

CHARTER SCHOOL CONTRACT

THIS CONTRACT is made and entered into by and between the Oregon City Public School District (“District”) and the Alliance Charter Academy (“Academy”), an Oregon nonprofit corporation.

RECITALS

WHEREAS, the Oregon Legislature has enacted ORS Chapter 338 for certain purposes enumerated in that chapter; and

WHEREAS, on January 9, 2007 an application (attached and incorporated as Exhibit A) was submitted by the Alliance Charter Academy for the formation of the Alliance Charter Academy as a public charter school to operate within the School District; and

WHEREAS, the District has determined that the application submitted by the Alliance Charter Academy, as amended herein, complies with the purposes and requirements of ORS Chapter 338; and

WHEREAS, the Board of the District held a public hearing on the provisions of the proposal in accordance with ORS 338.055 and evaluated the criteria set forth in ORS 338.055; and

WHEREAS, the Board of the District has determined that the Alliance Charter Academy has demonstrated sustainable support for the charter school by teachers, parents, students, and other community members, including comments received at the public hearing; has demonstrated the capability of the Alliance Charter Academy in terms of support and planning to provide comprehensive instructional programs of students identified by the Alliance Charter Academy as academically low achieving and that the proposal of the Alliance Charter Academy addresses the criteria required in the proposal process in ORS 338.045 and in District Policy; and

WHEREAS, by a resolution adopted March 12, 2007 (attached and incorporated as Exhibit B) the District Board conditionally granted the application contingent upon negotiation and execution of a contract acceptable to the Alliance Charter Academy and the District and other elements enumerated in Section 2 of this Contract; and

WHEREAS, this Contract between the Alliance Charter Academy and the District, including the Exhibits, will constitute the full and complete agreement between the parties regarding the governance and operation of Alliance Charter Academy; and

WHEREAS, the parties desire that the Alliance Charter Academy be authorized to operate and conduct its affairs in accordance with the terms of this agreement and ORS Chapter 338.

NOW, THEREFORE, in consideration of the foregoing recitals and the mutual understandings, releases, covenants and payments herein described, the parties agree as follows:

C O N T R A C T

1. Grant of Charter

The Alliance Charter Academy is granted, in accordance with ORS Chapter 338 and the terms and conditions of this Contract, a charter to operate a single public charter school located within the boundaries of the Oregon City School District as described herein.

2. Conditions Precedent to Operation of Charter School

In order for Alliance Charter Academy to operate as public charter school sponsored by the Oregon City School District, the following conditions shall be met:

The Academy shall provide proof to the District that the applicant has entered into an agreement to purchase, lease, rent or otherwise secure a facility, acceptable to the District, for the public charter school to operate within the Oregon City School District boundaries by May 15, 2007; and

The Academy shall secure the appropriate and necessary occupancy and safety permits for the charter school facility and deliver proof of these permits to the District by May 31, 2007; and

The Academy shall secure insurance in accordance with District Policy 7640 and District Administrative regulation 7640R and deliver proof of insurance to the District prior to occupancy; and

The Academy shall prepare and deliver to the District proof that the financial stability of the charter school is maintained after facility and staffing costs are confirmed. The Academy shall deliver a revised budget reflecting the amended facility and staffing costs to the District by August 1, 2007; and

The Academy shall secure at least fifty (50) requests for enrollment for the 2007 - 2008 school year and offer proof of those requests to the District by June 1, 2007; and

The Academy shall provide all previously requested information regarding the creation of the Alliance Charter Academy to the District by May 15, 2007; and

The Academy shall provide documentation to the District by August 1, 2007, demonstrating the curriculum and supplemental materials that the charter school intends to use are aligned with the state content standards; and

The Academy shall create, and subsequently maintain, a separate non-profit corporation with its own Board of Directors for the Alliance Charter Academy and provide the By-Laws and Articles of Incorporation for the non-profit corporation to the District by August 1, 2007.

3. Effective Date

This Contract shall commence on July 1, 2007, and shall expire on August 31, 2010.

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4. Educational Program

A. Age and Grade Range

- (i) For the 2007 - 2008 school year, the Alliance Charter Academy shall provide instruction beginning in September 2007 to students in Kindergarten through the Twelfth-grade.
- (ii) For the 2008 - 2009 school year, the Alliance Charter Academy shall provide instruction beginning in September 2008 to students in Kindergarten through the Twelfth-grade.
- (iii) For the 2009 - 2010 school year, the Alliance Charter Academy shall provide instruction beginning in September 2009 to students in Kindergarten through the Twelfth-grade.
- (iv) The Alliance Charter Academy shall only enroll a student in its kindergarten program if the student has reached the age of five (5) on or before September 1 of the year the student is seeking enrollment.
- (v) The Alliance Charter Academy shall only enroll a student in its first grade program if the student has reached the age of six (6) on or before September 1 of the year the student is seeking enrollment.
- (vi) Exceptions may be made to (iv) and (v) above in accordance with District Policy 5511 and AR-5511R.

B. Curriculum

- (i) The Alliance Charter Academy shall have the authority and responsibility of designing and implementing its educational program, subject to the conditions of this Contract, in a manner which is consistent with state law.
- (ii) The educational program, pupil performance standards and curriculum designed and implemented by the Alliance Charter Academy shall meet or exceed any content standards adopted by the State of Oregon and shall be designed to enable each pupil to achieve such standards.
- (iii) The Alliance Charter Academy agrees to comply with all state requirements concerning academic content areas as defined in ORS 329.045.
- (iv) The Alliance Charter Academy agrees to obtain prior approval from the District before making a fundamental change to the educational program outlined in its application. A fundamental change is defined as changing the academic focus of the Alliance Charter Academy or implementing a curriculum that does not meet state standards.

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- (v) The Alliance Charter Academy shall establish a written policy for resolving complaints against the Alliance Charter Academy, including complaints regarding curriculum. A written copy of this policy shall be forwarded to the District by August 30, 2007.

C. Student Assessment/Graduation Requirements

- (i) All students enrolled and attending the Alliance Charter Academy shall participate and take part in all District and mandatory statewide assessments developed by the Oregon Department of Education under ORS 329.485, as well as any assessment developed by the Oregon Department of Education, the United States Department of Education or the Oregon Legislature to implement the federal No Child Left Behind (NCLB) assessment requirements.
- (ii) The graduation requirements of the Alliance Charter Academy will be consistent with those of Oregon City School District.

D. Access to District Programs/Extracurricular Activities

- (i) Alliance Charter Academy students may, upon request, be allowed to participate in district programs such as physical education, instrumental and vocal music offerings or other selected options if space and materials are available. Students must adhere to state laws, Board policies, regulations and rules concerning conduct and discipline.
- (ii) Alliance Charter Academy students, grades K-6, are not eligible to participate in extracurricular activities at District schools.
- (iii) Alliance Charter Academy students, grades 7-8, may, upon request, participate in extracurricular activities at District schools if space and materials are available. Students must adhere to regulations and rules concerning conduct and discipline.
- (iv) Alliance Charter Academy students, grades 9-12, may, upon request, participate in extracurricular activities at District schools. Students must adhere to regulations and rules concerning conduct and discipline and adhere to OSAA rules and regulations.

