

**FIRST AMENDED
MEMORANDUM OF UNDERSTANDING**
by and between
**VALLEJO CITY UNIFIED SCHOOL DISTRICT
AND MARE ISLAND TECHNOLOGY ACADEMY**

This First Amended Memorandum of Understanding (“Agreement”) is executed between the Vallejo City Unified School District and the Mare Island Technology Academy.

I. RECITALS:

- A. The Vallejo City Unified School District is a school district existing under the laws of the State of California hereinafter referred to as the “District.”
- B. The Mare Island Technology Academy (“MIT Academy”) is a private, non-profit public benefit corporation that operates the Mare Island Technology Academy Middle School and MIT Academy High School (“Charter Schools”), public charter schools existing under the laws of the State of California and under the supervisory oversight of the District.
- C. The District is the sponsoring district of the Charter Schools. This Agreement is intended to outline the agreement between the MIT Academy and District governing their respective fiscal and administrative responsibilities and their legal relationships as well as the operation of the Charter Schools.
- D. Written modifications of this Agreement may be made by mutual agreement as set forth below. An MOU was first approved on October 6, 1999. This Agreement replaces the MOU approved on February 20, 2002, effective upon execution of this Agreement for the remainder of the term of the Middle School Charter.
- E. If the terms of the Agreement conflict with the terms of the Charter, the Agreement will control while the District and MIT Academy negotiate any necessary amendments to the Charter to achieve consistency.

II. AGREEMENTS

- A. Terms
 - 1. This agreement will govern the relationship between the District and MIT Academy for the operation of the Charter Schools.
 - 2. Any modification of this Agreement must be in writing and executed by duly authorized representatives of both parties.
 - 3. The duly authorized representatives of MIT Academy are the MIT Academy

Board of Directors and the Director. No one besides the aforementioned individual(s) shall be authorized to take action on behalf of the Charter Schools in relation to this Agreement, the Charters, or the Lease.

4. The duly authorized representatives of the District are the District Board of Trustees, the Superintendent, and the Assistant Superintendent, Business Services, of the District., Deputy Superintendent of Education Services of the District , and the State Appointed Administrator.
5. The term of this Agreement shall be coterminous with the term of the Charter granted to the MIT Academy Middle School, and shall become effective upon its execution by the parties. This entire agreement is subject to approval by the respective governing boards of the District and MIT Academy. The parties shall, however, review the terms of this Agreement annually and, by February 1 of each year, present proposed revisions to the Agreement. If the parties cannot agree to the proposed revisions by April 30 of that year, then the existing Agreement will continue in effect until mutually modified. In any event, the Agreement shall expire upon termination or revocation of the MIT Middle School Charter. Nothing in this Section shall prevent either party from suggesting, proposing or agreeing to a revision to the Agreement at any time during the year.
6. This Agreement and the obligations set forth herein shall be considered a part of each of the Charter Schools' Charter. Failure of the Charter Schools to comply with the terms of this Agreement may be considered by the District to be cause for revocation of the Charter under Education Code § 47607(c) if the failure qualifies under 47607(c) as a reason for revocation.

B. Funding

1. The Charter Schools are eligible for state Block Grant Funding. In addition to a "general purpose entitlement, which includes state aid and in lieu property taxes" this Block Grant Funding will include the Charter Schools' computed share of "categorical" programs listed in California Education Code § 47634. Block Grant Funding will be apportioned by Average Daily Attendance (ADA). The Charter Schools will be responsible for providing the State Department of Education with all data required for funding. The Block Grant Funding will not include:
 - a. Programs for which the Charter Schools are required to apply separately such as summer school or class-size reduction.
 - b. Special Education programs -- these funds are allocated to the SELPA in which the District is affiliated.
 - c. Economic Impact Aid -- these funds are allocated separately, based on qualifying students.

