

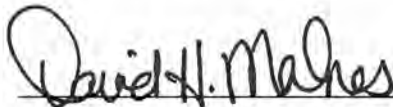

**EDUCATIONAL PRODUCTS AND SERVICES AGREEMENT**

Between the  
**IDAHO VIRTUAL ACADEMY**  
 and  
**K12 VIRTUAL SCHOOLS LLC**

This EDUCATIONAL PRODUCTS AND SERVICES AGREEMENT ("Agreement") is made and entered into, by and between the Board of Directors of the IDAHO VIRTUAL ACADEMY ("the Board") and K12 VIRTUAL SCHOOLS LLC ("K12"), each a "Party" together the "Parties" as of the date signed by the Parties below, and includes the following exhibits:

- a. Exhibit A (Products and Services)
- b. Exhibit B (K12 Proprietary Marks)

Capitalized terms used herein but not otherwise defined have the meaning ascribed to them in Section 10.

Board Information	K12 Information
<b>Contact:</b>	<b>Account</b> James Konantz, Regional Vice President
	<b>Rep:</b>
<b>School</b> School Board Chairman	<b>Phone</b> 805.581.0202
<b>Street/PO:</b> 1965 S. Eagle Road	<b>Fax</b> 805.581.0330
<b>City</b> Meridian	<b>E-mail</b> jkonantz@k12.com
<b>State</b> Idaho	
<b>Zip</b> 83642	
<b>Email</b>	
<b>Entity Type:</b> SEA <input type="checkbox"/> ; LEA <input type="checkbox"/> ; Non-profit Charter School <input checked="" type="checkbox"/> ; Private School <input type="checkbox"/> ; Other: <input type="checkbox"/> _____.	
<b>Educational Program Type:</b> Distance Learning Educational Program <input checked="" type="checkbox"/> ; Distance Learning with Supplemental Classroom-based Instruction Educational Program <input type="checkbox"/> ; Classroom-based Program <input type="checkbox"/> .	
<b>Name of Program or School in which products and services will be used:</b> Idaho Virtual Academy	
<b>Billing Contact information (required for all accounts)</b>	
<b>Billing Name:</b>	<b>Billing Email:</b>
<b>Billing Address:</b>	
By signing below, I accept the Products and Services and prices above and have read and understood, and agree to be bound by, all terms and conditions of this Agreement, as well as other applicable K12 agreements or policies which are incorporated therein by reference and to which I have received a copy. I am a duly authorized officer, partner or principal with full authority to enter into this Agreement on the Academy's behalf.	
<b>IDAHO VIRTUAL ACADEMY, an Idaho non-Profit corporation</b>	<b>Approved by: K12 VIRTUAL SCHOOLS LLC</b>
<b>By:</b> 	<b>By:</b> 
<b>Name &amp; Title:</b> Chairman, Board	<b>Name &amp; Title:</b> Ronald Packard, CEO
<b>Date:</b> 10/14/09	<b>Date:</b> 10/7/09

**Approved by:**  
  
**Legal Department**

## RECITALS

A. The Idaho Virtual Academy is operated under the direction of The Board of Directors of the Idaho Virtual Academy, a non-profit corporation, with the assistance of K12 (the "Academy" or "Program"), providing Administrative, Technology and Curriculum services.

B. The Academy has received charter approval from, and has entered into a Charter Agreement (defined in Section 10.3, also referred to as the "Charter") with the Idaho State Board of Education Charter Commission (the "Sponsor") pursuant to the Idaho Charter Schools Act (Section 33-5201 et seq.) of the Idaho Education Code ("IEC") allowing the Board to operate the Program for students statewide in Idaho.

C. The mission of the Academy is to strive for student mastery of a rigorous, research-based curriculum delivered on- and off-line that puts public school accountability, teacher competence, and parent/adult involvement at the center of student learning.

D. The Board may carry out any act and shall ensure the performance of any function by the Academy that is in compliance with Applicable Law (defined in Section 10.2) and the Charter Agreement.

E. K12 and its Affiliates (defined in Section 10.1) were established, among other things, for the following purposes:

- o promoting and encouraging new methods of effective education;
- o implementing innovative and effective instructional systems in elementary and secondary education.

F. K12 will provide the curriculum, technology and administrative operations services to the Academy in accordance with this Agreement, the Charter and Applicable Law.

NOW, THEREFORE, the Parties mutually agree as follows:

### **1. K12 Products and Services.**

1.1. Description of Educational Products. For each school year, K12 and Affiliates shall license to the Academy for use in its Program, on a non-exclusive, non-assignable, non-sublicensable basis, the K12® curriculum including access to its designated learning management system and/or available third party curriculum, instructional tools and other products for an Educational Program, as described in Exhibit A, during the Term (defined in Section 3 below) of this Agreement (the "Educational Products"). During the Term, the Parties may agree that K12 and Affiliates shall license additional Products (e.g., additional curriculum, supplementary curriculum, and/or educational programs) beyond those listed in Exhibit A, in the event that the Academy has sufficient funds to purchase the additional Products or K12 agrees to otherwise provide. Provision of additional Products will be agreed to in writing as an addendum to this Agreement and shall be governed by the terms of this Agreement.

1.2. Description of Services. K12 and Affiliates shall provide the Academy with the services, as described in Exhibit A, which at minimum shall at all times include the components of an education as required by the applicable Idaho educational codes, during the Term of this Agreement (the "Services"). During the Term, the Parties may agree that K12 and Affiliates shall provide the Academy with additional Services beyond those listed in Exhibit A, in the event that the Academy has sufficient funds to purchase the additional Services or K12 agrees to otherwise provide. K12's provision of additional Services will be agreed to in writing as an addendum to this Agreement and shall be governed by the terms of this Agreement.

1.2.1. Place of Performance. Performance of Services is not required to be rendered on the Academy's premises, unless specifically stated in Exhibit A or any written addendum or amendment duly executed and incorporated into this Agreement.

1.2.2. Special Education Services. K12 shall provide administrative oversight, personnel supervision and personnel training with regard to the provision of special education and/or related special needs services for Special Education Students (defined in Section 10.13) and special Student populations such as Section 504 of the Rehabilitation Act of 1973 and gifted/talented (advanced learning) students. The Academy's designated representative (assigned special education teacher) and the required Administrative representative shall attend Individualized Education Program ("IEP") meetings via conference call to the extent possible, unless otherwise required by the individual student's IEP and/or personal presence is required to meet the required parameters of the services necessary for the individual IEP meeting. K12 will provide regular education products and services to Special Education Students consistent with this Agreement and past practices.

1.2.2.1. In the event that the Academy is found non-compliant with the provisions of the IDEA, as determined by an audit performed by the Idaho State Department of Education, and such determination, unless otherwise agreed to between the parties to this Agreement, becomes a final non-appealable order or judgment by a court of competent jurisdiction with respect to such State audit and is a direct result of deficient training or supervision of Academy employed special education personnel by K12, or as a direct result of K12 employees, K12 shall reimburse the Academy for the associated loss in funding, if any, to the extent not covered by the Parties' insurance.

1.3. Standard of K12 Performance.

1.3.1. General. It is understood by both Parties that the Services provided by K12 under this Agreement will be provided to the extent required by this Agreement, and as deemed necessary and appropriate by K12 in its professional judgment and discretion to satisfy the requirements of Applicable Law, the Charter and the Sponsor's and the Board's policies made known to K12. If there is any disagreement between K12 and the Board as to the level of services to be provided, such disagreement shall be raised by the Board to K12 via written communication with the Regional Vice President for K12 Inc. or their designee. This written communication shall detail the disagreement of the Board with the manner and/or method of services provided and state why the Board believes that such services should be provided and/or why such services are covered pursuant to this Agreement. Subsequent to receipt of such communication, K12 Inc. shall arrange to meet with the Board (in person or via teleconference as agreed) at the next regularly scheduled meeting of the Board of Directors and/or at a specially scheduled meeting of the Directors to specifically address and attempt to resolve the disagreement, provided K12 Inc. has been given at least a two (2) week notice of any such meeting.

1.3.2. Confidentiality of Records. K12 will maintain the confidentiality of personnel, student and other records in accordance with the requirements of Applicable Law. The Academy, through its Board, recognizes and agrees that for purposes of the Family Educational Rights and Privacy Act, the State open records act, and state educational codes, K12 has a legitimate educational interest for purposes of the Academy disclosing to K12 the Student's educational records.

1.3.3. Licensure or Other State Requirements. Except as otherwise provided in this Agreement, all personnel performing Administrative Services for K12 on behalf of the Academy must comply with all applicable licensure or other requirements of the State and any regulations promulgated there under applicable to persons who perform such services.

1.3.4. Non-Discrimination. K12 prohibits discrimination in all its programs and activities on the basis of race, color, national origin, age, disability, and where applicable, sex, marital status, familial status, religion, sexual orientation and veteran status.

**2. Academy Responsibilities.**

2.1. Payment. For the Educational Products and Services, the Academy shall compensate K12 at the rates and conditions set forth in this Agreement or as amended as mutually agreed in writing. It is the Academy's responsibility to pay for all costs and expenses provided under this Agreement. The compensation provided for herein constitutes full consideration for the Educational Products and Services.

2.2. General Oversight. The Board will be responsible for monitoring K12's performance under, and compliance with, the terms of this Agreement in accordance with Applicable Law. The Board shall also be responsible for overseeing the Program's quality, operational and financial performance.

2.3. Academy Policies. The Parties acknowledge and agree that in providing services hereunder, K12 will recommend various policies to assist in the operation of the Academy and will implement procedures consistent with those policies, but that the Board retains ultimate responsibility for adopting policies and for overseeing K12's implementation of procedures consistent with those policies, such that the policies and their implementation are in compliance with Applicable Law. By way of example and without limiting the foregoing, the Board will approve the adoption of policies relating to the budget, authorization of expenditures, curriculum, admissions procedures, student conduct, school calendars, procedures for resolution of parent or student complaints and disputes between the Board and its employees, and the responsible use of computer equipment and other instructional property. The Board shall provide K12 written copies of all policies adopted by the Board and must notify K12 promptly in writing of any changes to such policies adopted by the Board and shall provide K12 with copies thereof. Subject to Section 14.1.6, K12 must comply with any changes in such policies within thirty (30) days of its receipt of written notice and a copy thereof.

2.4. Financial Matters. In accordance with Exhibit A, the Board will adopt the Academy's annual comprehensive budget ("Budget") (See Section 10.4) for each school year pursuant to the requirements of the Idaho educational code. The Parties agree that the last Academy annual Budget approved by the Board and agreed to by K12 prior to the Effective Date of this Agreement will serve as the approved annual comprehensive budget of the Academy for the first Fiscal Year 2009-2010 with the final Academy annual Budget for the first Fiscal Year being mutually agreed in writing on or about October 31, 2009. Thereafter, consistent with the Charter, the Board will approve an initial draft of the Academy annual Budget on or before May 1, with the final Academy annual Budget mutually agreed in writing on or before June 30. It is expected that on or about October 31 of each Fiscal Year the approved Budget will be updated to reflect actual enrollment and changes in key assumptions. Any changes to the final Academy Budget shall be mutually agreed upon in writing. The Board will not unreasonably withhold or delay its approval of any budget or modifications thereto proposed by K12 and K12 will not unreasonably withhold or delay its approval of any budget or modifications thereto proposed by the Board, provided such proposed changes meet the terms specified in Section 5. Each Party will review and act upon each such proposed budget and any such proposed modifications within thirty (30) days following the submission thereof by K12.

