CHARTER FOR SCHOLARS ACADEMY

This Charter for Scholars Academy ("Charter") is entered into by and between the Scholars Academy, Inc. ("Petitioner") and the State Charter Schools Commission ("Commission") (collectively referred to as "the parties").

WHEREAS, the Petitioner submitted a petition to the Local Board proposing to establish a start-up charter school pursuant to O.C.G.A. § 20-2-2060 *et seq*., the Charter Schools Act of 1998 ("Charter Schools Act"), and the Local Board denied the petition;

WHEREAS, the Commission finds that the petition complies with the provisions of the Charter Schools Act, and the rules, regulations, policies and procedures promulgated in accordance with O.C.G.A. § 20-2-2063 and further finds that the petition is in the public interest; and

WHEREAS, pursuant to O.C.G.A. § 20-2-2083, the Commission grants this Charter to permit Petitioner to operate Scholars Academy ("the Charter School") in accordance with the terms and conditions of this Charter.

NOW THEREFORE, in consideration of the promises, mutual agreements, and covenants contained herein and other good and valuable consideration, the sufficiency of which is hereby acknowledged, the parties agree as follows:

1. Definitions. The terms below will be interpreted in accordance with the following definitions, unless and until federal or state law, or the state accountability system, is amended otherwise:

    a. Adequate Yearly Progress: Adequate Yearly Progress is a measurement based on a series of performance goals that every school, LEA, and state must achieve within specified timeframes in order to meet the 100% proficiency goal established by the federal No Child Left Behind Act of 2001 (NCLB), subject to any amendment, waiver or reauthorization thereof.

    b. Annual Measureable Objectives: In defining Adequate Yearly Progress, each state sets the minimum levels of improvement, based on student performance on state standardized tests, that school districts and schools must achieve within time frames specified in law in order to meet the 100% proficiency goal under No Child Left Behind. These levels of improvement are known as Annual Measurable Objectives (AMOs), and they ensure that all student groups, schools, school districts, and the State as a whole reach the 100% proficiency goal by 2013-2014, subject to any amendment, waiver or reauthorization of NCLB.

c. Elementary and Secondary Education Act as Amended (ESEA as Amended): the federal education statute, originally passed by the U.S. Congress in 1965, that defines the role of the federal government in public education and authorizes many of the major federal education programs, including Title I. This Act was reauthorized by Congress in 2001 as the No Child Left Behind Act.

d. Criterion-Referenced Competency Tests (CRCT): The Criterion-Referenced Competency Tests are state-required tests to measure student acquisition of the knowledge and skills set forth in the state curriculum. Georgia law requires that these tests be administered to students in grades three through eight in the content areas of reading, English/Language Arts, and Mathematics, and in grades three through eight in Science and Social Studies.

e. End of Course Test (EOCT): The EOCT program was created to improve student achievement through effective instruction and assessment of the standards in the Georgia Performance Standards (GPS) or Common Core Georgia Performance Standards (CCGPS) specific to the eleven EOCT core high school courses. The EOCT program also helps to ensure that all Georgia students have access to a rigorous curriculum that meets high performance standards. The purpose of the EOCT is to provide diagnostic data that can be used to enhance the effectiveness of the schools' instructional programs.

f. Georgia Department of Education (GaDOE or Department): The Georgia Department of Education is the state agency charged with the fiscal and administrative management of certain aspects of K – 12 public education, including the implementation of federal and state mandates. Such management is subject to supervision and oversight by the State Board of Education.

g. Local Educational Agency (LEA): The Charter School shall act as its own LEA pursuant to SBOE Rule 160-4-9.04, including but not limited to data reporting, student enrollment counting procedures, student achievement reporting, and funding allocations.

h. No Child Left Behind of 2001 (NCLB): No Child Left Behind is a reauthorization of the Elementary and Secondary Education Act (ESEA) of 1965 – the principal law affecting education from kindergarten through high school. NCLB is designed to improve student achievement and close achievement gaps. States are required to develop challenging academic standards, to educate all students to 100 percent proficiency by 2014, and to create and implement a single,

statewide accountability system. NCLB is subject to amendment, waiver or reauthorization.

i. State Board of Education (SBOE or State Board): The State Board of Education is the constitutional authority which defines education policy for public K – 12 education agencies in Georgia.

