

**CHARTER SCHOOL CONTRACT
BETWEEN
CITY OF MILWAUKEE
AND
ROCKETSHIP EDUCATION WISCONSIN, INC.**

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**CHARTER SCHOOL CONTRACT
BETWEEN
CITY OF MILWAUKEE
AND
ROCKETSHIP EDUCATION WISCONSIN, INC.**

THIS CONTRACT made by and between the City of Milwaukee, acting by its Common Council, (hereinafter, "City"), 200 East Wells Street, Milwaukee Wisconsin, 53202, and Rocketship Education Wisconsin, Inc., 835 West National Avenue, Milwaukee, Wisconsin 53204 (hereinafter, "Charter School").

WHEREAS, City, acting by its Common Council, is authorized by Wis. Stat. § 118.40 (2r) to initiate a contract with an individual or group to operate a school as a Charter School under State of Wisconsin funding provisions set forth in Wis. Stat. § 118.40(2r)(e); and

WHEREAS, on May 5, 1998, the Common Council of the City of Milwaukee passed File Number 971759, a substitute ordinance relating to designation of charter schools and establishing a Charter School Review Committee (hereinafter, "CSRC"); and

WHEREAS, File Number 971759, when approved by the Mayor of Milwaukee, resulted in the creation of Section 320-41 and Chapter 330 of the Code of Ordinances; and

WHEREAS, Section 320-41 and Chapter 330 of the Code of Ordinances spell out the powers and duties of the CSRC and set forth the procedures and criteria that the CSRC must use in considering, denying, and approving applications for charter school status; and

WHEREAS, Charter School has applied for charter school status; and

WHEREAS, On October 5, 2011, as required by Chapter 330, the CSRC held a public hearing on the application of Charter School for charter school status; and

WHEREAS, on October 18, 2011, the CSRC, applying the criteria set forth in Chapter 330, determined that the application of Charter School complied with the requirements of Sections 330-5 and 330-7, that Charter School will operate an educational program that has a reasonable prospect of providing Milwaukee children a good education, and that Charter School has an appropriate governance structure, sound system of management, adequate budget and budget process, and a qualified body of administration, teachers, staff; and

WHEREAS, on November 2, 2011, having made these findings, the CSRC recommended to the Common Council that the application of Charter School be approved; and

WHEREAS, the Common Council by motion has approved the recommendation of the CSRC to grant the application of Charter School for charter school status; and

WHEREAS, the parties have successfully negotiated a Charter School contract which, in accordance with Wis. Stat. § 118.40(2r)(b), contains all of the provisions specified under Wis. Stat. §§ 118.40(1m)(b)1-14 as well as additional provisions;

NOW THEREFORE, the parties agree as follows:

I. CHARTER SCHOOL HEREBY AGREES TO:

A. The name of the person who will be in charge of the Charter School and the manner in which administrative services will be provided.

A Charter School employee, hereby designated as the Charter School's Managing Director unless otherwise determined by the City in its reasonable discretion, shall be the person in charge of the Charter School ("Person In Charge"). The manner in which administrative services will be provided shall be in accordance with Appendix A.

In the event Charter School intends to contract with a third party organization that will manage or operate the Charter School or provide a significant portion of the managerial or instructional staff to the Charter School, such relationship shall meet the requirements set forth in Appendix B. No contract entered into by the Charter School with any third party shall amend, alter or modify any provision of this Contract.

B. A description of the educational program of the school.

Charter School shall provide the educational program set forth in Appendix A. Charter School shall ensure that all classrooms are equipped with all materials, equipment and supplies required to provide the educational program set forth in Appendix A.

Charter School anticipates a maximum pupil enrollment of 500 pupils for the 2013-2014 school year; 600 pupils for the 2014-2015 school year and 700 pupils for the 2015-2016, 2016-2017 and 2017-2018 school years. In the event Charter School exceeds its anticipated pupil population by more than 25%, Charter School shall promptly notify the CSRC in writing. In the event Charter School enrollment falls below 425 pupils, Charter School shall immediately notify the CSRC and seek a contract modification in accordance with § II.B. In the event Charter School wishes to change the grade levels offered by the school, Charter School shall seek a contract modification in accordance with § II.B.

C. The methods the school will use to enable pupils to attain the educational goals under Wis. Stat. § 118.01.

Charter School shall use the methods described in Appendix A to enable pupils to attain the educational goals listed in Wis. Stat. § 118.01.

D. Charter School shall use the following local measures and standardized tests to measure pupil progress under Wis. Stat. § 118.01.

Charter School shall meet or exceed such academic performance standards as may, from time to time, be established by CSRC and communicated in writing to Charter School. In addition, Charter School shall use the following standardized tests and local measures to measure pupil progress under Wis. Stat. § 118.01.

- LOCAL MEASURES

Charter School shall use the local measures described in Appendix A and the school's annual learning memo to measure pupil progress under Wis. Stat. § 118.01.

- STANDARDIZED TESTS

Charter School shall administer such standardized tests as may be required under Wis. Stat. § 118.40(2r)(d), the No Child Left Behind Act, 20 U.S.C. § 6301 *et seq.*, or other law.

In those grade levels in which standardized testing is not required under Wis. Stat. § 118.40(2r)(d), the No Child Left Behind Act, 20 U.S.C. § 6301 *et seq.*, or other law, or in which only a standardized reading test is required, Charter School shall administer such standardized tests as may be required by CSRC.

Charter School shall report the results of standardized tests to CSRC, or its designee, in such manner as CSRC may determine.

Charter School shall pay all costs incurred in the administration, scoring and reporting on results of all tests, including those required under Wis. Stat. § 118.40(2r)(d)(2.).

E. The governance structure of the school, including the method to be followed by the school to ensure parental involvement.

- INCORPORATION

Charter School is incorporated under Chapter 181 of the Wisconsin Statutes as a non-profit nonsectarian corporation. Charter School is exempt from federal income tax under 501(a) of the Internal Revenue Code as an organization described in section 501(c)(3). Charter School shall immediately notify City if there is a change in status in this regard. City reserves the right to terminate this Contract due to a change in status.

- GOVERNANCE STRUCTURE

The governance structure of Charter School shall be that set forth in Appendix A. Charter School shall notify City 30 days prior to any anticipated change in the governance structure or governing board members

of the school. The City reserves the right to reject any proposed change of the governance structure.