E. Records

The Alliance Charter Academy shall comply with all record keeping requirements of State and federal law pertaining to student records and shall cooperate with the District by providing any reports or records to the District, as necessary, to meet the District's reporting obligations to the Oregon Department of Education or the U.S. Department of Education.

- (i) By August 1, 2007, the Alliance Charter Academy will submit a student

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accounting procedure to the District that meets the approval of the Oregon City School District and the Oregon Department of Education. This procedure will describe how student attendance will be tracked and recorded.

F. Nonreligious and Nondiscrimination

The educational program of the Alliance Charter Academy shall be nonreligious and nonsectarian. The Alliance Charter Academy shall not discriminate against any student or staff on the basis of race, creed, color, sex, national origin, religion, ancestry, disability, marital status, sexual orientation, or political beliefs and/or affiliations.

G. Promotion/Recruiting

The District's goal is for Alliance Charter Academy demographics to mirror that of the District. Toward that end, the Alliance Charter Academy will take affirmative efforts in recruiting a diverse student body. Each year of operation, by January 31, the Alliance Charter Academy will submit to the District a plan for school promotion and recruiting. This plan will identify planned promotion and/or recruiting activities and will include content that will be included in printed materials. A transportation statement will be included that assure potential applicants that transportation is provided.

Additionally, each year of operation, by May 1, the Alliance Charter Academy will submit to the District a demographic report of the currently enrolled students. Demographic information should be included in the report in the areas of race/ethnicity, students with disabilities, economically disadvantaged, TAG, ELL, etc.

H. Open Enrollment

- (i) For the 2007 - 2008 school year, enrollment shall be open to any child eligible to attend grades Kindergarten through Twelfth-grade, subject to ORS 338.125(1).
- (ii) For the 2008 - 2009 school year, enrollment shall be open to any child eligible to attend grades Kindergarten through Twelfth-grade, subject to ORS 338.125(1)
- (iii) For the 2009 - 2010 school year, enrollment shall be open to any child eligible to attend grades Kindergarten through Twelfth-grade, subject to ORS 338.125(1).
- (iv) Maximum enrollment during the 2007 - 2008 school year shall be limited to 220 FTE students (Kindergarteners counting as .5 FTE) with an additional 20 FTE slots reserved for part-time students.
- (v) Maximum enrollment during the 2008 - 2009 school year shall be limited to 270 FTE students (Kindergarteners counting as .5 FTE) with an additional 20 FTE slots reserved for part-time students.

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- (vi) Maximum enrollment during the 2009 - 2010 school year shall be limited to 320 FTE students (Kindergarteners counting as .5 FTE) with an additional 20 FTE slots reserved for part-time students.
- (vii) The minimum enrollment for each school year shall be 25 full-time students. The District shall terminate this Contract if student enrollment in the Alliance Charter Academy falls under 25 students during any school year, as provided in ORS Chapter 338. For purposes of this Contract full-time student means a student who is receiving more than one-half of his/her instructional program at the Alliance Charter Academy. Kindergarten students will count as 0.5 FTE.

I. Admission

Admission of students to the Alliance Charter Academy shall be determined in accordance with Exhibit A, except as amended by this Contract or federal law. "Admission" means that the student has (1) applied to the Alliance Charter Academy; (2) successfully completed the lottery; and (3) been formally accepted as a Alliance Charter Academy student by the Alliance Charter Academy and, in the case of a student who is eligible for special education and related service under the Individuals with Disabilities Education Act, and the resident district's Individual Education Plan or Program (IEP) team deems the Alliance Charter Academy to be a proper placement.

J. Student Enrollment Process

The Alliance Charter Academy is a school of choice. Enrollment at the Alliance Charter Academy is and must be voluntary. All students, including students with disabilities, who are residents of the District, are eligible for enrollment. Age and grade are the only criteria.

If the number of applications from resident students exceeds the number of spaces available, the Alliance Charter Academy must select all students for enrollment through an equitable lottery. If space is available, the Alliance Charter Academy may admit students from out of the District.

After the Alliance Charter Academy has met its student capacity, two waiting lists are established. A resident student waiting list will be established with the order being established through an equitable lottery. Also, a non-resident student waiting list will be established with the order being established through an equitable lottery. School student vacancies will be filled by using the waiting lists. Students on the resident waiting list will fill vacancies prior to students on the non-resident list.

Each year, once the waiting lists are established, students are added to the respective list on a first come, first serve basis.

This process may be modified in accordance with any waiver granted by the Oregon State Board of Education.

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K. Preferences after First Year

As provided in ORS 338.125(1), in subsequent years of operation the Alliance Charter Academy may give admissions preference to students who were enrolled in the Alliance Charter Academy in the prior year and siblings of students enrolled and attending the Alliance Charter Academy.

Once these students are identified, all other students will be selected through an equitable lottery, as described in this Contract's Student Enrollment Process section.

L. Student Attendance, Conduct and Discipline

- (i) The Alliance Charter Academy shall implement a system of uniform student discipline consistent with the application. The Alliance Charter Academy shall forward a copy of the adopted policy implementing the system of uniform student discipline to the District by August 30, 2007. The Alliance Charter Academy shall notify its students of the student's rights and responsibilities at the beginning of each school year, or as the student meets the admission requirements as stated in this Contract. The Alliance Charter Academy shall maintain accurate enrollment data and daily records of student attendance and shall provide these data to the District on a monthly basis by no later than the 5th of each month.
- (ii) The Alliance Charter Academy shall notify the District in which the student resides immediately upon a student being expelled from the Alliance Charter Academy.
- (iii) The Alliance Charter Academy and the District shall extend full faith and credit to the suspension and expulsion of a student of the other, unless both parties agree in writing to a variance from this requirement.

M. Education of Special Populations

- (i) Education of Talented and Gifted Students: The Alliance Charter Academy shall comply with ORS 343.391 - 343.413, and rules adopted by the State Board of Education for implementing these statutes.
- (ii) Education of English Language Learners: The Alliance Charter Academy shall identify ELL students and provide them with appropriate programs to overcome their language barriers.

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N. Education of Students with Disabilities

The Alliance Charter Academy shall comply with all District policies and regulations and the requirements of federal and state law concerning the education of children under the Individual with Disabilities Education Act (“IDEA”). Compliance by the Alliance Charter Academy includes, but is not limited to, the following:

- (i) The Alliance Charter Academy shall comply with all District policies regarding discipline of special education students;
- (ii) The Individual Education Plan/Program (IEP) team is determined by federal law;
- (iii) The student’s IEP team will determine the appropriate educational program and placement for the student. The Alliance Charter Academy shall abide by the IEP team’s decision on program and placement;
- (iv) The Alliance Charter Academy staff shall comply with training required by an IEP team for delivery of services to a Alliance Charter Academy student;
- (v) The funds from the Oregon Department of Education representing the Average Daily Membership weighted (ADMw) for special education for the Alliance Charter Academy special education students shall be retained by the District, if the student is a resident of the District;
- (vi) The District has the discretion to determine which specialized programs will be offered on site at the Alliance Charter Academy site;
- (vii) For a nonresident Alliance Charter Academy student eligible under IDEA, the Alliance Charter Academy and the resident district may enter into a written agreement for the provision of special education services to the student. The District is in no way responsible for these services or the costs thereof;
- (viii) The student’s IEP team may recommend any appropriate placement for the student based on the student’s needs, whether in or out of the Alliance Charter Academy. The Alliance Charter Academy shall not change the student’s placement or IEP without IEP team action;
- (ix) Special education transportation will only be provided by the District to a Alliance Charter Academy special education student if it is a related service on a Alliance Charter Academy student’s IEP and if the student is a resident of the District;
- (x) The Alliance Charter Academy shall provide substitutes, as needed, for the Alliance Charter Academy staff who are required to attend IEP meetings or other meetings related to a Alliance Charter Academy special education student at the Alliance Charter Academy’s expense;