2.4.1. Financial Reports. The Board may request that K12: (i) prepare and submit reports on the Program's finances in addition to those financial reports required by Applicable Law or the Charter; or (ii) provide the Board with such other information as reasonably necessary and appropriate to enable the Board to monitor its performance under the Charter and related agreements, including the effectiveness and efficiency of the Program's operations. All requests made by the Board hereunder shall be made in writing.

- 2.4.2. Audit. K12, in collaboration with the Board, in accordance with the applicable requirements of the Idaho educational code, will arrange for an independent audit of the financial statements of the Academy on an annual basis. The cost of such audit shall be an Academy Expense (defined in Section 2.7).
- 2.4.3. Grants. In accordance with Section 7, K12, in collaboration with the Board, will solicit grants and donations from public funds through competitive and non competitive grant processes or from private sources to benefit the Program. To the extent permitted by Applicable Law and provisions of the subject grant, K12 will supervise the administration of grant funds from third parties and ensure that such grant funds are used in accordance with applicable statutory and regulatory requirements and the terms of the pertinent grant agreements. The existence of collaborative grant solicitations between the Board and K12 does not prevent nor prohibit the Board nor any individual teacher or employee of the Board to independently solicit grants on behalf of the Academy.
- 2.5. Employment of Teachers. In accordance with Section 8.2 and its subparagraphs, unless otherwise agreed in writing by K12, the Board will employ teachers for the Academy and all approved costs associated with their employment as identified in the Academy Budget (including, without limitation, salaries, benefits, travel, professional development and other Program related reimbursable expenses) shall be an Academy Expense paid in accordance with Section 2.7. All final Board decisions regarding the hiring of teachers and administrative staff shall be subject to approved budgetary limitations as per the agreed process.
- 2.5.1. Teacher Contract Renewals. Each year during the Term (except for the initial year) before any contracts are extended for the upcoming school year, in collaboration with K12, the Board shall determine the maximum number of the then-current Program teachers to return and the number of new teachers to be hired in the upcoming Fiscal Year. K12 will also make an administrative recommendation, pursuant to the applicable provision of the Idaho educational code, to the Board indicating which teachers should return and who should be offered contracts for the upcoming school year. Such determination shall be based on criteria including but not limited to: teacher performance, forecasted enrollments, funding, and Educational Products and Services to be offered. The Board will then review K12's administrative recommendation of which teachers should return and may or may not agree with such recommendation. The Board shall have the sole authority to make the final decision on which the Board employed teachers shall return, not to exceed the agreed upon maximum number of teachers.
- 2.5.2. New Teacher Hires. As part of the budgeting process the Parties will also confer to reach agreement on the number of new teachers, if any, to be hired (including the number of long term temporary contracted teachers) and the timing of such hires based upon factors including, but not limited to, enrollment and funding. As enrollment for the upcoming Fiscal Year becomes more certain, the number of agreed teachers to be hired may be amended.
- 2.6. Compliance with Applicable Law. The Board will perform its obligations under this Agreement and govern its Board in a manner consistent with the requirements of Applicable Law, the Charter and the Sponsor's and Board's policies. Without limiting the generality of the foregoing, the Board will maintain the confidentiality of personnel, student and other records in accordance with the requirements of Applicable Law.
- 2.7. Program/Academy Expenses. Subject to Sections 2.4, 4.8 and 5, the Board will be responsible for all debts, liabilities, and obligations incurred on behalf of the Academy by the Board and all budgeted

and approved expenses incurred by K12 on behalf of Academy's Program (collectively, "Program Expenses") during the Term of the Agreement.

The Program Expenses shall be determined in accordance with the budget process in Section 2.4, will be paid out of the Program/Academy Revenues (defined in Section 10.11) and presented in the budget format required by the State of Idaho Department of Education.

**3. Term of Agreement.**

3.1. **Term.** This Agreement will become effective as of July 1, 2009 ("Effective Date") and will end on June 30, 2014 ("Initial Term") unless sooner terminated under Section 14 of this Agreement. Notwithstanding anything to the contrary in this Agreement, this Agreement shall not be effective and binding unless a Charter issued pursuant to the State Educational Code is effective and valid. In the event the Sponsor and/or the Charter changes, this Agreement shall automatically survive and be performed in accordance with the new Charter, these terms and conditions and Applicable Law, unless this Agreement is otherwise terminated in accordance with Section 14 herein.

3.2. **Renewal.** Following the Initial Term, this Agreement will automatically extend for successive additional periods of five (5) year(s) (each such period a "Renewal Term"), unless (a) either Party provides the other with written notice of non-renewal at least two (2) years before the expiration of the then-current Initial Term or Renewal Term (as applicable); or (b) the Agreement is sooner terminated under Section 14. The Initial Term and any Renewal Terms will be referred to collectively as the "Term."

**4. Pricing, Fees and Payment.**

4.1. **Educational Product Prices.** In consideration of the value of the Educational Products provided by K12 (including teaching support), Academy will pay K12 and its Affiliates for the Educational Products based on the then current national K12 Managed Virtual School Pricing for similarly situated schools ("Product Price List"). Notwithstanding anything in this Agreement to the contrary, for each Educational Product set forth in the Product Price List, the fees for such Educational Products will be subject to change, no more than once per calendar year, at K12's reasonable discretion and communicated, at latest, during the annual budget process. In no instance shall the Educational Product Prices increase in any given year in an amount greater than eight percent (8%) of the prior year's applicable fee for routine improvements and/or materials cost increases to the existing version of the K12 curriculum. This cap in fee changes does not apply to new versions of the K12 curriculum. Payment for the Educational Products shall be made in accordance with Section 11 below.

4.2. **Administrative Services Fee.** In consideration of the value of the Administrative Services provided by K12, Academy will pay K12 and its Affiliates fifteen percent (15%) of the Program Revenues for the Administrative Services (the "Administrative Services Fee") for each Fiscal Year of the Agreement. Payment for the Administrative Services Fee shall be made in accordance with Section 11 below.

4.3. **Technology Services Fee.** In consideration of the value of the Technology Services provided by K12, Academy will pay K12 and its Affiliates seven percent (7%) of the Program Revenues for the Technology Services (the "Technology Services Fee") for the each Fiscal Year of the Agreement. K12 will cooperate with the Academy, to the extent reasonable and practical, to ascertain what portion of the Technology Service Fee (or any other fee owing under this Agreement) is compensable as "Transportation" costs or other costs under the reimbursement terms and provisions of the Idaho Education Code. Payment for the Technology Service Fee shall be made in accordance with Section 11 below.

4.4. Incentive Fees. As an incentive for K12 to manage the Program in a positive Net Asset (defined in Section 10.11 below) position while meeting certain educational goals, Academy will pay to K12 the following incentive fees:

4.4.1. Net Asset Fee. Should the Academy end a Fiscal Year with a positive Change in Net Assets and a positive Net Asset balance position as evidenced by its audited financial statements for such Fiscal Year and K12 has issued Deficit Credits in prior years (per Section 4.8) the Board will pay to K12 such fee as follows:

- 4.4.1.1. for the first \$100,000 of a given year's Net Asset balance, twenty-five percent (25%) will be paid to K12 and seventy-five percent (75%) will be retained by the Academy;
- 4.4.1.2. for the second \$100,000 of a given year's Net Asset balance, fifty percent (50%) will be paid to K12 and fifty percent (50%) will be retained by the Academy;
- 4.4.1.3. for any amount over \$200,000 of a given year's Net Asset balance, seventy-five percent (75%) will be paid to K12 and twenty-five percent (25%) will be retained by the Academy.

In no event will the Net Asset Fee paid in a given fiscal year cause the Program to have a negative Net Asset balance. In addition, the cumulative total of Net Asset fees paid over the term of this Agreement will not exceed the cumulative amount of previously issued Deficit Credits per Section 4.8.

4.4.2. Performance Fee. Should there be a positive Net Asset balance remaining at the end of a fiscal year after payment of the Net Asset Fee, per Section 4.4.1, or if no such fee is due to K12 and the Program has a positive Net Asset balance; the Academy will pay to K12 a Performance Fee based on the following conditions. In no event will the Performance Fee exceed 50% of the then existing Net Asset balance.

4.4.2.1. Should the Academy end a Fiscal Year with a positive Change in Net Assets and a positive Net Asset balance as evidenced by the audited financial statements prior to the payment of the Performance Fee and immediately after payment of the Net Asset Fee, if any, for a given Fiscal Year during the Term, as evidenced by Academy's audited financial statements then:

4.4.2.1.1. One percent (1.0%) of the current year Program Revenue will be paid to K12 as a performance fee.

4.4.2.2. Based on the results of a survey of all Program parents (conducted by an independent third party or by K12 so long as K12 agrees to provide the Board with the survey methodology and aggregate data, including at minimum a frequency report of all questions or questions of interest<sup>1</sup> and a verbatim file<sup>2</sup> provided the survey contained at least one open-ended question), an unweighted average of at least eighty percent (80%) of Program families surveyed respond that they are Very Satisfied and/or Satisfied (or within the top 2 boxes of the survey scale ratings, e.g. Likert scale) with items which may include but not be limited to: the quality lesson content, instructional approach, quality of lesson materials, planning and progress tools, quality of hardware (computer, monitor, printer), support

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<sup>1</sup> Frequencies refer to the incidence of responses for a question. For example, if a question had 4 possible responses, a frequency data report for that question would report that 25% picked response (a), 35% picked (b), 10% picked (c) and 30% picked (d).

<sup>2</sup> Verbatims are the responses received for open ended questions (questions without specific responses that require the participant to supply an answer of their own). For example, "What do you like most about K12"? The verbatim report would detail all qualitative responses received for a particular open-ended question.

provided by virtual Academy's teachers, support provided by Academy's Care/Tech Support, the student's attitude toward learning, then:

- 4.4.2.2.1. One percent (1.0%) of the current year Program Revenue will be paid to K12
- 4.4.2.3. If both conditions are met in Sections 4.4.2.1 and 4.4.2.2 the fee to be paid will be two and one-half percent (2 ½%) of the current year Program Revenue.
- 4.5. Priority of Payments. Payments from the Program Revenues shall be paid in the following order of priority: First Priority: Program Expenses identified in Section 2.7 above to include Educational Products payable to K12 and its Affiliates and all Program teacher salaries; Second Priority: Administrative and Technology Service Fees payable to K12 and its Affiliates; Third Priority: Payment of Advances, if any; Fourth Priority: Payment of Net Asset Fee per Section 4.4.1; and Fifth Priority: Performance Fees, if any, per section 4.4.2.
- 4.6. Fees Not Duplicative. The foregoing fees described in this Section 4 are in addition to and not duplicative of any fees payable by Academy to any Affiliate of K12 pursuant to any separate agreement between Academy and such Affiliate.
- 4.7. Fair Market Value. The Parties hereto acknowledge and agree that as of the date of this Agreement, the fees payable to K12 hereunder are reasonable, necessary, and fair market value compensation for products and services delivered.
- 4.8. Positive Net Asset Provision. The Parties hereby agree that the Academy cannot conclude a Fiscal year in a negative Net Asset position. The Parties also recognize that there is a cooperative relationship of the parties with regard to the development of the Academy's Budget in Section 2.4. Therefore, the Parties further stipulate that each Party shall take all reasonable steps and approaches necessary to avoid a negative Net Asset position balance at the end of a Fiscal Year. Thus, subject to K12's rights herein (and effects) of termination provided under Section 14, should Academy notify K12 or K12 notify Academy in writing of a potential deficit in a particular Fiscal Year (as reasonably known) and as identified by an independent audit of the Program financial statements, the Parties agree that K12 will provide sufficient credits ("Deficit Credits") to be applied to K12 invoices to ensure the Academy does not have a negative Net Asset balance at the end of said Fiscal Year. Notwithstanding the foregoing, the Parties agree that if there are sufficient surpluses in subsequent years (including Renewal Terms) the provisions set forth in Section 4.4 will apply.

