

**Financial and Operations
Memorandum of Understanding
Between
The Mountain Empire Unified School District and
Compass Charter Schools**

THIS AGREEMENT (herein after "Agreement") is made and entered as of the 25 day of June, 2018, by and between Compass Charter Schools (hereinafter "Charter") and the Board of Education of the Mountain Empire Unified School District, a school district organized and existing under the laws of the State of California (hereinafter the "District"). The District and the Charter are collectively referred to as "the parties."

RECITALS

CHARTER GRANTED TO Compass Charter Schools

- a. Charter was granted by Mountain Empire Unified School District to Compass Charter Schools pursuant to the terms of the Charter Schools Act of 1992, as amended (The "Act"), (Education Code 476000, et seq.), effective from July 1, 2017 through June 30, 2022. The Act authorizes the formation of charter schools for the purpose, among others, of developing new, innovative, and more flexible ways of educating children within the public-school system. Neither the Charter nor the District intends by entering into this Agreement to waive any of the rights, responsibilities, and privileges established by the Act.
- b. The Act, among other matters, calls for the District and Charter to define operational and oversight arrangements between the Charter and the District and to define and resolve other matters of mutual interest.
- c. To the extent that this Agreement is inconsistent with any of the terms of the Charter document, the Charter shall supersede the terms of this Agreement, and both parties shall meet to mend the Agreement to achieve consistency.

NOW THEREFORE, in consideration of the promises and mutual covenants and agreements herein set for the Charter and District agree as follows:

Article 1: Terms and Renewal

- 1.1 **Term.** This agreement shall begin upon execution by both parties and end on June 30, 2019.
- 1.2 **Amendments.** Amendments to the MOU may be made upon written agreement of both Parties.
- 1.3 **Renewal.** This Agreement will be reviewed annually and will either be renewed or amended as necessary.

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Article 2: Designation of School

- 2.1. Designation of School.** Compass Charter School is operated by a California Non-Profit Public Benefit Corporation pursuant to California law (Charter Schools Act 47604(a) and Part 2 commencing with Section 5110 of Division 2 of Title 1 of the Corporations Code.)
- 2.2 Average Daily Attendance.** “Average daily attendance” shall mean the attendance of Charter pupils while engaged in educational activities required of them by the Charter, as defined in Education Code Section 47612, and in Section 11960, Article 1, Subchapter 19, Title V, of the California Administrative Code of Regulations. The Charter will be responsible for submitting its daily and monthly attendance information to the District in a timely manner.

Article 3: Organization/Governance of School

- 3.1 Daily Operations.** The administrators of the Charter shall conduct the day-to-day operation of the Charter by the power delegated to them by the Charter’s Governing Board. All powers, rights and obligations not otherwise reserved herein to the District are hereby delegated to the Charter consistent with its Charter documents, any Charter policies and procedures, this Agreement, and all applicable laws. The Charter should be allowed to carry on any activity in order to effectuate its goal of educating students that is not inconsistent with an express provision of its Charter, the District’s oversight responsibilities or law.
- 3.2 Charter Employees.** All employees of the Charter will be employees of Compass Charter School or the nonprofit corporation that operates it, and not employees of the District. The Charter School Board shall adopt and the administrator shall implement Employment Agreements, Personnel Reviews, and other policies and procedures to further the Charter School’s goals as outlined in the charter.
- 3.3 No Express or Implied Authority.** No officer or employee of the Charter has the express or implied power or authority to bind the District in any contract or agreement not otherwise authorized herein.
- 3.4.1 Obligation as to Delivery of Services.** It shall be the Charter’s duty and obligation, at the Charter’s expense and cost, with the assistance of the District as agreed to herein, to manage, operate, and administer the Charter. It being understood that, at all times, the Charter remains accountable and subject to the oversight of the District as provided for in the Charter Schools Act, the Charter, and in this Agreement. The Charter School’s duties and obligations shall include, but shall not be limited to, providing educational and instructional programs to students who attend the Charter School; all personnel functions; maintenance and operation functions; business administration functions; professional development for all employees; acquisition of all instructional materials, equipment, and supplies. The Charter will contract with the District for shared duties and

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obligations as outlined in the Mountain Empire Unified School District Business Services Menu (appendix 1). The Charter shall agree to pay the district fees for these services as agreed upon appendix 1.

Article 4: The District's Administrative Service

4.1 "Supervisory Oversight"

In accordance with Education Code Section 47613, the District may charge for the actual costs of supervisory oversight not to exceed one percent (1%) of the revenue of the Charter. "Revenue" is defined in accordance with Education Code Section 47613(f).