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- (xi) The Alliance Charter Academy shall notify the student's resident district if a student may need special education services.
- (xii) If, after a student is enrolled and attending the Alliance Charter Academy, the staff and employees of the Alliance Charter Academy suspect a student may be eligible for special education and related services under IDEA the Alliance Charter Academy shall comply with the District practices and policies for referral of the student for evaluation.
- (xiii) Pre-approved (by the District) costs of any training required of the Alliance Charter Academy's staff to accomplish the implementation of an IEP for a resident student of the District shall be paid by the District. This is limited to costs for substitutes, consultants or necessary supplies and materials.
- (xiv) The District remains responsible for offering and providing a free appropriate public education (FAPE) to all resident special education students who attend the Alliance Charter Academy. The District is responsible for the provision of all specially designed instruction to resident special education students who attend the Alliance Charter Academy.

O. Tuition and Fees

The Alliance Charter Academy shall not charge tuition to students attending the Alliance Charter Academy. The Alliance Charter Academy shall not charge tuition for programs, classes or courses of study, which are part of the regular school program. The Alliance Charter Academy may charge for optional after-school programs and student activities. The Alliance Charter Academy shall not charge tuition for its half-day kindergarten program, but may charge tuition for the second half of any full-day kindergarten program that it chooses to make available as an option to enrolled kindergarten students.

P. Student Welfare and Safety

The Alliance Charter Academy shall comply with all applicable state and federal laws concerning student welfare, safety and health, including, without limitation, the reporting of child abuse, accident prevention and disaster response, and any local, state or federal regulations governing the operation of school facilities.

- (i) The Alliance Charter Academy is responsible for the reporting of child abuse and neglect in accordance with state law.
- (ii) The Alliance Charter Academy shall immediately inform the District Liaison of any incident regarding child abuse and/or neglect.
- (iii) The Alliance Charter Academy shall comply with state and federal law relating to drug administration to students.

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- (iv) The Alliance Charter Academy shall comply with OAR 548-020-0041, the Teacher Standards and Practices Commission requirements that the chief administrator report certain acts of gross neglect of duty by licensed staff.

Q. School Year; School Day; Hours of Operation

The Alliance Charter Academy shall operate an instructional program in accordance with Exhibit A, unless otherwise stated in this contract. The school calendar shall be similar to the District's school calendar. The Alliance Charter Academy will meet or exceed all instructional hour requirements. The Alliance Charter Academy will determine its school calendar annually, and will provide a copy to the District no later than May 1 of each year. For the 2007-08 school year calendar, this deadline for submission will be June 1, 2007.

R. Alternative Education Model

Subject to applicable state law, federal law, and the terms of this Contract the Alliance Charter Academy shall be allowed to promote and implement learning situations that are flexible with regard to environment, time, structure and pedagogy.

5. Evaluation of Student Performance and Procedures for Corrective Action

- A. The Alliance Charter Academy shall pursue and make reasonable progress toward achievement of the goals, objectives and student performance standards consistent with those set forth in this section, provided that such goals, objectives and student performance standards shall at all times remain in compliance with Oregon law and the provisions of this Contract.
- B. During the term of this Contract, the percentage of students at each grade level of the Alliance Charter Academy's students taking the statewide assessment(s) developed by the Oregon Department of Education under ORS 392.485, or any assessment developed to comply with the federal No Child Left Behind law, shall be at or above the percentage of the District's students who meet or exceed the standard for each grade level who have taken the statewide assessment.
- C. For purposes of Section 5, paragraph B of this Contract, the following student subgroups shall be utilized when comparing student assessment scores:
 - (i) racial/ethnicity
 - (ii) students with disabilities
 - (iii) limited English proficient (LEP)
 - (iv) economically disadvantaged

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- D. If the percentage of students meeting or exceeding the standard at any grade level of the Alliance Charter Academy is not at or above the percentage of the District's students who meet or exceed the standards at that grade level, the Alliance Charter Academy shall develop, subject to the District's approval, a written Plan of Correction describing the actions that the Alliance Charter Academy will undertake to successfully meet or exceed the District's percentages in each grade level.
 - (i) The Alliance Charter Academy shall deliver the written Plan of Correction to the District within sixty (60) calendar days of the Alliance Charter Academy receiving the assessment scores.
 - (iii) If the Alliance Charter Academy does not develop a written Plan of Correction within sixty (60) calendar days of receiving the assessment scores then the District may take action to terminate this Contract under Section 8, paragraph I of this Contract.
- E. If the Alliance Charter Academy's student assessment scores by subgroup and grade level are not at or above the District's assessment scores by subgroup and grade level for a second year then the District may take action to terminate this Contract under Section 8, paragraph I of this Contract.
- F. If the Alliance Charter Academy fails to follow any of the actions stated in any of the Plans of Correction as stated above the District shall issue a written notice to the Alliance Charter Academy that it must comply with the terms of the written Plan of Correction immediately. If, after fifteen (15) business days, the Alliance Charter Academy is not in compliance with the written Plan of Correction the District may begin the process of terminating the Alliance Charter Academy's operation as a public charter school under Section 8, paragraph I of this Contract.
- G. The Alliance Charter Academy shall report to the District the Alliance Charter Academy's student scores on any of the statewide assessments within ten (10) business days of receiving the scores.
- H. The District shall report to the Alliance Charter Academy the District's average score for its students that have taken the statewide assessment within ten (10) business days of receiving those scores.
- I. The Alliance Charter Academy will pursue Adequate Yearly Progress (AYP) as established by the state of Oregon under the federal No Child Left Behind Act (NCLB) of 2002 and as measured by participation rates and scores on the Oregon Statewide Assessments, attendance and any other criteria used by the state to determine AYP for all public schools. The Alliance Charter Academy will be subject to applicable federal and state sanctions for any failure to make AYP.

6. Economic Plan, Budget and Annual Audit

A. Funding

- (i) The District shall provide funding to the Alliance Charter Academy in an amount per weighted average daily membership (ADMw) of the Alliance Charter Academy that is equal to 80 percent of the amount of the District's general purpose grant per ADMw as calculated under ORS 327.013 for the Alliance Charter Academy students in grades Kindergarten through eighth and 95 percent of the amount of the District's general purpose grant per ADMw as calculated under ORS 327.013 for the Alliance Charter School students in grades ninth through twelfth. Funding shall be determined based on monthly ADMw reports provided to the District by the Alliance Charter Academy, with an annual reconciliation after the Oregon City School District receives the final ADMw report from the Oregon Department of Education. So long as the Alliance Charter Academy is not in violation of ORS Chapter 338, this funding will be made available to the Alliance Charter Academy, commencing on the date set forth and according to the distribution schedule set forth in Section 6, paragraph C, subparagraph (vi) below. The District will adjust the funding to reflect the actual funded pupil count as of October 1st. In addition, to the extent the District experiences any reduction or increase in its state funding "General Purpose Grant SB 100", proportionate reductions or increases will be made to the Alliance Charter Academy by adjustment or setoff in subsequent months. This amount is calculated by the Oregon Department of Education and provided to the District on the State School Fund District Estimate that the Department of Education periodically provides to school districts.
- (ii) The District shall provide funding to the Alliance Charter Academy consistent with the requirements of ORS 338.157.
- (iii) Any financial commitment on the part of the District contained in this Contract is subject to appropriation by the State of Oregon and the parties agree that the District has no obligation to fund the Alliance Charter Academy operations except as expressly provided herein or in ORS Chapter 338.