j. State Charter Schools Commission (Commission): A state-level authorizing entity working in collaboration with the Department of Education under the authority of the State Board of Education.

k. State Performance Target: The state performance target is set using all students with the goal of decreasing the percentage of students who are not proficient by 50% by 2016-2017.

l. Subgroup: A Subgroup under No Child Left Behind is defined as one of the following subsets of students: race/ethnicity (American Indian/Alaskan native, Asian/Pacific Islander, Black, Hispanic, Multiracial, and White); disability; limited English proficiency (LEP); and socioeconomic status. To constitute a Subgroup in Georgia for a school's Adequate Yearly Progress determination, the Subgroup must have at least 40 students or constitute 10% of the assessed student population, whichever is greater, but not to exceed a total number of 75 students. The assessed student population is the total number of children whose test results are used to determine Adequate Yearly Progress.

m. Subgroup Performance Target: Individual subgroup performance targets set for each content area, statewide.

2. Charter Term. The Commission grants this Charter to Petitioner to operate the Charter School for a one-year term beginning on July 1, 2013 and expiring on June 30, 2014.

3. Grade Range. The Charter School shall serve grades K-5 during the Charter Term. The Charter School will serve approximately 225 students during the charter term.

4. Mission Statement. The Charter School's mission is to provide creative, hands-on learning environment that increases academic achievement, ownership of learning and community involvement in the development of global learners.

5. Essential Innovative Features. Essential or Innovative Features. The Charter School shall implement the Expeditionary Learning model in which students are actively

engaged in learning in a hands-on learning environment. Additionally, the Charter School shall implement a Spanish program where all students receive 30 minutes of Spanish instruction daily. Finally, the Charter School has adopted a longer school day so as to spend more time on core subjects without sacrificing other areas of learning.

6. Maximum Flexibility Allowed By Law. In exchange for the Charter School's agreement to meet or exceed the performance-based goals and measurable objectives set forth in Section 8 below, the Commission shall grant the maximum flexibility allowed by law to the Charter School. Pursuant to O.C.G.A. § 20-2-2065(a), the Charter School shall be entitled to the maximum flexibility allowed by law from the provisions of Title 20 of the Official Code of Georgia Annotated and from any state or local rule, regulation, policy, or procedure established by a local board of education, the State Board of Education (State Board), or the Georgia Department of Education (Department). Notwithstanding this maximum flexibility, the Charter School shall comply with the terms of this Charter, the Charter Schools Act, including the provisions set forth in Section 16 below, and any rules, regulations, policies, or procedures established by the Commission consistent with the Charter Schools Act.

7. Accreditation. If the Charter School serves grades 8-12, the Charter School shall seek accreditation from an approved accrediting agency pursuant to O.C.G.A. § 20-3-519(6.1)(A) within the first three years of the initial charter term and retain accredited status thereafter. If applicable, a Charter School may use system accreditation to satisfy this requirement.

8. Performance-based Goals and Measurable Objectives. In exchange for the flexibility granted in Section 6 above, the Charter School agrees to meet or exceed the following performance-based goals and measurable objectives that are designed to result in improvement of student achievement:

    a. Academic Goals. The Commission shall hold the Charter School accountable for the full performance of each of the academic goals listed below. The requirements of each goal are independent of and do not supersede the requirements of any other goal.

        i. Goal 1: The Charter School will perform above the level that would place it on the Priority Schools list, the Focus Schools list, or the Alert Schools list. The Charter School will also meet all targets (currently CCRPI and State Performance Targets), as defined by Georgia state requirements and the state's waiver of No Child Left Behind, subject to any amendment,

waiver or reauthorization thereof. Students will demonstrate proficiency and improvement over prior years' performance.

1. Measure 1: During the charter term, the Charter School will meet or exceed all State Performance Targets and all other statewide-accountability requirements as established by the Department each year for all content areas of the Criterion-Referenced Competency Test (CRCT), the End of Course Test (EOCT) and the graduation rate.

2. Measure 2: During the charter term, the percentage of students who meet or exceed state standards on each content area of the CRCT will be greater than the local district Average in all subjects in all grade levels.

