually if the Charter School chooses coverages that are not part of the district insurance policies.

A copy of the Charter School Safety Plan shall be provided to the District on an annual basis and whenever significant revisions are made to the Plan.. The District will provide the Charter with a reminder after 15 days in the event that the information has not been provided.

Health benefit plans and policies shall be provided for District review if the Charter School chooses to use different policies or carriers than the District.

(7) Programmatic/Performance Audit

The Charter School will prepare an annual performance report regarding compliance with the terms of the Charter and shall provide all information necessary to demonstrate that the Charter School is meeting the applicable accountability. The performance audit shall be provided to the District annually. The District will reserve the right to inspect assessment results of the school and physically inspect the educational programs at the School. The School will present a Student Achievement Conference if it is required of other OUSD schools.

(8) Other

The Charter School shall make available such other documents, data and reports as may be reasonably requested or required by the District, the County Office of Education, and the State Department of Education.

e. The Charter School must maintain a minimum reserve requirement for the Charter School's ending balance of not less than 5% .

2. Oversight Fee

In accordance with Education Code section 47613, the Charter School shall pay the District an amount equal to two percent (2%) of the Charter School revenues to cover the actual cost of supervisory oversight and for providing substantially rent free facilities. "Charter School revenue" means the general purpose entitlement and categorical block grant, as defined in subdivisions (a) and (b) of Section 47632 (in accordance with Ed. Code section 47613(f)). This section shall not preclude the District

from charging the Charter School a fee for services that are provided by the District for the maintenance and operation of the facility by mutual agreement of the parties.

3. *Administrative Services.*

The Charter School has the obligation to provide all services necessary to operate the Charter School. The Charter School may provide these services directly or may contract with a third party to provide services. This provision does not preclude the Charter School from purchasing services from the District should the District and the Charter School agree to do so. The Charter School understands that the District has no legal obligation to provide administrative services to the Charter School. The Charter School shall be obligated to pay for services performed by the District at the request of the Charter School. The District shall prepare a menu of available administrative services and include the charge for those services and any deduction from that charge in Exhibit A. The terms outlined in Exhibit A will be reviewed annually and any changes in the level of service or program will be renegotiated as necessary.

All charges for services provided by the District shall be calculated on expenditures of the Charter School (not revenue).

4. The District shall provide a written invoice and supporting expense information to the Charter School detailing the amount due for services performed by the District, and any agreed to expenses paid by the District on the Charter School's behalf. If the Charter School disagrees with charges contained in the monthly invoice, the Charter School will provide written notice to the District regarding the specific nature of its concerns within five business days of the receipt of the invoice. The Charter School may only withhold payment for services, fees or expenses that it has specifically contested, not for the entire amount invoiced. The disputed amount shall be placed in an escrow account. If agreement cannot be reached, the matter will be resolved consistent with the dispute resolution provisions of the Charter School's charter. Payment will be completed via expenditure transfer. The special education encroachment shall be estimated and paid annually with a full reconciliation occurring no later than August 15 each year.

E. Insurance and Risk Management

The Charter School may continue to purchase insurance from the District's carrier. If the Charter School chooses to purchase its own insurance coverage to cover the operations of the Charter School, the Charter School shall purchase and maintain in full force and effect at all times during the term of the Charter

insurance in amounts and types and subject to the terms approved by the Orange Unified School District's risk manager and as specified below. The Charter School's obligations to acquire and maintain insurance as provided in this section of the MOU shall survive the revocation, expiration, termination, or cancellation of the Charter or any other act or event that would end Charter School's right to operate as a charter school pursuant to the Charter or cause the Charter School to cease operations until the Charter School has fully complied with the Closure Protocol set forth in the Charter.

Without limiting the Charter and/or the defense, indemnity, and hold-harmless obligations of the Charter School throughout the life of the Charter, the Charter School shall obtain, pay for, and maintain in full force and effect insurance policies issued by an insurer or insurers admitted by the California Insurance Commissioner to do business in the State of California and rated not less than "A or A-VII" by A.M. Best Insurance Rating Guide, or, in the case of self-insurance, with a California Joint Powers Authority, a memorandum or memoranda of coverage providing coverage as follows:

COMMERCIAL GENERAL LIABILITY insurance and/or coverage, which shall include coverage for: "bodily injury," "property damage," "advertising injury," and "personal injury," including, but not limited to, coverage for products and completed operations, sexual abuse/molestation, and sexual harassment with combined single limits of not less than \$1,000,000 per occurrence and \$2,000,000 in the aggregate.

COMMERCIAL AUTO LIABILITY insurance and/or coverage, which shall include: coverage for owned, non-owned, and hired autos, with bodily injury and property damage liability limits not less than \$1,000,000 per person and per occurrence.

WORKER'S COMPENSATION insurance and/or coverage, as required by applicable law, with not less than statutory limits.