B. Budget

- (i) On or before May 1st of each year, the Alliance Charter Academy shall submit to the District the Alliance Charter Academy proposed budget for the upcoming school year.
- (ii) On or before July 1st of each year, the Alliance Charter Academy shall submit to the District the Alliance Charter Academy adopted budget for the upcoming school year.
- (iii) The Alliance Charter Academy shall be responsible for all costs of subcontracting for goods and services, except as expressly provided in this

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- (iv) The fiscal year of the Alliance Charter Academy shall begin on July 1 of each year and end on June 30 of the subsequent to coincide with the District's fiscal year.
- (v) The cost of any service(s) provided to the Alliance Charter Academy by the District above and beyond the terms of this Contract shall be deducted from payments due to the Alliance Charter Academy from the District's payments outlined in Section 6, Paragraph A of this Contract.

C. Financial Records, Audits and Accounting Reports

- (i) The Alliance Charter Academy agrees to establish, maintain and retain appropriate financial records in accordance with applicable state and federal laws and to make such records available to the District. The Alliance Charter Academy shall submit monthly income and expense reports, a monthly balance sheet showing liabilities and assets and an Aged Accounts Payable statement showing any accounts that are 30, 60, 90 or 90+ days past due to the District by the 15th of each month.
- (ii) The Alliance Charter Academy shall have an annual audit of its accounts in accordance with Municipal Financial Audit Law, ORS 297.405 to 297.555 and 297.998. The Alliance Charter Academy shall submit this audit to the District by October 15th of each year.
- (iii) The Alliance Charter Academy shall provide to the District the Alliance Charter Academy's Internal Revenue Service Form 990 by November 15th of each year.
- (iv) The Alliance Charter Academy shall operate in accordance with generally accepted accounting procedures (GAAP) or other generally accepted standards of fiscal management, provided that the Alliance Charter Academy's accounting methods shall comply in all instance with applicable governmental accounting requirements.
- (v) The Alliance Charter Academy shall submit by the 5th of each month to the District student enrollment counts for purposes of calculating distribution of ADMw funding to the Alliance Charter Academy.
- (vi) The District shall distribute to the Alliance Charter Academy funds as determined in Section 6, paragraph A, subparagraph(s) (i) and (ii) of this Contract, in the following amounts on or before the following dates for each school year:
 - July 25 - 16.66 percent
 - August 25 - 8.33 percent

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- September 25 - 8.33 percent
- October 25 - 8.33 percent
- November 25 - 8.33 percent
- December 25 - 8.33 percent
- January 25 - 8.33 percent
- February 25 - 8.33 percent
- March 25 - 8.33 percent
- April 25 - 8.33 percent
- May 25 - balance
- An annual reconciliation adjustment per ODE final ADMw calculation will occur after the Oregon City School District receives the report.

The parties mutually agree that the above payment schedule is intended to follow the disbursement schedule of State School Fund payments to the District under ORS 327.095. The parties further agree that should the disbursement schedule of the State School Fund be modified during the term of this Contract, the disbursement schedule of payments from the District to the Alliance Charter Academy shall be modified to reflect such changes. The District shall still be required to transfer the payment due the Alliance Charter Academy under this Contract within ten (10) days of the receipt of such payment from the State School Fund. [For example should the Oregon Legislature amend the State School Fund disbursement schedule and move the May 2008 payment to July 2008, the District shall not be required to transfer the payment to the Alliance Charter Academy until ten (10) days after the District has its State School Fund disbursement in July 2008.]

- (vii) In the event that this Contract is revoked, terminated or not renewed by the District, the Alliance Charter Academy shall refund to the District all unspent public funds that were given to the Alliance Charter Academy by the District other than the amount sufficient to cover all accrued, but unpaid expenses.
- (viii) The parties acknowledge that under ORS 338.155(9)(b) the Alliance Charter Academy is entitled to other state sources of funds, such as grants, from the Oregon Department of Education that is available to school districts based solely on the weighted average daily membership (ADMw) of the school district which are not included in this Contract and/or which are not part of the state school fund formula. Alliance Charter Academy will only be eligible to receive grant

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funds from the District if the Alliance Charter Academy students were used in grant application calculations.

- (ix) The parties acknowledge that under ORS 338.155(9)(a) the Alliance Charter Academy may apply for any grant that is available to school districts or non-chartered public schools from the Oregon Department of Education.
 - (x) The Alliance Charter Academy may accept gifts, donations or grants pursuant to ORS Chapter 338, provided that no such gifts, grants or donations may be accepted if contrary to applicable law or the terms of this Contract. In the event that the Alliance Charter Academy solicits funding from other sources than the District, it shall comply with all applicable state and federal laws regarding reporting of such charitable solicitations. The Alliance Charter Academy shall annually report all gifts, donations and grants to the District by recording same in the financial records in Section 6, paragraph C above.
 - (xi) At all times the Alliance Charter Academy shall maintain appropriate governance and managerial procedures and financial controls.
 - (xii) The Alliance Charter Academy shall provide the District with all copies of letters and the audit report from the Alliance Charter Academy's auditor to the Alliance Charter Academy Board or the Alliance Charter Academy Administrator.
- D. Notwithstanding Section 6, paragraph C, subparagraph (vi) of this Contract the District shall not be required to forward to the Alliance Charter Academy the State School Fund distribution payment for July 2007 and/or August 2007 until the Alliance Charter Academy secures the necessary occupancy permits for the facility and forwarded to the District copies of the permits, as required under Section 2 of this Contract.
- E. Notwithstanding Section 6, paragraph A, subparagraph (i) and Section 6, paragraph C, subparagraph (vi) of this Contract, if the Alliance Charter Academy has not submitted the proposed budget, the adopted budget, the annual audit or any other financial information the District requests by the date the Alliance Charter Academy is to provide the information to the District, the District shall withhold any and all State School Fund payments to the Alliance Charter Academy until the information is received by the District.

7. Building and Facilities

- A. The Alliance Charter Academy will be located at Eastham School (see attached lease agreement).
- B. The Alliance Charter Academy may change its physical location or obtain additional facilities provided that the Alliance Charter Academy fulfills the obligations and provides the information set forth in this section with respect to such new or additional facilities and provided further that the Alliance Charter Academy notifies the District of the proposed change in location or addition of facilities not less than thirty (30) calendar days

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prior to taking any final action in connection therewith.