Notwithstanding Section 14.2.3 or any other provision to the contrary, if at the conclusion of the Parties contractual relationship the cumulative amount of paid Net Asset Incentive Fees over the life of the Agreement does not exceed the cumulative amount of Deficit Credits issued over the life of the Agreement the Academy shall have no debt or ongoing obligation to K12 for any such balance.

5. **Potential Financial Risk and Exclusivity.** Except as otherwise set forth in this Agreement, K12 assumes the risk that its fees may not allow it to operate profitably or to cover fully the costs of business during any given period. The Parties agree that K12 is willing to take the risk that it may not fully recover its costs incurred associated with the Program provided that, at a minimum, each of the following "Conditions" are met: (i) K12 is the exclusive provider of the Educational Products and Services, including the Administration and Technology Services unless otherwise expressly agreed in writing by K12, (ii) the Board does not adopt a budget or subsequent modifications to the approved Budget that would require K12 to materially increase the level of services required to be provided hereunder or to materially increase the financial risk to K12 arising from its performance of its obligations hereunder (materially increasing the financial risk under this Section includes, but is not limited to, requiring K12 to issue Deficit Credits greater than the amount proposed, if any, by K12 in a given Fiscal Year based upon the mutually agreed



upon Budget and any subsequent mutually agreed upon Amended Budget), and (iii) the Board does not cause the school to run a deficit if the proposed Budget or modifications by K12 did not provide for a deficit or the resulting deficit in a given Fiscal Year is greater than two percent (2%) above the proposed K12 budget or modifications unless agreed to in advance and in writing by K12 and/or if such budget deficit is as a result of funding hold-backs or modifications from the State of Idaho over which the Academy has no control. It shall be considered breach of a material provision if the Board or the Academy violates any of the foregoing Conditions and K12 may invoke any remedies available to K12, including termination as set forth in Section 14.1.1.

Nothing within this Section 5 shall be construed to preclude the Academy from engaging a third party to provide the goods or services outside of the products and services set forth in this Agreement, solely provided that K12 is unable or unwilling to provide such products and services after the Academy has given K12 an exclusive thirty (30) day right of first refusal to provide any such services and products not enumerated herein or in the future. In such event, the Parties shall mutually agree upon the third party provider or other agreeable alternative.

Notwithstanding anything to the contrary herein, in the event that Board or the Academy violates any or all of the Conditions set forth in this Section 5, then Sections 4.5 and 4.8 shall no longer apply and payments for K12's Educational Products and Services (to include Net Asset Fees, Performance Fees and remaining balance, if any, of Deficit Credits) and Advances, if any, shall automatically become the highest priority, second only to teacher salaries, benefits, and reimbursable costs directly related to Program teachers as set forth in Section 2.7; all remaining expenses, fees and curriculum costs shall be subordinate to K12's Educational Products and Service Fees, (to include Net Asset Fees, Performance Fees and remaining balance, if any, of Deficit Credits) and payment of Advances, if any.

## **6. Academy Advances.**

6.1. Advances. In the event that the cash receipts of the Program available from time to time (other than amounts payable to K12 pursuant to this Agreement, any other agreement between K12 and Academy or any agreement between any Affiliate of K12 and Academy) are insufficient to cover payment of Program Expenses on a timely basis, K12 will advance to the Academy from time to time such amounts as will be necessary to allow payment of such Program Expenses on a timely basis provided that, K12 will have no obligation to make any advances to Academy in any Fiscal Year for expenditures: (i) for any items that are in excess of the lesser of the amount proposed by K12 for the budget or the amount budgeted therefore in the approved Budget; or (ii) for any matters as to which K12 or any other person or entity is entitled to indemnification under Section 18 (collectively hereinafter referred to as "Advances"). The Advances will be due and owing to K12 by Academy thirty (30) days after K12 advances the funds and subject to the interest provisions in Section 11.3.

6.2. Repayment of Advances. Academy is obligated to repay all Advances made on the part of K12 and/or its Affiliates as invoiced by K12 and determined by the audited financial statements of the Academy.

## **7. Grants and Donations.**

7.1. Grants and Donations for the Academy. The Academy and K12 may, together or independently, on behalf of the Program, solicit and receive grants and donations from public funds through competitive and non-competitive grant processes or through private sources consistent with the Program's objectives; provided, however, that any solicitation of such grants and donations by K12 will be subject to the approval of the Board. For purposes of calculating the fees payable to K12 under Section 4, such grants and donations will be deemed to be included in "Program Revenues".

7.2. Grants and Donations for K12. Nothing in this Agreement will be construed to prohibit K12 from soliciting funds or grants solely for its own general corporate purposes and using such funds or grants solely for such purposes.

## **8. General Personnel Responsibility.**

8.1. K12 Employees Assigned to the Program. To satisfy its obligations under this Agreement, K12 may assign employees to the Facility or other locations. K12 will employ and determine the employment terms for administrative personnel who may include a Head of School (“HOS”) or equivalent administrative staff position, and such other staff, including agreed teaching staff as K12 deems necessary to deliver the Educational Products and Services described in this Agreement. The responsibilities and performance of K12 employees will be consistent with Applicable Law. Such administrative personnel may be assigned to the Program on a full- or part-time basis. K12 will have the sole authority to select, supervise, evaluate, transfer, promote, discipline and dismiss its administrative and other K12 staff. The Board acknowledges and agrees that K12 is only obligated to provide the Educational Products and Services described within this Agreement, and that K12 is not obligated to provide specific positions or titles, with the exception of HOS or equivalent.

8.1.1. Complaints About K12 Employees. If the Board is dissatisfied or concerned about the job performance of a K12 employee assigned to the Program, the Board shall discuss the matter first with the HOS or its equivalent. In the event the Board has a concern or is not satisfied with the HOS’s job performance, the Board will provide K12 official written notice pursuant to this Agreement and set forth the specific issues and requested action with supporting documentation.

## **8.2. Board Employees.**

8.2.1. Authority Over Board Employees. K12 shall have the authority to recommend people for Program positions listed below, including hiring, dismissal, discipline, and assistance with supervision, although both parties hereby agree that the Board shall make all final decisions about hiring, dismissal, and discipline for the Board employees providing services to the Program, subject to all Applicable Laws and agreements the Board has entered into. The personnel designated as the Board employees below shall be subject to the supervision of the Board with K12 providing evaluation assistance.

8.2.1.1. Teachers. Subject to the provisions of Section 2.5, K12 will recruit and recommend supervisory direction, training and disciplinary actions for teachers, including master and lead teachers, to assist in the delivery of the Educational Products and Administrative Services. Academy’s teachers may work on a full- or part-time basis. Each teacher must be qualified in his or her grade levels and subjects, hold a valid teaching certificate issued by the State to the extent required under Applicable Law, and have applied for or undergone a criminal background check and unprofessional conduct check to the extent required under Applicable Law.

8.2.1.1.1. Teacher Discipline. As a component of the Board’s governance, the Board may hear appeals to disciplinary measures imposed by Academy’s K12 employees acting as school administration on the Academy’s teachers. The Board may also formulate and implement binding decisions on disciplinary matters relating to the Academy’s teachers.

8.2.1.1.2. Student : Teacher Ratios. K12 in consultation with the Board and within budgetary parameters, will determine the number and assignments of Academy teachers to students. K12 will have the authority after consultation with the Board, to determine an appropriate ratio of teachers to pupils for the Program, subject to the terms and conditions of the Charter and/or Applicable Law. Notwithstanding anything to the contrary herein, K12, after consultation with the Board, reserves the right to limit enrollments in courses in order to provide teachers and staff in an efficient and effective manner in K12’s reasonable determination.

8.2.1.2. Student Support Staff. The Academy shall, within budgetary limitations, employ Student Support Staff for the Program. The Academy will be responsible for all budgeted and approved costs associated with the employment of such staff (including, without limitation, salaries, benefits, travel and other Program related expenses). Student Support Staff is defined as any position that provides direct services to teachers, students and parents (which may include a Registrar, Guidance Counselor, Nurse, Truancy Officer, Related Services Coordinator, or similar positions). From time to time, K12 will recommend to the Board the addition or elimination of specific Student Support Staff positions for action by the Board, approval of which will not be unreasonably withheld. All Student Support Staff positions will be the sole responsibility of the Academy. K12, in consultation with the Board, will recruit, set the terms of employment, hire, supervise, discipline and terminate Student Support Staff. Student Support Staff and their related costs shall be considered as a Program Expense.

8.3. Determination of Employer Entity. The Parties anticipate that, except as otherwise required by Applicable Law or to the extent necessary for the Academy to maintain its status as a tax-exempt organization under Section 501(c)(3) of the IRC, the HOS, select teaching staff and other administrative personnel provided by K12 pursuant to this Agreement will be employed by K12. In the event that K12 determines that it is necessary or desirable that any of the K12 employees providing services under this Agreement become an employee of the Academy because, for example, of a change in functional duties to a Student Support Staff position, K12 shall notify the Board of such determination in writing and upon the written agreement of the Board and consent of the employee, such K12 employee shall become an employee of the Academy; such change shall become effective on the date agreed to by the parties. In the event that at any time or from time to time K12 determines that it is necessary or desirable that any of Academy's employees become an employee of K12 because, for example, of a change in the employee's functional duties to an administrative position, K12 shall notify the Board of such determination in writing and upon the written agreement of the Board and the employee, and the Board's release of such employee from their standard contract, such Academy employee shall become an employee of K12; such change shall become effective on the date specified by K12 in such notice.

8.4. Background Investigations.

8.4.1. K12 Employees. K12 will be responsible for arranging for criminal background checks to be conducted on K12 employees to the extent required under Applicable Law. Upon the Board's request, K12 will provide the Board with documentary evidence of its compliance, subject to any confidentiality requirements imposed by Applicable Law.

8.4.2. Board Employees. The Academy, with K12's oversight, will be responsible for assuring completion of criminal background checks to be conducted on the Academy employees assigned to the Program, to the extent required under Applicable Law. The Academy, under K12's oversight, will maintain the documentary evidence of the background checks of the Academy's employees at the Facility.

9. Conflict of Terms. In the event of a conflict, ambiguity, or inconsistency between the provisions in this Agreement and any Exhibit to this Agreement, the provisions in this Agreement shall prevail, except to the extent that this Agreement expressly states that the Parties may provide a different provision in an exhibit, in which case, as to such exhibit only, the corresponding different provision shall prevail.

10. Definitions.

10.1. Affiliates. For purposes of this Agreement, an "Affiliate" of K12 is an entity that controls, is controlled by, or under common control with, K12 and "control" means the possession, directly or

indirectly, of the power to direct or cause the direction of the management policies of an entity, whether through the ownership of securities, by contract or otherwise.