3. Measure 3: During the charter term, the percentage of students scoring in the Exceeds category on the CRCT in all grade levels and subject areas will exceed the baseline average[1] by 1%.

ii. Goal 2: The Charter School will demonstrate proficiency and improvement on national norm referenced assessments.

1. Measure 1: The percentage of students who meet or exceed annual growth goals in the national percentile value on the ITBS assessment will increase by 2% over the baseline average during the charter term.

iii. Goal 3: The Charter School will demonstrate middle school readiness.

1. Measure 1: Eighty-five percent (85%) of students will score Meets or Exceeds on the Grade Five Writing Assessment.

1. Goal 6: The Charter School will develop a culture of success through a climate of high expectations, mutual respect, and accountability.

1. Measure 1: During the charter term, 85% of students will articulate and demonstrate mastery by tracking their progress.

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[1] *For new schools, baseline will be established in Year 1. For renewals, baseline will be established by the previous academic year.*

2. Measure 3: During the charter term, the Charter School will expand learning opportunities through a consistently focused curriculum utilizing Expeditionary Learning model where 85% of students excel in a rigorous and relevant learning environment.

b. Organizational Goals. The fulfillment of the following organizational goals will be reported annually by the Charter School in addition to their Annual Report.

i. Goal 1: The Charter School will be economically sustainable.

1. Measure 1: During the charter term, the Charter School will operate in a fiscally sound manner as measured by an external audit that is submitted on time to the Department.

2. Measure 2: Actual and proposed budgets will demonstrate effective allocation of resources.

3. Measure 3: Yearly balance sheets will demonstrate that the Charter School maintains adequate cash reserves.

4. Measure 4: The Charter School will meet all Generally Accepted Accounting Practices (GAAP) as demonstrated by external, annual audit reports.

5. Measure 5: The Charter School will meet all financial reporting deadlines set by the Department.

ii. Goal 2: The Charter School shall ensure all employees and Governing Board Members receive effective training.

1. Measure 1: All Governing Board members shall participate in a yearly training workshop.

2. Measure 2: All faculty members will receive at least three PLU units yearly to assure their continued educational improvement.

iii. Goal 3: The Charter School shall promote a positive school experience that engages students, parents and teachers.

1. Measure 1: According to data reported by the Governor's Office of Student Achievement Report Card, in each year of the charter, the percentage of students absent 15 days or more shall not exceed 10% during the charter term.

2. Measure 2: 90% of parents will indicate that they are at least "satisfied" with the overall quality of their child's education as measured via an annual survey conducted at the conclusion of the school year, in which the options are very unsatisfied, unsatisfied, somewhat satisfied, satisfied, and very satisfied. The survey response rate will be at least 85% of parents surveyed.

3. Measure 3: The percentage of eligible students who re-enroll for the next school year will be at least 90

4. Measure 4: Parent participation in parent teacher conferences will be at least 80%.

5. Measure 5: The Charter School will maintain a 90% retention rate of continuing teachers and excluding teachers dismissed for cause, relocation or dismissed by the school.

6. Measure 6: 90% of teachers will indicate that they are at least "satisfied" with the overall quality of their job as measured via an annual survey conducted at the conclusion of the school year, in which the options are very unsatisfied, unsatisfied, somewhat satisfied, satisfied, and very satisfied. The survey response rate will be at least 85% of teachers surveyed.

9. Assessment and Accountability. Notwithstanding Sections 6 and 8 above, the Charter School is subject to all accountability and assessment requirements set forth within Title 20 of the Official Code of Georgia Annotated and any corresponding State Board Rules, including but not limited to the accountability provisions of O.C.G.A. §§ 20-14-30 through 41. The Charter School is further subject to all federal accountability requirements under the Elementary and Secondary Education Act.

10. Annual Report. The Charter School shall submit an annual report by October 1 of each year to the Georgia Department of Education and to the Commission that complies with all requirements set forth in O.C.G.A. § 20-2-2067.1(c), including but not limited to an

indication of the Charter School's progress towards the goals and objectives stated in Section 8 above and all state-mandated assessment and accountability scores from the previous year. The Charter School shall make available to the community copies of an annual report which shall indicate student performance for the previous year.