• **PARENTAL INVOLVEMENT**

Charter School shall employ the methods described in Appendix A to ensure parental involvement.

F. Subject to Wis. Stat. §§ 118.40(7)(a), 118.19(1) and 121.02(1)(a)2. the qualifications that must be met by the individuals to be employed in the school.

Charter School shall ensure that instructional staff of Charter School all hold a license or permit to teach issued by the Wisconsin Department of Public Instruction (hereinafter, "DPI").

G. The procedures that the school will follow to ensure the health and safety of the pupils.

Charter School shall comply with all applicable Federal, State and local health and safety requirements. Charter School shall ensure that all of its pupils comply with Wisconsin immunization requirements.

H. The means by which the school will achieve a racial and ethnic balance among its pupils that is reflective of City's school-age population.

Charter School shall periodically advertise its nondiscrimination policy. Charter School shall target its marketing efforts in neighborhoods which may be underrepresented in Charter School's pupil population.

I. The requirements for admission to the school.

Pupils who are enrolled in the school operated by the Charter School (the "Charter School Program") shall reside in the City of Milwaukee.

If more pupils apply for admission than can be accommodated, Charter School shall admit pupils on the basis of a lottery. However, continuing pupils and their siblings and children of current employees of Charter School may be given preference in admission and do not need to be included in the lottery process.

Charter School shall maintain pupil data base information pertaining to each Charter School pupil, including, but not limited to, the pupil's name, address, home phone number, place and date of birth, parent(s) or guardian, immunization records, ethnic background, school of last attendance, number of siblings free lunch status, and emergency contact.

Charter School shall submit to CSRC a copy of all documentation Charter School submits to DPI concerning pupil counts.

J. The manner in which annual audits of the financial and programmatic operations of the school will be performed.

Charter School agrees to comply with the same federal and state audit requirements as do other public schools in the state.

• **ANNUAL AUDIT REQUIREMENTS**

1. CSRC or designee and City Comptroller or designee shall have full access to all books and records during normal business hours and upon reasonable notice. Charter School shall retain all such books and records for a period of at least six (6) years.
2. On or before June 20, 2013, Charter School will submit an auditor engagement letter signed by the auditor to perform the following:
 - a) Financial Statements Audit for the year ending June 30, 2014; and, consistent with I.J.2., the audit scope and deadlines;
 - b) Report of the Charter School internal control system, as actually functioning, during FY 2013-2014; and
 - c) An assessment of the updated Charter School Business Plan and Budget.
3. Charter School shall submit to CSRC or designee and/or City Comptroller or designee on or before the last day of the 4th month after fiscal year end the following:
 - a) A complete set of audited financial statements prepared in accordance with Generally Accepted Accounting Principles, including a Statement of Financial Position and the related Statements of Activities, Cashflows and Functional Expenses for the fiscal year then ended, together with full footnote disclosure. The audit shall be conducted by an independent auditor licensed to practice in Wisconsin in accordance with generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the United States.
 - b) The auditor will also issue a Report on its consideration of internal controls over financial reporting and compliance with all City of Milwaukee Charter School financial reporting requirements.
 - c) The auditor shall also assess the completeness and reasonableness of the Charter School or EMO's (as defined below in Appendix B) long range (3-5 year) strategic plan and budget including projected enrollments, costs and related assumptions.

- d) The auditor shall also attest to the validity of Charter School enrollment and pupil eligibility as represented in Charter School records and reports, applying appropriate State of Wisconsin requirements and AICPA (American Institute of CPAs) attestation standards.

Notwithstanding other provisions of this Contract, City retains the right, with approval of the Common Council, to terminate the Charter Contract should such auditor's opinion be anything other than unqualified.

4. In all contract auditor representations regarding Charter School's financial reporting, such auditors will certify that they have complied with the relevant AICPA standards for attestation engagements as contained in SSAE (Statement on Standards for Attestation Engagements) pronouncements.
5. All management letters and all other reports of an independent auditor transmitting reportable conditions or advice to management or reviewer related to Charter School must be submitted to CSRC or designee and City Comptroller or designee within 15 days of receipt.
6. Single audit reports, prepared in accordance with The Single Audit Act of 1996 if applicable, must be submitted to CSRC or designee and/or City Comptroller or designee on or before the last day of the 4th month after fiscal year end.

- FISCAL AND OPERATIONAL MONITORING REQUIREMENTS

7. Each year, Charter School shall provide the following:
 - a) Not less than 30 days prior to the first day of school, or August 15, 2013, whichever is sooner, a letter signed by an appropriate bank official committing to a line of credit of not less than \$300,000.00 in the Charter School's first year of operation, decreasing to \$150,000.00 in subsequent years of operation. This amount assumes 325 certified pupil enrollment. Line of credit may be adjusted depending on certified pupil enrollment. Alternately, other evidence of adequate liquidity may be provided; and
 - b) No later than August 15, 2013, a list containing the name, address and phone number of all pupils certified for enrollment at Charter School for the 2013-2014 school year. Charter School shall have 300 pupils certified for enrollment by July 15, 2013. The CSRC must approve the list as sufficient before Charter School opens for the 2013-2014 school year.
 - c) Not less than 30 days prior to the first day of school, or August 1, 2013, whichever is sooner, a current list containing the name, address and

phone number of all certified teachers on the Charter School payroll for the 2013-2014 school year. The CSRC must approve the list as sufficient for adequate enrollment before Charter School opens for the 2013-2014 school year, and

d) Not less than 30 days prior to the first day of school, or August 1, 2013, whichever is sooner, an executed lease agreement or proof of facility ownership providing appropriate space for operating the Charter School Program at Charter School for the 2013-2014 school year.

e) Not less than 30 days prior to the first day of school, or August 1, 2013, whichever is sooner, Liability Insurance contract or certification of adequate insurability for the fiscal year.

f) Charter School agrees to provide reasonable assistance ("Charter School Assistance") to CSRC designees in assessing Charter School educational performance and financial status, respectively. These assessments are expected to annually cover the reasonableness of academic achievement and programmatic results reported by Charter School as well as various aspects of financial performance. Charter School Assistance could take the form of interviews, provision of data, access to all appropriate records and other assistance consistent with the purpose of the above assessments. Such reports as prepared by CSRC designees are to be completed within 75 days of the end of the school year. Such other performance reports as necessary will additionally be required during the school year. CSRC designees will plan work with Charter School staff so as to minimize any interruption with the educational activities of Charter School. Such reports will be used in determining the exercise of renewal options for Charter Contract. City retains the right to terminate this Contract upon receipt and review of such performance reports. Charter School shall also participate in a fraud questionnaire to be conducted by ML Tharpes.

g) On August 1st and November 1st, the approved annual budget is to be revised or confirmed as unchanged and to include enrollment projections of 100%, 85% and 70%.

h) On August 1st and November 1st, the Annual Cash Budget, revised or confirmed as unchanged.

