

MANAGEMENT AGREEMENT

This Management Agreement (this "Agreement"), dated as of June 11, 2018 (the "Effective Date"), is entered into by and between Democracy Prep Public Schools Inc., a New York Not-For-Profit Corporation ("DPPS")¹ and the San Antonio Independent School District (the "District"), a political subdivision of the State of Texas. Herein each of the District and DPPS shall be a "Party" and collectively the "Parties".

RECITALS

WHEREAS, pursuant to T.E.C. §§ 11.174(a)(2), 42.2511, 12.101(a)(3), and 12.0522 the District is empowered to enter into contracts with an organization that is exempt from taxation under Section 501(c)(3), Internal Revenue Code, to operate schools that have been designated "improvement required";

WHEREAS, DPPS is in the business of offering educational management and support services to schools by using proprietary materials, techniques, methods and management expertise; and

WHEREAS, the District desires that DPPS undertakes responsibility for the management and operation of certain district campuses as (a) public charter school(s) (the "Schools") and subject to approval by the Texas Education Agency's (hereinafter, "TEA") Commissioner of Education, pursuant to Texas Education Code § 11.174(a)(2);

WHEREAS, DPPS agrees to comply with all applicable provisions of state law, including the applicable provisions and requirements of Texas Education Code, (TEC), Subchapter C, Chapter 12;

WHEREAS, subject to approval of the TEA, the Parties wish to commence the relationship on July 1, 2018 with DPPS assuming the management of P.F. Stewart Elementary School and that School will expand to include middle school grades in subsequent school years, as determined by DPPS and in collaboration with SAISD;

NOW, THEREFORE, in consideration of the foregoing, the mutual promises herein contained and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereto, agree as follows:

¹ All references to DPPS in this agreement shall also apply to Democracy Prep Texas, a DPPS subsidiary intended to be a Texas non-profit corporation that is exempt from taxation pursuant to Section 501(c)(3), to which DPPS will assign this Agreement.

For and during the term of this Agreement, DPPS shall manage and operate the Schools in accordance with applicable local, state, and federal laws, and on the terms and conditions hereinafter set forth.

1. The Schools

- a) DPPS shall have the option to phase in the full implementation of its model at P.F. Stewart Elementary School over the 2018-2019 school year.
- b) DPPS is committed to ensuring that students of the Schools receive a complete educational program based on the requirements of the Schools' charters and the applicable Texas law consistent with DPPS' mission of educating citizen scholars for success in the college of their choice and a life of active citizenship. DPPS will assume responsibility for the Schools' educational processes, and the management and operation of the Schools. DPPS will devote the necessary time and efforts, and will retain and allocate sufficient personnel, to meet the educational goals of the Schools.
- c) By this Agreement, the District herein authorizes DPPS to manage at least two full K-12 charter continuums (such "charter continuums" are defined as elementary, middle and high school Schools located at the same or other campuses that are linked and provide for automatic enrollment for a student moving from elementary to middle to high school throughout their school career in those Schools) with up to 2,400 students. Establishment of the first continuum will begin with P.F. Stewart Elementary School in the 2018-19 school year and will include middle school grades to be added at P.F. Stewart in subsequent years. Provided DPPS successfully meets and maintains the performance contract objectives for Stewart set forth in this Agreement, the next school in the first continuum will be authorized. Thereafter, further authorization within a continuum will be contingent upon DPPS successfully meeting and maintaining the performance contract objectives for each individual campus in that continuum irrespective of the performance of DPPS Schools in other continuums. Future authorization of additional Schools is also dependent upon the results of an annual audited DPPS financial and compliance report (see Performance Contract Metrics and Annual Financial Audit and Compliance Report section of the Agreement).
- d) The District agrees that it will provide DPPS the same opportunities, support, and services provided to any other charter located in the District (regardless of that charter's authorizer) in authorizing DPPS to operate the Schools and as required by law.
- e) DPPS will have discretion as to whether it will open and operate the additional Schools; however, DPPS and the Superintendent must mutually agree when and which additional schools will be opened.

- f) After the initial Agreement to launch two K-12 charter continuums is fulfilled, if DPPS wishes to open additional Schools in Bexar County, then the District will have the first right of refusal to authorize those additional Schools.
- g) If the District does not authorize DPPS to contract to support, operate, manage any future Schools in Bexar County, after the initial Agreement has been fulfilled or the District breaches the Agreement, then DPPS will have the right to contract to support, manage, operate or open new charter schools in Bexar County that will operate outside of the initial Agreement as authorized by the TEA, another independent school district or other eligible authorizing entity.
- h) Each of the Schools that are subject to this Agreement shall include Democracy Prep in their name while continuing to honor their current name and their history. For example, P.F. Stewart Elementary School shall be known as, Democracy Prep at P.F. Stewart School.

2. Enrollment

- a) The Parties agree and understand that the District may not assign a student to the School unless the student's parent or guardian has voluntarily enrolled the student at the School. A Student's parent or guardian may remove the student from the School at any time and enroll the student at the school to which the student would ordinarily be assigned.
- b) Any student residing in the attendance zone of the School as the attendance zone existed before operation of the School under its charter shall be admitted for enrollment at the School subject to (a) above. For students who do not reside in the School attendance zone, the following enrollment preference and order shall apply:
 - i. Other students residing in the District; and
 - ii. Students who reside outside of the District, or
 - iii. As otherwise required by state law or TEA regulation.
- c) "Choice Schools and Programs" include in-district charters, magnets, and early college high school programs. The District Superintendent of Schools or designee shall develop regulations, procedures, guidelines, and timelines for enrollment into all Choice Schools and Programs.
- d) Staff from the Office of Access and Enrollment Services will meet annually with DPPS to review admissions criteria and the number of seats available for enrollment in each grade level at each of the Schools in accordance with applicable law.
- e) DPPS and the Schools will participate in the District's unified enrollment system.

- f) The Schools will be designated Choice Schools. DPPS will follow District administrative procedures for the enrollment and withdrawal of all students in Choice Schools in accordance with applicable law.
- g) The District's Office of Access and Enrollment Services will include DPPS's brand and the Schools information on any student recruitment or enrollment marketing materials (subject to DPPS approval) and will invite DPPS to attend any student recruitment events, such as in-district charter fairs, as part of the administrative fee.
- h) In conjunction with the District, DPPS will lead the student recruitment and enrollment process through a lottery (if there are more applicants than there are seats at any of the Schools) and enrollment phases. DPPS will support District efforts by canvassing, holding open houses, attending District recruiting events and community meetings, mailing acceptance and waitlist letters and making calls to families to help with enrollment decisions, sending follow-up letters to admitted students, conducting on-campus enrollment meetings, calling waitlisted students, and monitoring attendance during the opening weeks of school in case additional students need to be called from the waitlist.
- i) In addition to the enrollment restrictions required by TEC §11.174(h) and (i), the following student enrollment provisions, subject to the provisions of state law and as may be revised by the Parties as necessary to meet the federal definition of a charter school, shall be followed by the Parties:
 - i. DPPS will work with the District to ensure preferences for current students attending the campus in the school year before its conversion under this Agreement.
 - ii. Students in lower grade levels at Schools will receive automatic admission to the next grade level at the DPPS-managed School in the same continuum as DPPS expands its continuum.
 - iii. As a second elementary school opens under this Agreement, DPPS will permit students at one of DPPS Schools to enroll at any one of the Schools should space be available; subject, however, to the enrollment requirements of TEC § 11.174 and the enrollment provisions of this Agreement and any federal Charter School Program guidelines or restrictions.
 - iv. As seats become available at DPPS Schools, enrollment will be open to all students within the State of Texas, subject to the priority rules described in state law, or below and in this Agreement.
 - v. The following students will receive priority admission, subject to existing enrollment zones:
 - 1. Currently enrolled students.