11. Open Enrollment and Admissions. The Charter School shall comply with the open enrollment and admissions provisions set forth in O.C.G.A. § 20-2-2066. Enrollment shall be open to any student in accordance with the following criteria:

    a. Attendance Zone. Enrollment shall be open to any grade-level eligible student who resides within the Clayton County School District.

    b. Application. To be eligible for enrollment at the Charter School, students residing in the attendance zone must submit a timely application to the Charter School in accordance with the deadline set by the Charter School. The Charter School may not use admissions criteria or applications that would not otherwise be used at a traditional public school, including requests for letters of recommendation, essays, resumes, or information regarding a student's school or community activities, grades, test scores, attendance record, or disciplinary history. The Charter School may use applications for the purpose of verifying the student's residence within the school's attendance zone and grade level. The Charter School may gather other relevant information from students after enrollment is determined.

    c. Random Lottery. If the number of timely applicants received by the Charter School exceeds the capacity of a program, class, grade level, or building, the Charter School shall ensure that such applicants have an equal chance of being admitted through a random selection process in accordance with O.C.G.A. § 20-2-206(b). The Charter School shall not conduct more than one lottery per grade per admissions cycle.

    d. Statutory Enrollment Priorities. In accordance with O.C.G.A. § 20-2-2066(b), the Charter School may give enrollment priority to the following categories of applicants and in the following priority:

        i. A sibling of a student enrolled in the Charter School; and
        ii. A student whose parent or guardian is a member of the governing board of the charter school or is a full-time teacher, professional, or other employee at the Charter School.

12. Withdrawal without Penalty. The Charter School shall comply with the provisions of O.C.G.A. § 20-2-2066(d) for withdrawing students. The Charter School agrees that a student may withdraw without penalty from the Charter School at any time and enroll in another public school in the local school system in which such student resides.

13. State and Federally Mandated Educational Services.

    a. Students with Disabilities. The Charter School shall comply with all federal special education laws and regulations, including Section 504 of the Rehabilitation Act of 1973, Title II of the Americans with Disabilities Act, and the Individuals with Disabilities Education Act.

    b. English Language Learners. The Charter School shall comply with all applicable federal laws and regulations relating to the provision of educational services to English Language Learners.

    c. Supplemental Education. The Charter School shall provide supplemental education services in required cases pursuant to State Board of Education Rule 160-4-5-.03 and No Child Left Behind, subject to any amendment, waiver or reauthorization thereof.

    d. Remediation. The Charter School shall provide remediation in required cases pursuant to State Board of Education Rule 160-4-5-.01 and No Child Left Behind, subject to any amendment, waiver or reauthorization thereof.

14. Governance Structure.

    a. Governing Board. The Charter School shall utilize an autonomous governing body in the form of a governing board (Governing Board), which shall operate in accordance with its bylaws and which shall be responsible for complying with and carrying out the provisions of this Charter, including compliance with all applicable law. The Governing Board shall exercise substantive control over such areas as personnel decisions, financial decisions, curriculum and instruction, resource allocation, establishing and monitoring the achievement of school improvement goals, and school operations, which are listed by way of example and not by limitation.

    b. Function. It shall be the function of the Governing Board to uphold the Charter School's mission and vision, to set policy for the Charter School, to work collaboratively with school officials to ensure the Charter School complies with

the performance goals enumerated in Section 8 above, to ensure effective organizational planning, and to ensure financial stability of the Charter School.

c. Public Meetings. The Governing Board is subject to and shall comply with the Open and Public Meetings Act, O.C.G.A. § 50-14-1 *et seq.*, and any subsequent amendment thereof. The Governing Board shall conduct regular meetings consistent with principles of transparency and avoidance of actual or apparent conflicts of interest in the governance of the Charter School.

d. Public Records. The Governing Board is subject to and shall comply with the Georgia Open Records Act, O.C.G.A. § 50-18-70 *et seq.* The Governing Board shall maintain its adopted policies, budgets, meeting agendas, and minutes, and shall make such documents available for public inspection.

e. Conflicts of Interest. The Governing Board shall establish a formal policy to prevent and disclose conflicts of interest and compliance with the requirements of O.C.G.A. § 20-2-2084(e). Members of the Governing Board and all individuals employed at the Charter School shall abide by such conflicts of interest policy. Upon request, the Charter School shall provide conflict of interest forms to the Commission demonstrating that governing board members are in compliance with the conflicts of interest policy.

f. Public Status. Petitioner assures that the Charter School shall be a public, nonsectarian, nonreligious, nonprofit school organized and operated under the laws of the State of Georgia. Petitioner further assures that the Charter School shall not be home based.

g. Director Compensation. Petitioner shall not compensate members of the Charter School's Governing Board in excess of reasonable expenses incurred in connection with actual attendance at board meetings or with performance of duties associated therewith.

h. Contractual Interference. No party to this Charter may interfere with the legal right(s) and/or obligation(s) of another party to execute the provisions of this Charter.