PROPERTY INSURANCE and/or coverage, which shall include: (a) coverage for real property on an "all risk" basis with full replacement cost coverage and code upgrade coverage, (b) Fire Legal Liability, to protect against liability for portions of premises leased or rented, and (c) Business Personal Property, to protect on a Broad Form, named peril basis, for all furniture, equipment and supplies of Charter School and/or El Rancho and/or the Orange Unified School District as it applies to the Charter School. If any Orange Unified School District property is leased, rented or borrowed, it shall also be insured by Charter School and/or El Rancho in the same manner as (a), (b), and (c) above.

PROFESSIONAL LIABILITY insurance and/or coverage, in an amount not less than \$1,000,000 per "claim" with an aggregate policy limit of \$2,000,000.

All of the insurance and/or coverage required by the foregoing provisions of this MOU shall: (a) be endorsed to name the Orange Unified School District and its Board of Trustees, Board members, officers, Board appointed groups, committees, boards, and any other Board appointed body, and administrators, employees and attorneys, agents, representative, volunteers, successors, and assigns (collectively hereinafter the "Orange Unified School District and the Orange Unified School District Personnel") as additional insureds; (b) shall insure Orange Unified School District and Orange Unified School District Personnel to the same extent as Charter School ; (c) shall be primary insurance, and any insurance and/or self-insurance or coverage maintained by the Orange Unified School District and/or by the Orange Unified School District Personnel shall be in excess of Charter School's insurance and/or coverage required by the foregoing provisions of this Charter and shall not contribute with the primary insurance and /or coverage to be provided by Charter School's; (d) shall be on an "occurrence" basis rather than a "claims made" basis, excepting only educators' legal liability and errors and omissions insurance and/or coverage, which shall be on a "claims made" basis; and (e) shall apply separately to each insured against whom claim is made or suit is brought, except with respect to the limits of liability set forth in the applicable policy or memorandum of coverage.

Each policy of insurance and/or memorandum of coverage required by the foregoing provisions of this MOU shall be endorsed to state that coverage shall not be suspended, rescinded, voided, cancelled, reduced in coverage or in limits, or non-renewed, or materially changed for any reason, without thirty (30) days' prior written notice thereof given by the insurer to the Orange Unified School District by U.S. Mail, certified, or by personal delivery. In addition to such notice provided to the Orange Unified School District by the insurer, Charter School shall also provide the Orange Unified School District with thirty (30) days' prior written notice, by certified mail, return receipt requested, of the suspension, recession, voiding, cancellation, reduction in coverage or limits, non-renewal, or material change for any reason, of any policy of insurance or memorandum of coverage required by the foregoing provisions of this MOU. If at any time any policy of insurance or memorandum of coverage required by the foregoing provisions of this MOU is suspended, rescinded, voided, canceled, reduced in coverage or in limits, or non-renewed, or materially changed for any reason, Charter School shall cease operations until such policy of insurance and/or memorandum of coverage is restored, and if the required insurance and/or coverage is not restored within two (2) business days, the Charter shall be subject to revocation pursuant Education Code section 47607 and/or shall become void at the Orange Unified School District's option.

The acceptance by the Orange Unified School District of the insurance and/or coverage required by the foregoing provisions of this MOU shall in no way limit the liability or responsibility of Charter School or of any insurer or joint powers authority to the Orange Unified School District.

Each policy of insurance and/or memorandum of coverage required by the foregoing provisions of this MOU shall be endorsed to state that all rights of subrogation against the Orange Unified School District and/or the Orange Unified School District Personnel are waived.

The Charter School shall provide to the Orange Unified School District duplicate originals of each policy of insurance and/or each memorandum of coverage required by the foregoing provisions of this MOU, including all declarations, forms, and endorsements, which shall be received and approved by the Orange Unified School District upon issuance and thereafter by July 1 of each year. The duplicate originals and original endorsements required by this provision shall be signed by a person authorized by the insurer and/or joint powers authority to bind coverage on its behalf. The procuring of such insurance and/or coverage or the delivery of duplicate originals and endorsements evidencing the same shall in no way be construed as a limitation of the obligation(s) of Charter School to defend, indemnify, and hold harmless the Orange Unified School District and the Orange Unified School District Personnel.

The limits of liability applicable to the policies of insurance and/or memoranda of coverage required by the foregoing provisions of this MOU shall not reduce or limit the obligation(s) of the Charter School to defend, indemnify, and hold harmless the Orange Unified School District and the Orange Unified School District Personnel.

The limits of liability applicable to the policies of liability insurance and/or memoranda of coverage in place of liability insurance required by the foregoing provisions of this MOU shall not be reduced by or apply to defense costs or attorney's fees incurred to defend against covered claims.

Any deductibles or self-insured retention(s) applicable to the insurance and/or coverages required by the foregoing provisions of this MOU must be declared to and approved by the Orange Unified School District.

The Charter School shall promptly respond to all inquiries from the Orange Unified School District regarding any claims against the Charter School and/or any obligation of the Charter School under the foregoing provisions of this MOU.