- d. Lottery funds -- the Charter Schools will be funded directly from the State through the District in addition to the Block Grant Funding, for their share of these funds. A portion of Lottery Funds must be spent on instruction, as dictated by the State.
2. The Charter Schools are eligible for Federal funding including, but not limited to: Title I, II, IV and VII, based on the qualification of the Charter Schools' students for such funding.
3. The Charter Schools have elected to receive funding from the State directly, pursuant to Education Code § 47651.
4. The Charter Schools may receive funding from new or "one-time" funding sources available to schools or school districts provided by the State of California to the extent that the Charter Schools and its students generate such entitlements. Additionally, the Charter Schools may apply for other public or private grants.
5. Grants written by and obtained by the Charter Schools will come directly to the Charter Schools and not go through the District unless required by the funding source or be subtracted from the resources the District would otherwise have allocated to the Charter Schools.
6. In addition to the Block Grant Funding specified below, the parties recognize the authority of Charter Schools to pursue additional sources of funding.
7. If the District applies for additional sources of funding in the form of grants and/or categorical funding at the request of and for the benefit of the Charter Schools, the District will receive a percentage of such funds to be allocated to the Charter Schools. The District will charge its state mandated indirect cost or as allowed for the specific source of funds. Funds shall be allocated to the Charter Schools on a prorated basis related to the formula that generates the funds. For example, if funds are generated on a per eligible students basis, they shall be allocated to the Charter Schools on a per eligible student basis minus the administration fee (the State authorized indirect charge) charged by the District.

If the Charter School writes a grant at the District's request for which the District is the applicant and within which funding is included for both the Charter School(s) and District school(s), the funds allocated to the Charter School shall be negotiated in advance, and the Charter School will receive one-half of the indirect cost amount funded through the grant, in addition to the funds allocated.

8. MIT Academy and the Charter Schools shall cooperate fully with the District in applications made by the District on behalf of the students of the Charter

Schools.

9. MIT Academy and the Charter Schools agree to comply with all laws and regulations related to expenditures and receipt of such funds.
10. The Charter Schools are also entitled to lottery funds, class size reduction funds, a variety of state and federal application based programs, as well as various grant opportunities. It shall be the responsibility of the Charter Schools to apply for this funding, which is beyond the base statutory entitlement.
11. The District shall transfer to the MIT Academy funding in lieu of property taxes in monthly installments on or before the fifteenth (15th) of each month pursuant to Education Code § 47635.
12. Pursuant to Education Code § 47604, subdivision (c), MIT Academy agrees that all loans received by the Charter Schools shall be the sole responsibility of the MIT Academy and/or the Charter Schools and the District shall have no obligation for repayment. The parties agree that it is their intent, consistent with Education Code § 47604, subdivision (c), that “an authority that grants a charter to a charter school . . . shall not be liable for the debts or obligations of the charter school, or for claims arising from the performance of acts, errors or omissions by the charter school, if the authority has complied with all oversight responsibilities required by law, including, but not limited to, those required by Section 47604.32 and subdivision (m) of Section 47605.”
13. MIT Academy agrees that all revenue obtained by the Charter Schools shall only be used for the provision of educational services for school age children enrolled in and attending the Charter Schools, and shall not be used for purposes other than those set forth in the approved Charter, this Agreement or any authorized amendments. All expenditures shall be in accordance with applicable law.
14. MIT Academy and District agree to negotiate on a case-by-case basis for any additional funding pursuant to Education Code § 47636, subdivision (b).
15. These funding sections, as well as all other sections of this Agreement, shall be applied consistent with the statutes and regulations applicable to charter schools, which may from time to time be amended or modified by the Legislature or the State Board of Education. Nothing contained in this Agreement shall be deemed to be a waiver by either party of the rights and obligations under these laws.

C. Legal Relationship

1. The Parties recognize that the MIT Academy is a separate legal entity that

operates the Charter Schools under the supervisory oversight of the District.

2. The MIT Academy and the Charter Schools shall be fiscally responsible for the Charter Schools' operations and shall manage its operations efficiently and economically within the constraints of its annual budget. The District shall not be liable for the debts or obligations of the Charter Schools or for claims arising from the performance of acts, errors, or omissions by the Charter Schools, as long as the District has performed the oversight responsibilities described in Education Code §§ 47604.02 and 47605(m).

Neither MIT Academy nor the Charter Schools shall have the authority to enter into a contract that would bind the District, nor to extend the credit of the District to any third person or party. MIT Academy and the Charter Schools shall clearly indicate to vendors and other entities and individuals outside the District with which or with whom MIT Academy or the Charter Schools enter into an agreement or contract for goods or services that the obligations of MIT Academy and/or the Charter Schools under such agreement or contract are solely the responsibility of those entities and are not the responsibility of the District.