2. Other students prioritized by State Law.
3. Siblings of currently enrolled students.
4. Children of DPPS's employees.

vi. DPPS and District students will be allowed to transfer to or from any of the Schools or District school when seats are available and in accordance with the Parties' respective transfer policies and administrative procedures for Choice Schools.

3. Operations

- a) DPPS will have autonomy to run all aspects of the Schools subject only to federal, state, local law, and this Agreement to the fullest extent possible and if the students perform satisfactorily as provided by this Agreement.
- b) DPPS Schools are exempt from state laws and rules to the fullest extent allowed by TEC, Chapter 12, Subchapter C, and exempt from all District policies except for the policies and administrative procedures that are specifically identified as applicable to DPPS Schools in this Agreement.
- c) DPPS will retain as much authority and autonomy as permitted by law or TEA Rule, including 19 Tex. Admin. Code §§ 97.1075 and 97.1079, over its Schools and operations. Any authority or responsibility not specifically given to the District in the Agreement or by law or TEA Rule, will remain with DPPS, including, but not limited to, the following:
 - i. DPPS will have sole discretion concerning the mission, vision and core values of the Schools in accordance with applicable State Law and each School's charter.
 - ii. DPPS will have sole authority over strategic planning for the schools.
 - iii. DPPS shall have full autonomy with regard to the academic program of the Schools (subject to state standards), including, but not limited to, curriculum, length and design of the school day, the academic calendar, class size and teacher leveling, professional development, and summer school. DPPS will provide the Schools with comprehensive program design, including proprietary curriculum development and implementation, curriculum scope and sequence, instructional oversight, common standards, the development, administration and analysis of diagnostic assessments, and the oversight, measurement, and management of comprehensive school quality. DPPS will also support the Schools' Arts, Athletics, and Civics programming through curriculum planning, professional development, and strategic partnerships. Additionally, DPPS will support the Schools' domestic and international educational fieldtrips (as applicable) by creating itineraries and securing bookings for approved destinations; providing guidance and support in securing passports, visas,

and other required travel documentation for high school trips; and cultivating and maintaining relationships with in-country program partners.

- iv. DPPS shall have initial and final authority to approve all assessments that are not required by the State of Texas.
- d) The District is the Local Education Agency ("LEA") for all purposes, including, but not limited to, compliance with Section 504 of the Rehabilitation Act of 1973, as amended; the Individuals with Disabilities Education Act ("IDEA"); the Americans with Disabilities Act, as amended; Titles VI and IX of the Civil Rights Act of 1964; the Family Education Rights and Privacy Act ("FERPA") and other areas of law applicable to LEA's including those described in TEC §12.056. However, DPPS will implement its own programs for students in special populations including, but not limited to, those who qualify for special education, gifted and talented students, and English Learners (ELs) at the Schools, subject to and consistent, however, with all applicable state and/or federal requirements.
- i. In its first year, DPPS will operate Schools with an English as a Second Language/content-based program that will provide native language supports needed for students to achieve mastery of content area standards, as well as proficiency in English. As DPPS evaluates the specific needs of its student population and community, the Schools will phase into and implement a more robust and comprehensive dual language and/or bilingual program as needed. ELs will have access to all curricular, co-curricular, and extra-curricular activities available to all other students. Current demographics indicate that the largest population of ELs will be native Spanish speakers; therefore, DPPS Schools will make all efforts to recruit staff members who are proficient in Spanish. In addition, professional development for school staff will be tailored to support the bilingual development of DPPS students and to encourage and preserve the culture of the Schools' community. DPPS Schools will ensure interpretation and translation support and/or services for families whose dominant language is not English.
 - ii. DPPS will work with the District in the creation and staffing of the ARD Committee or 504 teams, and will work with the District to schedule all committee or team meetings and to provide a free appropriate public education ("FAPE"), equal educational opportunity, procedural safeguards and due process to students enrolled at DPPS Schools.
 - iii. As the responsible LEA, the District will have the authority to periodically review DPPS's programs for special populations for legal compliance, through a mutually agreed-upon process.
 - iv. The District will provide the full continuum of placements for students' whose IEP requires placement or services outside of DPPS's programs,

and the District will provide all related services directly (or by contract) and will be responsible for providing all required evaluations (such as psychoeducational evaluations, comprehensive psychological evaluations, and/or neuropsychological evaluations) in accordance with applicable legal timelines or otherwise as agreed by a student's ARD Committee.

- v. DPPS will work with the District in helping the District remain in compliance with the IDEA's Child Find and FAPE obligations. DPPS may choose to utilize the District's services and supports in the provision of student services other than related services referenced above where DPPS deems that District provision of those services and supports are appropriate and best for students, and such arrangement will be provided with District funding.
- vi. DPPS will receive delegation from the District for federal grants, federal Title funds and procurement authority directed to the Schools, subject to applicable federal and state law and implementing regulations and the administrative fee discussed below. To the extent that any federal or state grant funds, differential funding, High Cost Funds ("HCF") or State Compensatory Education Funds exists for any special student(s) or populations it will be passed through to DPPS for use at the Schools.
- e) DPPS shall have full autonomy to institute its Code of Conduct and disciplinary procedures, subject to applicable federal and state due process laws and District policies and administrative procedures regarding expulsions or referrals to DAEP. Students enrolled in DPPS's schools will be subject to DPPS's Student Code of Conduct and DPPS will have freedom to instill its culture in its Schools and at DPPS school events or activities.
- f) DPPS shall have full autonomy with regard to parent engagement and communications, fundraising and grant applications, and community partnerships for the Schools. DPPS will design and implement family engagement initiatives to involve families in the life of the Schools and the Democracy Prep network and will recruit and train parents to advocate for school-specific issues and issues affecting the Schools generally.
- g) DPPS shall have full autonomy for the development of extracurricular activities and sports for the Schools, subject to state UIL rules (if participating in UIL) and subject to the applicable provisions of TEC §12.056(b)(2)(G), TEC §33.081 and any successor statutes.
- h) DPPS will provide college and career counseling as applicable to the Schools.
- i) DPPS will employ or contract to provide for its own coverages and substitute teachers at the Schools.
- j) DPPS will maintain control and ownership of the Schools' marketing, communications, and branding.

- k) DPPS will be responsible for the Schools' purchasing and vendor approvals and budgeting.
- l) DPPS will be responsible for legal compliance and for grants to the Schools subject to Section 3(l) below. DPPS will manage the Schools in compliance with all applicable federal, state, and local laws, including but not limited to civil rights and non-discrimination laws, and laws protecting students with disabilities. DPPS will coordinate the provision of legal services for the Schools, delivering such services directly through in-house counsel or external counsel (selected by DPPS in its sole discretion) and liaising with the District's general or outside counsel when there is a reasonable belief that the District's interests may be jeopardized and specifically when there is a likelihood or reasonable belief that the District may suffer legal exposure to suit or liability. Nothing herein shall constitute or require DPPS to waive any attorney-client privilege it maintains with its in-house or external legal counsel.
- m) For state, Federal, and/or private grants that the District applies and secures on behalf of DPPS Schools, the District will be responsible for managing all relevant reporting and disbursement functions.
- n) Notwithstanding the foregoing, the District will remain the LEA for all relevant state and federal compliance purposes and matters.
- o) DPPS (and its employees and staff with an educational need to know) shall be designated as an authorized agent of the LEA and the Schools for purposes of compliance with FERPA (the Family Educational Rights and Privacy Act), so as to have access to student information. The District shall be responsible for maintenance and custody of student records and shall grant DPPS and the Schools permission to use the student records in a manner that is consistent with applicable laws including student privacy laws. DPPS and the Schools shall maintain the confidentiality of student records in accordance with FERPA and the District Policy series FL.
- p) The District will obtain all Board and TEA approvals that are required to grant DPPS the autonomies listed above. In the event that TEA does not approve a required autonomy under this contract, the Parties agree to reform the specific autonomy to best capture DPPS' intended autonomy, but otherwise agree that the remainder of this Agreement shall not be affected thereby and each remaining provision of the Agreement shall continue to be valid and may be enforced to the fullest extent permitted by law. However, if the TEA does not approve a material autonomy listed above in Section 3 or elsewhere in this Agreement, the Parties agree to reform those portions of the Agreement in good faith and DPPS reserves the right to terminate the Agreement should that disapproval put the goals and intentions of this Agreement at risk, as determined by DPPS.

