CHARTER SCHOOL RENEWAL AGREEMENT

BETWEEN

DISTRICT OF COLUMBIA PUBLIC CHARTER SCHOOL BOARD

AND

THE NEXT STEP PUBLIC CHARTER SCHOOL
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CHARTER SCHOOL AGREEMENT

This CHARTER SCHOOL RENEWAL AGREEMENT (this “Agreement”) is effective as of July 1, 2011 and entered into by and between the DISTRICT OF COLUMBIA PUBLIC CHARTER SCHOOL BOARD (the “Board”) and THE NEXT STEP PUBLIC CHARTER SCHOOL, a District of Columbia nonprofit corporation (the “School Corporation”).

RECITALS

WHEREAS, pursuant to Section 38-1802.03 of the District of Columbia School Reform Act of 1995, as amended (as now and hereafter in effect, or any successor statute, the “Act”), the Board has the authority to approve petitions to establish charter schools in the District of Columbia;

WHEREAS, pursuant to Section 38-1802.12 of the Act, the Board has the authority to approve charter renewal applications;

WHEREAS, the School Corporation submitted a petition in accordance with Section 38-1802.02 of the Act to establish a public charter school, that petition was approved in 1996, and the School Corporation entered into a contract with the District of Columbia Board of Education on June 11, 2007 (such charter, as superseded by the charter amendment entered into with the Board on October 17, 2008, the “Charter Agreement”);

WHEREAS, the School Corporation submitted a petition in accordance with Section 38-1802.12 of the Act to renew the Charter Agreement (such petition, as amended through the date hereof, the “Application”; a copy is attached hereto as Exhibit A);

WHEREAS, the Board has (i) determined that the Application satisfies the requirements set forth in Subchapter II of the Act; and (ii) approved the Application subject to the execution of this Agreement by the Board and the School Corporation; and

WHEREAS, the Board and the School Corporation hope to foster a cooperative and responsive working relationship;

NOW, THEREFORE, in consideration of the premises and the agreements, provisions, and covenants herein contained, the Board and the School Corporation agree as follows:

SECTION 1. ESTABLISHMENT OF SCHOOL

1.1 Charter. The School Corporation shall continue to operate a public charter school (the “School”) in the District of Columbia and shall operate such school in accordance with the Act and this Agreement. This Agreement and the Charter Agreement, as amended in accordance with this Agreement, shall constitute the School Corporation’s charter for purposes of Section 38-1802.03(h)(2) of the Act.
1.2 Term: Renewal. A. This Agreement shall commence on the date hereof and shall continue for a term of fifteen (15) years unless sooner terminated in accordance with Section 6.1 hereof.

B. The School Corporation may seek to renew its authority to operate the School as a public charter school in the District of Columbia pursuant to the terms of the Act. If such renewal is granted by the Board, the Board and the School Corporation shall (i) renew this Agreement with amendments satisfactory to the Board and the School Corporation; or (ii) enter into a substitute agreement satisfactory to the Board and the School Corporation.

1.3 Location; Permits; Certifications. The School shall be located at 1419 Columbia Road, NW, 2nd Floor, Washington, D.C. 20009 (the School Corporation’s fee or leasehold interest in such property, the “School Property”). The School Corporation shall not operate the School at a location other than the School Property without the prior written consent of the Board through an amendment of this Agreement pursuant to the Act and Section 8.4. The Board reserves the right to delay or prohibit the School’s opening at a new School Property until the School Corporation has provided the Board with each of the following items at least thirty (30) days prior to the first day of the School’s operation at a new School Property.

A. The School Corporation shall submit to the Board (i) a report regarding the status of all Authorizations required for the School Corporation’s use of the School Property, including occupancy permits and health and safety approvals; and (ii) a report identifying any lease, sublease, deed, or other instrument authorizing the use or evidencing the ownership of the School Property by the School Corporation and summarizing any financing entered into in connection therewith, along with true, correct, and complete copies of each of the documents referenced in the report. “Authorizations” shall mean (a) any consent, approval, license, ruling, permit, certification, exemption, filing, variance, order, decree, directive, or other authorization of, by, or with; (b) any notice to or from; (c) any declaration of or with; and (d) any registration with any governmental authority, in each case relating to the operation of the School.