8. Beginning with the completion of the first month of the school year and monthly thereafter, Charter School shall prepare and submit to CSRC and City Comptroller the following:

- **End of Month Cash Balance Report:** Provides monthly cash budget for each month of the fiscal year and compares

budget to actual receipts, disbursements and cash balance for each month in the fiscal year to the current month. Also includes "comments." Signed and dated by financial officer and Executive Director and received by the 10th calendar day following the end of the prior month.

- **Quarterly Report of Income and Expense with Comparison to Budget.** Presented in same line item format as original budget. Signed and dated by the financial officer and Person in Charge and received by the 10th calendar day following the end of the previous three month period.

9. **Material Event Notice.** Written Notice is required of each Charter School within 10 calendar days of:

- Any major event having a clear and material impact on the school's current or future fiscal status.
- Any legal action taken against the school, or its major officers (Board members, Principal, CEO, CFO, etc.)
- Any changes in executive staff including Principal, CEO or CFO.
- Any Board member removals or resignations.
- Any instance of a delay or deferral of staff payroll extending beyond one calendar week.
- Delinquent accounts payable exceeding 10% of the school's annual budget.

Failure to comply with this Material Event Notice requirement may result in revocation of the school's charter status.

10. **Intervention Monitoring of Financial Status.** At the discretion of the CSRC and based upon the level of compliance with the above requirements and the recommendations of the Committee's financial management consultant, additional requirements may be imposed upon a charter school. These may include the following:

- **Immediate School-wide Management & Internal Controls Review** to assure that books are auditable, controls are sufficient to conduct on-going business, and that no "going concern" issues exist. The CSRC may revoke a Charter if books are unauditable,

no cash – line of credit, lack of required financial reports, etc. Immediate probation may also result.

- As a result of above review, a **Scheduled Actions to Correct Financial Deficiencies Report** may be required of the school, with corrective actions to be taken and a timetable. CSRC will consider whether to accept and act on report.
- **Monthly financial statement** – shorter time interval, if required by CSRC. This includes balance sheet, income statement and receipts and disbursements.
- All on-going monitoring requirements must continue to be fulfilled.

Negative Assurance Certification. Within 30 days following completion of each fiscal year, the Charter School shall certify to the CSRC that no material event not previously disclosed (as required under #9 above) has occurred during the just completed fiscal year. This communication is to be signed by the Charter School Person in Charge and Chair of the Board of Directors of the Charter School.

K. The procedures for disciplining pupils.

Charter School shall adhere to the procedures for disciplining pupils set forth in Appendix A.

L. The public school alternatives for pupils who reside in the City and do not wish to attend or are not admitted to the Charter School.

As required by Wis. Stat. § 118.40(6): “Program voluntary. No pupil may be required to attend a charter school without his or her approval, if the pupil is an adult, or the approval of his or her parents or legal guardian, if the pupil is a minor.” A pupil who is a resident of the City of Milwaukee, who does not choose to attend Charter School, may attend a school operated and managed by the Milwaukee Board of School Directors.

M. A description of the school facilities and the types and limits of the liability insurance that the school will carry.

Charter School shall locate an appropriate school facility. Prior to committing itself to the facility, Charter School shall notify CSRC and CSRC shall view the facility to ascertain its appropriateness to operate the Charter School contracted for under this Contract.

Charter School shall ensure that the facility in which its program is conducted is adequate to serve the pupil population set forth in Appendix A and that the facility meets all local, state and federal laws, codes, rules and regulations pertaining to health and safety that

apply to public schools in Wisconsin cities of the first class. Charter School shall assume full responsibility for the cost of providing and maintaining this facility.

In the event Charter School anticipates relocating its school, and prior to committing itself to a new facility, Charter School shall notify CSRC in writing of its desire to relocate. Charter School shall ensure that any new facility meets all of the safety codes and standards required under this Contract, including, but not limited to, the occupancy permit referred to in this section, in accordance with applicable timelines. CSRC shall view any new facility to ascertain its appropriateness to operate the Charter School contracted for under this Contract. Charter School shall not commit itself to a new facility without first seeking and obtaining an amendment to this Contract in accordance with § II.B.

Charter School shall obtain, at least 30 days prior to the start of the first day of pupil attendance, an occupancy permit for school usage to provide the educational program under this Contract.

Charter School shall comply with all laws and regulations pertaining to asbestos abatement that may apply to Charter School.

- INDEMNIFICATION

Charter School shall be required to defend, indemnify and hold harmless City, its agents, officers, and employees (the "indemnitee") from and against any and all actual or alleged claims, demands, actions, causes of action, damages and claims of any kind, including, but not limited to, for bodily injuries, personal injuries, contingent liabilities or damages and reasonable attorney fees (collectively, "Losses"), arising out of or in any way related to or associated with, or arising from the services rendered under this Contract or the operation of the Charter School Program, that are or may be brought or maintained by any individual or entity against the indemnitee. This indemnification obligation shall include any Losses against the indemnitee due to its decision to award a contract to Charter School, but shall exclude any Losses that result from the willful misconduct or gross negligence of the indemnitee or CSRC.

This indemnification obligation shall not be reduced in any way by the existence or nonexistence, limitation, amount or type of damages, compensation or benefits payable under worker's compensation laws or other insurance provisions. Under no circumstances is the indemnitee's recovery limited due to the fact that City is named as an additional insured under any of Charter School's insurance policies. Charter School agrees to accept tender of the defense of any claim or action against City falling within the scope of this indemnity.