- C. Should the Alliance Charter Academy lease, rent or purchase part of an existing church facility, then the Alliance Charter Academy shall ensure that there will be no visible church signs or symbols within the school entryway, hallway or classroom. The Alliance Charter Academy further ensures that the entry to the building where the charter school is located will not have markings of a religious nature. The Alliance Charter Academy further ensures that the entrance to the charter school will be separate from the church's, main entrance. The Alliance Charter Academy further ensures that students shall have no exposure to religious materials. No functions of a religious nature will be coordinated jointly with any Alliance Charter Academy's operation or activity.
- D. If the Alliance Charter Academy is found to be in violation of Section 7, paragraph C of this Contract, the District shall issue a written notice to the Alliance Charter Academy requesting that the Alliance Charter Academy cure the issue within ten (10) calendar days of receipt of such notice.
- E. Upon receiving a written notice to cure from the District under this section the Alliance Charter Academy shall cure the issue that resulted in the notice being issued by the District within ten (10) business days of the date of receipt of such notice, and notify the District in writing that it has cured the issue.
- F. If the Alliance Charter Academy does not cure the issue that resulted in the District sending a notice under section 7, paragraph D of this Contract within the required ten (10) business days, the District shall take action to terminate this Contract.
- G. Should any individual(s), group(s) or entity bring a legal action against the District asserting that the District is, or was, in violation of the Establishment Clause of the First Amendment to the United States Constitution or Section 5, Article I of the Oregon Constitution due to the Alliance Charter Academy's operation as a public charter school within the District, the Alliance Charter Academy shall defend and hold the District harmless from any judgment or order. This shall include the Alliance Charter Academy holding the District harmless, and reimbursing the District for any and all costs associated with defending such an action. This shall include, but not be limited to, court costs, attorney fees and any funds that were to be distributed to the District under ORS Chapter 327 which were withheld under ORS 327.109.

8. Governance and Operation

The Alliance Charter Academy shall govern and operate the charter school as set forth in its application to the extent permissible under federal and state law and subject to all conditions of this Contract.

A. Corporate Status

The Alliance Charter Academy is and shall remain for the term of this Contract an Oregon nonprofit corporation. Within thirty (30) days after making any changes to its

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Articles of Incorporation or By-Laws, the Alliance Charter Academy shall notify the District of the changes the Alliance Charter Academy makes to such documents. The Alliance Charter Academy shall provide a full copy of the Alliance Charter Academy Articles of Incorporation and By-Laws documents before the signing of this Contract.

Provisions in the By-Laws will prohibit staff members of the Alliance Charter Academy from serving on the Alliance Charter Academy Governing Board. This requirement will take effect by January of 2008. During the transition between the start of the program and January 2008, the following provisions will be in place:

- (i) The Alliance Charter Academy Board will consist of between 5 and 9 members (an odd number of members).
- (ii) Alliance Charter Academy staff members will make up no more than a minority of the Board.
- (iii) The exception to these provisions are related to the Project Director. The Project Director is paid to administer the grant from the Oregon Department of Education. The Project Director may serve on the Alliance Charter Academy Board until the year the ODE grant ends.

The parties recognize that the Alliance Charter Academy is an Oregon non-profit corporation currently doing business as the Alliance Charter Academy. The parties further recognize that the Alliance Charter Academy is also legally authorized to engage in other lawful activities consistent with its Bylaws and Oregon law, including, but not limited to, the operation of other educational programs and charter schools. If and when the Alliance Charter Academy decides to operate another charter school, business entity or educational program, the Alliance Charter Academy shall notify the District of its intent as soon as possible and such notification shall be prior to the Alliance Charter Academy's final decision to operate another charter school, business entity or educational program. Such notification is a mandatory requirement of this Contract. Upon notification, the District and the Alliance Charter Academy will negotiate terms that are mutually acceptable to the parties that address the District's concerns about liability and financial issues and agree on an amendment to this Contract which satisfies those concerns.

If the Alliance Charter Academy fails to notify the District of its intent to operate another charter schools, business entities or operations, the parties agree that this is a material breach of the Contract and the District may exercise its right of termination under the contract.

B. Nonreligious, Nonsectarian Status

The Alliance Charter Academy agrees that it shall operate in all respects as a nonsectarian, nonreligious public charter school. The Alliance Charter Academy shall not be affiliated with any nonpublic sectarian school or religious organization. This section shall not preclude the Alliance Charter Academy from leasing or renting a facility from a church or religious organization.

- Alliance Charter Academy Contract

C. Nondiscrimination

The Alliance Charter Academy shall comply with all federal and state laws regarding nondiscrimination, including without limitation, statutory and constitutional provisions prohibiting discrimination on the basis of disability, age, race, creed, color, sex, national origin, religion, ancestry, marital status, political beliefs and/or affiliations, or sexual orientation.

D. Public Meeting and Public Records

The Alliance Charter Academy and its Board of Directors are subject to the provisions of Oregon Public Meetings Law, ORS 192.610 to 192.690 and Oregon Public Records Law, ORS 192.410 to 192.505.

E. Operational Powers

Subject to the conditions and provisions of this Contract, the Alliance Charter Academy through its Board of Directors shall be fiscally responsible for its own operations within limitations of any funding provided by the District and other revenues derived by the Alliance Charter Academy consistent with law.

- (i) The Alliance Charter Academy shall have the authority to exercise independently, also consistent with federal and state law, all powers granted to nonprofit corporations and charter schools so long as such powers are not inconsistent with the terms of this Contract, including without limitations the following powers (and including such other powers as provided for elsewhere in this Contract): making all personnel decisions, including hiring, firing and discipline of all teachers, supervisors, and staff, contract for goods and services necessary for the operation of the Alliance Charter Academy; prepare a budget; procure insurance and necessary bonds; lease facilities for school purposes; purchase lease or rent furniture, equipment and supplies; retain fees collected from students in accordance with law; organize and carry out fund-raising efforts; and accept and expend gifts, donations or grants of any kind in accordance with such conditions prescribed by the donors as are consistent with law and not contrary to any of the terms of this Contract.

F. Third Party Contracts

The Alliance Charter Academy shall not enter into any contract for comprehensive school management or operation services to be performed in substantial part by an entity not a party to this Contract. This section does not preclude the Alliance Charter Academy from contracting with others for specific needed services, including but not limited to consultation regarding the educational program or staff training, legal services or audits.

- Alliance Charter Academy Contract

G. Annual Report and Review

The Alliance Charter Academy shall submit an annual report by October 15th to the District and to the State Board of Education which will include, without limitation, the following:

- (i) Information on the performance of the school overall, including summary enrollment levels, attendance rates, student conduct and discipline data, an analysis of the students' progress toward meeting academic goals and objectives, summary data on the accomplishment of the school's educational program and operational goals, an outline of goals for the upcoming year along with an action plan to achieve those goals and evaluation plan to measure attainment of those goals;
- (ii) The audit required under Section 6 paragraph C of this Contract, including proof of insurance;
- (iii) Policy development issues;
- (iv) Student discipline information; and
- (v) Any other information the District reasonably deems necessary to demonstrate that the Alliance Charter Academy is in compliance with state and federal law and the terms of this Contract.

H. Term

- (i) The Alliance Charter Academy's charter and this Contract become effective on July 1, 2007, assuming all conditions precedent enumerated in Section 2 of this Contract have been met, and will last for a period of three (3) school years.