B. The School Corporation shall provide the Board a copy of the certificate of occupancy for the School Property.

C. The School Corporation shall provide written assurance to the Board that it has procured and maintains in full force the insurance policies set forth in Section 3.2.

A copy of any information submitted to the Board or otherwise required by Clauses A-C of this Section 1.3 shall be kept on file at the School.

SECTION 2. EDUCATIONAL PROGRAM

2.1 Mission Statement. The School Corporation shall operate the School in accordance with the mission statement set forth in the Charter Agreement.

2.2 Enrollment. A. Enrollment in the School shall be open to any pupil seeking Adult Education alternative high school who resides in the District of Columbia. Students who are not residents of the District of Columbia may be enrolled at the School to the extent permitted by the Act. Subject to clause B below, the School Corporation shall maintain an
enrollment of no more than one hundred and ninety (190) pupils in academic year 2011-2012 and no more than two hundred and fifty (250) pupils in subsequent academic years substantially in accordance with Schedule I attached hereto. The School shall not instruct students of any other grade without prior written consent of the Board.

B. Prior to the end of the five-year period included in Schedule I, the School Corporation may petition the Board to increase the maximum enrollment of the School from the original maximum enrollment for such five-year period provided that the School Corporation delivers to the Board (i) evidence that (a) the School Property has sufficient capacity to accommodate the increased enrollment, and (b) the quality of the educational program at the School is satisfactory and will not deteriorate as a result of such increase; (ii) a revised Schedule I; and (iii) such other items as the Board may request.

C. If eligible applicants for enrollment at the School for any academic year exceed the number of spaces available at the School for such academic year, the School Corporation shall select students in accordance with the requirements of the Act.

D. The School Corporation shall keep accurate records of student enrollment and daily student attendance that are sufficient to permit preparation of the reports described in Sections 4.1D and 4.1E.

2.3 Curriculum. The School Corporation shall design and implement the educational program set forth in the Charter Agreement, as modified in accordance with this Agreement. The School Corporation’s curriculum shall adopt student content and performance standards for all subject areas at all grades or other performance levels served by the School Corporation. The School Corporation’s curriculum shall be aligned with the School Corporation’s educational program. The School Corporation shall petition the Board in writing for an amendment to this Agreement for any material change in the curriculum of the School that is a significant departure from the curriculum in the plan set forth in the Charter Agreement, as amended in accordance with this Agreement.

2.4 Students with Disabilities. The School Corporation shall notify the Board in writing by April 1 prior to the beginning of any academic year for which the School Corporation shall change its election to act as either a local education agency or a District of Columbia Public School for purposes of Part B of the Individuals with Disabilities Education Act, as amended, and Section 504 of the Rehabilitation Act of 1973, as amended.

2.5 Student Policies: Expulsion and Suspension. A. The School Corporation shall make the policies governing students at the School available in writing to parents and students.

B. The School Corporation shall notify the Board promptly of any expulsion or any suspension of more than five (5) school days of any student enrolled in the School.

SECTION 3. CONTRACTS

3.1 Notice for Contracts. In accordance with the Act, the School Corporation shall submit to the Board the documents required by the Act with respect to any procurement
contract awarded by the School Corporation and that has a value equal to or in excess of $25,000.

3.2 Insurance Coverage. A. The School Corporation shall procure and maintain in full force and effect at all times insurance policies with an independent insurance broker with a license in the District of Columbia providing at least the coverage provisions set forth below wherever applicable:

(i) Workers’ compensation insurance as required by applicable Law. “Law” shall mean any statute, law, constitutional provision, code, regulation, ordinance, rule, judgment, order, decree, permit, concession, grant, franchise, license, agreement, directive, binding guideline or policy or rule of common law, requirement of, or other governmental restriction of or determination by, or any interpretation of any of the foregoing by, any governmental authority, whether now or hereafter in effect;

(ii) General liability insurance on an occurrence basis against claims for personal injury (including bodily injury and death) and property damage;