- INSURANCE

Charter School understands and agrees that financial responsibility for claims or damages to any person, or to Charter School employees and agents, shall rest with the Charter School. Charter

School shall effect and maintain insurance coverage, including, but not limited to, Worker's Compensation, Employer's Liability, Commercial General Liability, Contractual Liability, Automobile Liability, Errors and Omissions Coverage, Directors and Officers Liability, Employment Practices Liability, and Umbrella Liability to support such financial obligations.

A certificate of insurance acceptable to City evidencing the aforementioned insurance requirements is to be provided to CSRC. Certification shall state that the insurance policies issued to the Charter School meet the requirements as outlined below and protects the school against such risks of loss and in such amounts as are ordinarily and customarily insured against by similar educational institutions engaged in the same or similar activities and similarly situated.

All certificates are to be provided to CSRC within 30 days of final execution of this Contract. If Charter School does not comply with this provision of the Contract, City has the authority to declare this Contract terminated in accordance with the provisions of paragraph II. C. 2.

The minimum insurance requirements that City necessitates from Charter School shall be:

General Requirements

- All policies shall state that the City shall be afforded a thirty (30) day written notice of cancellation, non-renewal or material change by any of Charter School insurers providing the coverage required by City for the duration of this Contract.
- Insurance companies must be acceptable to City and must have a current A.M. Best rating of A- VIII or better.
- All policies, with the exception of the School Leaders' Errors and Omissions, the Directors and Officers Liability and the Employment Practices Liability policies, shall be written on an occurrence form.
- The Charter School shall, at least once every three years, have a written risk management and insurance evaluation by a risk or insurance consultant.

Worker's Compensation and Employer's Liability

Worker's Compensation	Statutory Coverage
Bodily Injury by Accident	\$100,000 each accident
Bodily Injury by Disease	\$500,000 policy limit
Bodily Injury by Disease	\$100,000 each employee

- Employer's Liability at limits noted above or higher limits if needed to meet Umbrella underlying insurance requirements.
- Coverage shall be modified to include a Waiver of subrogation Endorsement in favor of City including its directors, officers, agents, employees and volunteers.

Commercial General Liability (1)

Commercial General Liability	\$1,000,000 each occurrence
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General Aggregate	\$2,000,000 aggregate
Personal & Advertising Injury Limit	\$1,000,000 each occurrence
Products - Completed Operations Aggregate	\$2,000,000 aggregate
Medical Expense	\$ 5,000 each person

- Coverage must be on an occurrence basis – claims-made will not be accepted.
- Coverage must be equivalent to ISO form CG0001 or better.
- The City of Milwaukee shall be added as an additional insured using ISO form CG2026 or its equivalent.
- Coverage shall be modified to include a Waiver of Subrogation Endorsement in favor of City including its directors, officers, agents, employees and volunteers.
- Coverage will apply on a primary and non-contributory basis. We suggest the following wording:

“If you have agreed in a written contract that this policy will be primary and without right of contribution from any insurance in force for an Additional Insured for liability arising out of your operations, and the contract was executed prior to the bodily injury, property damage, personal injury or advertising injury, then this insurance will be primary over, and we will not seek contribution from, such insurance.”

- Coverage shall apply to the risks associated with or arising out of the services provided under this contract.
- Coverage shall not have any exclusions, sub-limits, or restrictions as respects coverage for sexual abuse and molestation, corporal punishment, athletic events, and use of athletic equipment.

Auto Liability (1)

Combined Single Limit	\$1,000,000 each accident
Uninsured/Underinsured Motorists	\$1,000,000 each accident
Medical Expense	\$ 5,000 each person

- Coverage shall be modified to include a Waiver of Subrogation Endorsement in favor of City including its directors, officers, agents, employees and volunteers.
- If the Charter School owns or leases any vehicles, coverage must be for Any Auto (Symbol 1). If there are no owned or leased vehicles then coverage must be for Hired and Non-Owned Autos (Symbols 8 and 9).
- Coverage shall include contractual liability for risks assumed in this contract.
- If the Charter School contracts for student transportation, a copy of the transportation company’s insurance certificate must be included.

Umbrella (Excess) Liability (1)

Umbrella (excess) Liability	\$5,000,000 per occurrence
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\$5,000,000 aggregate

- The Umbrella Liability insurance shall provide coverage excess of the Employer's Liability, Commercial General Liability, Auto Liability and School Leaders' Errors and Omissions Coverage.

Crime Insurance

Crime Insurance

Limit: See below

- Crime Insurance, in the form of a Commercial Crime Policy, providing coverage for Employee Dishonesty, On Premises, In Transit (Theft Disappearance and Destruction Coverage Form and Robbery and Safe Burglary Coverage Form), Forgery/Alteration, Computer and Funds Transfer Fraud
- Limit shall be carried for fifty percent (50%) of the total annual program costs of Charter School.
- Such insurance may be written with a deductible; however, such deductible shall not exceed \$5,000.
- The City shall be named as loss payee with respect to losses involving property or funds provided under this Contract by DPI.
- This policy is to cover all employees, officers, volunteers, and board members of Charter School and all of Charter School's contractors or subcontractors handling money, securities or other property of Charter School.

School Leaders' Errors and Omissions (1)

Limits

\$1,000,000 each claim or occurrence
\$2,000,000 aggregate

- The policy shall not contain a punitive damages exclusion.
- If written on a claims-made basis, the retroactive date shall be the date the Charter School first began.
- If written on a claims-made basis, the policy shall contain an extended reporting endorsement of at least two years which will be exercised in the event of cancellation or non-renewal of the policy unless the replacement policy contains the original retroactive date.
- Such insurance may be written with a deductible; however, such deductible shall not exceed \$5,000.

Directors and Officers Liability (2)

Limits

\$2,000,000 each claim or occurrence
\$2,000,000 aggregate

- The policy shall not contain a punitive damages exclusion.
- The pending and prior date shall be the date the Charter School first began.
- The policy shall contain an extended reporting endorsement of at least two years which will be exercised in the event of cancellation or non-renewal of the policy unless the replacement policy contains the original pending and prior date.
- Such insurance may be written with a deductible; however, such deductible shall not exceed \$5,000.