4. Employees

- a) DPPS is an equal opportunity employer.
- b) DPPS will recruit, hire, and train all school leadership, including principals, assistant principals, and an Executive Director. DPPS will have sole authority over all leadership of the Schools and full autonomy to evaluate the School Leader. The campus School Leader will serve as the supervisor of all employees at any particular campus.
- c) This Agreement shall not affect the rights and protections afforded by current District employment contracts or agreements between the District and its contract employees pursuant to TEC §11.174(c). However, employees working at the Schools will not be District contract employees. Employees of the Schools will be employed and supervised by DPPS and will be "at-will" in accordance with Texas law and subject to DPPS's policies and procedures and DPPS's applicable personnel handbook. Exceptions to this will be for defined contracted services that may be performed by District employees that the District provides at the campus level for DPPS Schools (i.e. District provided custodial staff; nursing; special education related services; etc.). A person may not be employed by or serve as a teacher, librarian, educational aide, administrator, or school counselor for DPPS unless the person meets TEA requirements following a review of the person's national criminal history record information as provided by TEC §§ 22.0834 and 22.0832 (to the extent applicable).
- d) Should there be any legal challenge (complaint, grievance, administrative action or suit) relating to an employee of the School's at-will status or to the employee at the Schools status as a non-District contract employee, the District will pay for the cost of DPPS's defense by counsel of DPPS's choice.
- e) Any and all other legal issues other than those described in sections 4(d) or 4(e) above that may arise with the Schools' employees with regard to their employment relationship with DPPS or the Schools shall be handled by DPPS' legal counsel at DPPS's cost, subject to paragraph 3(k) of this Agreement.
- f) DPPS will have full autonomy to hire, assign, reassign and terminate staff at the Schools and DPPS will have no requirement to retain staff at the Schools. If possible, the District and DPPS may pursue any possible waivers or exemptions from certification requirements (where applicable) for staff.
- g) DPPS shall have full autonomy and sole discretion concerning employee hiring, employees, selection, retention, and recruitment of high quality teaching and administrative staff by the Schools. DPPS will also have full autonomy concerning employee performance, management, termination, work hours and work conditions, compensation and benefits and payment thereof, including salary schedules and performance pay, employee assignment and duties at the

Schools. Hiring for the Schools shall be separate from hiring for District contract positions.

- h) DPPS network staff will assist the Schools at its cost with onboarding, orientation, training and termination (including conducting exit interviews) of each staff member, human resources compliance (including, but not limited to, working with the Schools with regard to all applicable certification and licensure requirements), compensation and benefits administration, and recordkeeping of confidential, legally required and sensitive employee information. Additionally, DPPS will assist with the implementation and enforcement of all human resources and employment policies and procedures set forth in the network's Personnel Handbook.

5. Communications and Marketing

- a) DPPS will provide the Schools with support regarding all press inquiries, press releases, school tour requests, web marketing, branding and all other external relations, including corporate and institutional partnerships, community engagement and civic initiatives, and at all times keeping the District reasonably informed. Such support will include acting as or providing spokespersons for the Schools before the media.
- b) DPPS will also design marketing materials used by the Schools, with the Schools remaining responsible for any production or marketing costs attributable to materials produced for the benefit of the Schools.
- c) It is understood and agreed that DPPS will request all staff and all parents of students to sign a media release form annually; those who do not sign the agreement will not have their or their child's images or information used in media releases.
- d) DPPS and the Schools will coordinate with and maintain a collaborative and working relationship with the District's Communications Department.
- e) DPPS will ensure that the Schools and staff are aware of relevant District information and meet applicable District deadlines, including public information response deadlines.
- f) With respect to the operation of the Schools, DPPS's governing body of the Schools is subject to Chapters 551 and 552, of the Texas Government Code and such governing body will incur all costs associated with complying under TEC §12.057.

6. DPPS Supervision of the Schools

- a) DPPS will inspect the Schools from time to time, but at least semi-annually, using formal and informal inspections, announced and unannounced as appropriate, and will arrange for third-party evaluation and feedback as it deems appropriate

regarding (i) the instructional program of the Schools and (ii) DPPS's impact on student achievement, all as may be necessary in order to ensure progress towards the Schools' goals and compliance with all regulatory and charter requirements.

- b) DPPS will also inspect and review the Schools pursuant to its proprietary school review rubric.
- c) DPPS will prepare reports and documentation required by the District working with the Schools in a timely and thorough manner, including any accountability plans and/or annual and/or periodic reports.
- d) DPPS will integrate the Schools into DPPS' existing network data and accountability systems. To the extent possible, and legally permissible, DPPS will include the Schools in its data collection and management systems. DPPS will preserve and protect all personal identifying information as required by federal, state, and local data and educational record privacy laws.
- e) DPPS's students will be listed on the District's student information system. The District will perform the same PEIMS functions, including all reporting to TEA, that it performs for all current District campuses, as part of its administrative fee. DPPS will have control over its student's data other than with PEIMS. Although DPPS will have control of its students' data during the term of this Agreement and in a manner that is consistent with applicable laws, the District shall remain responsible for maintenance and custody of student records with cooperation and support from DPPS in the administration of the record maintenance system.

7. Finance

- a) In addition to assistance with budgeting, DPPS will manage the Schools' accounting policies and procedures, manage accounts payable and accounts receivable, and assist with program analysis, consistent with generally accepted accounting standards and DPPS policies and procedures.
- b) Subject to 7 (c) below, the District and DPPS will annually determine the amount of per student funding for the Schools available under the Agreement.
- c) DPPS Schools will receive all funds (including state and Federal funds) received by the District that are generated by the Schools' students, with no withholdings, except for each Schools' site-specific utilities and actual transportation costs that the District incurs. Transportation and utilities costs shall be passed onto DPPS Schools by the District.
- d) DPPS will also have access to private or block grants received by DPPS or the District to support the Schools.
- e) DPPS School funds shall be maintained in an account or accounts belonging to DPPS but earmarked and designated for the Schools. DPPS shall maintain appropriate financial controls over the Schools' accounts and maintain a fiscal

policy that governs the maintenance, management, and disbursement of all funds in such accounts, all in accordance with generally accepted accounting standards for fiscal management as required by TEC §12.063.