(iii) Automobile liability insurance against claims for personal injury (including bodily injury and death) and property damage covering all owned, lease non-owned, and hired motor vehicles;

(iv) Excess liability insurance on an occurrence basis covering claims in excess of the underlying insurance described in the foregoing clauses (ii) and (iii);

(v) Property damage insurance on an “all risk” basis, boiler and machinery insurance on a comprehensive basis and providing coverage for (a) the School Corporation in a minimum aggregate amount equal to the “full insurable value” of the School Property, and (b) attorneys’ fees, engineering, and other consulting costs and permit fees directly incurred in order to repair or replace damaged insured property in a minimum amount sufficient to cover 100% of the cost to reconstruct the School Property. For purposes of this clause (v), “full insurable value” shall mean the full replacement value of the School Property, including any improvements, equipment, fuel, and supplies, without deduction for physical depreciation and/or obsolescence;

(vi) Directors and officers liability insurance and professional liability insurance; and

(vii) Educators legal liability insurance.

B. If the School Corporation has entered into a contract for the management of the School by another entity ("School Management Contract"), the School Corporation shall require the Person managing the School pursuant to that School Management Contract (the "School Manager") to maintain management professional liability insurance. "Person" shall mean and include natural persons, corporations, limited liability companies, limited liability partnerships, limited partnerships, general partnerships, joint stock companies, joint ventures,
associations, companies, trusts, banks, trust companies, land trusts, business trusts, or other organizations, whether or not legal entities, governments, and agencies or other administrative or regulatory bodies thereof.

C. The School Corporation may satisfy its obligations under this Section 3.2 by being an additional named insured on insurance policies of an Affiliate of the School Corporation or the School Manager, if any, providing the School Corporation the coverage required pursuant to this Section 4.3 to the same extent as if the School Corporation obtained such required insurance itself. "Affiliate" shall mean, as applied to any Person, any other Person directly or indirectly controlling, controlled by, or under common control with, that Person and, if such Person is an individual, any member of the immediate family (including parents, spouse, children, and siblings) of such individual and any trust whose principal beneficiary is such individual or one or more members of such immediate family, and any Person who is controlled by any such member or trust; for purposes of the definition of "Affiliate," "control" (including, with correlative meanings, the terms "controlling," "controlled by," and "under common control with"), as applied to any Person, means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of that Person, whether through the ownership of voting securities or by contract or otherwise.

D. All policies of insurance required to be maintained pursuant to clause A (except subclauses (vi) and (viii)) shall be endorsed to name the Board and its directors, officers, employees, and agents as additional insureds.

3.3 Insurance Certificates. Upon request by the Board, the School Corporation will promptly furnish the Board with copies of all insurance policies, binders, and cover notes or other evidence of insurance relating to the insurance required to be maintained pursuant to Section 3.2.

3.4 Inventory. The School Corporation shall maintain an inventory of all assets of the School Corporation purchased with District of Columbia public funds or federal funds. The School Corporation shall make such inventory available to the Board from time to time upon the Board's request.

SECTION 4. REPORTS

4.1 Reporting Requirements. The School Corporation shall deliver to the Board:

A. Annual Reports: No later than October 1 of each year, beginning October 1, 2011, an annual report in a format acceptable to the Board which shall set forth the financial status, academic program, and performance of the School Corporation as of the close of the prior academic year including all items required by Section 38-1802.04(c)(11)(B) of the Act, the results of any standardized tests not contained in the prior annual report delivered to the Board pursuant to this clause A, and an assessment of compliance with the performance goals, objectives, standards, indicators, or targets or any other basis for measuring the School’s performance as the Board may reasonably request.
B. **Audited Financial Statements:** As soon as available but no later than one hundred and twenty (120) days after the end of each Fiscal Year, audited financial statements for such Fiscal Year prepared by an independent certified public accountant or accounting firm who shall be selected from an approved list developed pursuant to the Act in accordance with Government auditing standards for financial audits issued by the Comptroller General of the United States; such audited financial statements shall be made available to the public upon request; "Fiscal Year" shall mean the fiscal year of the School Corporation ending on June 30 of each calendar year.