I. Termination

- (i) To the extent allowed by ORS Chapter 338 the District may revoke the charter and terminate this Contract on any of the following grounds:
 - (a) Violation of or failure to meet and sustain any terms of this Contract or ORS Chapter 338.
 - (b) Failure to meet the requirements for student performance stated in Section 5 of this Contract.
 - (c) Failure to correct any violation of a federal or state law that is described in ORS 338.115.
 - (d) Failure to maintain insurance as described in Section 10 of this Contract.

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- (e) Failure to maintain financial stability.
- (ii) The District shall provide sixty (60) days prior written notice of its intent to terminate the charter agreement. The Alliance Charter Academy may appeal the District's decision to terminate the charter agreement directly to the District's Board. The Alliance Charter Academy may respond to the allegations in the District's written notification by offering documentary evidence and oral argument. The District bears the burden of proving the allegations in the written notification by a preponderance of the evidence. The Alliance Charter Academy has the burden of proof for any affirmative defense to the allegations by a preponderance of the evidence. The District Board's decision may only be appealed to the state Board of Education according to ORS 338.105. Until the effective date of termination of this contract, as determined by the District, the District shall continue to make the funding payments under Section 6 of this Contract to the Alliance Charter Academy.
- (iii) The Alliance Charter Academy shall only terminate this charter at the end of a semester. The Alliance Charter Academy shall notify the District in writing at least one hundred eighty (180) calendar days prior to the proposed effective date of termination, dissolution or closure of the Alliance Charter Academy.
- (iv) In the event of termination of the Alliance Charter Academy as a public charter school, all assets purchased with public funds given to the Alliance Charter Academy by the District in accordance with this Contract shall be given to the state Board of Education in accordance with ORS 338.105(6). The Alliance Charter Academy shall prepare a list of assets that the Alliance Charter Academy held prior to becoming a public charter school. That list is hereby incorporated into this agreement as Exhibit C. The Alliance Charter Academy is entitled to any asset that appears on Exhibit C that were purchased with non-public funds, or was purchased with public funds if less than \$100.00 of public funds were expended on the asset, at the time the Alliance Charter Academy ceases to operate as a public charter school, and to any other asset that the Alliance Charter Academy has acquired through the expenditure of non-public funds as described in Section 8, paragraph K of this Contract.

J. Dissolution

In the event the Alliance Charter Academy should cease operations as a public charter school for whatever reasons, including but not limited to, the non-renewal or revocation of its charter, or dissolution of the nonprofit corporation, it is agreed that the Alliance Charter Academy's legal authority to operate as a private school shall not be abridged. However the assets of the Alliance Charter Academy that were purchased with public funds given to the Alliance Charter Academy by the District under this Contract, or by any other public entity, shall be distributed in the same manner as described in Section 8, paragraph K of this Contract

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K. Property Inventory Control

- (i) The Alliance Charter Academy shall maintain records of purchase orders for all assets over \$100.00. These records shall indicate whether the assets were purchased with public funds, or non-public funds. The Alliance Charter Academy shall provide the District with a copy of this purchase order record no later than July 15th of each year that the Alliance Charter Academy operates as a public charter school in the District. For purposes of this section public funds shall include any and all funds distributed to the Alliance Charter Academy:
 - (a) By the District, pursuant to ORS 338.155 and ORS 338.165;
 - (b) By the Oregon Department of Education, including any and all federal grant funds that the Alliance Charter Academy may apply for and be awarded by the Oregon Department of Education; or
 - (c) By any agency, division or branch of the United States Government, or any entity created by an agency, division or branch of the United States Government
- (ii) Any asset which was purchased by the Alliance Charter Academy with public funds in excess of \$100.00 shall be given to the State Board of Education upon termination pursuant to ORS 338.105(6). The Alliance Charter Academy may retain any asset which was purchased with non-public funds upon termination. If the Alliance Charter Academy does not maintain records of purchase orders for all assets, or cannot provide records showing that an asset was purchased with non-public funds, then it shall be assumed that the asset was purchased with public funds, and upon termination the asset in question shall be given to the State Board of Education pursuant to ORS 338.105(6).

9. Employment Matters

The Alliance Charter Academy shall be the employer of all employees of the Alliance Charter Academy. Employees of the Alliance Charter Academy shall not be considered, for any purpose, employees of the District. Employees of the Alliance Charter Academy shall not be entitled to, or be covered by, any collective bargaining agreement that the District has entered into with any of its respective employees or their exclusive representative for purposes of collective bargaining.

A. Criminal Background checks

- (i) The Alliance Charter Academy shall not knowingly employ an individual for whom a criminal background investigation has not been initiated or who has been convicted of an offense that would preclude that individual from working in a public school in Oregon. No later than October 15th of each school year that the Alliance Charter Academy operates as a public charter school under this

- Alliance Charter Academy Contract

agreement, the Alliance Charter Academy shall provide to the District a list containing the names and job positions of all its employees. Such list shall also indicate for each employee the date of initiation of the criminal background investigation required by Oregon law and all known results of the investigation.

B. Teacher and Administrator registration with the Teacher Standards and Practices Commission (TSPC)

- (i) Any teaching or administrative staff not licensed by the Oregon Teacher Standards and Practices Commission (TSPC) will register with TSPC in accordance with ORS 338.135(7)(a)-(c) and OAR 584-023-0005.

C. Highly Qualified Staff for Purposes of No Child Left Behind

- (i) All individuals employed by the Alliance Charter Academy who are licensed or registered with TSPC shall also comply with OAR 548-100-0091 or 584-100-0096, whichever is applicable.

D. Building Administrator

- (i) The Alliance Charter Academy shall have a building level administrator or his/her designee on-site.
- (ii) The administrator for the Alliance Charter Academy shall not be assigned to multiple charter schools, but shall be the administrator for the Alliance Charter Academy exclusively.

10. Insurance and Legal Liabilities

A. Insurance

- (i) The Alliance Charter Academy shall, at its own expense, secure and retain and provide proof of the following insurance and in the amounts set forth in school district policy 7640 and administrative regulation 7640R as of the time this Contract is executed: commercial and general liability insurance; errors and omissions insurance; directors and officers liability insurance; automobile liability insurance; workers' compensation insurance; employee dishonesty insurance; property insurance.
- (ii) No later than August 1, 2007, and at any time thereafter upon request of the District, the Alliance Charter Academy shall provide the District with certificates of insurance or other satisfactory proof evidencing coverage in the types and amounts set forth herein. All such insurance policies shall contain a provision requiring notice to the District, at least 30 days in advance, of any material change, non-renewal or termination to the attention of the Superintendent, Oregon City School District.