- f) The Schools managed by DPPS cannot be funded by the District at a level less than a regular District public school.
- g) As noted above, DPPS will work together with the District in good faith toward meeting student enrollment targets through joint student recruitment efforts. In the event that enrollment targets are not met, the District will ensure DPPS adequate funding at each individual school (elementary, middle, or high) sufficient to run DPPS's model to a previously agreed upon dollar amount for each school year of the Agreement subject to the provisions of this Section 7.
 - i. In 2018-19 and 2019-20 school year, Stewart Elementary will continue to receive TTIPS funding and the Parties agree that Stewart will receive approximately \$14,000 in 2018-19 and \$12,000 in 2019-20 in per pupil funding for each of those years. The 2018-19 and 2019-20 projected total per pupil funding amounts are based on TTIPS funding, TEC §11.174, and the District's Campus Financial Summary: Preliminary Estimate for the 2018-19 School Year sheet for Stewart provided to DPPS.
 - ii. In the 2020-21 school year, and thereafter, the District guarantees that DPPS Schools will receive at least the same amount of per pupil funding as other charter schools located in the District that serve comparable student populations and demographics, as defined by federal and state guidelines, and as mutually agreed by the parties, as DPPS Schools. DPPS schools will receive the same increases that those open enrollment schools receive. Should any other charter schools located in the District, irrespective of whether chartered by the TEA or the District, that serve comparable student populations and demographics as DPPS Schools receive additional public funding from the state or District, DPPS Schools shall receive the same funding.
 - iii. In no event (and regardless of the school year) shall DPPS Schools receive any less state and local funding on a per pupil basis than any open enrollment charter schools subject to TEA authorization in the District serving comparable student populations and demographics (such comparison schools to be mutually agreed upon by the Parties) to those served by DPPS.
- h) The District and DPPS will jointly develop a mutually agreeable payment schedule for funds to the Schools.
- i) Any unspent or unobligated funds held by DPPS at the end of each fiscal year will remain designated for use at DPPS Schools and must be directly spent at DPPS Schools should the Schools have funds left over at the end of the year.

j) DPPS will pay the District an administrative support fee of 2.274% of the state revenue generated by students at the Schools for certain services defined below:

- 1) Services to maintain state and Federal compliance, reporting, and other related systems.
- 2) Unified enrollment system platform and related services.
- 3) Police and campus security services and personnel in the same manner as any other SAISD school.
- 4) Operation and maintenance of facilities, including, but not limited to, building maintenance and repair, security equipment, capital repairs, landscaping and grounds upkeep.
- 5) Other services to be agreed upon by the parties.

k) In addition to the above provisions, the Parties will annually determine the amount of per pupil funding to be available under the Agreement and available under TEC §11.174 and TEA Rule, 30 days before the start of the Schools' fiscal year or as soon as reasonably practicable. The Parties will determine a total budget of funds available for the Schools, with DPPS retaining sole discretion (subject to applicable state law) of how it distributes the funds within the Schools' budgets. The source of funds for this budget will include, but not be limited to:

- 1) State Foundation School Program (for all students), and State Compensatory Education funds and HCF (defined above) for specific student populations such as special education, 504, English Learners, etc.
- 2) Federal grants including Title grants, IDEA-B, National School Lunch Program, National School Breakfast and other federal and state child nutrition funds, and Charter Startup or Replication Funding available to SAISD
- 3) State, Federal, and Private funding to support the District-Charter partnership including TEC §11.174.
- 4) State, Federal, and Private block grants obtained by the District to be distributed to its students
- 5) Local district funds.

l) References to "fiscal year" in this Agreement mean the annual period beginning July 1 and ending June 30.

m) DPPS and the Schools will maintain a collaborative and working relationship with the District's Financial Services Department.

8. Performance Contract Metrics and Annual Financial Audit and Compliance Report

a) The Superintendent of Schools of the District or his designee shall develop a charter School Performance Framework ("SPF") by which the Schools will be evaluated in collaboration with DPPS. The SPF will inform District decisions related to campus replacement, restart, or closure.

- b) Performance objectives may include, but not be limited to student proficiency, academic growth, and college readiness. Additional objectives as well as a timeline may be developed for charters established at campuses that do not meet state accountability standards. The Office of Innovation (OI) staff will meet with the DPPS to establish baseline metrics in the Fall of year one to finalize tentatively approved Performance Contract metrics for Schools other than Stewart.
- c) OI staff will monitor, evaluate, and publish campus performance annually, and will review whether the charter will be placed on probation, revoked, and/or renewed on a three or five-year cycle.
- d) P.F. Stewart Elementary School's Performance Metrics are detailed in Exhibit A to this Agreement. Any future changes to performance metrics will expressly require DPPS's agreement, which shall not be unreasonably withheld. As additional Schools are developed, each School's performance metrics will be individualized and will not apply to DPPS Schools as a consolidated entity. DPPS Schools will only be held to such performance metrics to the extent that the District holds its own schools to the metrics. If the District does not enforce the State Accountability Ratings Framework for District schools, it will forfeit the right to enforce the State Accountability Ratings Framework against DPPS Schools.
- e) In any event, each DPPS School will have two years after commencement of DPPS management before it is held accountable under these metrics in accordance with TEC §11.174(f).
- f) DPPS will prepare annual financial statements for the Schools, have their financial statements audited by a licensed independent CPA firm, and submit the resulting audited annual financial report to the District within 150 days after the close of DPPS' fiscal year. The first audit will commence after completion of the inaugural fiscal year following the opening of the Schools.

9. Facilities

- a) DPPS Schools shall be responsible for all custodial and maintenance services for the Schools' facilities, to the extent not provided by the District. The District will maintain its facilities for DPPS Schools. The District will complete capital improvements for facilities owned by the District.
- b) DPPS will be granted specific District campuses through signed lease agreements for the purpose of operating Schools at the agreed-upon District campuses.
- c) This Agreement is for a 10-year term with renewal rights at DPPS's option so long as the specified goals of the charter and this Agreement continue to be met for each School after the second year of operating the School and so long as the charter granted to the Campus by the District's Board of Trustees has not expired

under TEC §12.0531 or has not otherwise been terminated as permitted herein or in accordance with applicable law.

- d) The District will provide the following for all future facilities provided to DPPS by the District: facility repair and maintenance, security equipment (cameras, door card readers, etc.) and technology infrastructure (Internet, phone, overhead projectors, etc.). The District will also pay property insurance costs for District facilities (see Finance and District Services sections of the Agreement) and DPPS may be a named additional insured on all such insurance policies, or any program of self-insurance, reinsurance policies, or risk pool participation that covers losses of or damages to real property and structures owned by the District. The District is not responsible for insuring any personal property owned by DPPS.
- e) Prior to April 1, 2018, the District will provide access to the P.F. Stewart Elementary School facility and will provide DPPS with a detailed floor plan denoting all classrooms and offices with their square footage. By March 1 of each successive year DPPS shall have access to any Schools proposed for the school year following. The District will agree to make any required repairs before DPPS takes possession of the Schools.
- f) The District will give DPPS access to records in the District's possession on the condition of the facilities and maintenance and capital improvements completed on the facilities.
- g) The District shall be responsible for ensuring the P.F. Stewart facility maintains E-Occupancy from the City of San Antonio, is suitable and fit for school use, and satisfies applicable ADA accessibility requirements and any mandated school security requirements.

10. District Services

- a) The District will provide the following services at no cost to DPPS:
 - 1. Child Nutrition Program and Food Services as a pass-through. The District will remain the Contracting Entity and School Food Authority for all purposes and DPPS will have no liability or responsibility for compliance with federal or state Child Nutrition guidelines or legal requirements. DPPS will maintain a collaborative and working relationship with the District's Food and Child Nutrition Services division.
 - 2. Disciplinary Alternative Education Programs (DAEP), in the unlikely event that such programs could be necessary.
 - 3. Related services for special education, Section 504, dyslexia, dysgraphia, hearing, vision, orientation and mobility, assistive technology, adaptive equipment, speech, psychology, orientation and mobility, reading, adaptive physical education, and occupational and physical therapy. DPPS will maintain a collaborative and working relationship with the District's Special Education Department.

4. Technology infrastructure and maintenance services at the Schools. DPPS will maintain a collaborative and working relationship with the District's Technology and Management Information Systems division.
 5. Software licenses as required.
 6. Other services to be agreed upon by the parties.
- b) While enrollment at any individual school remains under 400 students, District will provide custodial and nursing services at no cost to DPPS or that School. When such enrollment exceeds 400, DPPS will have the option (but not obligation) to opt-in to District custodial and nursing services at the District's actual costs, to be paid or reimbursed by DPPS.