C. **Budget; Fiscal Year:** No later than June 1 of each year starting June 1, 2011, an annual operating budget, an annual capital budget, and cash flow projections (collectively, a "Budget") for the next succeeding Fiscal Year; the School Corporation shall consider the comments of the Board, its staff, and its agents with respect to each Budget; if the Board has previously notified the School Corporation in writing that the School Corporation is on probation for fiscal management reasons and such notice has not been rescinded by the Board in writing, the School Corporation may only implement such Budget with the prior written approval of the Board.

D. **Enrollment Census:** On dates identified by the Board in writing and in accordance with the Act, a report (i) identifying the number of students (including nonresident students and students receiving special education) currently enrolled in the School in each of (a) preschool, (b) prekindergarten, (c) grades kindergarten through 12, (d) adult, community, and vocational programs, and (e) nongrade level programs; (ii) identifying the number of students enrolled in the School and their grade levels who are any of the following: (a) nonresident students, (b) students receiving special education, (c) emergency migrants, (d) new or leaving students, (e) students eligible for free or reduced meals, or (f) students with limited English proficiency; (iii) setting forth the amount of fees and tuition assessed and collected from nonresident students currently enrolled in the School; and (iv) certified by the chair of the Board of Trustees and the principal or other chief administrator of the School that such report is true and correct in all material respects; unless the Board notifies the School Corporation otherwise in writing, such report shall be in the format required by the District of Columbia Office of the State Superintendent of Education ("OSSE") for similar reports from public schools in the District of Columbia, and such count shall be conducted in a manner comparable to that required by OSSE for enrollment counts by District of Columbia Public Schools.

E. **Attendance:** On dates identified by the Board in writing and in accordance with the Act, attendance data using the attendance management reporting software required by the Board.

F. **Key Personnel Changes:** Promptly upon the chair of the Board of Trustees or an officer of the School Corporation obtaining knowledge of the departure or anticipated departure of a person from his or her position with the School Corporation who is a member of the Board of Trustees or an officer of the School Corporation or holds a key personnel position (but no later than the time the School Corporation announces such departure publicly), a notice identifying the person, the position such person is leaving, the date of such departure, and the actions the School Corporation has taken or intends to take to replace such person.
G. Events of Default, Etc.: The School Corporation shall promptly report to the Board any notice of default or claim of material breach that could reasonably be expected to have a material adverse effect on the operation, properties, assets, condition (financial or otherwise), prospects, or reputation of the School Corporation or the School including (i) any material breach of any covenant or agreement contained in this Agreement; (ii) any notice given to the School Corporation or any other action taken with respect to a claimed default under any financing obtained by the School Corporation; and (iii) the failure of the School Corporation to comply with the terms and conditions of any Authorizations.

H. Litigation: The School Corporation shall promptly report to the Board (a) the institution of any action, suit, proceeding, governmental investigation, or arbitration against or affecting the School Corporation or any property thereof (collectively, "Proceedings") not previously disclosed in writing by the School Corporation to the Board, or (b) any material development in Proceedings to which the School Corporation is a party or the School Corporation’s property is subject.

I. Board of Trustees Meeting Minutes: At the Board’s request, the School Corporation shall submit to the Board copies of all minutes of meetings of the Board of Trustees of the School Corporation (including any actions of the Board of Trustees taken by unanimous written consent in lieu of a meeting).

J. Other Information: Such other reports, financial statements, and information as the Board shall reasonably request in accordance with the Act.

4.2 Reports Required by the Act. The School Corporation shall comply with all reporting requirements set forth in the Act and shall provide the Board with a copy of each such report at the time the School Corporation provides such report to the Person required to receive such report under the Act.

SECTION 5. ORGANIZATION

5.1 Organization. A. The School Corporation is and shall remain a District of Columbia nonprofit corporation in accordance with the District of Columbia Nonprofit Corporation Act, as now and hereafter in effect, or any successor statute.

B. Copies of the School Corporation’s articles of incorporation and bylaws are attached hereto as Exhibit B and Exhibit C, respectively. The School Corporation shall notify the Board in writing of any material change to its articles of incorporation or bylaws.