Employment Practices Liability (2)

Limits	\$2,000,000 each claim or occurrence
	\$2,000,000 aggregate

- The policy shall not contain a punitive damages exclusion.
- The pending and prior date shall be the date the Charter School first began.
- The policy shall contain an extended reporting endorsement of at least two years which will be exercised in the event of cancellation or non-renewal of the policy unless the replacement policy contains the original pending and prior date.
- Such insurance may be written with a deductible; however, such deductible shall not exceed \$5,000.

(1) Or any combination of limits totaling \$7,000,000.

(2) These coverages may be written in one package policy.

N. The effect of the establishment of the Charter School on the liability of City.

Nothing contained herein shall be deemed to render Charter School and City as joint ventures or partners of each other, and neither shall have the power to bind or obligate the other, except in accordance with the terms of this Contract

As between Charter School and City, there shall be no liability on the part of City on account of the establishment or operation of Charter School.

No officer, agent, employee or volunteer of Charter School shall be deemed an officer, agent, employee or volunteer of City for any purposes whatsoever.

City shall not pay any amount whatsoever to Charter School on account of the establishment or operation of Charter School.

Any payments which may be due to Charter School for the operation of Charter School Program are the responsibility of DPI. DPI is obligated under Wis. Stat. § 118.40(2r)(e) to make payment directly to the operator of Charter School in September, December, February, and June of each year Charter School participates in the Charter School Program

under Wis. Stat. § 118.40(2r). If, for whatever reason, DPI fails to make any and/or all of such payments to Charter School, City, its officers, agents, and employees shall have no responsibility whatsoever to make such payments to Charter School.

O. Fees for contract administration.

Charter School shall pay to City any and all reasonable fees that may be assessed, from time to time, by CSRC to process the application for a charter school contract or to oversee the Charter School Contract. Charter School shall make payment to City in accordance with the invoice from CSRC within 30 days of receipt of the next following payment from DPI to Charter School.

P. Nonsectarian.

Charter School shall be nonsectarian in its programs, admissions policies, employment practices and all other operations and shall not be affiliated with a sectarian school or religious institution.

Q. Pupil tuition and fees.

Charter School shall not charge tuition for any pupil attending Charter School under the Charter School Program, Wis. Stat. § 118.40(2r). Charter School is entitled to charge tuition for pupils who are attending Charter School, but who are not doing so under Wis. Stat. § 118.40(2r).

Nothing in this Contract shall prevent Charter School from operating a Before and After-School Program, a day-care program, or a summer program nor from charging fees for children participating in those programs.

Charter School may require its pupils to purchase and wear uniforms, but Charter School may not profit from the sale of uniforms to pupils.

Charter School may assess reasonable pupil fees (not to exceed actual cost) for activities such as field trips and social and extra-curricular activities.

Charter School may charge a reasonable rental fee (not to exceed actual cost) for the use of personal use items such as towels, gym clothes, or uniforms.

Charter School may not prohibit an eligible pupil from attending Charter School under this Contract, expel or otherwise discipline the pupil, or withhold or reduce the pupil's grades because the pupil or the pupil's family cannot pay or has not paid fees permissibly charged under this section of the Contract.

Charter School may not charge fees for any of the following:

1. Instruction or registration.

2. Initial issuance of books.
3. Teacher salary.
4. Buildings, maintenance or equipment.
5. Courses credited for graduation.
6. Computers or microfilm readers.

R. Local education agency responsibilities.

Charter School is the Local Education Agency (LEA) for purposes of all state and federal laws, codes, rules and regulations pertaining to LEA duties, rights and responsibilities.

S. Nondiscrimination and Other Requirements.

Charter School shall not discriminate in admission or deny participation in any program or activity on the basis of a person's sex, race, religion, national origin, ancestry, pregnancy, marital or parental status, sexual orientation or physical, mental, emotional or learning disability.

Charter School shall not discriminate against any qualified employee or qualified applicant for employment because of sex, race, religion, color, national origin or ancestry, age, disability, lawful source of income, marital status, sexual orientation, gender identity or expression, past or present membership in the military service, familial status, or based upon affiliation with, or perceived affiliation with any of these protected categories. Charter School shall require all subcontractors with whom Charter School contracts to comply with this same nondiscrimination in employment provision and shall require a similar provision to be included in all subcontracts.

Charter School shall comply with the following state and federal laws and regulations as those laws apply to traditional public schools and/or charter schools:

1. 42 U.S.C. §2000d *et seq.*, Title VI of the Civil Rights Act of 1964 (prohibiting discrimination on the basis of race, national origin, and color); and
2. 20 U.S.C. §1681 *et seq.*, Title IX of the Education Amendments of 1972 (prohibiting discrimination on the basis of sex); and
3. 42 U.S.C. §6101 *et seq.*, The Age Discrimination Act of 1975 (prohibiting discrimination on the basis of age); and
4. 29 U.S.C. §794 *et seq.*, Sec. 504 of the Rehabilitation Act of 1973 (prohibiting discrimination on the basis of handicap) and 42 U.S.C. §12101, *et seq.* the Americans with Disabilities Act; and
5. 20 U.S.C. §1232g, Family Education Rights and Privacy Act (FERPA), (regarding protection of pupil records), and Wis. Stat. §118.125; and
6. 20 U.S.C. §3171 *et seq.*, The Drug-Free School and Communities Act of 1986; and
7. 20 U.S.C. §1400 *et seq.*, Individuals With Disabilities Education Act (IDEA); and
8. 29 U.S.C. §626 *et seq.*, Age Discrimination in Employment Act, Older Worker Benefits Protection Act of 1990; and

9. 29 U.S.C. §201 *et seq.*, Fair Labor Standards Act; and
10. 29 U.S.C. §2601 *et seq.*, Family and Medical Leave Act; and
11. 15 U.S.C. §2641 *et seq.*, Asbestos Hazard Emergency Response Act (AHERA) ;
and
12. 20 U.S.C. §6301 *et seq.*, No Child Left Behind Act (NCLB); and
13. 42 U.S.C. §11431 *et seq.*, McKinney-Vento Homeless Assistance Improvements Act of 2001; and
14. All federal and state constitutional guarantees protecting the rights and liberties of individuals, including freedom of religion, expression, association, against unreasonable search and seizure, equal protection, and due process.