- 10.2. Applicable Law. Applicable Law is defined herein as the State constitution, the State education laws and/or code, the Elementary and Secondary Education Act, the Individuals with Disabilities in Education Act, other applicable federal, state or local statutes, ordinances and regulations, any amendments to or re-codification of the aforementioned laws, and executive orders, case law, court order and other rulings applicable to the State public charter schools.
- 10.3. Charter Agreement (or "Charter"). The Charter Agreement is between the Sponsor and the Board whereby the Sponsor grants the Board the authority, pursuant to Applicable Law, to operate a charter school and receive public funds, appropriations and other revenues.
- 10.4. Change in Net Assets. Change in Net Assets in any Fiscal Year shall be the difference between Program Revenues and Program Expenses for the then current Fiscal Year (as determined based upon the audited financial statements prepared in accordance with Generally Accepted Accounting Principles (GAAP)) or approved successor principles applicable in the United States.
- 10.5. Budget. The Budget shall be comprehensive and developed and presented to the Board in the format and chart of accounts as defined by the State of Idaho Department of Education as required to be used by Idaho public schools.
- 10.6. Board. The Board shall be the governing authority of the Academy who has the legal responsibility to operate and oversee the Academy and ensure the obligations of this Agreement are fulfilled. The Academy being the recognized legal entity identified on page 1 of this Agreement, an Idaho non-profit organization.
- 10.7. Educational Program. Either a Distance Learning Educational Program, a Distance Learning with Supplemental Classroom-based Instruction Educational Program, or a Classroom-based Program, as designated on page 1 of this Agreement.
- 10.8. Facility. The Facility is the Academy's owned or leased administrative facility.
- 10.9. Fiscal Year. The Fiscal Year shall run July 1 through June 30.
- 10.10. Full-Time. Full-Time means K-8 students who have enrolled in at least six (6) courses in the Program and high school students who have enrolled in a minimum of five (5) Program courses or the minimum number of courses to graduate, whichever is greater.
- 10.11. Net Assets. Net Assets means the difference between total assets and liabilities of the Academy for the then current Fiscal Year per the audited financial statements of the school in accordance with Generally Accepted Accounting Principles (GAAP) or its successor principles applicable in the United States, including but not limited to, International Financial Reporting Standards.
- 10.12. Program. As identified on page one (1) of this Agreement, it is the charter school program, namely the Idaho Virtual Academy, in which Academy will use the products and services being provided by K12 in accordance with this Agreement.
- 10.13. Program/Academy Revenues. Program/Academy Revenues are all revenues appropriated, earned or received by the Academy as attributed to all Students in the Program which includes, but is not limited to, the following sources: state and local per-pupil basic education funds and other public school state and local funding, federal funds specific to the Program and/or its Students, and other

funding including but not limited to, Title I of the Elementary and Secondary Education Act of 1965, as amended (20 U.S.C. §6301 et seq., as amended) and other federal funding, and other revenue sources provided by law and obtained by Academy and/or K12 which are not specifically excluded herein and all contributions and grants (including but not limited to Charter School Block Grants and other grants as applicable) received by Academy granted as a matter of right and/or practice or through non-competitive grant processes, and or by the Board, Academy or a teacher employed by the Academy, independently sought apart from K12, which are to assist in the improvement of the Facility, the implementation or maintenance of the Educational Program, and/or day-to-day Academy operations.

- 10.14. Shareholder. A holder of greater than one percent (1%) of K12's outstanding shares of common stock.
- 10.15. Special Education Student. Any Student with an existing Individualized Education Program ("IEP") or for whom an IEP must be created upon or after enrollment/taking classes or as otherwise defined in accordance with State law.
- 10.16. Sponsor. The Sponsor has the authority to permit Academy to operate the Program in accordance with Applicable Law. The Sponsor, is currently defined as Idaho State Board of Education Charter Commission but may be subject to change as required by Applicable Law.
- 10.17. State. The state in which Academy's program is located and for which laws apply to the operations of Academy's program, namely Idaho.
- 10.18. Student. Any student enrolled and/or otherwise taking any course(s) in Academy's Program.

## **11. Payment of Product, Fees and Advances.**

- 11.1. Invoicing and Payment of Fees. K12 will submit to Academy a detailed invoice for the Educational Products and Services delivered for the prior calendar month. For any fees calculated as a percentage of Program Revenue, such fees will be calculated based upon the approved budget or subsequent updates in effect for the applicable calendar month and will be billed for services rendered on a monthly basis during the Term, even though Program Revenue may be received by Academy beyond the expiration of the Term.
- 11.2. Location of Payment. All payments made hereunder will be made to K12 or its applicable Affiliate, and at the address set forth above, or such other address provided by K12 in writing.
- 11.3. Payment Date and Interest. All invoices payable to K12 and its Affiliates are due within thirty (30) days from the invoice date. The Academy agrees to pay interest on overdue amounts that are due and payable by the Academy to K12 at one percent (1.0%) per month. Advances will be due thirty (30) days from the date the advance is made by K12. Interest on advances will be the then current prime rate of Wells Fargo Bank or its successor, plus two percent (2%) but in no event to exceed twelve percent (12 %) per annum on each overdue amount.
- 11.4. Taxes. The Academy represents and warrants that it is exempt from all sales and use taxes imposed by the state and local governmental divisions in which it is located. Academy must provide K12 with Academy Tax Exemption Certificates or other proof of Academy's tax-exempt status reasonably acceptable to K12. If any taxes are imposed on the Program per Applicable Law, then the Academy agrees to pay such taxes. For the avoidance of doubt, all fees for the Educational Products and Services are exclusive of taxes which shall be reimbursed subject to Section 4.8 herein.
- 11.5. Year-End Adjustments. Within thirty (30) days after completion of the Academy's audited

financial statements including statements of financial position, operations and cash flows plus footnotes containing required disclosures, hereinafter "Financial Statements" for each Fiscal Year, K12 will prepare and submit to the Board (i) a statement of the amount of any Incentive Fees payable with respect to such Fiscal Year, including the calculation of such amount (which calculation will be based upon Academy's audited Financial Statements for such Fiscal Year); and (ii) a statement of the total amounts of the Administrative Services and Technology Services Fees or other Service fees set forth in this Agreement (collectively "Service Fees") payable with respect to such Fiscal Year, including the calculation of such amounts (which calculations will be based upon Academy's audited Financial Statements for such Fiscal Year). If the total amount of the Service Fees calculated in accordance with the foregoing sentence exceeds the total amount invoiced by K12 pursuant to Section 11.1, then the excess amount will be payable to K12; if such total amount is less than the total amount invoiced by K12 pursuant to Section 11.1, then the shortfall amount will be payable to the Academy. Payment of any Incentive Fees, or excess Service Fees payable to K12 will be due thirty (30) days after the submission of the statement thereof. Reimbursement to the Academy of any overpayment of Service Fees will be due thirty (30) days after the submission of the statement thereof, provided, that K12 may elect in its sole discretion to set-off the amount any such overpayment against any outstanding obligations of the Academy to K12 or any Affiliate of K12.

11.6. Payment Out of Academy Funds. K12 is specifically authorized to pay itself and all other Program Expenses per the approved Budget and subsequent updates, subject to the Academy's expenditure authorization policy, out of the Academy's funds managed by K12.

11.7. Disputed Amounts. If the Academy wishes to dispute any charge invoiced to the Academy by K12 ("Disputed Amounts"), the Academy must submit a good faith claim in writing regarding the Disputed Amount with documentation as may reasonably be required to support the claim within ninety (90) days beyond the then-current Fiscal Year audit regarding the Disputed Amount. If the Academy does not submit a documented claim to K12 within such time frame regarding such Disputed Amount then notwithstanding anything in this Agreement to the contrary, the Academy, and the Board as applicable, waives all rights to dispute and file any claim thereafter regarding such Disputed Amount (and the Academy and the Board as applicable also waive all rights to otherwise claim that it does not owe such Disputed Amount or to seek any credits or reimbursements or other amounts of any kind based upon or relating to such Disputed Amount).

## **12. Relationship of the Parties.**

12.1. Status of the Parties. K12 is not a division or any part of the Academy or the Board. The Academy is a body corporate authorized under State law and is not a division or a part of K12. The Academy is an Idaho non-profit corporation. The relationship between the Parties was developed and entered into through arms-length negotiations and is based solely on the terms of this Agreement. The Parties are independent contractors and K12 will be the exclusive provider of the Educational Products and Services required by this Agreement unless otherwise mutually agreed in writing. Nothing herein will be construed to create a partnership or joint venture by or between the Academy or its Board and K12. Neither Party will be the agent of another except to the extent otherwise specifically provided by this Agreement where K12 is authorized to take action on behalf of the Academy. The Academy will in no case represent to third parties, and will whenever needed disclaim to such parties, any ability to bind K12 to any duty imposed by contract, other than this Agreement or as otherwise agreed in writing by K12.

12.2. No Related Parties or Common Control; Certain Permitted Participations. Except (i) as contemplated by this Agreement or any agreement between the Academy and any Affiliate with respect to the provision of services described hereunder, K12 will not have any role or relationship with the Academy that, in effect, substantially limits the Academy's ability to exercise its rights, including termination rights, under this Agreement. None of the Academy's or Board's voting power

will be vested in K12 or its directors, trustees, members, managers, officers, Shareholders, or employees, and none of the voting power of K12's board of directors or Shareholders of K12 will be vested in the Academy, its Sponsor's directors, trustees, members, managers, officers, shareholders, or employees. Each Party agrees that it will not take any action that would cause the Academy (or its Board) and K12 to be members of the same control group, as defined in Section 1.150 et seq. of the regulations under the Internal Revenue Code of 1986 as amended (or its successor) (the "IRC"), or related persons, as defined in Section 144(a)(3) of the IRC. The Academy and Board agrees to take such action as is necessary to permit employees or agents of K12 to have a nonvoting presence at the Board's meetings, including executive sessions, during the Term of this Agreement, provided that, the inclusion of employees or agents of K12 in executive sessions will be at the Board's discretion and is not inconsistent with Applicable Law.

- 12.3 **Avoidance of Appearance of Impropriety.** The Parties to this Agreement, desiring to also avoid the appearance of impropriety, agree that, in addition to complying with Applicable Law, neither K12 nor any of its Affiliates shall knowingly:
- (1) Hire any individual who is the spouse of any member of the then current Board; and
  - (2) Hire any individual to work directly on the Program who is related to any member of the then current Board, within the second degree consanguinity.

**13. Other Schools.** The Parties acknowledge that this arrangement is not exclusive and that K12 and its Affiliates will have the right to render similar services to other persons or entities including other public or private schools or institutions within and outside of the State ("Other Schools").

- 13.1. All grants or donations received by the Academy, or by K12 for the specific benefit of the Academy, will be used solely for the Academy and will be maintained in a separate account for the Academy.
- 13.2. K12 will maintain separate accounts for reimbursable expenses incurred on behalf of the Academy, and other schools, if any.
- 13.3. If a currently enrolled Full-Time Student withdraws from the Academy during the course of the school year, as a result of K12 directly sending one-on-one correspondence first initiated by K12 to knowingly recruit the Student from the Academy to an Idaho virtual public school to which K12 manages by providing administrative services, educational services and curriculum and such Student enrolls in the aforementioned school, K12 will reimburse the Academy for funding lost as a direct result of such K12 activity for the current school year, provided the Program does not have any outstanding Deficit Credits. If there are outstanding Deficit Credits, the lost funding will be offset against such balance.
- 13.4. In the event K12 does render similar services to other similar K12 managed virtual public school entities within the state of Idaho, K12 personnel (full-time employees) directly assigned to the Academy shall exclusively serve the Academy and will not be assigned by K12 to provide services to such other virtual public schools within the state of Idaho, unless otherwise agreed by the Academy. Nothing in this paragraph will prevent K12 personnel assigned to the Academy from providing services or assisting with other K12 affiliated academies outside of the state of Idaho. K12 shall not be liable if any K12 personnel violate this section on their own accord for reasons beyond K12's reasonable control.

