

CHARTER

Pursuant to G.S. 115C-238.29A et seq. the North Carolina State Board of Education (hereinafter referred to as "SBE") grants this license to **Cornerstone Charter Academy, Inc.** (hereinafter referred to as "the Nonprofit") to operate **Cornerstone Charter Academy**, a Public Charter School.

1. Term

- 1.1 The Charter is effective on July 1, 2012 through June 30, 2022. It shall terminate June 30 of the last year without further notice from or action by the SBE.
- 1.2 In accordance with 115C-238.29D(d), the Nonprofit will ensure the Public Charter School completes the Five Year Review process which includes reporting on the application's approved goals as well as selecting new goals for the next five years.
- 1.3 The Nonprofit may apply to renew the Charter pursuant to SBE policies and procedures; however, this agreement, in no way, binds the SBE to renew the Charter for an additional term. The SBE shall make renewal decisions consistent with State law, SBE policies, and the terms of this agreement.

2. Status of Parties to the Charter

- 2.1 This Charter is not intended to create and shall not be interpreted to create employer-employee, contractor-subcontractor, or principal-agent relationships between or among any party or parties to this Charter. "Parties," for purposes of this paragraph only, include the parties to this Charter as well as the local board of education and the Board of Trustees of any constituent institution of the University of North Carolina. No officers, employees, agents, or subcontractors of the School shall be considered officers, employees, agents or subcontractors of the local board of education, the Board of Trustees of any constituent institution of the University of North Carolina, or the SBE.
- 2.3 The Nonprofit certifies that all contracts obligating the Nonprofit have been and will be undertaken by the Nonprofit and failure to act strictly as a nonprofit corporation shall be grounds for revocation of the Charter.

3. Application-Binding

- 3.1 The SBE has reviewed the Application submitted by the Nonprofit and has approved it subject to adherence to all requirements set forth in this Charter and in the Charter School Act. The Application is fully incorporated in this Charter and all representations and conditions contained in the Application are binding on the charter school.

- 3.2 The Nonprofit shall immediately submit in writing to the Office of Charter Schools, the SBE and the local board of education in which the Public Charter School is located, any proposed substantial changes to the Application or the representations or conditions contained in the Application. The SBE reserves the right to reject any proposed changes to the Application.
- 3.3 No material revision to this Charter shall be valid without the approval of the governing board of the Nonprofit and final approval by the SBE.

4. Charter School Governing Board

- 4.1 The Public Charter School shall at all times be operated by the board of directors of the non-profit corporation in accordance with G.S. 115C-238.29A et seq. and all other applicable laws and regulations.
- 4.2 The Nonprofit affirms, as a condition of this Charter, that the governing board members receive no compensation other than reimbursement of reasonable expenses incurred while fulfilling duties as a member of the board.
- 4.3 No member of the governing board shall be an employee of a company that provides substantial services to the charter school.
- 4.4 The members of the Nonprofit board of directors affirm that they will adhere to a duly adopted conflict of interest policy, including provisions related to nepotism and consistent with the provisions of this section.
- 4.5 The Nonprofit shall have ultimate responsibility for employment, management, dismissal and discipline of its employees. In no event shall the governing board delegate or assign its responsibility for fulfilling terms of this charter.
 - a. The Nonprofit shall not enter into or terminate an agreement for comprehensive management services without the prior, explicit approval of the SBE.
 - b. The Nonprofit shall comply with all SBE requests regarding the management agreement that are reasonably related to compliance with all provisions of this charter agreement and the charter school statute.

5. Compliance With Other Laws

- 5.1 The Nonprofit shall ensure that the Public Charter School complies with all applicable federal laws and regulations, including, but not limited to, such laws and regulations governing employment, environment, disabilities, civil rights, children with special needs, transportation, and student records.
- 5.2 The Nonprofit shall ensure that the Public Charter School complies with all applicable health and safety laws and regulations, whether federal, state, or local.

- 5.3 Neither the SBE nor the local board of education assumes the duty to oversee the operations of the Public Charter School except as may otherwise be provided by law or separate contract.
- 5.4 Neither the SBE nor the local board is required to monitor the Public Charter School for compliance with applicable laws and regulations.

6. Tax-Exempt Status

The Nonprofit understands that, pursuant to G.S. 115C-238.29E(b), it is obligated to obtain federal tax-exempt status no later than twenty-four months from the date the SBE gives final approval of its Application. The loss of federal tax-exempt shall result in the revocation of the charter.