5.2 Powers. The School Corporation shall have the powers set forth in the Act.

5.3 Accreditation. The School Corporation shall comply with the accreditation requirements set forth in the Act.

5.4 Nonsectarian. Pursuant to the Act, the School Corporation and the School are and shall remain nonsectarian and are not and shall not be affiliated with a sectarian school or religious organization.
5.5 Financial Management. The School Corporation shall operate in accordance with generally accepted accounting principles and any other generally accepted standards of fiscal management and shall maintain a system of accounting established and administered in accordance with sound business practices to permit preparation of the audited financial statements described in Section 4.1B.

5.6 Board of Trustees. The School Corporation shall have a Board of Trustees that complies with the requirements set forth in its Bylaws and in the Act. The Board of Trustees shall be fiduciaries of the School and shall set overall policy for the School.

5.7 Hiring. The School Corporation shall perform an initial background check with respect to each employee and each person who regularly volunteers at the School more than ten (10) hours a week prior to the commencement of such employment or volunteer assignment. The School Corporation shall consider the results of such background checks in its decision to employ or utilize such persons.

5.8 Employee Handbook. The School Corporation shall maintain an employee handbook in compliance with Law.

5.9 Complaint Process. The School Corporation shall maintain a complaint resolution process in compliance with Law.

SECTION 6. TERMINATION

6.1 Termination. A. This Agreement may be terminated and the charter of the School Corporation revoked:

(i) by the Board in accordance with Section 38-1802.13 of the Act; or

(ii) by mutual agreement of the parties hereto.

B. This Agreement shall be terminated:

(i) upon invalidation or termination of the statutory authority for the School to exist as a public charter school in the District of Columbia; or

(ii) upon termination of the Board or the Board’s authority to oversee public charter schools in the District of Columbia unless the Board has assigned its rights and obligations under this Agreement pursuant to Section 8.2.

6.2 Actions Upon Expiration or Termination. Upon expiration or termination of this Agreement (the date upon which such charter expires or terminates, the "Termination Date"), the School Corporation shall (i) promptly but no later than thirty (30) days after the Termination Date, deliver all student records, reports, documents, and files to the Board; (ii) promptly dissolve the nonprofit corporation operating the School in accordance with the District of Columbia Nonprofit Corporation Act and the Act; and (iii) promptly distribute the School Corporation’s assets and discharge the School Corporation’s debts in accordance with the provisions of Section 38-1802.13a of the Act.
SECTION 7. COMPLIANCE

7.1 Laws. The School Corporation shall comply with all applicable Laws (including the Act) and Authorizations and shall from time to time and on a timely basis obtain, renew, and comply with all Authorizations as shall now or hereafter be necessary under applicable Laws.

7.2 Access. The School Corporation shall authorize and permit the Board, its staff, and its agents to have access to the extent permitted by Law, upon reasonable notice and in such manner as will not unreasonably interfere with the conduct of the School, to all of the School Corporation's properties, books, records, operating instructions and procedures, curriculum materials, and all other information with respect to the operation of the School and the School Corporation that the Board may from time to time request, and to make copies of such books, records, and other documents to allow the Board to fulfill its duties under the Act to monitor the operations of the School.

SECTION 8. MISCELLANEOUS

8.1 Administrative Fee. The School Corporation shall pay annually to the Board, no later than November 15 of each year, the maximum amount permitted by the Act to cover the administrative responsibilities of the Board. Notwithstanding the foregoing, the Board shall not seek any remedy against the School Corporation for failure to timely pay such fee if the School Corporation shall not have received the full allocation of its annual academic year funding from the government of the District of Columbia by such date provided that the School Corporation pays the Board such fee within five (5) business days of the School Corporation's receipt of such funding.

8.2 Assignment. This Agreement shall not be assignable by either party; provided that if the Board shall no longer have authority to charter public schools in the District of the Columbia, the Board may assign this Agreement to any entity authorized to charter or monitor public charter schools in the District of Columbia.