**14. Termination.**

14.1 Events of Termination.

14.1.1 Termination for Breach. Either Party may terminate this Agreement at any time with ninety (90) days' prior written notice to the other Party for cause, effective at the conclusion of the ninety (90) day period, unless the Parties mutually agree in writing that such termination shall be effective at the end of the then-current school year. Termination for cause may be used if either or both Party breaches any material term or fails to fulfill any material condition, term, provision, representation, warranty, covenant or obligation contained in this Agreement and fails to cure within

thirty (30) days after receiving written notification from terminating Party. Upon termination of this Agreement pursuant to this Section 14.1.1 the non-breaching Party shall be entitled to seek any remedies to which it shall be entitled at law or in equity.

14.1.2 Termination for Material Reduction in Program Revenue. K12 may terminate this Agreement in the event that there is a material reduction in Program Revenue below the amount for the prior Fiscal Year or such reduction will materially increase the financial risk to K12. K12 shall notify the Academy of its intent to terminate under this provision and provide Academy thirty (30) days notice so that the Academy can exhaust all other sources of possible revenue shortfall. Such termination shall be effective: (A) immediately upon written notice by K12 to the Academy, if notice or publication of such reduction is given prior to the commencement of the school year to which such reduction is applicable; or (B) at the end of the school year upon written notice to the Academy if notice or publication of such reduction is given during the school year to which such reduction is applicable. In the event K12 in its sole discretion chooses not to terminate this Agreement in accordance with this Section 14.1.2, K12 in consultation with the Academy will determine the products and services to be provided, considering any such funding reduction and the legal requirements of a the educational program to be provided to the students of the Academy, however K12 shall make the final determination on the products and services offered in accordance with Applicable Law.

14.1.3 Termination Upon Loss of Program Approval, Charter or Non-Profit Status. This Agreement will terminate immediately upon the termination of a valid charter, or a final determination by the Sponsor that the Charter is no longer approved or a final determination by the Internal Revenue Service that the Program is not eligible for 501(c)(3) status as required.

14.1.4 Termination for Failure to Approve Budget. In the event that the Academy does not approve a budget or reasonable modifications to a budget within thirty (30) days following the submission of a proposal therefore by K12, K12 may terminate this Agreement effective at the end of the then-current school year in which the budget or reasonable modification is not approved, or if the lack of approval is for an upcoming school year that has not commenced, K12 may terminate this Agreement upon written notice prior to the commencement of the upcoming school year.

14.1.5 Termination due to Changes in the Charter or Board or Sponsor Policies. K12 may terminate this Agreement effective upon written notice to the Academy (in accordance with this provision) in the event that the Charter is amended or the Board or the Sponsor adopts or amends a policy in each case without the prior written approval of K12, and the effect of such amendment or policy could reasonably be determined to require K12 to increase materially the level of services required to be provide hereunder or to increase materially the financial risk to K12 arising from its performance of its obligations hereunder. Prior to such a termination occurring, K12 must provide written notice to the Academy of the conflict. The Academy thereafter has a period of thirty (30) days after receiving written notification from terminating Party to cure the defect.

14.1.6 Change in Applicable Law. If any change in Applicable Law that is enacted after the date hereof could reasonably be expected to have a material adverse effect on the ability of any Party to carry out its obligations under this Agreement, such Party, upon written notice to the other Party (which notice may be given at any time following enactment of such change in Applicable Law, whether or not such change is effective on the date of such enactment or is effective at a later date), may request renegotiation of this Agreement. Such renegotiation will be undertaken in good faith. If the Parties are unable to renegotiate and agree upon revised terms within one hundred twenty (120) days after such notice of renegotiation, then this Agreement will be terminated effective at the end of the school year in which such notice was given, unless earlier termination is necessary to protect the



health, welfare, or safety of Students.

**14.2 Effect of Termination or Expiration.**

14.2.1 Outstanding Payments Due. Except as otherwise agreed by the Parties in writing, termination does not relieve the Academy of any obligations for payments earned, due or outstanding to K12 as of the date of termination or other obligations that continue upon termination as provided in this Agreement to include outstanding Deficit Credits.

14.2.2 Performance Fee Pro-Rated. In the event this Agreement expires or is terminated pursuant to this Section 14 without cause prior to the end of a given Fiscal Year, the Parties shall calculate the Incentive Fees at the end of such Fiscal Year as if this Agreement had not been terminated. The Parties shall then prorate those amounts to the date of termination of this Agreement, and the Academy shall pay K12 the prorated amount.

14.2.3 Net Asset Fee. In the event this Agreement expires or is terminated for cause pursuant to Sections 14.1.1, 14.1.3, 14.1.4 and 14.1.5, to the extent there are outstanding Deficit Credits remaining, that is cumulative Deficit Credits issued over the life of the Agreement exceed cumulative Net Asset fees paid over the life of the Agreement and a positive Net Asset position exists, the Academy shall fully exhaust its Net Assets, less sums owing in compensation to Academy employees, and to the extent legally permitted by limitations upon use of Program and/or Title funds, to pay off the outstanding balance of Deficit Credits, provided however, if any Deficit Credits remain after the Net Assets are fully exhausted, the remaining Deficit Credits shall be fully forgiven. The Academy shall not be required to violate any provision of state or federal funding laws in provision of Net Asset Fees to K12 associated with any such event.

14.2.4 Fees Owed. In the event this Agreement terminates pursuant to this Section 14 or it expires pursuant to its terms, and unless otherwise agreed by the Parties in writing, Academy shall owe for all products and services rendered to include the Administrative and Technology Services Fees, Educational Products and Services in accordance with this Agreement for the period up to and including the date of the termination of the Agreement and/or the date of severance of services, whichever event is earliest.

14.2.5 Loss of Value. The Academy acknowledges and agrees that the subject matter of this Agreement is unique and that it would not be possible for K12 to resell the Products or the Services that are the subject of this Agreement. In view of the difficulty in estimating K12's damages incurred, the Parties agree to the extent not precluded by Applicable Law, for the purposes hereof that K12's damages shall be twenty-five percent (25%) of the Program Revenues in the Fiscal Year in which the Agreement is being terminated, due within thirty (30) days following date of such termination, if the Agreement was terminable as set forth in this Section 14.1.1 and 14.1.4.

**15. Intellectual Property Rights.**

**15.1 Intellectual Property Rights**

15.1.1 Authority to Sublicense. The Academy acknowledges and agrees that K12 has the right to sublicense from K12 Inc. to the Academy certain intellectual property rights and interests in and to K12 Inc. and its Affiliate's intellectual property, including but not limited to trade secrets, know-how, proprietary data, documents and written materials in any format, artwork, graphics, charts, software, licenses, marketing materials, website design and domain names for K12 and its Affiliates, website design and other materials created for the Academy, Program name and curricular materials and any and all customizations and derivative works thereof (collectively, "K12 Proprietary Materials"). The Academy further acknowledges and agrees that it has no intellectual property interest or claims in the K12 Proprietary Materials, any customizations and derivative works thereof or any

other materials created for use in connection with the K12 Proprietary Materials, and has no right to use the K12 Proprietary Materials unless expressly agreed to in writing by K12.

15.1.2 Sub-License of K12 Proprietary Materials. K12 hereby grants the Academy a royalty-free, non-exclusive, non-transferable sub-license, during the Term and for a period of ninety (90) days following the expiration or earlier termination of this Agreement, to use and distribute the K12 Proprietary Materials in connection with the Academy's Program operations as contemplated in this Agreement. Notwithstanding the foregoing, the Academy hereby agrees not to: (i) modify or otherwise create, or permit third parties to modify or otherwise create, derivative works from or using the K12 Proprietary Materials, (ii) sublicense any rights under this Section 15.1.2 without the advance written approval of K12, which approval may be withheld by K12 in its sole discretion or (iii) frame any website owned by K12. Upon the termination of such license, the Academy will cease use of the K12 Proprietary Materials, and the Academy will return all K12 Proprietary Materials to K12 promptly, including those in the possession of the Academy, any teachers and school employees participating in the Program, and students participating in the Program.

15.1.3 Rights of K12 in K12 Proprietary Marks. The Academy acknowledges and agrees that, as between the Academy and K12, K12 only has the right to sublicense certain intellectual property rights and interests in and to K12 Inc.'s trademarks, service marks, and trade names (including K12, K12 (& Design), trade names, trade dress, and the logo names and design(s) for the Program as well as those featured in Exhibit B (collectively, "K12 Proprietary Marks"). The Academy further acknowledges and agrees that it has no intellectual property interest or claims in the K12 Proprietary Marks any customizations and derivative works thereof or any other materials created for use in connection with the K12 Proprietary Marks and has no right to use the K12 Proprietary Marks except in the limited capacity as set forth in Section 15.1.4 or unless expressly agreed to in writing in advance by K12, which agreement K12 may withhold in its sole discretion.

15.1.4 Sub-License of K12 Proprietary Marks. K12 hereby grants the Academy a royalty-free, non-exclusive, non-transferable sublicense, during the Term and for a period of ninety (90) days following the expiration or earlier termination of this Agreement, to use the K12 Proprietary Marks relating to the Program solely in connection with the Academy's operations of Program as contemplated in this Agreement. Notwithstanding the foregoing, the Academy will not be permitted to sublicense any rights under this Section 15.1.4 without the advance written approval of K12, which approval may be withheld by K12 in its sole discretion. Upon the termination of such license, the Academy will cease use of the K12 Proprietary Marks.

15.1.5 Limitations on Use of K12 Proprietary Materials and K12 Proprietary Marks by Academy. The Academy will use the K12 Proprietary Materials and the K12 Proprietary Marks only as provided in this Agreement. Notwithstanding Sections 15.1.2 and 15.1.4, the Academy also will not alter, copy, disassemble, reverse engineer or modify the K12 Proprietary Materials and/or the K12 Proprietary Marks in any way, nor will the Academy act or permit action in any way that would impair the rights of K12 in them. The Academy's authorized use will not create any right, title, or interest in or to the K12 Proprietary Materials or the K12 Proprietary Marks any customizations and derivative works thereof or any other materials created for use in connection with the foregoing. K12 will have the right to monitor the quality of the Academy's use of the K12 Proprietary Materials and the K12 Proprietary Marks, and the Academy will notify K12 promptly in writing of any known infringement thereof and of any use of K12's Intellectual Property (including the K12 Proprietary Materials, and/or the K12 Proprietary Marks) by a non-party, other than set forth or contemplated by this Agreement, of which the Academy becomes aware. K12 and the Academy agree to reasonably assist each other in pursuing measures to prevent further use of K12's Intellectual Property by said non-party. Any references to or use of the K12 Proprietary Materials or the K12 Proprietary Marks by the Academy will contain the appropriate trademark, copyright or other legal notice provided from time to time by

K12 and will be subject to additional trademark usage standards developed by K12 and modified from time to time by K12 with advance notice in writing. Moreover, the Academy hereby assigns and transfers to K12, its successors and assigns, all of Academy's right, title and interest in and to the Program Name (the "Mark"), together with the goodwill of the business symbolized by the Mark and the right to sue and collect damages and/or profits for past infringements of the Mark.