15. Fiscal Control.

a. Financial Reporting Requirements. The Charter School shall follow the financial requirements of the Charter Schools Section of the Department's Financial

Management for Georgia Local Units of Administration Manual. The Charter School shall submit all information required by the State Accounting Office for inclusion in the State of Georgia Comprehensive Annual Financial Report.

b. Annual Audit. The Charter School shall have an annual financial audit conducted by an independent certified public accountant licensed in the State of Georgia. The Charter School will submit their annual financial audit to the State of Georgia by October 1st each year.

c. Chief Financial Officer. The Charter School shall designate a Chief Financial Officer, who shall possess the following minimum qualifications:

   i. A baccalaureate or higher degree in business, accounting, or finance from an accredited college or university and a minimum of four (4) years experience in a field related to business or finance; or

   ii. Documented experience of ten (10) or more years in the field of business and financial management.

d. Federal Monitoring Requirements. The Charter School shall comply with all federal monitoring requirements related to the receipt of federal funds.

e. Charter School Program Eligibility. In the event the Charter School seeks grant funds under the Federal Charter School Program, the Charter School must satisfy all federal eligibility requirements as a prerequisite to applying for and receiving such funds.

f. Insurance. Prior to opening, the Charter School shall secure adequate insurance coverage and the Charter School shall maintain such coverage throughout the Charter term in accordance with the laws of the State of Georgia. The Charter School shall obtain and attach hereto a Certificate of Insurance which shall name the State Board of Education as and additional insured.

g. Surplus Funds. Any surplus funds remaining at the close of each fiscal year will be used to enhance the Charter School's academic program. Under no circumstances shall any surplus be distributed to the Charter School's employee(s), board member(s), educational service provider or educational management organization. Nothing in this section shall be construed to prevent the Charter School from setting aside surplus funds in a reserve account or

budgeting and awarding performance bonuses as part of their annual operating expenses.

h. Responsibility for Debts. The Charter School is solely responsible for all debts incurred by the Charter School and its Governing Board. Except as agreed hereto, the Commission shall not be contractually bound to the Charter School or to any third party with whom the Charter School has a contract or from whom the Charter School has purchased goods or services.

16. Compliance with Other Laws, Rules, and Regulations. The Charter School shall operate in accordance with the United States Constitution, the Constitution of the State of Georgia, and all applicable federal, state, and local laws that may not be waived pursuant to O.C.G.A. § 20-2-2065, including the following, which are listed by way of example and not by way of limitation.

a. Civil Rights, Insurance, Health, Safety, and Conflicting Interests. The Charter School shall operate in accordance with all applicable federal, state, and local rules, regulations, court orders and statutes relating to civil rights; insurance; the protection of the physical health and safety of students, employees, and visitors; conflicting interest transactions and the prevention of unlawful conduct.

b. Asbestos Remediation. The Charter School shall comply with the terms of any applicable asbestos remediation plan.

c. Unlawful Conduct. The Charter School shall be subject to all laws relating to unlawful conduct in or near a public school.

d. Student Conduct and Discipline. The Charter School shall maintain and implement a written policy regarding student discipline, which policy shall be consistent with due process.

e. State Board Rules. The Charter School shall operate in accordance with all State Board Rules promulgated in accordance with O.C.G.A. § 20-2-240 during the term herein that are not subject to any waiver granted in Section 6 above.

f. Prohibition on Discrimination. The Charter School shall not discriminate against students on the basis of disability, race, creed, color, gender, national origin, religion, ancestry, marital status, academic ability, the need for special educational services, or any other characteristic protected by local, state, or federal law.