T. Background screening.

Charter School shall perform background screening through the Wisconsin Department of Justice (and similar agencies of other states in the event of present or former out-of-state residence) on all Charter School full and part-time employees and volunteers and shall not assign any employee or volunteer to teach or work with pupils until Charter School investigates and determines that there is nothing in the background of the employee or the volunteer which would render the employee or volunteer unfit to teach or work with pupils of Charter School, including, but not limited to, conviction of a criminal offense or pending charges which substantially relate to the duties and responsibilities assigned to the employee and/or volunteer.

For purposes of this Contract, volunteer means a non-paid person who serves under the supervision of Charter School and who provides services on a regular and ongoing basis or for more than 5 hours a week. It does not apply to those parents and/or other adults who are one-time volunteers for field trips or other one-time only activities in Charter School.

Charter School shall obtain the social security number of all individuals who are volunteers having contact with Charter School pupils or individuals who are employed by Charter School on either a full or part-time basis. Such social security numbers shall be retained by Charter School and shall be provided to City upon request.

U. Right to inspect and receive requested information and reports.

Charter School shall grant City or its designee and/or CSRC or designee the right to inspect Charter School facilities or to review any Charter School records at any time during the term of this Contract upon reasonable notice during regular business hours throughout the calendar year.

Charter School shall give such information at such times and on such forms as may be requested by City or its designee and/or CSRC or designee concerning any of the operations of Charter School.

Charter School shall generate and provide such reports at such times and concerning such matters as may be requested by City or its designee concerning any of the operations of Charter School.

Charter School and City understand that City is bound by the Wisconsin Public Records Law. Charter School acknowledges that it is obligated to assist City in retaining and producing records that are subject to Wisconsin Public Records Law, and that the failure to do so shall constitute a material breach of this Contract, and that Charter School must defend and hold City harmless from liability under that law.

V. Calendar.

Charter School shall operate under the days and hours indicated in the calendar for the 2013-2014 school year, attached hereto as Appendix C and incorporated herein by reference. Charter School shall annually provide CSRC with a school year calendar prior to the conclusion of the preceding school year.

II. TERM AND MODIFICATION OR TERMINATION OF CONTRACT

A. Term.

The term of this Contract is five school years commencing with the 2013-2014 school year and ending on the last regularly scheduled school day in the 2017-2018 school year. This Contract is contingent on the approval of the Common Council of the City of Milwaukee. This Contract shall become effective upon approval by the Common Council and execution by all appropriate persons.

B. Modification.

This Contract represents the entire agreement reached between the parties. This Contract can be modified upon mutual agreement reached between the parties and reduced to writing. If, during the term of this Contract, either party wishes to modify any of the terms of this Contract, that party shall put the proposed modification in writing and submit it to the other party for consideration. If CSRC determines that the proposed modification is not a material modification, CSRC is authorized to act on behalf of the City. If CSRC determines that the proposed modification is a material modification, approval shall be obtained from the Common Council of the City of Milwaukee prior to the implementation of the modification.

Both parties agree to negotiate in good faith regarding proposed modifications to the contract, and neither party shall withhold its approval unreasonably. Because Charter School's educational program is a material component of this Contract, if Charter School wishes to make a significant change to its educational program, it shall seek approval as described herein. In the event Charter School and the City are unable to come to an agreement with respect to the modification of contract provisions, the City has the authority

to declare this Contract terminated in accordance with the provisions of paragraph II.C.6. The City shall not exercise this authority unreasonably.

C. Termination.

This Contract may be terminated before expiration of its term upon any of the following circumstances:

- BY BOTH PARTIES:
 1. Both parties agree in writing to the termination.
- BY CITY:
 2. City determines that Charter School violated this Contract, proposals or provisions in Appendix A, summaries or directives in the annual report submitted by the CSRC to the Common Council, or Chapter 330 of the Milwaukee Code of Ordinances, or no longer meets the requirements of sec. 330-15 of the Milwaukee Code of Ordinances.
 3. City determines that pupils enrolled in Charter School have failed to make sufficient progress toward attaining the educational goals under Wis. Stat. § 118.01 or the academic performance criteria established by City.
 4. City determines that Charter School has failed to comply with generally accepted accounting standards of fiscal management, failed to maintain a pupil enrollment sufficient to support the school, or in any other way failed to operate a financially viable Charter School.
 5. City determines that Charter School has violated Wis. Stat. § 118.40.
 6. City determines that Charter School does not agree to modifications and/or amendments required to this Contract by the City.

In the event of a breach by Charter School under paragraphs (2)-(4), the City may, in its sole discretion, allow Charter School a reasonable amount of time to cure the breach prior to termination of the Contract.

If this Contract is terminated under the first ground (because both parties agree in writing to the termination) the termination shall become effective on a date agreed to by the parties. If this Contract is terminated under the second through sixth grounds (because of a determination on the part of City) the termination of this Contract shall not become

effective until, at a minimum, the end of the semester in which notice of termination is given, unless, in the sole discretion of City, termination should become effective sooner.

CSRC may recommend to City that this Contract be terminated under the third ground (because pupils have failed to make sufficient progress) if Charter School fails to meet such written academic performance criteria as may be established by CSRC.

Failure on the part of City to exercise its right to terminate this Contract under any ground listed above shall not be deemed to constitute an amendment to the terms of this Contract or to constitute a waiver of the right of City to terminate this Contract at a later date under that ground.

In the event of termination of this Contract, written notice by certified or registered mail, return receipt requested, shall be provided which shall list the reason(s) for termination and the effective date of the termination.

D. School Closure.

In the event this Contract is terminated or not renewed, for any reason, Charter School shall follow the Closure Plan set forth in Appendix D and incorporated herein by reference.

E. Assignability.

Charter School shall not assign any interest in this Contract and shall not transfer any interest in same, without the prior written consent of the CSRC. Provided, however, that claims for money due or to become due the Charter School from the City under this Contract may be assigned to a bank, trust company, or other financial institution without such approval. Notices of any such assignment or transfer shall be furnished promptly to the CSRC.

III. SPECIAL TERMS AND CONDITIONS

Charter School has authorization to establish one charter school under this Contract. Charter School may later apply to open up to seven additional school(s) under a modified application process, provided that Charter School scores 70% or higher on the scorecard provided by CSRC (the "CSRC Scorecard") and attached as Appendix E. The modified application will include all items identified in the Charter School ordinance, Milwaukee Code of Ordinances (MDO) § 330-5, and may include additional items at the CRSC's discretion. Each additional Charter School contract must be recommended by the CRSC and approved by the City.