15.1.6 Publicity/Press Release. K12 may use the Academy's name and Program references in a listing of new, representative or continuing the Academy's in press releases, on its website, or in other marketing materials or dissemination of information. The parties may agree to cooperate in joint marketing activities or in issuing a joint press release at the request of either of them, subject to prior written consent and approval of the form and substance of both the Academy and K12.

16. **Limitation on Liability.**

16.1 Consequential Damages. Except in connection with its indemnity obligations expressly set forth herein, neither Party shall be liable for any indirect, consequential, exemplary, incidental, special, or punitive damages, including but without limitation lost funding, lost revenues, lost opportunity costs, or any other economic loss, of any type or nature or for events or circumstances beyond the parties' control, even if the Party has been advised of the possibility of such damages.

16.1.1 K12's maximum liability and obligation to the Academy and its Board and the Board and Academy's exclusive remedy for any cause whatsoever, regardless of the form of action, whether in contract or in tort, including negligence, relating to this Agreement shall be limited to the recovery of actual direct damages up to the amount of the amount of fees paid under this Agreement in the prior six (6) months. NEITHER PARTY SHALL BE LIABLE FOR ANY SPECIAL, INCIDENTAL OR CONSEQUENTIAL DAMAGES, INCLUDING, WITHOUT LIMITATION, ANY LOST SAVINGS, LOST PROFITS, LOST SALES, BUSINESS INTERRUPTIONS, DELAY DAMAGES, DAMAGES FOR THIRD PARTY CLAIMS, LOST OR DESTROYED DATA, EVEN IF THAT PARTY HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES. NEITHER OCCASIONAL SHORT-TERM INTERRUPTIONS OF SERVICE OR PRODUCTS, WHICH ARE NOT UNREASONABLE UNDER COMPARABLE INDUSTRY STANDARDS NOR INTERRUPTIONS OF SERVICE OR PRODUCTS RESULTING FROM EVENTS OR CIRCUMSTANCES BEYOND K12'S REASONABLE CONTROL SHALL BE CAUSE FOR ANY LIABILITY OR CLAIM AGAINST K12 HEREUNDER, NOR SHALL ANY SUCH OCCASION RENDER K12 IN BREACH OF THIS AGREEMENT.

17. **Assignment**. Except as otherwise provided in this Agreement, neither Party may assign or delegate any rights or obligations under this Agreement without the prior written consent of the other Party. Except as prohibited by Applicable Law or the Charter, K12 may assign all of its rights and obligations under this Agreement to any person or entity that controls K12, is controlled by K12, or is under common control with K12 or to any successor in interest that acquires all or substantially all of the assets of K12. K12 may delegate the performance of its duties hereunder to any person or entity but K12 shall be responsible for the performance, in accordance with the terms of this Agreement, of any services performed by its delegates.

18. **Indemnity**. The Party charged with indemnifying and/or defending under this Section 16 (the "Indemnifying Party") shall conduct the defense in any such third party action arising as described herein and the Party claiming the benefits of this Section 18 (the "Indemnified Party") promises to cooperate with such defense, provided the Indemnifying Party reasonably consults with the Indemnified Party on any settlement as required and/or permitted pursuant to the applicable insurance policy (subject to the consent requirement in the last sentence of this paragraph). Notwithstanding the foregoing, the Indemnified Party may, at its own expense, assist in such defense if it so chooses, provided that the Indemnifying Party shall be entitled to control such defense and all negotiations relative to the settlement

of any such claim only to the extent that such does not interfere with the applicable insurance coverage of the parties. Any settlement that would admit any liability on the part of the Indemnified Party shall require such Indemnified Party's prior written consent.

18.1 Indemnification of Academy. K12 will indemnify, defend, and save and hold Academy and all of its employees, officers, directors, trustees, subcontractors, and agents, their respective successors and permitted assigns, harmless against any and all claims, demands, suits, or other forms of liability including without limitation costs and reasonable attorneys' fees (each a "Claim") that may arise out of, or by reason of, any (a) breach of any expressed representation or warranty, covenant or agreement made or to be performed by K12 pursuant to this Agreement, (b) noncompliance by K12 with any Applicable Law in connection with Academy's operations, but excluding any Claims that arise from conduct undertaken in accordance with the Sponsor's, the Board's or Academy's instructions, procedures or written policies or in accordance with the Sponsor's written policies, except where such instructions arise from and are in accordance with specific advice or explicit recommendations formally provided by K12, and (c) act or omission of K12 or any of its employees, officers, directors, trustees, subcontractors or agents in connection with the Academy's operations that results in injury, death, or loss to person or property, or educationally related claim, employment-related claim brought by K12's employees, except to the extent any Claims arise out of actions or omissions of the Academy or its Board. K12 and its Affiliates shall only be liable for any Claims related to the enrollment, placement and provision of services to any Special Education Students when such liability is a direct result of the actions or inactions of a K12 employee or contractor under the direct Supervision of a K12 employee.

18.2 Indemnification of K12. The Academy will indemnify, defend, and save and hold K12 and each other Affiliate of K12 and all of their respective employees, officers, directors, trustees, subcontractors, and agents, their respective successors and permitted assigns, harmless against any and all Claims that may arise out of, or by reason of, any (a) breach or any expressed representation or warranty, covenant or agreement made or to be performed by the Academy pursuant to this Agreement, (b) noncompliance by the Academy or its Board with any Applicable Law in connection with the Academy's operations, (c) act or omission of the Academy or any of its employees, officers, directors, trustees, subcontractors or agents in connection with the Academy's operations that results in injury, death, or loss to person or property, or educationally related claim, except to the extent any Claims arise out of actions or omissions of K12, and (d) for any Claims that are related to the Academy's action or inaction with respect to the enrollment, placement and provision of services to any Special Education Students for which K12 or the personnel of K12 are not responsible for such applicable actions.

18.3 Indemnification Procedures.

18.3.1 Notice Requirement. Each Indemnified Party must give written notice to the other of the existence of a Claim promptly after such Indemnified Party first receives notice of the existence of the potential Claim, provided that such Indemnified Party will not be foreclosed from seeking indemnification hereunder by any failure to provide such prompt notice except and only to the extent the Indemnified Party actually incurs an incremental expense or otherwise has been materially prejudiced as a result of such delay.

18.3.2 Defense and Settlement of Claims Each Indemnified Party seeking indemnification hereunder will permit the Indemnifying Party (at the expense of the Indemnifying Party) to assume the defense of such Claim, provided, that (i) counsel for the Indemnifying Party who will conduct the defense of such Claim must be reasonably satisfactory to such Indemnified Party and (ii) such Indemnified Party may participate in such defense at such Indemnified Party's expense. Except with the prior written consent of the Indemnified Party seeking indemnification hereunder, the Indemnifying Party, in the defense of any Claim, will not consent to entry of any judgment or enter into any settlement. In the event that any Indemnified Party seeking indemnification hereunder has been advised by counsel for the Indemnifying Party that such Indemnified Party may have available to

it one or more defenses or counterclaims that are different from or in addition to one or more of those that may be available to the Indemnifying Party in respect of such Claim and, in such counsel's reasonable opinion, such counsel could not assert such defenses or counterclaims without creating a conflict of interest, such Indemnified Party will have the right to take over and assume control over the defense of such claim at the sole cost of the Indemnifying Party, provided that if such Indemnified Party does so take over and assume control, such Indemnified Party will not settle such claim without the written consent of the Indemnifying Party. In the event that the Indemnifying Party does not accept the defense of any matter as above provided, the Indemnified Party seeking indemnification hereunder will have the right to defend against such Claim, provided that such Indemnified Party will not settle such Claim without the written consent of the Indemnifying Party. In any event, any Indemnified Party seeking indemnification hereunder and the Indemnifying Party will cooperate in the defense of any claim subject to this Section 18.

**19. Insurance Coverage.**

**19.1 Liability Coverage.**

19.1.1 Academy will initiate and maintain for a period of two (2) years after the expiration or termination of this Agreement, at its own expense, comprehensive professional and general liability insurance, as follows beginning with the 2009-2010 school year:

- Property Coverage
- Third Party Crime Coverage with coverage limits of \$300,000
- General Liability Coverage with coverage limits of \$2,000,000 per occurrence and \$5,000,000 aggregate
- Abuse and Molestation Coverage with coverage limits of \$2,000,000 per occurrence and \$2,000,000 aggregate
- Educators Legal Liability Coverage with coverage limits of \$2,000,000 per occurrence and \$2,000,000 aggregate
- Automobile Coverage with coverage limits of \$3,000,000

Such insurance (excluding D & O and E & O insurance) will include K12 and its Affiliates and their respective trustees, directors, officers, employees, contractors and agents as additional insureds within thirty (30) days after the date of this Agreement. Such insurance will be written to cover claims incurred, discovered, manifested, or made during or after the Term.

In the event that the Academy seeks to amend its insurance coverage for any additional year covered under the terms of this Agreement, such event shall be disclosed by the Academy to K12 as part of the budget preparation process of Article 2.4 of this Agreement.

19.1.2 K12 will initiate and maintain for a period of two (2) years after the expiration or termination of this Agreement, at its own expense, comprehensive professional and general liability insurance, including product liability, contractual liability (applicable to the indemnification obligations of K12 set forth in Section 18, subject to insurance policy terms and limitations), and advertising injury insurance, with reputable and financially secure insurance carriers to cover the operations of K12, for not less than \$5,000,000 (general liability combined single limit for bodily injury and property damage per occurrence and in the aggregate). Such insurance (excluding D & O and E & O insurance) will include the Academy and its respective trustees, directors, officers, employees, contractors and agents as additional insureds within thirty (30) days after the date of this Agreement. Such insurance will be written to cover claims incurred, discovered, manifested, or made during or after the Term.

19.2 Evidence of Insurance. Each Party will furnish a certificate of insurance evidencing such coverage to the other respective Party within thirty (30) days after the effective date of this Agreement. Thereafter, each Party will endeavor to provide thirty (30) days' advance written notice, or as much advance written notice as reasonably practical) to the other Party of any cancellation or material adverse change to such insurance.

19.3 Insurance Coverage No Limitation on K12's Rights. The Academy's insurance will be primary coverage and any insurance K12 may purchase shall be excess and non-contributory for all claims directly related to actions or omissions of the Academy. K12's insurance will be primary coverage and any insurance the Academy may purchase shall be excess and non-contributory for all claims directly related to actions or omissions of K12. The minimum amounts of insurance coverage required herein will not be construed to impose any limitation on either Party's indemnification obligations under Section 18.

19.4 Workers' Compensation Insurance. Both the Academy and K12 will initiate and maintain workers' compensation insurance for its respective employees working at or for the Academy, as required by Applicable Law.

19.5 Cooperation. All parties will comply with any information or reporting requirements required by the other Party's insurer(s), to the extent reasonably practicable.

20. **REPRESENTATIONS AND WARRANTIES.**

20.1 Representations and Warranties of K12. K12 hereby represents and warrants to the Academy:

20.1.1 Organization and Good Standing. K12 is a limited liability company duly organized, validly existing, and in good standing under the laws of the State of Delaware and is a wholly owned subsidiary of K12 Inc.