11. Best Practices.

- a) The Parties will create an advisory committee, comprised of DPPS and District staff, to work collaboratively to strengthen the relationship. The advisory committee will meet no less than quarterly.
- b) A key goal of this Agreement will be to share best practices so that DPPS and the District learn from each other in the pursuit of improved educational outcomes and to close the achievement gap. Both Parties will share academic and operational data on a regular basis and work collaboratively in a spirit of continuous improvement.

12. Representations; Warranties and Covenants.

Each of the Parties represents, warrants and covenants to the other Party that:

- i. it has all the requisite power and authority necessary to execute and deliver this Agreement and to perform its respective obligations hereunder (subject to TEA approval);
- ii. it agrees to conduct its business in compliance with all applicable local, state, federal laws and regulations, and this Agreement.

13. Trademarks; School Materials; Ownership and Use; New Intellectual Property.

- a) Trademarks. During the term of this Agreement, DPPS retains all rights to its trademarks, service marks, proprietary slogans and logos (such trademarks, service marks, slogans and logos, collectively, the "Licensed Trademarks"), but will grant to the Schools a non-exclusive license to use the Licensed Trademarks, including use on school-related clothing and materials, in connection with School Services. As used herein, "School Services" means the furnishing of educational and related services to students and operating the Schools.
- b) School Materials. During the term of this Agreement, DPPS grants to the Schools a non-exclusive license to use DPPS's proprietary curriculum materials, including scope, sequence, standards, do-nows, worksheets, exit tickets, exams,

assessments, progress reports and other materials ("Licensed Curriculum Materials"). For the avoidance of doubt, the Parties acknowledge and agree that all instructional materials purchased or developed by the District for use by the Schools ("Instructional Materials"), and all furnishings and equipment of the Schools, other than those provided by DPPS), are the sole property of the District and that such Instructional Materials shall not constitute Licensed Curriculum Materials.

c) Quality Control.

- i. To protect and preserve the strength of the Licensed Trademarks and the associated goodwill, the nature and the quality of the services provided by the Schools under the Licensed Trademarks and the Schools' use of the Licensed Trademarks shall conform to the standards of quality maintained by other Schools operating under the "Democracy Prep" name and utilizing the Licensed Trademarks. Without limiting the foregoing, the Schools shall use the Licensed Trademarks only in the form and manner and with appropriate legends as prescribed from time to time by DPPS and will not use any other trademark or service mark in combination with the Licensed Trademarks without prior written approval of DPPS.
- ii. The Schools shall use the Licensed Curriculum Materials in connection with curricular systems and educational programs provided and supported by DPPS that shall equal or exceed the standard of quality of those utilized by other Schools operating under the "Democracy Prep" name and utilizing the Licensed Trademarks.
- iii. DPPS shall assist the Schools, if necessary and as reasonably requested, in maintaining the quality standards set out in clauses i and ii above.

- d) Intellectual Property Ownership. The District acknowledges that it will not obtain any ownership interest in the Licensed Trademarks or Licensed Curriculum Materials, regardless of how long this Agreement remains in effect and regardless of any reason or lack of reason for the termination thereof. The District shall not knowingly dilute or disparage the Licensed Trademarks. The District agrees that any and all goodwill associated with the use by the Schools of the Licensed Trademarks shall inure to the sole benefit of DPPS. The District further agrees that any and all intellectual property rights in any improvements or modifications to the curriculum materials or in any new curriculum materials and related materials or content which are created, or provided to the Schools, by or on behalf of DPPS during the term of this Agreement (collectively, "New Curriculum Materials") will also be owned by DPPS, but DPPS hereby grants to the Schools a non-exclusive license to use the New Curriculum Materials in connection with the School Services during the term of this Agreement. Any New Curriculum Materials created by DPPS or DPPS employees are not works for hire and the District shall have no property rights to any such work created or derivative work. Any and all intellectual property rights in (i) any improvements or modifications

to the Licensed Curriculum Materials or New Curriculum Materials, (ii) any new curriculum materials and related materials or content, in the case of (i) or (ii) created by the Schools (including, as between DPPS and the Schools, the teaching staff, supervisory and other personnel employed by the Schools) during the term of this Agreement; (iii) any Instructional Materials (collectively, "Schools' Intellectual Property") will be owned by the Schools, but the District hereby grants to DPPS, subject to any limitations on its ownership rights in Instructional Materials, a non-exclusive, perpetual royalty-free license to use the Schools' Intellectual Property in connection with School Services provided by DPPS to Schools under its management whether during or after the term of this Agreement; provided however, that nothing shall obligate the Schools to update or support the Schools Intellectual Property following the termination of this Agreement. DPPS shall only use the Schools' Intellectual Property in connection with School Services provided by DPPS to Schools under its management in a manner that is consistent with applicable laws, including data privacy laws.

- e) Use of Intellectual Property Following Termination. Upon the end of this Agreement, the Schools and the District shall cease any further use of the Licensed Trademarks, Licensed Curriculum Materials, and New Curriculum Materials including any improvements or modifications to the Licensed Curriculum Materials or New Curriculum Materials. Notwithstanding the foregoing, should the Schools be unable, despite diligent efforts on its part, to obtain and substitute other curriculum materials to replace some or all of the Licensed Curriculum Materials or New Curriculum Materials in sufficient time for the next school term commencing after the end of the Agreement, then the Schools may continue to use those portions of the curriculum materials and New Curriculum Materials which it was unable to replace for a maximum of one school year following expiration or termination of this Agreement, *it being understood* that (i) DPPS shall provide no updates or other support for such materials, (ii) the Schools shall, to the extent practical, remove any Licensed Trademarks or other marks identifying such materials as part of the "Democracy Prep" curricular program, and (iii) the Schools shall cease use of such materials as soon as practical but in no event later than the end of the school year immediately following the end of this Agreement.

14. Management Fee.

- a) Management Fee. As compensation for its services hereunder, DPPS shall receive a management fee (the "Management Fee") from the Schools in an amount equal to 15.0% of the Non-Competitive Public Revenue of the Schools attributable to the students at the Schools. After the 2020-21 school year, this percentage will decrease by one-half percent (0.5%) in each year until it reaches a minimum of 12.0%, which percentage will remain in effect for all subsequent Renewal Terms.
- b) The Management Fee shall be paid to DPPS as and when the corresponding funds are actually received by the Schools, within ten (10) days following its receipt thereof. For the purposes of this Agreement, "Non-Competitive Public Revenue"

means revenue derived from federal, state and local funds specifically provided for the Schools, on a per pupil, titled funding, and special education funding basis.

- c) If by the 60th day after such payment is due a material portion thereof remains unpaid and no such arrangement has been made, DPPS will have the right to terminate this Agreement.