7. Enrollment

- 7.1 Admission and enrollment of students shall be as prescribed by the Charter School Act. Failure to adhere to the lottery requirements set forth in G.S. 115C-238.29F(g) is grounds for termination of this Charter.
- 7.2 Student recruitment and enrollment decisions shall be made in a nondiscriminatory manner and without regard to race, color, creed, national origin, sex, marital status, religion, ancestry, disability or need for special education services.
- 7.3 The Nonprofit shall ensure that the Public Charter School reports (electronically if the School has the means to report through Student Information Management System or other student data information system as designated by the SBE) the names, addresses, names of the legal custodian of the students, addresses of the legal custodian of the students, and Student ID number of all students enrolled, as required by the SBE. On September 1 of each year or following the 20th day Average Daily Membership (hereinafter referred to as “ADM”) headcount, whichever is later, the Public Charter School will provide to the local boards of education from which it is entitled to receive local funds the above information with regard to any students from those districts enrolled in the School. This information will be provided electronically in a Uniform Education Reporting System approved software or system. When a student withdraws, the Public Charter School shall promptly notify the local board of education responsible for the attendance area in which the student resides so that the local board may fulfill its legal obligation to verify the student’s compliance with compulsory attendance laws.

- 7.4 Enrollment numbers in the application are projections, or estimates, and do not bind the State to fund the Public Charter School at a particular level.
- a. For the first two years of the initial charter the State will fund the school up to the maximum projected enrollment for each of those years as set forth in the application. However, in subsequent years, the School may increase its enrollment only as permitted by G.S. 115C-238.29D(d), that is, an increase of 20% per year based on the previous year's enrollment.
 - b. Any increase above 20% must be submitted to the Office of Charter Schools and approved by the State Board of Education in accordance with G.S. 115C-238.29D(d).

8. Financial and Governance Warnings

This Charter incorporates by reference, and the Nonprofit is subject to, State Board Policy, Policy for Schools on Financial and Governance Noncompliance, and any subsequent amendments to such Policy.

9. Children with Special Needs

- 9.1 As prescribed by the SBE and in accordance with state and federal laws, the Nonprofit will ensure that the Public Charter School provides to the SBE the total number of children with special needs, identified in accordance with state and federal laws, enrolled in the Public Charter School.
- 9.2 The Nonprofit accepts and understands that for purposes of federal and state law, it is obligated to provide free and appropriate education and related services to children with special needs.
- 9.3 The Public Charter School shall be designated a local education agency (LEA) solely for purposes of meeting special education requirements pursuant to the Individuals with Disabilities Education Act (IDEA).
- 9.4 The Public Charter School shall be responsible for meeting the needs of English language learners in compliance with State and Federal law.

10. Reports

The Nonprofit shall ensure the Public Charter School submits such reports as required by the SBE. Failure to submit such reports may be grounds for revocation of the Charter.

11. Notifications

- 11.1** The Nonprofit shall notify the SBE immediately of any conditions that it knows are likely to cause it to violate the terms of this Charter or applicable law.
- 11.2** The Nonprofit shall notify the SBE immediately of any circumstance requiring the closure of the Public Charter School, including but not limited to a natural disaster, such as an earthquake, storm, flood or other weather-related event, other extraordinary emergency, or destruction of or damage to the school facility.
- 11.3** The Nonprofit shall immediately notify the SBE of the arrest or charge of any members of the governing board or of a Public Charter School employee for a crime punishable as a felony, any crime related to the misappropriation of funds or theft, any crime or misdemeanor constituting an act against a minor child or student, or of the investigation of a member of the governing board or of any Public Charter School employee for child abuse.
- 11.4** The Nonprofit shall notify the SBE immediately of any change in its corporate status with the North Carolina Secretary of State's Office.
- 11.5** The Nonprofit shall notify the SBE immediately of a default on any obligation, which shall include debts that are past due by sixty (60) days or more.
- 11.6** The Nonprofit shall notify the SBE immediately if, at any time, student enrollment decreases by twenty percent (20%) or more compared to the most recent pupil count submitted to the SBE and/or DPI.
- 11.7** Failure by the Public Charter School to provide the above-stated notifications may be deemed a violation of this Charter and may be grounds for revocation.