4.2 The Charter School and the District agree the "supervisory oversight," as used in Education Code Section 47613 and Education Code Section 47604.32, shall include the following:

1. All activities related to the Charter revocation and renewal and processes as described in Section 47607.
2. Activities relating to monitoring the performance and compliance of the Charter with respect to the terms of its Charter, related agreements, and all applicable laws.
3. Review and respond in a timely manner to the Charter's Annual Independent Fiscal and Performance Audit.
4. Identify at least one Staff member as a contact person for the Charter School
5. Visit the Charter facilities at least annually.
6. Monitor the fiscal condition of the Charter.
7. Provide timely notification to the California Department of Education if any of the following circumstances occur:
 - ~ A renewal of the charter is granted or denied.
 - ~ The charter is revoked.
 - ~ The Charter School will cease operation for any reason.
8. Good faith efforts to develop any needed additional agreements to clarify or implement the charter.
9. Regular review, analysis, and dialogue regarding the annual performance of the Charter.
10. Monitoring compliance with the terms of the Charter and related agreements.
11. Good faith efforts to implement the dispute resolution and related processes described in Section 14 of the Charter School's Charter.

4.3 Additional Administrative or other Goods or Services

The District shall provide the following services for the Charter: See Appendix 1.

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Article 5: Financial Arrangements

5.1 Anticipated Funding

- a. As established by Education Code Section 47630 et. seq., the Charter shall receive funding model as follows:
- ~ A general-purpose entitlement (LCFF & EPA) pursuant to Education Code Section 47633, which includes in-lieu property taxes and state aid.
 - ~ The Charter is also entitled to lottery funds, pursuant to Education Code 47638.
 - ~ Any additional funds negotiated by the Charter in accordance with Education Code Section 47636.

b. In addition to the funding specified above, the parties recognize the authority of the Charter to pursue additional sources of funding.

- ~ The District has no obligation to apply for additional sources of funding for the Charter. If the District applies and receives, additional sources of funding in the form of grants and/or categorical funding at the request and for the benefit of the Charter, the District shall receive 1% of such funds or as required by the specific funding source.
- ~ The Charter shall cooperate fully with the District in application made by the District on behalf of the students of the School. Likewise, the District shall cooperate fully with the Charter in grant and funding applications made by the School on its own behalf.
- ~ The Charter agrees to comply with all regulations related to expenditures and receipt of such funds.
- ~ The Charter may raise private funds to benefit its operations. The District shall not be entitled to any portion of privately raised funds.

c. The Charter has elected to receive funding from the state through the District. The District will transfer all LCFF, EPA, lottery funds, and any other federal, state and/or local funds to the Charter within 2 business days of posting of such funds to the Charter account with the District. Payment shall be made by wire transfer whenever possible. If full payment is not

made to the Charter within two business days of posting to the District account, the District shall owe the Charter a penalty in the amount of prime rate plus 2% for each day the payment is late. If the Charter is overpaid any apportionment due, and those funds are not returned within 2 business days of discovery, then the Charter shall owe the District a penalty of prime rate plus 2% for each day the payment is late.

The fee for all funding for the months of May and June (usually received in July) will be paid upon receipt of the June general purpose apportionment.

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5.2 Financial Statement and Records

The District acknowledges its duty to ensure the Charter receives all funds to which it is legally entitled. The District agrees to provide to the Charter monthly statements of all revenue allocable to the Charter received by the District. The District will also provide the school with an expense report.

The Charter School shall annually prepare and submit the following reports to the District and the County Superintendent of Schools:

- ~ On or before June 28, a preliminary adopted budget
- ~ On or before December 13, an interim financial report reflecting changes through October 31
- ~ On or before March 13, a second interim financial report reflecting changes through January 31
- ~ On or before September 13, a final unaudited report for the full prior year

The District agrees to submit the reports to the County Superintendent of Schools by the mandatory deadline.

Article 6: Legal Compliance

6.1 General Compliance

The Charter will comply with all applicable state and federal laws and agrees to perform any and all necessary actions as requested by the District to provide for complete legal compliance.

6.2 Records

Except to the extent expressly waived by the District or state authorities, the Charter shall comply with all Compass Charter School Board adopted policies and regulations and applicable federal and state laws concerning the maintenance and disclosure of student records, including, without limitation, the Education Code Section 49060 et seq., and The Family Education Rights and Privacy Act at all times.