MIT Academy and the Charter Schools shall, to the fullest extent permitted by law, indemnify, defend, and hold harmless the District, its officers, directors, and employees, attorneys, agents, representatives, volunteers, successors and assigns (collectively hereinafter "District and District Personnel") from and against any and all actions, suits, claims, demands, losses, costs, penalties, obligations, errors, omissions, or liabilities, including legal costs, attorney's fees, and expert witness fees, whether or not suit is actually filed, and/or any judgment rendered against District and/or District Personnel, that may be asserted or claimed by any person, firm or entity arising out of, or in connection with, the performance under the Charter or any acts or errors or omissions by the MIT Academy or the Charter Schools, their board of directors, administrators, employees, agents, representatives, volunteers, successors and assigns (collectively Charter School). This indemnity provision shall exclude actions brought by third persons directly against the District arising out of acts of willful misconduct or the negligence of the District or as relates to any duties undertaken by the District pursuant to this agreement or the charter petition.

3. MIT Academy and the Charter Schools will comply with all applicable state and federal laws, including, without limitation, the Ralph M. Brown Act (Gov. Code, ' 54950 et seq.), the California Public Records Act (Gov. Code, ' 6250 et seq.).
4. MIT Academy and the Charter Schools agree to comply with applicable the Political Reform Act (Gov. Code §87100) and adopt and follow a conflicts code consistent with the provisions therein and Government Code §1090. MIT Academy and the Charter Schools, however, reserve the right to not

comply with or modify compliance with the conflict of interest laws if the Legislature, Attorney General, the California Department of Education, or any California Court of Appeals or Supreme Court determines conclusively that these laws do not apply to charter schools.

In addition, the parties recognize that MIT Academy may currently have or may in the future have one or more paid employees or independent contractors of MIT Academy or the Charter Schools on its Governing Board or employees who are married to members of the governing board. When issues arise related to the terms and conditions of employment/contractual relationship for those employees or independent contractors who are members of the Governing Board or married to a member of the Governing Board, the Governing Board will take appropriate action, which may include, but not be limited to, the disqualification and abstention of those employees/independent contractors or spouses of employee or independent contractors from participating in that Governing Board's deliberative or decision-making process related to their own contracts or employment or other contractual decisions of the Governing Board that impact of financial term and/or condition of their employment.

The Governing Board may also need to meet the requirements and invoke, the "rule of necessity" in order to take action on certain contracts. Notwithstanding MIT's agreement to comply with Government Code Section 1090 limitations, this agreement shall not extend to contractual agreements in existence at the time of the execution of the MOU or the subsequent renewal of these contractual relationships as desired by the Governing Board. However, current conflict of interest policies of the Governing Board shall continue to control which require disqualification and abstention of any financially interested Board members.

Notwithstanding the foregoing, however, it shall be the sole obligation of MIT Academy to ensure that whatever corrective actions taken to cure conflict of interest problems complies with the conflict of interest laws.

5. MIT Academy shall comply with all applicable federal and state laws concerning the maintenance and disclosure of student records, including, without limitation, Education Code § 49060 et seq., and the Family Education Rights and Privacy Act of 1974 (20 U.S.C.A. ' 1232g), all applicable state and federal laws concerning the improvement of student achievement, including, without limitation, applicable provisions of the Elementary and Secondary Education Act of 1965 (20 U.S.C.A. §6301, et seq. (ESEA), as amended by the No Child Left Behind Act of 2001, including the non-regulatory guidance of the U.S. Department of Education and agrees to take corrective action, as notified by the District or the State of California, of a violation of any of the foregoing.
6. Parties agree that in the event that the District does notify MIT Academy or

either of the Charter Schools of violation of the charter, Education Code § 47607(c) and/or this Agreement, the District shall give the Charter School a reasonable opportunity to cure the violation unless the District Board determines in writing that the violation constitutes a severe and imminent threat to the health and safety of the charter's pupils. Thirty days is deemed to be reasonable unless otherwise agreed upon by the parties. The time for curing the violation may be extended by the District upon request of the Charter School. If the violation is not cured within the above stated or extended time period, and the violation would fall under one of the enumerated reasons for revocation under Education Code § 47607(c), the District may, thereafter, place on the next available District school board agenda for consideration of revocation of the charter.

D. Fiscal Relationship

1. Oversight Services: Oversight services will be provided to the Charter Schools by the District and will include, but will not be necessarily limited to, the following:
 - a. Review and revision of this Memorandum of Understanding and subsequent agreements to clarify and interpret the Charter and amendments to the Charter and the relationship between the Charter Schools and the District.
 - b. Monitoring performance and compliance with the Charter and with applicable laws and, including the following:
 1. Visiting the Charter School at least once per year
 2. Ensuring that the Charter School submits reports and documents identified in subsection (f) below;
 3. Monitoring the fiscal condition of the Charter School;
 4. Notifying the State of California upon the occurrence of any action as described in Education Code § 47604.32 (e).