12. Records

- 12.1** Subject to state and federal laws, the local board of education, the SBE, its agents, and the State Auditor shall have the right to examine and copy all records, reports, documents, and files relating to any activity, program, or student of the Public Charter School.
- 12.2** The Nonprofit is subject to the Public Records Law, Chapter 132 of the General Statutes. This provision is effective upon the SBE's approval of the Charter Application.
- 12.3** The Public Charter School is subject to all the provisions of Article 29 of Chapter 115C, entitled "Protective Provisions and Maintenance of Student Records."
- 12.4** The Nonprofit shall ensure compliance with the Family Educational Right to Privacy Act 42U.S.C. §1232g.

13. Insurance and Bonding

- 13.1** The Nonprofit shall obtain and maintain insurance at a minimum in the following amounts:
- a. Errors and omissions: one million dollars (\$1,000,000) per claim;
 - b. General liability: one million dollars (\$1,000,000) per occurrence;
 - c. Boiler and machinery: the replacement cost of the building;
 - d. Real and personal property: the appraised value of the building and contents;
 - e. Fidelity bonds: no less than two hundred fifty thousand dollars (\$250,000) to cover employee dishonesty;
 - f. Automobile liability: one million dollars (\$1,000,000) per occurrence; and
 - g. Workers' compensation: as specified by Chapter 97 of the General Statutes.
- 13.2** These provisions shall not preclude the Nonprofit from obtaining liability insurance coverage in addition to or in excess of the requirements stated in this section.

14. Health, Safety, Welfare

- 14.1** The Nonprofit shall ensure that the Public Charter School adheres to all applicable federal, state, and local health and safety laws and regulations.
- 14.2** The Nonprofit shall grant access to local health and fire department officials for inspection of premises or operations of the charter school for purposes of ensuring the health, safety and welfare of students and employees.

15. Facilities

- 15.1** Prior to commencing operation, the Nonprofit shall provide to the SBE a description of the facility, the financing for the facility and evidence from local government inspection authorities that the School's facilities are currently safe (*e.g.*, Certificate of Occupancy for Educational Use).
- 15.2** Any change in location requires immediate notification by the Nonprofit to the SBE, and the Public Charter School must comply with the following conditions:
- a. Notification to the SBE;
 - b. Submission of a valid Certificate of Occupancy or Temporary Certificate of Occupancy for the new Facilities prior to the first day of occupancy.
- 15.3** Relocation into a different county and/or LEA shall constitute a material revision to this Charter and requires approval of the SBE.

16. Licensed Employees

- 16.1** All employees who hold professional valid licenses issued by the SBE are subject to the rules pertaining to licensed professionals and their licenses may be revoked based on any of the grounds listed in 16 N.C.A.C. 6C. 0312. In addition, licensed administrators are subject to the mandatory reporting requirement if a licensed employee engages in physical or sexual abuse of a child.
- 16.2** Prior to each academic year, and as required by the SBE, the Nonprofit will ensure the Public Charter School reports the total number of teachers and the total number of teachers who hold valid licenses who are employed to teach at the Public Charter School. Failure to employ at least the number of licensed teachers required by law to teach in the charter school shall be grounds for revocation of the Charter.
- 16.3** The Nonprofit understands and agrees that it shall not employ, or accept voluntary services from, any individual whose certificate or license has been suspended or revoked by the SBE or any other licensing board or agency on the grounds of unethical or immoral behavior, including improper sexual or physical conduct with children or students. Violation of this provision is grounds for revocation of the Charter.
- 16.4** In the case of a Nonprofit employee who is on leave from employment with the local board pursuant to G.S. 115C-238.29F(e) or its successor statute, the Nonprofit will notify the local board if such employee is suspended, terminated, asked to resign, or otherwise subjected to disciplinary action because of poor performance or misconduct. The Nonprofit shall cooperate with the local board and shall provide any information requested concerning such employees.

17. Fees

As prescribed by law, the Nonprofit shall not charge tuition or fees, except that a Public Charter School may charge any fees that are charged by the local school administrative unit in which the charter school is located.

18. Transportation

The Nonprofit shall ensure the Public Charter School provides transportation for students as prescribed by law and the approved charter application.

19. Indemnity

- 19.1** The Nonprofit agrees to indemnify and hold harmless the SBE, DPI, the constituent institutions of the University of North Carolina, and local boards of education, their officers, agents, employees, successors and assigns from all claims, damages, losses and expenses, including attorney's fees, arising out of or resulting from any action of the School caused by any intentional or negligent act or omission of the School, its officers, agents, employees, and contractors.
- 19.2** The Nonprofit acknowledges that it is without authority to extend the faith and credit of the SBE to any third party. The Nonprofit shall clearly indicate to vendors and other entities and individuals that the obligations of the Nonprofit under agreement or contract are solely the responsibility of the Nonprofit and are not the responsibility of the SBE.
- 19.3** This Charter is not an employment contract. No officer, employee, agent, or subcontractor of the Nonprofit is an officer, employee, or agent of the SBE.