- Alliance Charter Academy Contract

B. Legal Liabilities

- (i) The following federal and state laws apply to the Alliance Charter Academy and shall be observed by the Alliance Charter Academy where applicable:
 - a) Federal law.
 - b) ORS 192.410 to 192.505 (Public Records Law).
 - c) ORS 192.610 to 192.690 (Public Meetings Law).
 - d) ORS 297.405 to 297.555 and 297.990 (Municipal Financial Audit Law).
 - e) ORS 181.539, 326.603, 326.607 and 342.232 (criminal records checks).
 - f) ORS 337.150 (textbooks).
 - g) ORS 339.141, 339.147 and 339.155 (tuition and fees).
 - h) ORS 659.150 and 659.155 (discrimination).
 - i) ORS 30.260 to 30.300 (tort claims).
 - j) Health and safety statutes and rules.
 - k) The statewide assessment system developed by the Oregon Department of Education under ORS 329.485.
 - l) ORS 329.045 (academic content areas).
 - m) Any statute or rule that establishes requirements for instructional time provided by a school each day or during a year.
 - n) ORS 339.250(12) (prohibition on infliction of corporal punishment).
 - o) ORS Chapter 338.
 - p) Any administrative rule adopted by the Oregon state Board of Education or the Oregon Teacher Standards and Practices Commission (TSPC) regarding public charter schools.
 - q) ORS 339.30, 339.372 and 339.375 (reporting of child abuse).
- (ii) The Alliance Charter Academy shall furnish to the District copies of any written policies or procedures it may develop with respect to any matter relating to its operation and educational program upon adoption of such policy by the Alliance Charter Academy's governing board.

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C. Waiver

The Alliance Charter Academy may apply to the state Board of Education for a waiver consistent with ORS 338.025. The Alliance Charter Academy shall notify the District in writing prior to requesting a waiver from the state Board of Education. The written notification shall state the waiver being sought, the reasons for the waiver and how the waiver will enhance the educational program at the Alliance Charter Academy.

D. Full Faith and Credit

The Alliance Charter Academy agrees that it shall not extend the full faith and credit of the District to any third person or entity. The Alliance Charter Academy acknowledges and agrees that it has no authority to enter into a contract that would bind the District. The Alliance Charter Academy's governing board has the authority to approve contracts to which the Alliance Charter Academy is a party, subject to the requirements and limitations of the Oregon Constitution, state law and provisions of this Contract.

E. Indemnification

- (i) To the extent not covered by insurance or otherwise barred by the Oregon Tort Claims Act in ORS Chapter 30, the Alliance Charter Academy agrees to indemnify and hold the District, its Board, agents and employees harmless from all liability, claims, and demands on account of injury, loss or damage, including, without limitation, claims arising from (1) the possession, occupancy or use by the Alliance Charter Academy of property of the Alliance Charter Academy or its landlord, its faculty, employees, students, patrons, guests or agents; (2) civil rights violations, bodily injury, personal injury, sickness, disease, death, property loss or damage or any other losses of any kind whatsoever which arise out of the acts or omissions of the Alliance Charter Academy. This indemnification shall not apply to any liability, claims, or demands resulting from the negligence or wrongful act or omission of any District Board member, officer or employee. This indemnification shall not apply to any liability, claims, or demands resulting from the negligence or wrongful act of any District employee working at the Alliance Charter Academy whose negligence or wrongful act or omission is caused in whole or in part, or directed by the District. This indemnification shall not apply to any damages incurred regarding any act or omission of the Alliance Charter Academy or the Alliance Charter Academy Board that is later deemed to be required by law or this Contract. The Alliance Charter Academy agrees to indemnify, hold harmless and defend the District from all contract claims in which the Alliance Charter Academy has obligated the District without the District's prior written approval. The foregoing provision shall not be deemed a relinquishment or waiver of any kind of applicable limitations of liability provided in the Oregon Tort Claims Act.

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To the extent not covered by insurance or otherwise barred by the Oregon Tort Claims Act in ORS Chapter 30, the District agrees to indemnify and hold the Alliance Charter Academy, its Board, agents and employees harmless from all liability, claims, or demands on account of injury, loss or damage, including, without limitation, claims arising from civil rights violations, bodily injury, personal injury, sickness, disease, death, property loss or damage or any other losses of any kind whatsoever which arise out of the administration of this Contract or are in any manner connected with the District's operation. This indemnification shall not apply to any liability, claims, or demands resulting from the negligence or wrongful act or omission of any the Alliance Charter Academy Board member, officer or employee. This indemnification shall not apply to any liability, claims, or demands resulting from the negligence or wrongful act of any District employee working at the Alliance Charter Academy whose negligent or wrongful act or omission is caused in whole or in part, or directed by the Alliance Charter Academy. This indemnification shall not apply to any damages incurred regarding any act or omission of the District or District Board that is later determined to be required by law or this Contract. The foregoing provision shall not be deemed a relinquishment or waiver of any kind of applicable limitations of liability provided in the Oregon Tort Claims Act.

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

F. District Disclaimer of Liability

The parties to this Contract expressly acknowledge that the Alliance Charter Academy is not operating as an agent, or under the direction and control, of the District Board except as required by law or this Contract, and that the District Board assumes no liability for any loss or injury resulting from:

- (i) The acts or omissions of the Alliance Charter Academy, its governing Board, trustees, agents or employees;
- (ii) The use and occupancy of the building occupied by the Alliance Charter Academy or any matter in connection with the condition of such building; or
- (iii) Any debt or contractual obligation incurred by the Alliance Charter Academy.

G. ADA/§504 Obligations

The Alliance Charter Academy acknowledges that it is legally responsible to comply with Section 504 of the Rehabilitation Act of 1973, the Americans with Disabilities Act of 1990 and ORS Chapter 659 with respect to its students, staff and patrons. The Alliance Charter Academy shall indemnify and hold harmless the District from all claims under these statutes.

H. Transportation

In accordance with ORS 338.145, the Alliance Charter Academy shall be responsible for providing transportation to students who reside within the school district and who attend the Alliance Charter Academy. The Alliance Charter Academy shall adopt a transportation plan acceptable to the District and transmit to the District by May 1 of each year. For the 2007-08 school year, the transportation plan shall be submitted by July 1, 2007.

The Alliance Charter Academy students may obtain transportation through the student's parent/guardian or existing public school bus lines. The District shall not be obligated to alter existing bus routes or add bus routes for purposes of providing transportation to the Alliance Charter Academy's students. Subject to availability of space, a District bus may stop at the Alliance Charter Academy facility to drop-off and pick-up the Alliance Charter Academy students, if the Alliance Charter Academy facility is on a designated District bus route. The District will provide transportation to the Alliance Charter Academy students along existing public school bus lines within the District, if space is available.

11. Renewal of Contract

- A. Should the Alliance Charter Academy be considering requesting a renewal of the contract, by October 1, 2009, the Alliance Charter Academy will submit to the District a proposed operating budget for years four, five and six. The District will review this budget to determine on-going financial stability of the school.
- B. No earlier than December 15, 2009, and no later than February 1, 2010, the Alliance Charter Academy may request, in writing, that this Contract be renewed beyond the 2009 - 2010 school year.
- C. The Alliance Charter Academy's written request shall indicate which terms, if any, the Alliance Charter Academy would propose to change from the current Contract. The Alliance Charter Academy shall also state why it believes the current terms need to be changed in a new Contract.
- D. Within twenty (20) business days of receiving the written request from the Alliance Charter Academy the District shall indicate in writing what additional information, if any, it will need to make its decision to renew the Contract. However, the District shall not extend this contract if the Alliance Charter Academy is not in compliance with Section 5

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of this Contract at the time the Alliance Charter Academy requests contract renewal. The District shall also indicate whether the proposed changes suggested by the Alliance Charter Academy are acceptable to the District.