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

The Charter Schools shall provide the District with on-line viewing access to the Charter's financial system/records for purposes of monitoring.

- c. Charter revocation processes, including hearing/investigating alleged violations and monitoring efforts to cure.
- d. Oversight of the special education services offered by the Charter Schools.

- e. The Charter Schools will process STRS and PERS through the County in accordance with Education Code 47611.3 pursuant to a separate written agreement with the County outlining applicable procedures.
- f. For purposes of fiscal oversight and monitoring by the District, MIT Academy for each Charter School shall provide the District with a copy of the following documents, data and reports, in the form and at the time specified by the district. These reports must be submitted to the County one week prior to the State required submission date imposed on the County. The District may want to receive the reports earlier than the County for its review.

(1) Student Data/Information

MIT Academy, for each of the Charter Schools, shall submit student enrollment projections to the District by the May 1 of year. During the school year, monthly enrollment and average daily attendance (“ADA”) reports with respect to the Charter School shall be provided to the District.

MIT Academy shall maintain contemporaneous written records of enrollment and ADA and make these records available to the District for inspection and audit. The Charter School shall provide copies of the P-1, P-2, and annual state attendance reports to the District by January 15, April 30, and June 20, respectively, each year. Copies of amended state attendance reports, if any, shall be provided to the District within 3 weeks of discovery of the need for an making such an amendment. In addition, each Charter School shall provide all necessary information required to be submitted to the California Basic Education Data System (CBEDS) by no later than October 31 of each year, including the R-30 Report.

MIT Academy shall provide each of the Charter Schools’ written student discipline policies to the District one month after execution of this Agreement and annually thereafter on September 1, as updated. Such discipline policies shall be guided by the State Board adopted criteria contained in the provisions set forth at 5 CCR Section 11967.5.1(f)(10).

(2) Personnel Data/Credential Data

MIT Academy, on behalf of each Charter School shall provide staffing projections to the District by May 1 each school year. Actual staffing data shall be provided to the District on a quarterly basis. Teacher credentials and permits shall be maintained on file at the

Charter Schools and shall be subject to periodic inspection by the District. Copies of credentials and a list of teaching/class assignments for each teacher shall be provided to the District by MIT Academy at the commencement of each school year, along with verification by the MIT Academy that credentialing requirements imposed on each of the Charter School under the ESEA have been met.

(3) Budget/Financial Data

Budget Data:

A preliminary budget shall be provided to the District and the Solano County Superintendent of Schools for review no later than May 31 of each year. All key budget variables, including revenue, expenditure, debt, beginning and ending balance variables shall be defined. The District will provide MIT Academy a written review of each of the Charter Schools' preliminary budget by June 20th of each year.

A copy of the adopted budget shall be provided to the District for review no later than July 15 of each year.

Copies of budget revisions shall be provided to the District within two weeks upon approval by the MIT Academy Board of Directors.

A copy of each of the Charter Schools' budget guidelines, fiscal policies, and internal controls shall be provided by MIT Academy to the District within four weeks of adoption of this revised MOU and then, followed by annual updates.

A copy of the adopted budget and budget guidelines must also be submitted to the County for review.

Cash Flow Data:

Cash flow projections shall be submitted with each quarterly financial report, as detailed below. District shall be notified at least three weeks in advance of MIT Academy's Board of Directors' action to incur short or long term debt, and financing documents shall be made available for District review upon request. The District shall provide to MIT Academy each of the Charter Schools with in-lieu property tax estimates necessary for the Charter Schools to meet their budget and fiscal obligations in this MOU at least four weeks prior to the due date of the obligation.

Financial Data:

Bank account reconciliations will be performed by the Charter Schools on a monthly basis and reported to the District quarterly, by April 30, July 31, October 31, and January 31. Balance sheets, check registers and a statement of operations will be provided to the District concurrently with bank account reconciliations.

The First Interim Financial Report shall be provided to the District and the Solano County Superintendent of Schools within 45 days after October 31 of each year; the Second Interim Financial Report shall be provided to the District within 45 days after January 31 of each year; the Third Interim Financial Report shall be provided to the District within 45 days after April 30 of each year.

The Final Unaudited Actuals Financial Report shall be provided to the District and the Solano County Superintendent of Schools by September 15 of each year or within two weeks of receiving year-end closing data from the District, whichever is later.