IV. CONTRACT ADMINISTRATION, NOTICE AND PROVIDING OF INFORMATION

Unless specified otherwise in this Contract, any act of discretion, including, but not limited to, any approval required under this Contract or determination to terminate this Contract, to

be made by and on behalf of City, shall be made by the Common Council of the City of Milwaukee.

Unless specified otherwise in this Contract, whenever notice must or may be given to the other party, or whenever information or reports may or must be provided to the other party, the party who may or must give notice or provide information or reports shall fulfill any such responsibility under this Contract if notice is given, or information is or reports are provided, to the following persons, or their successors:

TO CITY or CSRC:

Charter School Review Committee
200 East Wells Street, Rm. 606
Department of Administration
Milwaukee, WI 53202

TO CHARTER SCHOOL:

_____, Person in Charge
Rocketship Education Wisconsin, Inc
835 West National Avenue
Milwaukee, WI 53204

Any time notice is given under this section, it shall be given in a timely manner and during regular business hours. A party to this Contract shall immediately give written notice to the other party if the contact person for purposes of notice and providing information is modified or if that person's address changes.

V. STATUTES

This Contract shall be governed by the laws of the State of Wisconsin. Whenever under this Contract reference is made to a provision in the Wisconsin Statutes or United States Code or implementing code, rule, or regulation, and such provision is subsequently amended by the Wisconsin Legislature, United States Congress or state or federal administrative agency, such reference in the Contract shall be deemed to be amended to conform to the new law, code, rule, or regulation.

VI. SEVERABILITY

If any term or provision of this Contract shall be found by a court of competent jurisdiction to be invalid, illegal or otherwise unenforceable, the same shall not affect the other terms or provisions hereof or the whole of this Contract, but such term or provision shall be deemed modified to the extent necessary in the court's opinion to render such term or provision enforceable, and the rights and obligations of the parties shall be construed and enforced accordingly, preserving to the fullest permissible extent the intent and agreements of the parties herein set forth.

VII. CHARTER SCHOOL APPLICATION

It is recognized that Appendix A was submitted to City as an invitation to enter into a charter school contract and that City is not bound by any of the proposals or provisions

set forth by Charter School in Appendix A. Charter School does not have the right to enforce any of the proposals or provisions that it made in Appendix A.

City does have the right to hold Charter School to any of the proposals or provisions made by Charter School in Appendix A or other papers submitted in support of Appendix A, regardless of whether such proposals or provisions are specifically enumerated in this Contract. Charter School's failure to adhere to the proposals or provisions made in Appendix A and other supporting papers shall, at the sole discretion of City, constitute a violation of this Contract. Appendix A and other supporting papers shall be kept on file in the office of the Department of Administration, 200 East Wells Street, Room 606, Milwaukee, Wisconsin 53202.


VIII. APPENDICES

- Appendix A: Charter School Application
- Appendix B: Requirements for Contracting with Educational Management Organizations
- Appendix C: Charter School Calendar for 2013-2014 School Year
- Appendix D: Closure Plan
- Appendix E: CSRC Scorecard

In the event an inconsistency exists between this Contract and any Appendix, this Contract shall be controlling.

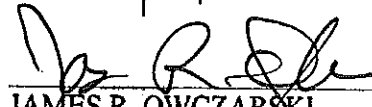
APPROVED:

CITY OF MILWAUKEE:
acting by its Common Council



WILLIE L. HINES, Jr., President of the
Common Council of the City
of Milwaukee

Date: 5/3/13



JAMES R. OWCZARSKI
City Clerk

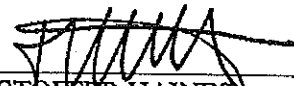
Date: 5/3/13

APPROVED:

**ROCKETSHIP EDUCATION WISCONSIN
INC. CHARTER SCHOOL:**

TIM SHEEHY, Board Chairman

Date: _____



KRISTOFFER HAINES
Rocketship Education Wisconsin, Inc.

Date: 4/29/13

set forth by Charter School in Appendix A. Charter School does not have the right to enforce any of the proposals or provisions that it made in Appendix A.

City does have the right to hold Charter School to any of the proposals or provisions made by Charter School in Appendix A or other papers submitted in support of Appendix A, regardless of whether such proposals or provisions are specifically enumerated in this Contract. Charter School's failure to adhere to the proposals or provisions made in Appendix A and other supporting papers shall, at the sole discretion of City, constitute a violation of this Contract. Appendix A and other supporting papers shall be kept on file in the office of the Department of Administration, 200 East Wells Street, Room 606, Milwaukee, Wisconsin 53202.

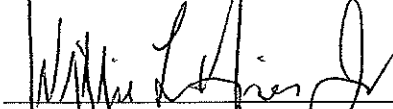
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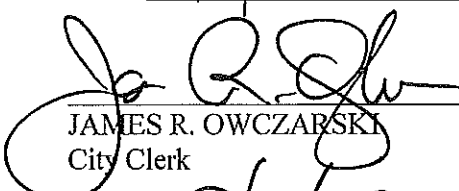
APPROVED:

CITY OF MILWAUKEE:
acting by its Common Council



WILLIE L. HINES, Jr., President of the
Common Council of the City
of Milwaukee

Date: 5/3/13



JAMES R. OWCZARSKI
City Clerk

Date: 5/3/13

APPROVED:

**ROCKETSHIP EDUCATION WISCONSIN
INC. CHARTER SCHOOL:**



TIM SHEEHY, Board Chairman

Date: 4/29/13

KRISTOFFER HAINES
Rocketship Education Wisconsin, Inc.

Date: _____

COUNTERSIGNED:

Glenn P. Steinbrecher
for MARTIN MATSON TD SPECIAL DEPUTY
City Comptroller

Date: 5-7-2013

Approved as to form and execution
as of this 8th day of May, 2013.

Eloisa De León
for ELOISA DE LEÓN
Assistant City Attorney
1123-2011-2842:177623

Approved as to content this 8th
day of May, 2013.