6.3 Welfare and Safety

The Charter shall comply with all Charter approved health and safety policies and regulations adopted pursuant to applicable federal and state laws, concerning welfare, safety, and health of students, employees, visitors, volunteers, and others. The Charter shall also comply with San Diego County policies and laws addressing the reporting of child abuse, accident prevention, disaster response, and emergency response and any state regulations governing the operation of charter school facilities. Unless otherwise noted herein or specifically adopted as such, District policies and procedures are not applicable to the Charter.

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6.4 State Waivers

The District shall, with the Charter's assistance, apply for and support the waiver of any federal and state laws and regulations that interfere with the Charter's educational program.

6.5 Education Employment Relations Act

For purposes of this collective bargaining act, the Charter's employees will be employees of the Charter and not the District.

6.6 Media/Public Relations

All questions posed to the Charter regarding provisions of this Agreement and/or the Charter's relationship with the District shall be discussed with the District prior to any statements and vice versa. This practice is to maintain consistency in relating information to third parties including the news/media.

6.7 Indemnification

The Charter shall be fiscally responsible for the Charter School's operations and shall manage operations efficiently and economically. The Charter has procured California non-profit public benefit corporation status. The District shall not be liable for the debts or obligations of the Charter. The Charter shall not have 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.

The Charter shall clearly indicate to vendors and other entities and individuals outside the District with which or with whom they may enter into agreements or contracts for goods or services that the obligations of the Charter under such agreement or contract are solely the responsibility of the Charter and are not the responsibility of the District.

The Charter 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 granting of the Charter or the performance under the Charter or any acts or error or omissions by the Charter, its board of directors, administrators, employees, agents, representatives, volunteers, successors, and assigns.

6.8 Confidentiality

Contact lists, student and parent information and other information available to the parties may be confidential information, which shall not be released to the public, except as required by the California Public Records Act and/or the Family Education Rights and

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Privacy Act. The parties will make every attempt to label, and appropriately file, confidential information.

Article 7: Education Program and Curriculum

7.1 State Curriculum Requirement

The Charter curriculum shall be designed to meet all applicable statewide standards, and the Charter shall conduct the pupil assessments required pursuant to Education Code Section 60605.

7.2 Oversight Responsibilities

The Charter agrees to take any and all necessary actions to assist the District in effectuating its oversight responsibilities in the Charter Schools Act, the Charter, and this Agreement.

Article 8: Facilities

8.1 Facilities

The District may provide surplus facilities for use by the Charter at no cost to the Charter. The Charter may opt not to accept the District's offer of facilities. The School may wish to lease or purchase other facilities.

8.2 Requirements

All facilities on non-District property shall meet all applicable state and local requirements including fire and safety code requirements, will conform to all applicable provisions of the Americans with Disabilities Act and any other applicable federal requirements, but are exempt from the Field Act Standards. Buildings that are placed on District property will meet Division of the State Architect` (DSA) building standards under the Field Act.

Article 9: Miscellaneous Provisions

9.1 Amendments

Unless otherwise stated herein, this Agreement may be altered, amended, changed, or modified only by written agreement executed by a duly authorized representative of the Charter and the District with a specific reference to this Agreement and the section to which it alters, amends or modifies. Any amendment(s) to this Agreement shall be consistent with the Charter. Any material revisions to the Charter shall be approved and ratified by the District governing board in accordance with the Charter Schools Act.

9.2 Third Party Beneficiary Rights

This agreement is not intended to create any rights of a third-party beneficiary.

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9.3 Construction and Enforcement

This Agreement shall be construed and enforced in accordance with the laws of the State of California.

9.4 Invalidity of Provision of this Agreement

If, for any reason, any provision hereof shall be determined to be invalid or unenforceable, the validity and effect of the other provisions hereof shall not be affected thereby.

9.5 Administrative Services or Goods from Third Party Vendors

The District recognizes the Charter's ability to contract with third party professionals and vendors as the Charter determines prudent. These services may not include the items listed under Administrative Services (Section 4.3).

9.6 Nondiscrimination

The Charter shall comply with federal and state laws, rules, and regulations pertaining to nondiscrimination in hiring and employment and the admission of and treatment of students. The Charter shall at all times comply with, among other things, the Americans with Disabilities Act, Title VI, and Title VII. Title IX and Section 504.

This represents the full and final agreement of the parties. This agreement may only be modified by written agreement of the parties.

Dated: _____

Kathy Granger, Superintendent
Mountain Empire Unified School District

Dated: _____

J.J. Lewis
Compass Charter Schools