g. Reporting Requirements. The Charter School shall be subject to all reporting requirements of O.C.G.A. §§ 20-2-160, 20-2-161(e), 20-2-320, and 20-2-740.

h. Tuition. The Charter School shall not charge tuition or fees to its students except as may be authorized for local boards pursuant to O.C.G.A. § 20-2-133.

i. Brief Period of Quiet Reflection. The Charter School shall comply with O.C.G.A. § 20-2-1050, which requires a brief period of quiet reflection.

j. Family Educational Rights and Privacy Act. The Charter School is subject to all provisions of the Federal Family Educational Rights and Privacy Act, 20 U.S.C. § 1232g. In the event the Charter School closes, it shall transmit all official student records in the manner prescribed by the State Board.

k. QBE Formula Earnings. The Charter School acknowledges that criteria used to calculate Quality Basic Education (QBE) funding may not be waived.

17. Education Service Providers or Education/Charter Management Organizations.

a. If the Charter School does not contract with an Education Service Provider or an Education/Charter Management Organization at the time of execution of this charter and then elects to contract with an Education Service Provider or an Education/Charter Management Organization, such decision will require a charter amendment prior to execution of an agreement with an Education Service Provider or an Education/Charter Management Organization.

b. If the Charter School contracts with an Education Service Provider or an Education/Charter Management Organization at the time of execution of this charter, the Charter School shall provide reasonable notice to the Commission before agreeing to any material changes or amendments to any contract with an Education Service Provider or an Education/Charter Management Organization. Reasonable notice shall mean the Charter School gives the Commission at least thirty (30) days advanced notice and shall furnish the parties with a copy of the proposed changes and/or amendments.

18. Compliance with the Rules, Practices, Policies, and Procedures of the Commission. The Charter School shall operate in accordance with the rules, practices, policies, and

procedures established by the Commission under the authority granted by O.C.G.A. §§ 20-2-2080 *et seq.*

19. Employment Matters. Individuals employed at the Charter School shall not be considered employees of the State Board, the Department, or the Commission.

    a. Background Checks. The Charter School shall adopt background check procedures and shall ensure that all prospective staff members or any individual that will have substantial contact with students undergo a fingerprinting and background check prior to beginning work at the Charter School or having contact with students.

    b. Teachers' Retirement System. All qualified teachers at the Charter School shall be members of the Teachers Retirement System of Georgia ("TRS") and subject to its requirements. The Charter School is responsible for making arrangements with TRS and making monthly contributions for its teachers in accordance with state requirements.

    c. Employment Preference. The Charter School shall comply with O.C.G.A. § 20-2-2084(d) regarding employment preference.

20. Record Inspection. Subject to state and federal laws, the State Board, the Department and their agents, the Commission and their agents, and the State Auditor's office shall have the right to examine and copy all records, reports, documents, and files relating to any activity, program, or student of the Charter School.

21. Facilities.

    a. Approval of Site and/or Facility. The Charter School shall obtain proper approval for all sites and/or facilities prior to committing to any certificate of lease or ownership, prior to commencing any construction and prior to student occupation. The Charter School shall contact the Georgia Department of Education's Facilities Services Division regarding the following:

        i. Site Approval. No less than nine (9) months prior to proposed occupation, the Charter School shall contact the Facilities Services Division and obtain site approval. Once site approval has been granted, the Charter School will be issued a site code. The Charter School shall not commit to any certificate of lease or ownership, commence any construction, nor allow student occupation prior to site approval.

ii. Architectural Review. The Charter School shall submit and have approved by the Facilities Services Division all architectural plans for any facility that will house the Charter School during the charter term. The Charter School shall not commit to any certificate of lease or ownership, commence any construction, nor allow student occupation prior to architectural review.

iii. School Code Approval. After securing both site approval and architectural review approval a school code shall be obtained. A locally-approved Charter School shall contact their school system's facilities department and make a request for a school code. A State Charter School shall contact the Commission and make a request for a school code. The Charter School shall properly obtain a school code prior to occupancy of the site and/or facility.

b. Prior to opening the Charter School and prior to students occupying any proposed facility, the Charter School shall obtain and submit the following documents to the Commission:

i. Documentation of Ownership or Lease Agreement. The Charter School shall obtain documentation of ownership or the lease agreement for the facility that will house the Charter School.

ii. Certificate of Occupancy. The Charter School shall obtain a Certificate of Occupancy for the facility in which the Charter School shall be located.

iii. Emergency Safety Plan. The Charter School shall prepare a safety plan in accordance with O.C.G.A. § 20-2-1185, which plan shall be submitted to the Georgia Emergency Management Agency.