20. Student Discipline

- 20.1** The Nonprofit agrees to ensure the Public Charter School shall comply with Article 27 of Chapter 115C of the General Statutes, except as otherwise provided by law or as may be provided by contract with the local board of education.
- 20.2** The Public Charter School shall comply with all applicable federal and state laws and regulations governing discipline of children with disabilities, including compliance with 20 U.S.C. Sec. 1400 *et seq.* and Section 504 of the Rehabilitation Act of 1973, 29 U.S.C. Sec. 706(8).
- 20.3** The Public Charter School shall comply with state and federal due process requirements both in notifying students of conduct for which they may be suspended or expelled and in providing notice and hearing opportunities to students being recommended for exclusion. If the Public Charter School suspends a student with special needs, it shall continue to provide to the student all continuing education services to the extent mandated by federal and state laws and regulations.
- 20.4** In the event the school suspends or expels a student, the Public Charter School shall promptly notify local School officials in the School district to which the student would otherwise be assigned. Such notification shall include the student's name, special education status, length of suspension/expulsion and the circumstances giving rise to the suspension or expulsion. At the beginning of each School year, the Nonprofit shall ensure that all parents/legal guardians are notified that: "[T]he local board may refuse to admit any student who is suspended or expelled from a School due to actions that would lead to suspension or expulsion from a public School under G.S. 115C-391 until the period of suspension or expulsion has expired." (G.S. 115C-238.29B(b)(11)).

21. Instruction

As prescribed by law, the Nonprofit shall ensure the Public Charter School provides the minimum days of instruction as required by statute.

22. Criminal Background Checks

- 22.1** The Nonprofit agrees, at its own cost, to conduct thorough background checks on all of its employees. The SBE will conduct criminal history checks as authorized by statute of School personnel responsible for the fiscal affairs of the Public Charter School. In addition, the SBE may conduct criminal history checks of any Public Charter School personnel or director when the SBE deems it necessary to protect the financial integrity of the Nonprofit or when necessary to protect the health and safety of students or employees.
- 22.2** Refusal by any individual to submit to a fingerprint check is grounds for termination of employment and/or revocation of the Charter.
- 22.3** The SBE may consider the refusal of an individual to submit to a fingerprint check in determining whether:
- a. to grant final approval of the Charter application;
 - b. to recommend to the Public Charter School that the individual be denied employment; and/or
 - c. to revoke the Charter of the Public Charter School.

23. Open Meetings

The Nonprofit agrees to be subject to the Open Meetings law (Article 33C of Chapter 143 of the General Statutes). This provision is effective upon the SBE's final approval of the charter application.

24. Assignment

Assignment of the Public Charter School to another entity is deemed a material revision to the Charter and must have prior written approval of the SBE.

25. Adequate Performance

The Nonprofit shall comply with 115C-238.29G(a1) and Board policy TCS-U-010 which defines adequate criteria for Public Charter School performance and consequences for failing to meet the statutory requirements.

26. Termination of Charter

- 26.1** The SBE may terminate this Charter on any of the following grounds:
- a. Failure to meet the requirements for student performance;
 - b. Failure to meet generally accepted standards of fiscal management;
 - c. Violation of law;
 - d. Material violation of any of the conditions, standards, or procedures set forth in the Charter;
 - e. Two-thirds of the faculty and instructional support personnel at the Public Charter School request termination or nonrenewal; or
 - f. Other good cause warranting nonrenewal or termination.
- 26.2** The following procedures will apply to the termination proceedings:
- a. When the NC Department of Public Instruction shall have sufficient information to initiate termination of a Charter, it shall give the Nonprofit written notice of its intention to recommend revocation of the Charter. The notice will be sent by certified mail, return receipt requested, and shall state in reasonable detail the grounds for the recommendation.
 - b. If information available to the NC Department of Public Instruction indicates that the Public Charter School's current operation poses an immediate threat to the education, health, safety, or welfare of the Public Charter School's students or employees or the public, the SBE may take appropriate protective action pending a final decision on the termination of the Charter.
 - c. If the SBE approves the recommendation of the NC Department of Public Instruction, notice will again be sent as specified in Paragraph (b) (1).
- 26.3** If the Nonprofit objects to the termination of the Charter, it must, within ten days following the date on which notice of the SBE's action was mailed, deliver to the Office of Charter Schools a written request for a review by the SBE. If the Nonprofit fails to deliver a timely request for review, the Charter shall terminate on the eleventh day after the date the notice was mailed. If a timely request for a review is made by the Nonprofit, the Office of Charter Schools will transmit the request to the appropriate Review Panel appointed by the Chair of the SBE. The Review Panel may review the matter with or without a formal hearing. If the Review Panel elects to conduct a hearing, the hearing shall be held within 30 days of receipt of the written request, unless otherwise agreed to by the parties. At the conclusion of its review, the Review Panel shall submit a written recommendation to the SBE. Unless the SBE and the Nonprofit otherwise agree, the SBE shall make a final decision at its next regularly scheduled meeting.
- 26.4** In the event that the Nonprofit is required to cease operation for any reason, including by not limited to non-renewal, revocation, or voluntary surrender of the Charter, the Nonprofit shall comply with the SBE's closure requirements.