F. Human Resources Management

1. All persons working at the Charter School are deemed to be employees of the Charter School except for those assigned by the District to work at the Charter School. The Charter School shall have sole responsibility for employment, management, salary, benefits, dismissal and discipline of its employees. In exercising these responsibilities, the Charter School will follow the applicable provisions of the collective bargaining agreements.

2. The District will be considered the public school employer of the employees at the Charter School solely for purposes of collective bargaining.
3. 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.
4. The Charter School will be required to make contributions to STRS, PERS, or Social Security as required by the State of California or the Federal Government for these programs.

G. Transportation

1. The Charter School may continue to purchase transportation services from the District, as it has in the past, for Charter School students to and from school. The Charter School reserves the right to contract with an outside transportation company for home to school services.
2. If it purchases transportation services from the District, the Charter School will have the ability to set all student fees for transportation and work with the District to determine bus stops and bus availability.
3. The Charter School will be responsible for providing transportation for field trips, including using public or other contracted transportation. If District transportation is used for a field trip, the District will prepare an invoice for each trip and send it to the Charter School. The Charter School will transfer the proper amount within 45 days.

H. Nutritional Services

1. The District retains the option to operate a central kitchen on the Charter School premises.
2. The District shall be responsible for all upkeep, maintenance of equipment and repair of the kitchen and serving facility. This provision is to include the daily cleaning of the all kitchen equipment.
3. The District shall reimburse the Charter School for all electricity, gas, cleaning supplies and custodial services according to the percentage of time the facility is used as a central kitchen.

4. Nutrition Service director or designee and Charter School principal or designee will approve food and beverage selections. USDA National School Lunch and Breakfast guidelines shall be followed.

I. Educational Program

1. Subject to District oversight and compliance with its Charter and applicable state and federal law, including, without limitation, NCLB, the Charter School is autonomous for the purposes of deciding the Charter School's educational program.

2. The Charter School calendar shall be submitted annually to the District Superintendent or designee for review and verification of compliance with instructional day and minutes requirements. The Charter School shall have a voting representative on the District's Calendar Committee.

J. Facilities

1. The Charter School is housed on the District's El Rancho campus. The Charter School's occupation of its current site shall fall under the regulations of Proposition 39.

2. To the degree the Charter School uses independent facilities, all such facilities shall meet all applicable fire and safety code requirements, will conform with all applicable provisions of the Americans with Disabilities Act and any other applicable federal requirements. Prior to use, all buildings that house the Charter School students will be fully inspected by a licensed structural engineer who specializes in seismic safety. All facilities will be approved by the local fire marshal for the use intended. The Charter School shall comply with the terms of Education Code section 47610 and 47610.5.

K. Renewal.

The Charter School will be required to meet at least one of the academic performance criteria set forth in Education Code section 47607 (b).

L. Response to Requests.

Pursuant to Education Code section 47604.3, the Charter School shall respond promptly to all reasonable requests of the District.

M. Legal Counsel.

The Charter School shall retain the right to use its own legal counsel and will be responsible for procuring such counsel and associated costs.

N. 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.

O. Provision of Documents.

With both parties understanding that some state, federal and county documents directed toward the Charter School may be mailed to the District, the District agrees to pass on such documents and forms to the Charter School in a timely manner so it may complete its legal obligations. The Charter School has full responsibility for the forms and documents it receives directly and those which it must access on the internet on its own.

P. 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. The replacement of the Charter School with any other operating body or governance structure 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.

Q. 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.

R. Reimbursement of Mandated Costs.

The Charter School shall seek reimbursements of its mandated costs, if any, directly from the State.

S. Dispute Resolution.

All disputes regarding this Agreement shall be resolved in accordance with the Dispute Resolution provision included in the Charter Section [XV].

EXHIBIT A

The District shall charge the Charter School a sum equivalent to 4% of the Charter School's expenditures for the provision of the following administrative services to the Charter School less any deductions as described below:

- Business Services including payroll, accounting, budget, interim financial reports, unaudited actuals, attendance accounting, CBEDS, purchasing and risk management.
- Educational Services including student and community services, information services, student and attendance database access, special programs, testing and pupil services.
- Human Resources including advertising vacancies, credentialing, staffing lists, training, tuberculosis testing, access to substitute pool and employee transfers (where applicable).

Administrative services equivalent to those provided to other District schools are available as requested by the Charter School from this list. These duties performed by the District are administrative only. Charter School shall work cooperatively with the District to provide information necessary to complete administrative tasks to meet OCDE and/or CDE deadlines. Charter School shall continue to offer ED class as part of the program.

Deductions:

- Sum equivalent to .5 FTE psychologist at the rate of the current psychologist employed by the Charter School or the average District psychologist rate, whichever is lower, to support ED class.
- Utilities, custodial services and supplies used for operation of central kitchen according to the percentage of time the facility is used as a central kitchen.

This agreement shall only be modified in writing by the mutual agreement of the parties.

Dated: _____
Orange Unified School District

Dated: _____
El Rancho Charter School