Financial Audit:

MIT Academy for each of the Charter Schools shall provide a copy of the Charter School's Audited Financial Report to the District, the Solano County Superintendent of Schools, the State Controller, and the California Department of Education by December 15 of each year. Audit exceptions or deficiencies identified in the audit report shall be addressed through the development of a remediation plan outlining how and when they will be resolved. The remediation plan will be provided to the District by January 15 of each year or within 4 weeks following the finalization of the Audited Financial Report, whichever is later. Audit exceptions and deficiencies shall be resolved to the satisfaction of the District.

(4) Governance Data/Meeting Information

Copies of meeting agendas for meetings of the MIT Academy Board of Directors shall be provided to the District at the time they are distributed to the public pursuant to the Brown Act. Copies of meeting minutes shall be provided to the District within 5 days after their approval by the MIT Academy Board of Directors.

(5) Payroll Information

Certificated and classified employee salary schedules shall be provided upon commencement of each school year, and during the year when updated. A copy of each of the Charter Schools' personnel and payroll policies shall be provided by MIT Academy upon commencement of the first school year within two weeks of mutual

approval of this revised Agreement and annually thereafter. Copies of individual employment contracts shall be provided by MIT Academy to the District upon execution.

(6) Risk Management Data

Copies of all policies of insurance and memoranda of coverage for each of the Charter Schools shall be provided by MIT Academy to the District annually by no later than two weeks prior to the commencement of school.

A copy of each of the Charter Schools' Safety Plan shall be provided by MIT Academy to the District two weeks prior to commencement of the first school year, and as updated.

Health benefit plans and policies shall be provided to the District within eight weeks of mutual approval of this revised Agreement and thereafter annually by no later than two weeks prior to the commencement of school.

(7) Programmatic/Performance Audit

The MIT Academy will prepare and provide to the District the following:

- i. An annual performance report containing the information described in Section I [Annual Performance Audit] of the Charter;
- ii. All information necessary to demonstrate that the Charter School is meeting or pursuing the accountability standards described in the ESEA, including adequate yearly progress, as defined by the State of California. The performance audit shall be provided to the District API scores from the state .
- iii. As a requirement for receiving a charter renewal, a report, with supporting documentation, evidencing that the Charter School has met at least one of the stated academic performance criteria set forth in Education Code §47607 (b)

(8) Other

MIT Academy shall provide such other documents, data and reports, related to either or both Charter Schools, as may be reasonably requested or required by the Solano County Office of Education.

- g. MIT Academy must maintain a minimum reserve requirement ending balance of not less than 3% for each Charter School.
2. As compensation for the provision of oversight services described in paragraph II D (1), in accordance with Education Code Section 47613 MIT Academy shall pay the District an amount equal to one percent (1%) of each of the Charter School revenues, as defined in Education Code § 47613 (f) defined as General Purpose Entitlement and Categorical block grant funds. Payment shall be made by MIT Academy, on behalf of each of the Charter Schools, at the end of each fiscal year.
 3. Administrative Services. In addition to the supervisory oversight services listed above, the District has agreed to provide, and MIT Academy, on behalf of the Charter Schools, may agree to purchase, the following services from the District:
 - a. Food Services – Food services may be provided to the Charter Schools pursuant to a separate written agreement outlining applicable procedures.

MIT Academy has the obligation to provide all other services necessary to operate the Charter Schools. MIT Academy may provide such services directly from a contract with the third party to provide services. This provision does not preclude MIT Academy from purchasing services from the District should the District and MIT Academy enter into a negotiated agreement to do so.

E. Special Education Services/Section 504

The Charter Schools shall be categorized as “public schools” within the District in conformity with Education Code § 47641, subdivision (b) for purposes of Special Education. The Charter Schools have not elected to participate as an independent Local Education Agency (LEA).

1. Assurances. The Charter Schools and the District jointly assure that all students entitled to services under (Individuals with Disabilities in Education Act, 20 USC. § 1400 et seq. (“ IDEA”) and California Education Code § 56000 et.seq. will receive those services in accordance with their IEPs. A child with disabilities attending the Charter Schools shall receive special education instruction or designated instruction and services, or both, in the same manner as a child with disabilities who attends another public school of the District [Ed. Code § 47646(a)].
2. The Charter Schools assure that special education funds apportioned to them are used for the sole purpose of providing special education instruction and services to identified students with disabilities. The Charter Schools will participate in state and federal funding in the same manner as other District

public schools. Such funds will be used to supplement and not supplant other sources of federal, state and local funds apportioned to the Charter Schools.