27. Charter Amendment

27.1 The Nonprofit shall submit any proposed material revision of the charter to the SBE in accordance with guidance provided by the Office of Charter Schools. Changes that constitute a material revision include, but are not limited to, the following:

- a) Enrollment growth beyond 20% or grade expansion not approved in the charter;
- b) Relocation;
- c) Transferring the charter to another non-profit entity;
- d) Altering the mission or targeted student population;
- e) Employing or terminating a management company;
- f) Changing the application respecting the National School Lunch program; and
- g) Changing the application with respect to student transportation.

27.2 The following proposed amendments to a charter may be approved by Department staff without the necessity of Board action; however, the charter school must seek approval prior to implementation of the change. Further, the Board must be notified by the Department of any approved amendments in the following areas:

- a) Bylaws;
- b) The name of the charter school;
- c) The Articles of Incorporation;
- d) Class sizes as stated in the application;
- e) Length of school day and/or academic year; and
- f) Curriculum changes.

27.3 Any potential changes not contained in 27.2 above must be reviewed and approved by the State Board of Education. Notwithstanding the foregoing, the Department may carry any proposed amendment to the Board for its review.

28. Agreements with Local Boards of Education

This Charter shall not preclude the Nonprofit from entering into any agreements with the local board of education; provided, no such agreements shall supersede or override any provision of this Charter.

29. Oversight and Intervention

29.1 The SBE will, at its discretion, conduct announced or unannounced site visits at the Public Charter School consistent with its oversight authority.

29.2 The SBE and DPI are, in no event, responsible for any financial support other than the ADM funding as provided by law.

30. Notice

Any notice the Public Charter School is required or permitted to submit under this Charter shall be delivered to:

**Director, Office of Charter Schools
Department of Public Instruction
6303 Mail Service Center
Raleigh, NC 27699-6303**

All faxes sent by the School shall be followed by hard copies postmarked within the next business day of the fax transmittal.

31. Severability

If any provision of this Charter is determined to be unenforceable or invalid for any reason, the remainder of this Charter shall remain in effect, unless the Charter is revoked or relinquished.

32. Non-Endorsement

The Public Charter School acknowledges that the granting of a Charter in no way represents or implies endorsement by the SBE of any method of instruction, philosophy, practices, curriculum, or pedagogy used by the School or its agents; nor does the granting of this Charter constitute a guarantee by the SBE of the success of the Public Charter School in providing a learning environment that will improve student achievement.

33. Legislative Action

This Charter and any amendments to it and renewals of it are subject to applicable laws enacted by the General Assembly and shall be deemed amended to reflect applicable changes to those laws. Upon repeal of the statutes authorizing this Charter, this Charter is null and void.

FOR THE SCHOOL: Cornerstone Charter Academy
(School Name)

This 15 day of June 2012

Mary Catherine Sauer
(Print Name of Board Chair/ President)

Mary Catherine Sauer
(Signature of Board Chair/President)

Sworn to and subscribed before me this 15th
day of June, 2012.

(Official Seal)

KW J A
Notary Public

My commission expires 4-18, 2017.

FOR THE STATE BOARD OF EDUCATION:

This 11 day of July 2012

Jane St. Clair Atkinson
(State Superintendent)

Jane St. Clair Atkinson
(Signature of State Superintendent)

Sworn to and subscribed before me this 11
day of July, 2012.

(Official Seal)

Jamie L Woodruff
Notary Public

My commission expires 5/4, 2015.