15. Term & Termination.

- a) This Agreement shall be effective for ten years, beginning July 1, 2018 and ending June 30, 2028 (the "Initial Term"), unless terminated pursuant to its terms.
- b) Either party may terminate the Agreement if the other party fails to remedy a material breach of the Agreement (including but not limited to errors within the Financial Audit or breaches of Section 7 above and anything not listed in paragraph 15(e) below) within the applicable cure period (60 District work days) described in the Agreement. Notice must be provided in writing 60 District work days in advance of any hearing, as set forth below, and provide a specific explanation of the basis for the termination and a possible cure. The Agreement may also be terminated when permitted by statute (i.e., for the Schools not meeting certain academic performance requirements) or based on mutual agreement of the District and DPPS. The District may only terminate this Agreement, as described below, after a vote of the full board with an opportunity for notice and comment and appropriate due process described below.
- c) In accordance with 19 Texas Administrative Code section 97.1075(d)(5) due process will be afforded DPPS as follows:
 - i. A requirement of a public hearing at least 30 days prior to any action to terminate this management agreement when DPPS has successfully met the performance expectations and goals described in this agreement; and
 - ii. A requirement of a public hearing at least 30 days prior to any action to extend this management agreement when DPPS has failed to successfully meet the performance expectations and goals described in this agreement.
 - iii. Any termination by the District may only be approved by a 70% vote of the full Board.
- d) Following the Initial Term, the term of this Agreement may be extended by agreement of the Parties (as reflected in each case in a written renewal agreement) for successive ten-year periods (each a "Renewal Term").
- e) This Agreement may be terminated at any time prior to its expiration date by the Parties, with or without cause, upon mutual written consent.
- f) This Agreement may be terminated prior to its expiration date by the District if the District delivers a written notice of termination (including the reasons

therefor) to DPPS, in the event that (i) DPPS commences any case or proceeding, or files any petition in bankruptcy, or for reorganization, liquidation or dissolution, or has been adjudicated insolvent or bankrupt, or applies to any tribunal for a receiver, intervener, conservator or trustee for itself or for any substantial part of its property, (ii) an administrative or judicial body has suspended or revoked any license which may be required for DPPS to carry on its business and perform its obligations under this Agreement other than for technical paperwork violations, (iii) DPPS violates any material provision of law, or this Agreement, with respect to the Schools from which the Schools was not specifically exempted, (iv) DPPS is found by a court of competent jurisdiction, or other lawful authority to have made fraudulent use of Schools funds, (v) DPPS breaches any of the material terms and conditions of this Agreement, *provided* DPPS has not cured the breach within sixty (60) District work days from receipt of a notice of breach from the Schools. The notice of termination shall be delivered at least one hundred twenty (120) days prior to the date of termination and shall be effective at the close of the school year in which such notice is issued.

- g) In the event the District terminates the Agreement for a reason outside of the defined material terms and conditions of this Agreement and if DPPS has met its performance contract objectives, then the District's termination under this paragraph can only take effect at the end of the school year following the District's Board of Trustees providing 180 days prior written notice. By way of example, if there are 179 days left in the current school year when written notice is given, the termination would not be effective until the end of the next school year. The District will compensate DPPS for all actual costs incurred by DPPS related to the District's exiting the Agreement, including, but not limited to, the loss of the management fee for the Schools for a period of two years, the cost of leasing of a separate facility in Bexar County (if any), limited to the market value of the current leased or District provided premises, incurred by DPPS for a period of two years, and any other personnel or operational costs incurred by DPPS as a result of the termination. The District agrees that such compensation is not a penalty or meant to be punitive and hereby waives and agrees it will not assert any defense that this compensation is a penalty or meant to be punitive to invalidate this compensation.
- h) This Agreement may be terminated prior to its expiration date by DPPS if DPPS delivers a written notice of termination (including the reasons therefor) to the District, at least ninety (90) days prior to the intended Termination Date, in the event that (i) the District materially breaches any of the material terms and conditions of this Agreement, *provided* the District has not cured the breach within thirty (30) District working days from receipt of a notice of breach from DPPS, or (ii) the District takes any action which materially interferes with the ability of DPPS to provide services under this Agreement, or (iii) the District's leadership, the Superintendent and a majority of the School Board, oppose the continuation of this Agreement or oppose the idea of cooperative working relationship between the District and charters as provided for in this Agreement,

or (iv) the District, unreasonably and without proper cause, revokes any of the Schools' charters. Any termination by DPPS pursuant to this Section shall be effective as of the end of the then-current school year, *provided* that DPPS and the District shall endeavor to establish a transition plan for withdrawal of DPPS and its replacement by another management company or internal District personnel, as determined by the Schools, within a shorter period of time to the extent practicable and in the best interests of the Schools' students.

- i) Upon termination of this Agreement, whether with or without cause (other than pursuant to clauses 15(f) and (h) above, DPPS shall be entitled to a prorated Management Fee for the portion of the fiscal year up to the Termination Date, computed based upon the number of days in the fiscal year up to the date of termination divided by the total number of days in the fiscal year. To the extent this Agreement is terminated as permitted, then such termination shall be without liability to any Party or to any affiliate, shareholder, trustee, director, officer or representative of such Party, and following such termination no Party shall have any liability under this Agreement or relating to the transactions contemplated by this Agreement other than in this Section; *provided* that no such termination shall relieve any Party from liability in respect of breaches by such Party prior to such termination.

16. Indemnification; Insurance.

- a) To the greatest extent allowed by Texas Law, the District shall indemnify and hold harmless DPPS, its affiliates, subsidiaries, trustees, directors, officers, agents, servants, and employees (each, an "Indemnatee"), from and against any and all damages, claims, liability, losses and expenses incurred by any Indemnatee in respect of, arising out of, or involving, a claim made by any third-party against any Indemnatee resulting from or arising in connection with any advice, guidance, act or omission on the part of the District, its trustees, directors, officers, directors, agents, servants or employees, whether in connection with the services or support functions to be provided under this Agreement or activities undertaken by the District on behalf of other schools, *excluding, however*, any liability resulting from or arising in connection with (i) actions taken by the District at the express request or direction of DPPS, (ii) any advice, guidance, acts or omissions by the District premised on a misrepresentation or failure to disclose information when under an obligation to do so by the person or entity seeking indemnification, or (iii) any liability to the extent arising as a result of negligence, intentional tort, fraud or criminal conduct on the part of DPPS or any of its trustees, officers, agents, or employees.
- b) If a third party claim is made against an Indemnatee, that does not include a claim for liability resulting from or arising in connection with (i) actions taken by the District at the express request or direction of DPPS, (ii) any advice, guidance, acts or omissions by the District premised on a misrepresentation or failure to disclose information when under an obligation to do so by the person or entity seeking indemnification, or (iii) any liability to the extent arising as a result of negligence,

intentional tort, fraud or criminal conduct on the part of DPPS or any of its trustees, officers, agents or employees, then such Indemnatee shall give written notice to the District of such claim as soon as reasonably practicable after such Indemnatee has received notice thereof (provided that failure to give timely notice shall not limit the indemnification obligations of the District hereunder except to the extent that the delay in giving, or failure to give, such notice has materially prejudiced the ability of the District to defend the claim). The District shall defend such claim, at the District's own expense or through its insurance as applicable and with counsel selected by the District and reasonably satisfactory to such Indemnatee, provided that an Indemnatee shall at all times also have the right to fully participate in the defense at its own expense unless the Indemnatee and the District reasonably determine that representation of Indemnatee and the District by the same counsel would materially prejudice the interest of District or the Indemnatee; provided that the District will only be responsible under such circumstances for the expenses of a single additional counsel for all Indemnitees). If the District shall fail to commence a defense against such claim within thirty (30) days after notice thereof shall have been given by an Indemnatee to the District or if the District shall not diligently pursue such defense, such Indemnatee shall have the right, but not the obligation, to undertake the defense of, and to compromise or settle (exercising reasonable business judgment), the claim on behalf, for the account, and at the risk and expense (including the payment of reasonable attorneys' fees of such Indemnatee regardless of whether the Indemnatee prevails against the third party claim) of the District. If the District assumes the defense of such claim, the obligation of the District hereunder as to such claim shall include taking all reasonably necessary steps in the defense of such claim.