3. Responsibilities. The Charter Schools shall provide special education or designated instruction and services or both, in the same manner as services are provided in other District schools.
4. The Charter Schools may not deny admission to any pupil on the basis of disability or the nature of or extent of a disability, and all special education, and Section 504 Rehabilitation Act requirements apply.
5. The Charter Schools will comply with all applicable state and Federal laws applicable to the provision of special education services for students. The Charter Schools agree that it is solely responsible for compliance with Section 504 Rehabilitation Act requirements.
6. The District and the Charter Schools agree to allocate responsibility for the provision of services (including but not limited to identification, evaluation, Individualized Education Program (IEP), development and modification, and educational services) in a manner consistent with their allocation between the District and its local public school sites. Where particular services are generally provided by staff at the local school site level, the Charter Schools will be responsible for providing said staff and programming; where particular services are provided to the school by the central district office, those services will be made available to the Charter Schools in a similar fashion.

Charter Schools further agree that, in the event it is unable to provide required services set forth in a student's IEP due to a lack or loss of staff, it shall immediately notify the District. The District and the Charter Schools shall thereafter, meet to determine how to resolve the gap in services.

7. The Charter Schools are solely responsible for obtaining the cumulative files, and special education records from non-district private or public schools. The District will provide cumulative/confidential files for students, enrolling in the Charter Schools, who have an existing IEP.
8. If, after a student with an IEP has enrolled in the Charter Schools and the staff suspects that the Charter Schools cannot provide the required IEP services, an IEP meeting will be held to determine the appropriate placement. The IEP team will be expanded to include the District Special Education Director or designee to ensure that the full continuum of service options is represented. If the IEP team determines that the Charter Schools services are not appropriate, the District retains responsibility for ensuring that services are provided. Services may be provided within the district or via a contract with another public or nonpublic school or nonpublic agency.

9. Local Plan, Policies and Procedures. The Charter Schools will participate in the SELPA local plan. The District/SELPA will develop policies and procedures necessary to ensure that the protections of special education law and regulations extend to Charter Schools students in the same manner as students enrolled in District schools. This includes, but is not limited to procedures for search and serve, parent notification, identification, assessment, eligibility, annual review, re-evaluation, surrogate parents, suspension/expulsion, pupil count and use of District/SELPA forms.
10. Quality Assurance. The Charter Schools will participate in state verification reviews, self-reviews, complaints monitoring and the local plan in the same manner as District schools.
11. Referral and Identification. The Charter Schools agree to implement a student intervention team (SIT) process, a general education function to guide and monitor referrals for special education and Section 504 services.
12. The Charter Schools will implement the District's procedures for referral, assessments and determination of eligibility.
13. Initial assessments, annual reviews, reassessments and assessment reports will conform to District practices.
14. All required timelines for referral, assessment, IEP development, annual reviews and reassessments, suspension and expulsion will be followed.
15. Charter school staff will provide parents all required written parent notifications and parent's rights documents.
16. Responsibility for arranging necessary IEP meetings shall be allocated in accordance with the District's general practice and procedure and applicable law. The Charter Schools shall be responsible for having the designated representative of the Charter School in attendance at the IEP meetings in addition to representatives who are knowledgeable about the regular education program at the Charter School.
17. Decisions regarding eligibility, goals/objectives, program, placement and exit from Special Education shall be the decision of the IEP team. Team membership shall be in compliance with state and federal law and shall include the designated representative of the Charter School (or designee) and the designated representative of the District (or designee). Services and placements shall be provided to all eligible Charter School students in accordance with the policies, procedures and requirements of the District and of the Local Plan for Special Education.
18. IEP Meetings and IEP Implementation. The Charter Schools will be responsible for arranging and conducting IEP meetings in conformance with

the District's procedures. IEP team membership will be consistent with state and federal law and the IEP meeting will be conducted according to District procedures. The Charter Schools Director or designee will contact the District's Special Education Director or designee when an IEP meeting needs to be expanded to include District staff/specialists.