20.1.2 Power and Authority; Authorization; Binding and Enforceable Agreement. K12 has full limited liability company power and authority to execute and deliver this Agreement and to perform its obligations hereunder. This Agreement has been duly authorized and executed by K12 and constitutes the valid and legally binding obligation of K12, enforceable against K12 in accordance with its terms, except as such enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance, and other laws of general applicability relating to or affecting creditors' rights and by general principles of equity.

20.1.3 K12 warrants that the Educational Services will be performed in an professional and workmanlike manner in accordance with commercially reasonable industry standards, and deliverables, if any, will materially comply with the agreed upon functional specification set forth in the applicable Exhibit A, if used in a manner consistent with the conditions for which it was designed. THE FOREGOING WARRANTIES ARE IN LIEU OF ALL OTHER WARRANTIES, EXPRESS, IMPLIED, STATUTORY OR OTHERWISE, INCLUDING, BUT NOT LIMITED TO, ANY IMPLIED WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE AND K12 AND ITS AFFILIATES MAKE NO GUARANTEES AS TO THE RESULTS OR ACHIEVEMENTS OF THE STUDENTS. WITHOUT LIMITING THE FOREGOING, K12 MAKES NO GUARANTEES AND SHALL NOT BE LIABLE FOR NON-ACCESSIBILITY OF THE K12 WEBSITE, END-USER CONNECTION SPEED OR CONNECTIVITY PROBLEMS REGARDLESS OF THE REASON.

20.1.4 Non-Conformities. The foregoing warranties shall not apply to defects or non-

conformities: (a) resulting from software, hardware or interfacing not supplied by K12, its Affiliates or authorized contractors; (b) resulting from inadequate or improper maintenance, modification or usage by the Academy or Student; or (c) where there has been improper site preparation or site environment by the Academy or Student. In addition, the foregoing warranty shall not apply to requirements not expressly included in this Agreement.

20.2 Representations and Warranties of Academy. The Academy hereby represents and warrants to K12:

20.2.1 Organization and Good Standing. The Academy is a non-profit corporation duly organized, validly existing, and in good standing under the laws of the State.

20.2.2 Power and Authority; Authorization; Binding and Enforceable Agreement. The Academy has full power and authority to execute and deliver this Agreement and to perform its obligations hereunder. This Agreement has been duly authorized and executed by the Academy and constitutes the valid and legally binding obligation of the Academy, enforceable against the Academy in accordance with its terms and conditions, except as such enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance, and other laws of general applicability relating to or affecting creditors' rights and by general principles of equity.

20.2.3 Authority Under Applicable Law. The Academy has the authority under Applicable Law to: (i) contract with a private entity to perform the Educational Services, Administrative Services and/or Technological Services and all other programs and services under this Agreement; (ii) to execute, deliver, and perform this Agreement; and (iii) to incur the obligations provided for under this Agreement.

20.2.4 Non-Contravention. There does not exist, and the execution, delivery and performance of this Agreement by the Academy of its obligations hereunder will not constitute, under the Charter or any other agreement, contract, note, lease, license, or other instrument to which the Academy is party or by which it or any of its properties or assets is bound, any violation, breach or event of default or event or condition that, after notice or lapse of time or both, would constitute a violation, breach event of default there under by the Academy or, to the knowledge of the Academy, any other party thereto. The Academy has delivered to K12 a true and complete copy of the Charter.

20.2.5 Compliance of Educational Program with Applicable Law. The Educational Program will comply with, and the Academy and K12 will ensure that it will continue to comply with, Applicable Law.

20.2.6 Provision of Authority to K12. The Academy has provided and will provide K12 with all authority and power necessary and proper for K12 to undertake its responsibilities, duties, and obligations provided for in this Agreement.

20.2.7 Effectiveness and Enforceability of the Charter. The Charter is in full force and effect and constitutes a valid and binding obligation of each party thereto, enforceable in accordance with its terms except as such enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance, and other laws of general applicability relating to or affecting creditors' rights and by general principles of equity.

20.2.8 Certain Provisions of the Charter. The Charter authorizes the Academy to operate and receive the federal, state and local education funds identified in this Agreement, as well as other revenues, and otherwise vests the Academy with all powers necessary and desirable for carrying out the Educational Program and other activities contemplated in this Agreement.

20.3 Mutual Warranties. Each Party warrants to the other that there are currently no pending actions, claims, suits, or proceedings, to its knowledge, threatened against it, which if adversely determined, would have a material adverse effect on its ability to perform its obligations under this Agreement.

21. MISCELLANEOUS.

21.1 Coordination; Exercise of Approval or Consent Rights.

21.1.1 Coordination and Consultation. The parties will coordinate the performance of their respective activities hereunder and will establish such procedures as they shall mutually agree to be effective for achieving the purposes of this Agreement and allowing each of them to perform its obligations and exercise its rights under this Agreement. Without limiting the generality of the foregoing, K12's legal counsel and Academy's legal counsel will consult from time to time with respect to the requirements of Applicable Law and the Charter and Academy's and the Sponsor's policies as they relate to Academy's operations of the Program.

21.1.2 Approval or Consent Rights. In performing services and its other obligations under this Agreement, or in exercising its rights under this Agreement, including granting or withholding any consents or approvals or making any requests of the other Party, each Party must act reasonably (including as to the timing of its actions) except to the extent that this Agreement provides that it may act as it determines "in its sole judgment" or "its sole discretion," or words to that effect, in the applicable provision. Whenever it is provided in this Agreement that the Parties will or may agree as to a certain matter, each Party will have the right to agree or disagree in its sole discretion following good faith discussions.

21.2 Non-Solicitation: Each Party agrees that during the Term of this Agreement and for a period ending twelve (12) months after the termination of this Agreement for any reason, unless mutually agreed by the parties, one Party will not directly solicit, recruit for employment, offer employment to, offer subcontracting opportunities to, or otherwise use the services of any consultant or employees of the other Party or their related companies if that consultant or employee or former consultant or employee had been assigned to or worked under this Agreement.

21.2.1 In the event of such unpermitted use or engagement by a Party or its related company of such consultant or employee whether directly or indirectly, in contravention of the clause immediately above, the other Party, at its option, may seek equitable relief against such actions or seek receipt of a sum equivalent to twenty-five percent (25%) of that employee's base starting salary.

21.2.2 For the avoidance of doubt, newspaper, periodical or Internet-based listings of employment opportunities by a Party shall not be considered direct or indirect solicitation of an employee of the other Party.

21.3 Remedies.

21.3.1 Dispute Resolution Procedure. The Parties agree that they will attempt in good faith to settle any and all disputes arising out of, under or in connection with this Agreement, including without limitation the validity, interpretation, performance and breach hereof, first at the account manager level. If, the dispute is not resolved after five (5) business days at that level, then the Parties shall escalate the effort to resolve to the lead managers for both Parties. If, the dispute is not resolved



after five (5) business days from the time of escalation to that level, then the Parties shall escalate the effort to resolve to the general manager for the Academy and the EVP of School Management for K12. If, the dispute is not resolved after further five (5) business days from the time of escalation to that level, then the Parties shall escalate the effort to resolve to the board president for the Academy and the CEO for K12 who shall have five (5) days to resolve the matter. The dispute resolution procedures described herein will be deemed complete upon the earlier to occur of the following: (i) the Parties mutually agree in writing to discontinue the dispute resolution procedures; and (ii) the relevant dispute is not resolved within the time periods provided under herein.

21.3.2 Mediation and Arbitration. If the Parties are unable to resolve the dispute pursuant to Section 21.3.1, the Parties agree that they will attempt in good faith to settle any and all disputes through a process of mediation in Ada County, Idaho under the supervision of a mutually agreed upon mediator. In the event that mediation fails to settle such a dispute, the Parties hereby agree to proceed to arbitration in Ada County, Idaho pursuant to the then existing rules of the American Arbitration Association. Except as may be required by law, neither a Party nor an arbitrator may disclose the existence, content, or results of any arbitration hereunder without the prior written consent of both Parties. Judgment upon the award rendered may be entered by the District Court of Ada County, Idaho. In the event of arbitration, the non-prevailing Party will be responsible to pay all costs of arbitration, the prevailing Party's reasonable attorney's fees, costs and other disbursements, plus legal interest on the award. Each Party will bear its own costs and expenses associated with the dispute resolution procedures set forth in this Section 21.3, except that the Parties will share equally any fees payable to a professional mediator and/or arbitrator.

21.3.3 Injunctive Relief. Notwithstanding the foregoing either Party may, upon determination at its sole discretion that the delay occasioned by the above procedure would cause it to suffer irreparable harm and/or the full extent of the Party's damages may be impossible to ascertain and/or, monetary damages will not be an adequate remedy, the Party may seek immediate judicial relief as available in law or equity, and the initiation of any judicial proceeding will suspend the dispute resolution procedures set forth in this Section 21.3. The Party will be entitled to enforce this Agreement by an injunction or other equitable relief without the necessity of posting bond or security, in addition to its right to seek monetary damages or any other remedy. The decision of a Party not to seek judicial relief during the pendency of the above described dispute resolution procedures will not create any inference respecting the presence or absence of irreparable harm.

21.4 Jurisdiction and Venue. In the event any dispute is not resolved or resolvable by the procedures set forth in Section 21.3.2, each Party: (a) irrevocably and unconditionally consents and submits to the jurisdiction of the state and federal courts located in the State of Idaho for purposes of any action, suit or proceeding arising out of or relating to this Agreement; (b) agrees that service of any process, summons, notice or document by U.S. registered mail to the address set forth opposite the name of such Party at the end of this Agreement shall be effective service of process for any such action, suit or proceeding brought against such Party; (c) irrevocably and unconditionally waives any objection to the laying of venue of any action, suit or proceeding arising out of or relating to this Agreement in any state or federal court located in the State of Idaho, and (d) irrevocably and unconditionally waives the right to plead or claim, and irrevocably and unconditionally agrees not to plead or claim, that any action, suit or proceeding arising out of or relating to this Agreement that is brought in any state or federal court located in the Commonwealth of Virginia has been brought in an inconvenient forum.

21.5 Force Majeure. Notwithstanding any other sections of this Agreement, no Party will be liable for any delay in performance or inability to perform due to acts of God or due to war, riot, terrorism, civil war, embargo, fire, flood, explosion, sabotage, accident, labor strike, Internet outage or other acts beyond its reasonable control and unrelated to its fault or negligence.

21.6 Governing Law. The laws of the State of Idaho without regard to its conflict of laws provisions will govern this Agreement, its construction, and the determination of any rights, duties, and remedies of the Parties arising out of or relating to this Agreement.

21.7 Entire Agreement. This Agreement, including the Addendum and the Exhibits hereto (all of which constitute part of this Agreement), constitutes the entire agreement of the Parties with respect to the subject matter hereof, and supersedes all previous oral and written, and all contemporaneous oral, negotiations, commitments, agreements, warranties, representations and understandings relating hereto.

21.8 Counterparts, Facsimile Transmissions. This Agreement may be executed in counterparts, each of which will be deemed an original, but both of which will constitute one and the same instrument. Each Party may rely on facsimile signature pages as if such facsimile pages were originals.