- c) The District shall not consent to the entry of any judgment or settle or compromise any third party demands, claims, actions, suits or proceedings for which an Indemnatee has sought indemnification from the District and for which Indemnatee has not been fully released unless it shall have given such Indemnatee not less than fifteen (15) days' prior written notice of the proposed consent, settlement or compromise, and afforded such Indemnatee an opportunity to consult with the District regarding the proposed consent, settlement or compromise, and shall not consent to the entry of any judgment or enter into any settlement or compromise without the approval of such Indemnatee. An Indemnatee shall not unreasonably withhold or delay its approval of a proposed consent, settlement or compromise. In determining whether to give its approval, an Indemnatee may consider whether the proposed consent, settlement or compromise includes as an unconditional term thereof the giving by the claimant to such Indemnatee of a release from all liabilities and obligations of whatever kind or nature in respect of such claim except the liabilities and obligations satisfied by the District. If the Indemnatee unreasonably withholds its approval of a proposed consent settlement or compromise, and shall not consent to the entry of any judgment or enter into any settlement or compromise that provides the Indemnatee with a release from all liabilities and obligations of whatever kind or nature in respect of such claim except the liabilities and obligations satisfied by

the District, Indemnitee shall continue its defense at its own cost and the District is not required to provide any additional amounts above the proposed consent settlement or compromise in any subsequent consent, settlement, judgment or compromise negotiated by Indemnitee.

- d) The rights to indemnification and reimbursement provided by, or granted pursuant to, this Section shall continue as to an Indemnitee who has ceased to be a trustee, director, officer, agent, servant or employee of DPPS (or any other person indemnified hereunder) but only for claims based upon events that occurred while the Indemnitee was a trustee, director, officer, agent, servant or employee of DPPS. The provisions of this Section shall be a contract between the District, on the one hand, and each Indemnitee who served at any time while this Section is in effect in any capacity entitling such Indemnitee to indemnification hereunder, on the other hand, pursuant to which the District and each such Indemnitee intend to be legally bound. No repeal or modification of this Section 16 shall affect any rights or obligations with respect to any state of facts then or theretofore existing or thereafter arising or any action, suit or proceeding theretofore or thereafter brought or threatened based in whole or in part upon such state of facts.
- e) **Accidents.** The District agrees to request from its insurance carriers that DPPS be added as an additional named insured on any District held policies of insurance related to transportation or general liability. The District will provide DPPS with a copy of each insurance policy, indicating DPPS as an additional insured, within 10 business days of receipt of documentation from the District's insurance carriers. The District will also notify DPPS of any policy change and provide DPPS with updated records upon any changes in coverage.

17. Non-Solicitation.

- a) To the extent permitted by law, the District agrees that from and after the date hereof until twelve (12) months after the end of the fiscal year in which this Agreement is validly terminated or expires at the end of the then-current term, in each case, pursuant to this Section (the "Restricted Period"), it shall not solicit to hire, or re-hire, or cause or permit any of its, agents, or independent contractors to employ, directly or indirectly, in any capacity, any director, officer or employee of DPPS who is, or has been during the term of this Agreement, engaged by DPPS or any Affiliate of DPPS to render services as an employee or independent contractor to the Schools, except (i) for up to four (4) individuals in aggregate during the Restricted Period; provided, that the District gives DPPS prompt written notice of the name of each such individual and DPPS' reliance on this exception or (ii) for general solicitations of employment, but not hiring or employing (other than expressly permitted herein); provided, that such solicitations are not specifically directed to any such officer, director or employee.
- b) For the purposes of this Agreement, "Affiliate" of any Person means any other Person which, directly or indirectly, controls or is controlled by that Person, or is under common control with that Person. For the purposes of this definition, (a)

“control” (including, with correlative meaning, the terms “controlled by” and “under common control with”), as used with respect to any Person, shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the operations, activities, management or policies of such Person, whether through the ownership of voting securities, by agreement or otherwise and (b) “Person” means any individual, partnership, corporation, limited liability company, trust, estate, association, unincorporated organization or other entity or association.

18. No Waiver of Immunity.

- a) Except as expressly provided herein, nothing in this Agreement or any addendum or exhibit shall be construed to waive any immunity to which either the District or DPPS or any employee or member of the governing board of each Party is entitled under Applicable Law with respect to any non-Parties. Notwithstanding the above, the Parties acknowledge, stipulate and agree that this Agreement is a contract for goods and services subject to Chapter 271, Subchapter I of the Texas Local Government Code in that DPPS is providing goods and services to the District and that the District is also providing goods and services to DPPS, that this Agreement is duly authorized and properly executed by both the District and DPPS, and that immunity is waived, to the extent set forth in Chapter 271, Subchapter I of the Texas Local Government Code, as between DPPS and the District for purposes of adjudicating any future claim for breach of this contract.

19. Miscellaneous.

- a) Notices. All communications and notices relating to this Agreement are to be delivered in writing, with confirmation of delivery, to the following address or to such other address as either party may designate from time to time:

If to District, to:

Mr. Pedro Martinez
Superintendent
141 Lavaca
San Antonio, TX 78210
Telephone: (210) _____
Facsimile: (210) _____
Email:

With a copy to:

Mohammed Choudhury
Chief Innovation Officer
141 Lavaca
San Antonio, TX 78210

Telephone: 210-_____
Facsimile: 210-_____
Email:

With a copy by e-mail to:

Jennifer Hall
Escamilla & Poneck, LLP
Telephone: 210-225-0001
Facsimile: 210-225-0041
Email: jhall@escamillaponeck.com

Attention: Christina Hassold

If to DPPS, to:

Democracy Prep Public Schools
1767 Park Avenue, Fifth Floor
New York, New York 10035
Attention: Chief Executive Officer and General Counsel

With a copy by e-mail to:
Joseph Hoffer
Schulman, Lopez, Hoffer & Adelstein, LLP
Telephone: 210-538-5385
Facsimile: 210-538-5384
Email: jhoffer@slh-law.com

- b) Severability. In the event that any provision of this Agreement or the application hereof to either Party or in any circumstances shall be determined to be invalid, unlawful, or unenforceable to any extent, the remainder of this Agreement and the application of such provisions to either Party or circumstances other than those as to which it is determined to be invalid, unlawful, or unenforceable, shall not be affected thereby, and each remaining provision of this Agreement shall continue to be valid and may be enforced to the fullest extent permitted by law.
- c) The failure by either Party hereto to insist upon or to enforce any of its rights shall not constitute a waiver thereof, and nothing shall constitute a waiver of such Party's right to insist upon strict compliance with the provisions hereof. No delay in exercising any right, power or remedy created hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any right, power or remedy by any such Party preclude any other or further exercise thereof or the exercise of any other right, power or remedy. No waiver by any Party hereto to any breach of or default in any term or condition of this Agreement shall constitute a waiver of or assent to any succeeding breach of or default in the same or any other term or condition hereof.

- d) This Agreement shall not be changed, modified or amended nor shall a waiver of its terms or conditions be deemed effective except by a writing signed by the Parties hereto.
- e) The Parties hereto acknowledge that the management of the Schools by third parties is an area presenting numerous legal uncertainties and ambiguities, and that the arrangements contemplated by this Agreement are new and unique and in light of these factors agree to work together in good faith to resolve in manner consistent with the spirit and intent of the relationship created hereby, any new or unforeseen issues which arise in carrying out the terms of this Agreement.
- f) This Agreement may not be assigned (whether by operation of law, merger, or otherwise) by either Party without the prior written consent of the other Party except that the District agrees that DPPS may assign its interest in the Agreement to a Texas subsidiary. The covenants and agreements contained herein shall be binding upon, and inure to the benefit of, the heirs, legal representatives, successors and permitted assigns of the respective Parties hereto.
- g) This Agreement shall be governed by, and construed and enforced in accordance with, the laws of the State of Texas, without regard to the conflicts of law rules thereof.
- h) This Agreement may be executed in one or more counterparts, each of which will be deemed to be an original copy of this Agreement and all of which, when taken together, will be deemed to constitute one and the same agreement. Electronic copies shall be treated as originals.
- i) Except as expressly provided in this Agreement, each of the Parties hereto shall bear its own costs and expenses incurred in connection with the negotiation, execution and delivery of this Agreement.
- j) This Agreement does not confer any rights or remedies upon any person or entity, other than the Parties hereto and their respective successors and permitted assigns.
- k) Whenever the context requires, the gender of all words used in this Agreement includes the masculine, feminine, and neuter. The words "hereof", "herein" and "hereunder" and words of similar import when used in this Agreement will refer to this Agreement as a whole and not to any particular provision of this Agreement, and all references to Articles and Sections refer to articles and sections of this Agreement, all references to "including" or any variation thereof will be construed as meaning "including without limitation" and all references to Exhibits, Schedules or Appendices are to Exhibits, Schedules or Appendices attached to this Agreement, as amended pursuant to this Agreement from time to time, each of which is made a part of this Agreement for all purposes. All headings and captions contained in this Agreement are inserted for convenience only and shall not be deemed a part of this Agreement. The Annexes are considered a part of this Agreement. The word "extent" in the phrase "to the