- E. Within twenty (20) business days of receiving the District request for additional information the Alliance Charter Academy shall provide the requested additional information to the District.
- F. The process and decision concerning renewal of this contact shall be conducted in accordance with ORS 338.065(3)-(6).
- G. If the District determines that it will renew the Contract, the two parties shall meet and negotiate a contract. It shall be the goal of the two parties to complete negotiation of the contract within twenty (20) business days of the date the District provides notice to the Alliance Charter Academy that it will renew the contract. If it is not practically possible to complete the negotiation within twenty (20) business days, the parties shall work in good faith, with all due diligence, to complete negotiation of the contract as quickly as possible.
- H. The District may make the renewal of this Contract conditional upon the following factor(s):
 - (i) The Alliance Charter Academy remaining in compliance with all provisions of this Contract for the remainder of the school year;
 - (ii) The Alliance Charter Academy remaining in compliance with all federal law governing public charter schools for the remainder of the school year;
 - (iv) The Alliance Charter Academy remaining in compliance with all state law governing public charter schools for the remainder of the school year
- I. If the District determines that it will not renew the contract, then the Alliance Charter Academy shall cease to be a charter school sponsored by the District on August 31, 2010.

12. Miscellaneous Provisions

A. Entire Agreement

This Contract, including the Exhibits, contains all terms, conditions and provisions hereof and the entire understanding and all representations of understandings and discussions of the parties relating thereto, and all prior representations, understandings and discussions are merged herein and superseded and canceled by this Contract.

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B. Governing Law

This Contract shall be governed by, subject to and construed under the laws of the State of Oregon without regard to its conflict of law provisions. The parties intend that where this Contract references federal or state law that they are bound by the laws in effect at the time this Contract is executed.

C. Assignment

The Alliance Charter Academy shall not, under any circumstances, assign, delegate, or contract with any entity to provide the educational program described in this Contract and the attached Exhibits. It is expressly understood that the charter granted by this Contract to operate the educational program runs solely and exclusively to the Alliance Charter Academy.

D. Terms and Conditions of Application

The parties to this Contract agree that the attached application in Exhibit A sets forth the overall goals, standards and general operational policies of the Alliance Charter Academy, and that the application is not a complete statement of each detail of the Alliance Charter Academy's operation. To the extent that the Alliance Charter Academy desires to implement specific policies, procedures or other specific terms of operation that supplement or otherwise depart from those in the application, the Alliance Charter Academy shall be permitted to implement such policies, procedures and specific terms of operation, provided that such policies, procedures and terms of operation are consistent with the goals, standards and general operational policies set forth in this Contract and ORS Chapter 338.

E. Conflict between Application and Contract

The parties agree and acknowledge that should there be a conflict between any provision of this Contract and the application submitted to the District by the Alliance Charter Academy, the Contract provision(s) shall supercede any provision contained in the application.

F. District Liaison

The District shall designate, for purposes of this Contract, the District Superintendent, or his/her designee, as the official District liaison between the District and the Alliance Charter Academy.

G. Amendment

This Contract may be modified or amended only by written agreement between the Alliance Charter Academy and the District.

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H. Notice

Any notice required, or permitted, under this Contract, shall be in writing and shall be effective upon personal delivery (subject to verification of service or acknowledgment of receipt) or three (3) business days after mailing when sent by certified mail, postage prepaid, to the office of the Administrator of the Alliance Charter Academy, or the office of the District Liaison.

I. Definition of Business Day

For purpose of this Contract, “business day” means a day in which the District administrative offices are open. “Business day” does not include Saturdays, Sundays, official state holidays listed in ORS 336.010, federal holidays, any day(s) in which the administrative office is closed due to inclement weather or any day that the District administrative office is closed due to action taken by, or ordered to be closed by, the District Board of Directors or their designee, any instrumentality of the City of Oregon City, any instrumentality of Clackamas County, the State of Oregon or federal government.

J. Address of Parties for Purpose of Written Notice

The following addresses are the addresses to be used when sending a written notice required by law or this Contract:

Oregon City School District	Alliance Charter Academy
Attn. Superintendent	Attn: Board Chair
1417 12 th Street .	16543 S. Harding Rd.
Oregon City, Oregon 97045	Oregon City, Oregon 97045

Should these addresses change, the parties agree to notify the other party within ten (10) calendar days of the address changing.

K. No Waiver

The parties agree that no assent, expressed or implied, to any breach by either of them of any one or more of the covenants and agreements expressed herein shall be deemed or to be taken to constitute a waiver of any succeeding or other breach.

L. Dispute Resolution

In the event any dispute arises between the District and the Alliance Charter Academy concerning this Contract, including, without limitation, the implementation of or waiver from any policies, regulations or procedures, such dispute shall first be submitted to the District Liaison for review. If the District and the Alliance Charter Academy are unable to resolve the dispute, either party may submit the matter to the District’s Board for its consideration. The decision of the District’s Board shall be final and binding on the parties; provided, however, the Alliance Charter Academy may appeal to the state Board

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of Education concerning those matters within its jurisdiction under ORS Chapter 338.

M. Severability

If any provision of this Contract is determined to be unenforceable or invalid for any reason, the remainder of this Contract shall remain in effect, unless otherwise terminated by one or both of the parties in accordance with the terms of this Contract.

N. Delegation

The parties agree and acknowledge that with regard to this charter agreement between the District and the Alliance Charter Academy, the functions and powers of the District Board may be exercised by the District Liaison, provided that any ultimate decision regarding renewal, non-renewal or revocation of this Contract be made only by the District Board.

O. Prior Actions

It is expressly agreed and understood that as a condition precedent to this Contract becoming effective on the effective date specified above in Section 2, the Alliance Charter Academy shall have taken, completed and satisfied on or before the date specified herein, any action or obligation which is required to be completed before such effective date, and failure to do so shall constitute grounds for the District to declare this Contract null and void.

P. Attorney Fees

If any suit, action or arbitration is commenced or instituted to interpret or enforce the terms of this Contract, to exercise any remedy on account of a default, or otherwise relating to the provisions of this Contract, the prevailing party or non-defaulting party shall be entitled to recover from the losing or defaulting party its reasonable attorney fees and costs, in addition to all other sums provided by law, at trials or arbitration. Such sums shall be determined by the court or arbitrator.

Q. Incorporation of Application and Other Exhibits

The following Exhibits are attached and incorporated by reference: Exhibit A [the Alliance Charter Academy charter school application], Exhibit B [District Resolution adopted on March 12, 2007], and Exhibit C [List of the Alliance Charter Academy assets referred to in Section 8, paragraph K.]

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R. The Alliance Charter Academy Authority to Enter Into Contract

The Alliance Charter Academy expressly affirms that the signatories on its behalf who sign below have the authority to enter into this Contract on behalf of the Alliance Charter Academy and that the Board of Directors of the Alliance Charter Academy has duly approved this Contract. The Alliance Charter Academy Board shall provide a copy of its written resolution authorizing the Alliance Charter Academy to enter into this Contract, to the District.

IN WITNESS WHEREOF, the parties have executed this Contract on the _____ day of May, 2007.

OREGON CITY SCHOOL DISTRICT

ALLIANCE CHARTER ACADEMY

Tom Hurt, Chair
Oregon City School District Board
of Directors

Alliance Charter Academy Board
of Directors

Date: _____

Date: _____

District Legal Counsel