19. The District's full continuum of service options will be available to students with IEPs enrolled at the Charter Schools. The student's IEP team will determine the type and level of services required. When the IEP requires special education or related services to be delivered by staff other than the Charter Schools staff, the District shall provide and/or arrange for such services.
20. Training. To the extent that the District provides training opportunities and/or information regarding special education to site staff, the same opportunities will be made available to Charter School's staff. The same applies to participation in committee meetings as school representatives.
21. Complaints. In consultation with Charter Schools, the District shall address/respond/investigate all complaints received under the Uniform Complaint Procedure involving Special Education.
22. Due Process. When a parent of a student files for a due process hearing, the District and Charter Schools will work together to resolve the issues, whenever possible, through the IEP process and mediation. Should the case progress to a due process hearing, the District and Charter Schools will work together to defend the case. When warranted, District legal counsel will jointly represent both parties. If there is a conflict of interest and separate counsel is needed, the Charter Schools will be responsible for the costs of hiring its legal counsel.
23. Student Discipline. In consultation with the District, the Charter Schools shall comply with Federal Law and California Education Code provisions that pertain to suspension and expulsion of students with IEPs [34 C.F.R. 300.519-300.529; Ed. Code § 48915.5]. For students expelled from the Charter Schools, the District shall be responsible for providing the post-expulsion educational program, including special education services.
24. Special Education Funding and Services. The District will provide the Charter Schools with an equitable share of special education funding and services. The share will be equal to the percentage allocated to public schools in the District. State and federal funding will be allocated to the District as the administrative unit for the SELPA. The District will allocate a pro rata share of special education funds for school based services such as resource specialist services, individual/ small group instruction (ISGI), learning center and speech and language specialist services. Other special education services will be provided by the District. If needed, due to limited availability of

special education staff, the Charter Schools may contract with outside school districts or nonpublic agencies to provide services.

This provision will not be in effect for the 2003-2004 school year as MIT was not allocated the funds this year (as required in Section 24 and therefore not budgeted pursuant to a "gentleman's agreement with the District that the Charter School would not pay a share of encroachment in exchange for taking on costs without reimbursement.

25. Charter Schools Contribution to Special Education Excess Costs. Each of the Charter Schools shall pay the district an amount of funding equal to the District's total excess cost of Special Education. The excess cost is based on the excess cost of special education per unit of District-wide general education average daily attendance (ADA). The formula for calculating the excess cost amount is as follows: the total District excess cost amount divided by the District-wide attendance (at the Second Principal Apportionment P-2) times the Total School Attendance. Total enrollment includes all students, regardless of home district. Adjustments will be made to include, on a pro-rated basis, students who enroll after the student-enrollment calculation is made at P2. No prorated adjustment will be made for students who leave during the academic year.

F. Insurance and Risk Management

MIT Academy will obtain its own insurance coverage for the operation of the Charter Schools and supply the District certificates of insurance, with proof of insurance of at least the types and amounts recommended by the District's insurer based upon the standard coverage for a school of similar size and location, as follows:

1. Comprehensive or commercial general liability insurance with limits not less than One Million Dollars (\$1,000,000) each occurrence combined single limit for bodily injury and property damage.

In the case that the School takes action to purchase or lease automobiles, the school shall purchase comprehensive or Business Automobile Liability Insurance with limits not less than One Million Dollars (\$1,000,000) each occurrence Combined Single Limit for Bodily Injury and Property Damage including coverage for Owned, Non-owned and Hired Vehicles, as applicable.

3. Workers' Compensation, with Employer's Liability limits (including employment practices coverage) not less than One Million Dollars (\$1,000,000) each.
4. Professional Liability (Errors and Omissions) Insurance (including employment practices coverage) with limits not less than One Million Dollars (\$1,000,000) each occurrence.

5. If any policies are written on a claims-made form, MIT Academy agrees to maintain such insurance continuously in force for three years following termination or revocation of the Charter or extend the period for reporting claims for three years following the termination or revocation of the Charter to the effect that occurrences which take place during this shall be insured.
6. The Charter Schools shall be responsible, at their sole expense, for separately insuring their personal property.
7. The Charter Schools shall add the District as a named insured on all of its insurance policies.

G. Human Resources Management

1. All staff of the Charter Schools are employees of the Charter Schools. The Charter Schools shall have sole responsibility for employment, management, salary, benefits, dismissal and discipline of its employees.
2. The Charter Schools will be considered the public school employer for purposes of collective bargaining.
3. The MIT Academy and Charter Schools agree to comply with applicable federal statutory and regulatory requirements for highly qualified teachers and paraprofessionals used for instructional support as set forth in ESEA.

H. Transportation

1. The Charter Schools will not provide transportation services for Charter Schools students to and from school.
2. The Charter Schools will be responsible for providing transportation for field trips, including using public transportation.