22. Transportation. To the extent the Charter School offers a transportation program for its students, the Charter School shall ensure that the program complies with all applicable laws governing transportation of students.

23. Food Services. To the extent the Charter School offers a food service program, the Charter School shall ensure that the program complies with all applicable laws governing food service for students.

24. Termination of Charter.

a. Termination Procedures. The parties acknowledge and agree that this Charter may be terminated following the procedures set forth in O.C.G.A. § 20-2-2068 and any applicable rule of the State Board or Commission.

b. Requests for Termination. The termination of this Charter may be requested by a majority of the parents or guardians of the students enrolled in the Charter School, a majority of the faculty and instructional staff employed at the Charter School or the State Board following the procedures identified in Section 24(a).

c. Termination Grounds. In accordance with Sections 24(a) and (b), the Charter School may be terminated based on any of the following grounds:

i. Breach of Charter. In the event the Charter School fails to comply with any material provision set forth in this Charter, it shall be notified by certified mail and be given thirty (30) days from receipt of notice to cure the breach. The nature and outcome of the breach shall be recorded in a memo and placed in the Charter School's file;

ii. The Charter School's failure to comply with any recommendation or direction of the State Board with respect to O.C.G.A. § 20-14-41;

iii. The Charter School's failure to adhere to any material term of this Charter, including but not limited to the performance goals set forth in Section 8 above;

iv. The Charter School's failure to meet generally accepted standards of fiscal management;

v. The Charter School's violation of applicable federal, state, or local laws, or court orders;

vi. The existence of competent substantial evidence that the continued operation of the Charter School would be contrary to the best interests of the students or the community;

vii. The Charter School's failure to comply with any provision of the Charter Schools Act; or

viii. The existence of conditions that place the health, safety, or welfare of students or staff of the Charter School in danger.

d. Distribution of Funds and Assets. In the event the Charter School ceases operation for any reason, the Charter School and its Governing Board will be responsible for concluding the business and affairs of the Charter School and will cooperate with the Commission to the extent necessary to provide an orderly return of the students to their local school. Any public surplus remaining at the time the Charter School ceases operation shall be remitted to the Commission, within 30 days of ceasing operations. Any furniture and equipment purchased with public funds shall be delivered to the Commission within 30 days of ceasing operations. The Commission shall not be responsible for the Charter School's unpaid debts in the event the Charter School does not have sufficient funds to pay all of its debts at the time it ceases operation.

25. Pre-Opening Suspension. In the event the Charter School fails to comply with any material provision set forth in this Charter that requires compliance prior to the opening of the Charter School, the opening may be suspended until a time after all requirements have been fulfilled by the Charter School as determined by the Commission. Suspension shall not result in an extension of the Charter term set forth above in Section 2.

26. Renewal, Non-Renewal, and Probationary Term.

a. Renewal. The Charter may be renewed by agreement of the parties following the procedures set forth in the Charter Schools Act and accompanying Commission Rule.

b. Non-Renewal. Any grounds for termination stated in Section 24(c) above also may be grounds for non-renewal. In addition, the Commission may elect not to renew the Charter if the petition for renewal does not comply with the Charter Schools Act and the rules, regulations, policies, and procedures promulgated in accordance with the Charter Schools Act or if the Commission deems that the Charter School has not sufficiently increased student achievement or is no longer in the public interest.

c. Probationary Term. In the event the Commission determines that the Charter School has failed to comply with any provision of this Charter, the Commission may elect to grant a renewal for a probationary term, within which term the Charter School must come into compliance satisfactory to the Commission.

27. Temporary Extension. At the discretion of the Commission, a Charter may be extended for a grace period not exceeding sixty (60) days.

28. Amendments to the Charter. Any material term of this Charter, to be determined by the Commission, may be amended in writing upon the approval of the Commission and a majority of the Governing Board of the Charter School. Any proposed amendment shall be made in accordance with Commission Rule.