Eloisa De León
for ELOISA DE LEÓN
Assistant City Attorney

APPENDIX B

REQUIREMENTS FOR CONTRACTING WITH EDUCATIONAL MANAGEMENT ORGANIZATIONS

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

1. Submission of Service Contract. The Service Contract shall be submitted to the Charter School Review Committee ("CSRC") prior to its execution by the parties. If the CSRC determines that the Service Contract does not comply with (a) the provisions set forth in this Attachment, (b) applicable law or (c) The Charter Contract generally, then the CSRC shall notify the Charter School within twenty (20) calendar days of receipt, stating the basis for objecting to the Service Contract. In such event, the Charter School shall not enter into the Service Contract unless and until the deficiencies noted by the CSRC have been addressed to the CSRC's reasonable satisfaction, or the Charter School may alternatively seek resolution via Arbitration (as defined above in Section I.E). If the CSRC does not timely notify the Charter School of any basis for objection, the Service Contract shall be deemed approved.

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

- a. The Service Contract shall be subject to, and shall incorporate by reference, the terms and conditions of the Charter School contract. No provision of the Service Contract shall interfere with the Charter School's ability to perform its obligations under the Charter School contract. The Charter School shall at all times remain legally responsible to the City of Milwaukee for the operations and management of the Charter School and for ensuring that the terms and conditions of the Charter School contract are satisfied.
- b. The Service Contract shall specify a reasonable fixed term, not to exceed the term of the Charter School contract, and shall be terminable (i) at any time by the mutual written agreement of the Charter School and the EMO; (ii) by the Charter School upon any material breach of the Service Contract by the EMO; (iii) by the Charter School if the Service Contract or its implementation would serve as grounds for revocation under the Charter School contract, would jeopardize the tax exempt or not-for-profit status of the Charter School or

would cause the Charter School to be in violation of applicable law; or (iv) by the Charter School or EMO upon such other grounds as are specified by the Service Contract.

- c. The EMO shall furnish all information relating to its contract with the Charter School that is reasonably deemed necessary by the Charter School or the CSRC (i) to fulfill the Charter School's reporting requirements under the Charter School contract and (ii) as otherwise required under applicable law or the Charter School contract. This information shall be prepared by the EMO in accordance with the uniform accounting principles prescribed by the CSRC.
- d. All EMO employees, contractors of the EMO, or employees of contractors of the EMO who have direct, ongoing unsupervised contact with children at the Charter School within the scope of their employment, shall be subject to criminal background check requirements to the same extent as employees of the Charter School who have direct, ongoing unsupervised contact with children at the Charter School within the scope of their employment.
- e. The EMO shall comply with all applicable law and the terms and conditions of the Charter School contract.
- f. The Charter School shall be the initial recipient of all public funds that are disbursed to fund the operations of the Charter School and all other funds to which the Charter School is entitled.
- g. The EMO shall reasonably comply with all terms and conditions established by any funding source of the Charter School.
- h. The Service Contract shall, in its entirety, be consistent with the Charter School status as a nonprofit entity under the Internal Revenue Code or applicable state law, including but not limited to any applicable provisions prohibiting or restricting private benefit or private inurement.
- i. The Charter School's board of directors (the "Board") shall have final authority to set and approve the Charter School budget and initial or final authority to set and approve other Charter School policies, such as the curriculum, student conduct, school calendars, and dispute resolution procedures.
- j. The Service Contract shall not require the EMO's name to be included in or attached to the name of the Charter School.

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

- a. The Service Contract shall clearly delineate the respective roles and responsibilities of the EMO and the Charter School in the management and operating of the Charter School.
- b. The Service Contract shall identify whether individuals who work at the Charter School are employees of the Charter School or of the EMO (or joint employees); or, if employment status will vary from employee to employee, shall set forth a process for determining whether the individual is an employee of the Charter School or of the EMO.
- c. The Service Contract shall set forth procedures that are consistent with applicable law for determining whether assets purchased for the use at the Charter School are owned by the Charter School or the EMO.
- d. The Service Contract shall identify the procedures that the Charter School shall use to monitor and oversee the EMO.
- e. The Service Contract shall specify the methodology for calculating the EMO's compensation, including all amounts to be paid to the EMO by the Charter School for services rendered under the Service Contract, whether as contract payments, lease payments, management fees, administrative fees, licensing fees, expenses, claims on residual revenues, or any other amounts payable to the EMO. The total amount to be paid to the EMO by the Charter School and/or any third party, including students, parents, or other organizations, under the Service Contract shall be reasonable, market rate, and commensurate with the services provided by the EMO. Compensation arrangements that grant the EMO the Charter School's annual operating surplus, give the EMO a percentage of all the Charter School's revenues, or include bonuses or incentives, must be designed in accordance with any applicable law and Internal Revenue Service guidance.
- f. The Service Contract shall define the services that the EMO will provide to the Charter School.

4. Contact Information. The Charter School shall provide the CSRC with contact information for the EMO employee or employees who will be primarily responsible for providing services under the Service Contract.

5. Conflict of Interest. Any Board member, officer of the Charter School, or individual who is to hold a leadership position in the operation of the Charter School,

including any administrative position (together, "Interested Persons"), any family member of any Interested Person, or any organization in which the Interested Person has more than a 2% ownership position, which has any direct or indirect financial interest in the EMO must disclose to the Board, or to a committee designated by the Board as having the authority to review potential conflicts of interest, the existence of his or her financial interest and may be given the opportunity to disclose facts material to that interest to the Board or committee. A "financial interest" includes any current or potential ownership interest in, investment interest in, or compensation arrangement with the EMO. The term "family member" includes any spouse, parent, child, or sibling of the Interested Person. The disinterested member of the Board or committee, (that is, all members except for any Interested Person) will evaluate the impact of the Interested Person's financial interest, assess whether a conflict of interest arises from the financial interest, and determine what action, if any, is appropriate with regard to the financial interest and any conflict of interest. The Board or committee shall conduct whatever additional investigation is considered appropriate under the circumstances.

6. Negotiation of Service Contract and Legal Counsel. The Service Contract shall be reached by the Charter School and the EMO through arm's length negotiations in which the Charter School shall be represented by legal counsel. Such legal counsel may represent the EMO provided that the Board approves a conflict waiver or similar authorization for joint representation.

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

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