extent" means the degree to which a subject or other thing extends, and such phrase does not mean simply "if". The sign "\$" when used in this Agreement means the lawful money of the United States of America.


- l) Where any provision in this Agreement refers to action to be taken by any person or entity, or which such person or entity is prohibited from taking, such provision will be applicable whether such action is taken directly or indirectly by such person or entity.
- m) This Agreement constitutes the entire agreement and understanding between the Parties with respect to the subject matter hereof and supersedes all prior agreements, understandings, negotiations, representations and statements, whether oral, written, implied or expressed, relating to such subject matter.
- n) This Agreement is hereby deemed performable entirely in Bexar County, Texas. Mandatory and exclusive venue for any lawsuit or adjudicatory proceeding brought by either party to the contract shall be in Bexar County, Texas.
- o) DPPS is solely responsible for compliance with and any failure to comply with the obligations assumed by or assigned to DPPS in this Agreement and the District shall not be responsible for any penalties levied as a result of any failure to comply. DPPS, at its cost, shall indemnify and/or defend the District if there is any challenge or attempt to involve the District in any complaint, litigation or penalty arising out of DPPS' obligations under this Agreement and the District may terminate the Agreement should there be a challenge or attempt to involve the District.


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IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be executed by their respective officers thereunto duly authorized, as of the date first written above.

DISTRICT:

SAN ANTONIO INDEPENDENT SCHOOL DISTRICT

By:  4/15/18
Patti Radle
President, San Antonio ISD Board of Trustees

By: 
Pedro Martinez
Superintendent, San Antonio ISD

DPPS:

DEMOCRACY PREP PUBLIC SCHOOLS INC.

By: 
Katie Duffy
Chief Executive Officer

DPPS-SAISD MANAGEMENT AGREEMENT EXHIBIT A

Democracy Prep at Stewart: Performance Contract Metrics

- Subject to TEA’s final A-F accountability rules (in accordance with Texas Education Code Chapter 39)
- In accordance with 19 TAC §1075

Academic Excellence

The District will monitor, evaluate, and publish campus performance annually, and will review whether the charter will be placed on probation, revoked, and/or renewed on a three- or five-year cycle.

Objective: DPPS Schools students’ academic performance will meet or exceed local and state standards.

- By 2020, DPPS will receive a State Accountability Rating of *Met Standard*.
- By 2023, DPPS will receive an overall campus rating of a B or better.

Performance Measure 1: Campus Overall Rating

School Year	2018-19	2019-20	2020-21	2021-22	2022-23
Rating	<i>Met Standard or Not Met Standard</i> TEC, §11.174(f), prohibits the imposition of certain interventions and sanctions based on accountability performance for the first two school years for which a school district partnership operates on the campus.	<i>Met Standard or Not Met Standard</i> If the campus receives an overall campus rating of <i>Not Met Standard</i> , then the District shall seek an extension waiver from the Texas Education Agency in accordance with TEC §11.174(g)	<i>Met Standard (B or higher)</i>	<i>Met Standard (B or higher)</i>	<i>Met Standard (B or higher)</i>

Performance Measure 2: Student Progress Domain

School Year	2018-19	2019-20	2020-21	2021-22	2022-23
Rating	<i>Met Standard or Not Met Standard</i>	<i>Met Standard</i>	B	B	A
Academic Growth			B	B	A
STAAR/EOC Growth			75%	80%	85%
Relative Performance			C	C	C
STAAR EOC Performance			38%	40%	41%

Performance Measure 3: Closing the Gap Domain

School	2018-19	2019-20	2020-21	2021-22	2022-23
Rating	<i>Met Standard or Not Met Standard</i>	Met Standard	C	C	C
Academic Achievement (Percent Evaluated Indicators Met)			16%	25%	33%
STAAR Growth Measure (Percent Evaluated Indicators Met)			91%	91%	91%
ELL Proficiency			Met	Met	Met

Organizational Strength

The District will monitor, evaluate, and publish campus performance annually, and will review whether the charter will be placed on probation, revoked, and/or renewed on a three- or five-year cycle.

Objective: Leadership at DPPS Schools will further the school mission, program, and goals and will act strategically to ensure adequacy, alignment, and coherence of actions.

- DPPS will fulfill the education plan and program outlined in the campus charter per TEC Chapter 12 Subchapter C 12.059(1).
- DPPS will act in accordance with its charter application attached hereto as Exhibit B but if there is any conflict this Management Agreement shall govern.
- DPPS will have a teacher satisfaction rate that meets or exceeds district average.

Objective: DPPS Schools will provide quality educational programs that enable all students to achieve academically and socially.

- Each year, DPPS will have an average daily student attendance rate of at least 95%.
- Each year, DPPS will have a student mobility rate no greater than 20%.

Objective: DPPS will meaningfully engage families to establish and maintain positive relationships between school and home.

- DPPS parents will show a high degree of confidence in the DPPS school model, as measured by a parent satisfaction rate that meets or exceeds the district average on the district-wide parent survey (to be developed by the end of the 2019-20 school year).

Financial Health

DPPS will prepare annual financial statements for the schools, have their financial statements audited by a licensed independent CPA firm, and submit the resulting audited annual financial report to the District within 150 days after the close of DPPS's fiscal year. The first audit will commence after completion of the inaugural fiscal year following the opening of the schools.

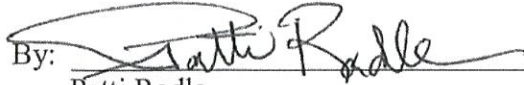
As required by 19 TAC § 97.1075(d)(3), DPPS will annually receive an unqualified audit opinion. If DPPS receives a qualified audit opinion, the District or DPPS may terminate the Agreement if DPPS fails to remedy any material underlying basis for the qualified opinion including, but not limited to, material errors within the Financial Audit within the applicable cure period (60 District working days) described in the Agreement.


Objective: DPPS Schools will be well-run organizations capable of achieving long-term success.

- DPPS will operate core educational programs sustainably on dependable public funds and will maintain a balanced budget and stable cash flow. As required in 19 TAC §97.1075(d)(3), DPPS will annually receive an unqualified audit opinion.

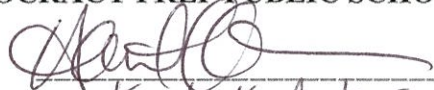
Agreed to and approved by the parties below, effective as of December 10, 2018.

SAN ANTONIO INDEPENDENT SCHOOL DISTRICT

By: 
Patti Radle
President, San Antonio ISD Board of Trustees

By: 
Pedro Martinez
Superintendent, San Antonio ISD

DEMOCRACY PREP PUBLIC SCHOOLS

By: 
Name: Kent K Anker
Title: Executive Vice President