29. Administrative Clarifications. Any clarification to a non-material term of this Charter, to be determined by the Commission, shall be submitted in writing to the Commission for review. Any non-material term of this Charter may be clarified upon written approval of the Commission.

30. Indemnification.

    a. The Petitioner and the Charter School agree to indemnify, defend and hold harmless the Department, the Commission, and the State Board, their officials, officers, employees, agents, volunteers, and assigns (all of whom hereinafter may collectively be referred to as "Indemnitees"), from any and all claims, demands, suits, actions, legal or administrative proceedings, losses, liabilities, costs, interest, and damages of every kind and description, including any attorneys' fees and/or litigation and investigative expenses, for bodily injury, personal injury, (including but not limited to the Charter School's employees), patent, copyright, or infringement on any intellectual property rights, or loss or destruction of property (including loss of use, damage or destruction of Indemnitee owned property) to the extent that any such claim or suit was caused by, arose out of, or contributed to, in whole or in part, by reason of any act, omission, professional error, fault, mistake, or negligence whether active, passive or imputed, of the Charter School or Petitioner, their employees, agents, representatives, or subcontractors, their employees, agents, or representatives in connection with or incidental to their performance of this Charter regardless of whether such liability, claim, damage, loss, cost or expense is caused in part by an Indemnitee.

    b. The Charter School and Petitioner shall be excused from their indemnification obligations above: (a) If the claims, demands, suits, actions, proceedings, losses, liabilities arise solely and exclusively out of the negligence of the Indemnitee seeking indemnification; or (b) If the Indemnitee fails to (i) provide written notice of the third party claim or suit within a reasonable time, (ii) cooperate with reasonable requests of the Charter School or Petitioner related to the

indemnification; or (iii) assist the Charter School or Petitioner with the defense of such claim or suit.

c. The Charter School's and Petitioner's obligations to indemnify any Indemnitee shall survive the completion, expiration, or termination of this Agreement for any reason.

31. Non-Agency. The parties expressly acknowledge and agree that the Charter School is not acting as the agent of the State Board, Department, or Commission except as required by law or this Charter. The Charter School acknowledges that it is without authority to, and will not, extend the faith and credit of the State Board or the Department or Commission to any third party.

32. Delegation. The parties acknowledge and agree that the functions and powers of each party may be exercised only by each party and may not be delegated to a third party without written agreement by the parties.

33. Application of Amended Law. This Charter is subject to applicable federal and state laws, rules and regulations and shall be deemed amended to reflect applicable changes to those laws upon the effective date of any such change.

34. Non-Waiver. No waiver of any breach of this Charter shall be held as waiver of any other or subsequent breach.

35. Severability. If any provision of this Charter is determined to be unenforceable or invalid for any reason, the remainder of the Charter shall remain in full force and effect.

36. Contradicting or Conflicting Provisions. If any provision of the Charter is determined to contradict or conflict with any other provision of the Charter, the contradiction or conflict shall be resolved in favor of the broad flexibility guaranteed pursuant to O.C.G.A. § 20-2-2065 *et seq.*

37. Governing Law and Venue. This Charter shall be governed by, subject to, and construed under the laws of the State of Georgia. This Charter shall be interpreted in accordance with O.C.G.A. §§ 20-2-2060 *et seq.* and §§ 20-2-2080 *et seq.*, as amended within the term of this Charter. Any action brought by one party to this Charter against another party shall be brought in the Superior Court of Fulton County.

38. Entire Agreement. This Charter sets forth the entire agreement between the Petitioner, and the Commission with respect to the subject matter of this Charter. All prior

contracts, representations, statements, negotiations, understandings, and undertakings between the Petitioner and the Commission are superseded by this Charter. The Charter shall not preclude the Charter School from entering into or maintaining any agreement with the Local Board provided no such agreement supersedes, overrides or conflicts with any provision of this Charter. The petition submitted to the Commission serves only as the formal application for the Charter School and does not constitute a contract between the Commission and the Petitioner. This Charter supersedes and overrides any provisions contained in the petition that conflict with this Charter.

Charles B Knapp — 5/29/13

Chairperson, (Date)

STATE CHARTER SCHOOLS COMMISSION

04/30/13

Chairperson, (Date)

SCHOLARS ACADEMY, INC.