8.3 Definitional Provisions. Words used herein, regardless of the number and gender specifically used, shall be deemed and construed to include any other number, singular or plural, and any other gender, masculine, feminine, or neuter, as the context indicates is appropriate. When a reference is made in this Agreement to an introduction, recital, section, appendix, exhibit, or schedule, such reference shall be to the introduction, a recital, a section, or a paragraph of, or an appendix, an exhibit, or a schedule to, this Agreement unless otherwise indicated. The words “hereof,” “herein,” and “hereunder” and words of similar import shall be deemed to refer to this Agreement as a whole and not to any particular provision of this Agreement. The headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement. Whenever the words “include,” “includes,” or “including” are used in this Agreement, they shall be deemed to be followed by the words “without limitation.” Accounting terms not expressly defined in this Agreement shall have the respective meanings given to them under generally accepted accounting principles.
8.4 Entire Agreement; Amendments. This Agreement, together with all the attachments hereto, constitutes the entire agreement of the parties and all prior representations, understandings, and agreements are merged herein and superseded by this Agreement. This Agreement may not be amended or modified other than by a written agreement executed by the Board and the School Corporation in accordance with the Act.

8.5 Notices. Unless otherwise specifically provided herein, any notice or other communication herein required or permitted to be given shall be in writing and shall be deemed to have been given when (i) delivered by hand (with written confirmation of receipt); or (ii) when received by the addressee, if sent by a nationally recognized overnight delivery service (receipt requested) or certified or registered mail, postage prepaid, return receipt requested, in each case to the appropriate addresses set forth below (until notice of a change thereof is delivered as provided in this Section 8.5) shall be as follows:

If to the Board:

District of Columbia Public Charter School Board
3333 14th St., NW, Suite 210
Washington, D.C. 20010
Attention: Executive Director
Telephone: (202) 328-2660

If to the School Corporation:

The Next Step Public Charter School
1419 Columbia Road, NW, 2nd Floor
Washington, D.C. 20009
Attention: Chair, Board of Trustees
Telephone: (202) 319-2249

8.6 Failure or Indulgence Not Waiver; Remedies Cumulative. No failure or delay on the part of the Board in the exercise of any power, right, or privilege hereunder shall impair such power, right, or privilege or be construed to be a waiver of any default or acquiescence therein, nor shall any single or partial exercise of any such power, right, or privilege preclude other or further exercise thereof or of any other power, right, or privilege. All rights and remedies existing under this Agreement are cumulative to, and not exclusive of, any rights or remedies otherwise available.

8.7 Severability. In case any provision in or obligation under this Agreement shall be invalid, illegal, or unenforceable, the validity, legality, and enforceability of the remaining provisions or obligations shall not in any way be affected or impaired thereby.

8.8 Applicable Law. This Agreement and the rights and obligations of the parties hereunder shall be governed by, and shall be construed and enforced in accordance with, the laws of the District of Columbia, without regard to conflicts of laws principles.
8.9 **No Third Party Beneficiary.** Nothing in this Agreement expressed or implied shall be construed to give any Person other than the parties hereto any legal or equitable rights under this Agreement.

8.10 **Counterparts; Effectiveness.** This Agreement and any amendments, waivers, consents, or supplements hereto or in connection herewith may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed and delivered shall be deemed an original, but all such counterparts together shall constitute but one and the same instrument; signature pages may be detached from multiple separate counterparts and attached to a single counterpart so that all signature pages are physically attached to the same document. This Agreement shall become effective upon the execution of a counterpart hereof by each of the parties hereto and receipt by the School Corporation and the Board of written or telephonic notification of such execution and authorization of delivery thereof.

[Remainder of page intentionally left blank]
IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed and delivered by their respective officers thereunto duly authorized as of July 1, 2011.

THE NEXT STEP PUBLIC CHARTER SCHOOL

By: Eduardo Fernandez

Title: Chair of Trustees, Next Step PCS

DISTRICT OF COLUMBIA PUBLIC CHARTER BOARD

Title: Chair
SCHEDULES

SCHEDULE I – Maximum Enrollment
### SCHEDULE I

#### Maximum Enrollment

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