I. Educational Program

1. Subject to District oversight and compliance with its Charter and applicable state and federal law, including, without limitation ESEA, the Charter Schools are autonomous for the purpose of deciding its educational program, including but not limited to:
 - a. Designing its curriculum and programming;
 - b. Deciding its day schedule and calendar, providing that each of the Charter School's calendar year shall be consistent with the District's for the purposes of attendance reporting under the provisions of paragraph II(D)(1)(f)(I) of this Agreement.

2. Pursuant to Title 5 of the California Code of Regulations, Section 11960, the Charter Schools will remain in session for a minimum of 175 calendar days of student attendance per school year. The Charter Schools calendar shall be submitted annually to the District Board of Trustees for review and verification of compliance with instructional day and minutes requirements. Any calendar changes will be provided to the District within a month of receiving the District's calendar
3. The parties understand that the Charter Schools are required to meet the Adequate Yearly Progress requirements and comply with other accountability provisions as required by Title I, Part A provision of the ESEA and, as a criteria for renewal of its charter, shall meet at least one of the stated academic performance criteria set forth in Education Code § 47607 (b),

K. Facilities

1. The Charter Schools lease property from the District for the operation of its programs. A separate Ground Lease has been negotiated between the parties for this purpose.
2. All facilities shall meet all applicable fire and safety code requirements, will conform with all applicable provisions of the Americans with Disabilities Act and any other applicable federal requirements, but the parties agree that the Charter Schools' facilities are exempt from the Field Act standards. Prior to use, all buildings that house the Charter Schools students will be fully inspected and receive appropriate permits for legal use. All facilities will be approved by the fire marshal for the use intended.

L. Renewal. The parties agree that, beginning January 1, 2005, as a condition for renewal of each of the charters, the Charter Schools will be required to have met at least one of the academic performance criteria set forth in Education Code § 47607 (b).

M. Response to Requests. Pursuant to Education Code § 47604.3, the Charter Schools shall respond promptly to all reasonable requests of the District.

N. Legal Counsel. MIT Academy shall retain the right to use its own legal counsel and will be responsible for procuring such counsel and associated costs.

O. Enrollment of Expelled Students. Neither the Charter Schools nor the District shall be obligated to accept enrollment of any student who has been expelled from the other entity during the term of the expulsion, subject to provisions set forth in Section E. 24. of this Agreement.

In the instance where the Charter Schools have expelled a student and subsequent to such expulsion, such student presents himself/herself for enrollment to the District, the Charter Schools, upon request by the District, agree to provide information

related to the student's expulsion within five working days after receipt of the request, so that the District may determine whether said student may be enrolled in the District, in accordance with procedures set forth in Education Code § 48915.1. The District will provide the same information to the Charter School according to these procedures.

- P. Provision of Post-Expulsion Services. Charter Schools agree to be responsible for the provision of a plan of rehabilitation and to consult with the parent or guardians, the District of residence, and the County Office of education to consider options for alternative arrangements for any general education student who is subject to an order of expulsion from the Charter Schools governing board..

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

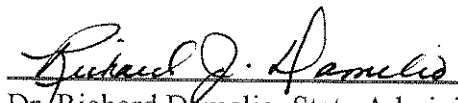
- R. Non Assignment. Neither party shall assign its rights, duties or privileges under this Agreement, nor shall either party attempt to confer any of its rights, duties or privileges under this Agreement on any third party, without the written consent of the other party. The replacement of MIT Academy with any other nonprofit corporation or other operating body or governance structure shall be treated as a material revision of the Charter, subject to the review and approval of the District pursuant to applicable provisions of the Education Code.

- S. Severability. If any provision or any part of this Agreement is for any reason held to be invalid or unenforceable or contrary to public policy, law or statute and/or ordinance, the remainder of this Agreement shall not be affected thereby and shall remain valid and fully enforceable.

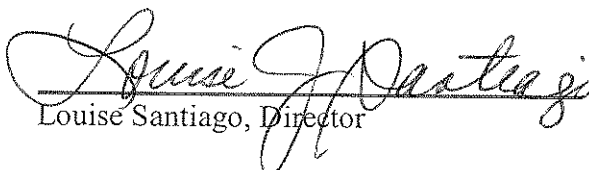
- T. Reimbursement of Mandated Costs. MIT Academy shall seek reimbursements of its mandated costs, if any, directly from the State.

This represents the full and final agreement between MIT Academy and the District and shall only be modified in writing by the mutual agreement of the parties.

Dated: June 17, 2005


Dr. Richard Damelio, State Administrator
Vallejo City Unified School District

Dated: June 17, 2005


Louise Santiago, Director

Mare Island Technology Academy