21.9 Official Notices. All notices and other communications required by the terms of this Agreement will be in writing and sent to the parties hereto at the addresses set forth below (and such addresses may be changed upon proper notice to such addressees). Notice may be given by: (i) certified or registered mail, postage prepaid, return receipt requested, (ii) reputable overnight carrier, postage prepaid, (iii) facsimile (with confirmation of transmission by sender's facsimile machine), or (iv) personal delivery (with written receipt confirming such delivery). Notice will be deemed to have been given (i) two days after mailing as described in clauses (i) and (ii) of the foregoing sentence, (ii) on the date of personal delivery or (iii) on the date of transmission of a facsimile if on a business day during normal business hours (or, if not, the next succeeding business day). Electronic mail does not constitute official notice under this Agreement. The addresses of the parties are:

For K12:  
President  
K12  
2300 Corporate Park Drive, Suite 200  
Herndon, VA 20171  
Fax: (703) 483-7330

With Copy To:  
General Counsel  
K12  
2300 Corporate Park Drive, Suite 200  
Herndon, VA 20171  
Fax: (703) 483-7496

For the Board:  
School Board Chairman  
1965 S. Eagle Road  
Meridian, ID 83642  
Fax: (208) 322-3688

With Copy To: IDVA Attorney (Amy G. White)  
Anderson, Julian & Hull LLP  
C.W. Moore Plaza, 250 South Fifth Street  
Suite 700  
Boise, ID 83707  
Fax: (208) 344-5510

21.10 Audit. Upon forty-five (45) days written notice, K12 may audit the Academy's use of the Educational Products. The Academy agrees to cooperate with K12's audit and provide reasonable assistance and access to information. The Academy agrees to pay within thirty (30) days of written notification any fees applicable to the Academy's use of the Products in excess of the license rights. If the Academy does not pay, K12 can end the Academy's technical support, licenses and/or this Agreement. The Academy agrees that K12 shall not be responsible for any of the Academy's costs incurred in cooperating with the audit.

21.11 Amendment. This Agreement will not be altered, amended, modified, or supplemented except in a written document executed by the parties.

21.12 Waiver. No waiver of any provision of this Agreement will be effective unless in writing, nor

will such waiver constitute a waiver of any other provision of this Agreement, nor will such waiver constitute a continuing waiver unless otherwise expressly stated.

21.13 Interpretation. The parties hereto acknowledge and agree that the terms and provisions of this Agreement, will be construed fairly as to all parties hereto and not in favor of or against a Party, regardless of which Party was generally responsible for the preparation of this Agreement.

21.14 Severability. The parties intend that each provision hereof constitute a separate agreement between them. Accordingly, the provisions hereof are severable and in the event that any provision of this Agreement shall be deemed invalid or unenforceable in any respect by a court of competent jurisdiction, the remaining provisions hereof will not be affected, but will, subject to the discretion of such court, remain in full force and effect, and any invalid or unenforceable provision will be deemed, without further action on the part of the parties, amended and limited to the extent necessary to render the same valid and enforceable and reflect the intent of the parties. To the extent that any of the services to be provided by K12 are found to be overbroad or an invalid delegation of authority by the Academy, such services will be construed to be limited to the extent necessary to make the services valid and binding.

21.15 Successors and Assigns. This Agreement will be binding upon, and inure to the benefit of, the parties and their respective successors and permitted assigns.

21.16 No Third-Party Rights. This Agreement is made for the sole benefit of the Academy and K12 and their respective successors and permitted assigns. Except as set forth in Sections 13 and 16 and except for each Affiliate of K12, which shall be a third party beneficiary of this Agreement, nothing in this Agreement will create or be deemed to create a relationship between the parties to this Agreement, or any of them, and any third person, including a relationship in the nature of a third-party beneficiary or fiduciary.

21.17 Survival of Termination. All representations, warranties, and indemnities expressly made in this Agreement will survive termination of this Agreement.

21.18 Headings and Captions. The headings and captions appearing in this Agreement have been included only for convenience and shall not affect or be taken into account in the interpretation of this Agreement.

**Exhibit A**  
**Curriculum and Services**

**I. Educational Products, Pupil Recruiting and Related Services:** During the Term, K12 and its Affiliates will provide or cause to be provided to Academy, its Students and its personnel the following educational products and services (the “Educational Products”) in accordance with the fees published on the Product Price List provided to the Academy:

1. Online School: For each school year during the Term, (i) K12® Curriculum and associated learning management system for grades K through 8, in each case in Language Arts, Math, Science, History, Art and Music, however, foreign language may be substituted for Music as agreed and allowable; (ii) K12® Curriculum and associated learning management system for grades 9 through 12, in each case in Language Arts, Math, Science and History in addition to electives per the K12 course catalogue; and (iii) any third party curriculum K12 generally offers its customers, in each case for such courses required by Applicable Law.
2. Instructional Tools. Such instructional tools and supplies, including without limitation textbooks and multi-media teaching tools, as K12 determines in its discretion to be necessary to deliver the Educational Program.
3. Related Services. Pupil Recruitment and related services are included in the cost of the curriculum and materials in the Product Price List:
  - a. Additional Instructional Support. K12 will make available the necessary instructional support and teachers as mutually agreed upon in accordance with the Product Price List as the Program may require for the Educational Products and related offerings.
  - b. Pupil Recruitment. Recruitment of students in K12’s discretion, including creation, design and preparation of recruitment materials and advertisements; assist with demand creation for the Program and its information sessions and other events via mail, e-mail, newspapers, magazines, journals, radio, television, community forums, town hall meetings, and other forms of communication and outreach on Academy’s behalf; develop community outreach strategy and connect with local organizations. Design school recruitment materials, letterhead, business cards, and logos to create school identity. Develop, design, publish, and maintain the Program’s interactive website.
  - c. Admissions. Implementation of the Program’s admissions policy, including management of the application and enrollment process; creation, design and publication of Program’s applications and enrollment packages; and communicating with potential students and their families and assisting families through the enrollment process; conduct random lottery if required.
  - d. Family Services. Plan and arrange school orientation sessions; represent the Program at conferences and other events. Field and respond to incoming calls, letters, faxes, and e-mails about the Program, its curriculum, the application/enrollment process, instructional materials, etc. Conduct focus groups, surveys, interviews, observation sessions, and/or user testing on the learning management system to obtain feedback on how to improve the Program and curriculum, as appropriate. Create “feedback buttons” on lessons so that Students, their parents, and teachers may submit comments and suggestions; respond to suggestions and implement improvements where K12 deems them to be valuable. Conduct exit interviews with those Students and their parents who withdraw in order to learn more about how to improve the program for Students. Create and distribute a parent manual and/or student

handbook which includes a starting kit for logging onto the learning management system. Assist with the design and implementation of parent orientation sessions.

- e. Positive Net Asset Provision – In consideration for the opportunity to provide the Academy with the services and products set forth in this Agreement, the parties agree that the Program will not end a Fiscal Year in a negative Net Asset position in accordance with Section 4.8 of the Agreement.
- f. Computers for Full Time Students (see Section 2.7.1.5). For Full Time Students who qualify for Free Lunch under NCLB, computers, monitors, software and other hardware as K12 determines in its discretion to be necessary to deliver the Educational Program. Computers will be provided, as requested, on a one per family basis.
- g. High School Services: As requested and as available, K12 offers the following for High School Students:
  - (e) Social Networking – Access to a monitored, private, virtual social community for students, parents and teachers to communicate and connect. Students benefit from exchanging ideas and information with students around the world using the K12 program and gaining a sense of connectedness within the boundaries of a contained but global community. Each K12 sponsored school will also have its own sub-community to generate school pride as well as provide its own content and clubs, a school calendar, announcements, and information on upcoming activities and outings.
  - (f) Counseling Tools - Web-based counseling tool(s) to support college, career planning and exploration. Specifically the tool(s) may include:
    - 1. Counselor's Office - Web-based system allows college and career counselors to collect and organize detailed information about students' post-secondary plans;
    - 2. Course Manager - Fully automated system to help students choose the courses they'll need to achieve their post-secondary goals;
    - 3. Family Connection - Provides students and families access to age/grade-appropriate resources for course, college, and career planning. Counselors can build multi-year course plans, conduct targeted college searches, research scholarships, etc.;
    - 4. Career Planner - Integrated so students and parents can see how career decisions relate to course and college planning activities, and counselors can guide and track student progress.

**II. Administrative Services:** During the Term, K12 and its Affiliates will provide or cause to be provided to the Academy the administrative services (the "Administrative Services") set forth below. K12 will provide the Administrative Services at the Academy's Facility and from K12's offices in Herndon, Virginia and elsewhere, as deemed necessary in K12's discretion.

- 1. Educational Program Consulting. Propose educational goals, curriculum, methods of pupil assessment, admissions policy, student recruitment policy, school calendar, school day schedule, and age and grade range of pupils to be enrolled in the Academy's Program (the "Educational Program"), as identified on Page 1 of this Agreement. K12's recommendations for the Educational Program will be consistent with Applicable Law and the Charter.
- 2. Personnel Assistance. Assistance with the supervision of all personnel providing Educational

Products, Administrative Services, and Technology Services. Management of all of the Academy's Program employees including recruiting; hiring recommendations; reference, certification and background checks (excluding performing payroll functions or securing of payroll services; negotiation, securing and management of health, retirement and other benefits which shall be the Academy's responsibility). Work with the Academy to develop human resources policies, bonus plans, and strategic plans for staffing, development, and growth. Provide teacher performance evaluation models to the Academy and advise the Academy on effective ways to measure teacher performance in a virtual setting.

3. Facility Management. Identify location of the Academy's Facility, negotiate lease and leasehold improvements and manage Facility. The performance of K12's Administrative Services will be based out of this Facility, with support from K12's corporate location in Virginia and or other locations as necessary. The Facility shall also serve as the principal office for all of the Academy's personnel assigned to the Program.
4. Business Administration. Administration of all business aspects and day-to-day management of the Program. These services shall include:
  - a. Consultation, and services as liaison for the Academy with the Sponsor, and other governmental offices and agencies;
  - b. Consultation and advice regarding special education programs, processes, support services and reimbursements;
  - c. Consistent with other provisions of the Agreement, provide school administrative staff as appropriate;
  - d. Work with the Academy's counsel, if any, on legal matters affecting the Program;
  - e. Preparation of forms, operations manuals, handbooks, guides, and policies and procedures as necessary or required by the Charter or Sponsor;
  - f. Consultation with respect to, and monitoring and oversight of, state reporting systems;
  - g. Assist the Academy in identifying and applying for grants and other funding opportunities;
  - h. Assist with the administration of federal entitlement programs (e.g., Title I, I.D.E.A.);
  - i. Arrange contracts with school districts, education services centers, and professional service providers for special education, testing and other support services on the Academy's behalf as required;
  - j. Establish and implement policies and procedures to maintain proper internal controls; and
  - k. Provision of such other administrative and consulting services as agreed in writing by the parties from time to time.
5. Budgeting and Financial Reporting.
  - a. Preparation of a proposed annual budget for the Program, including projected revenues, expenses and capital expenditures. The Parties agree that for the Fiscal Year 2009-2010 the Academy and K12 will mutually agree in writing on a final Program budget on or before June 30, 2009. Thereafter, consistent with the Charter, the Academy will approve an initial draft Program budget on or before May 1, with the final Program budget mutually agreed in writing on or before June 30. On or about October 31 of each school year during the Term, K12 will submit to the Academy any proposed modifications to the annual budget for that school year to take into account the actual student enrollment for such school year and other changes in key assumptions. K12 shall also submit to the Academy from time to time any other proposed modifications to the annual budget as K12 shall deem to be necessary or desirable, to be acted upon by Academy consistent with Applicable Law and this Agreement. Any changes to any final Program budget shall be mutually agreed in writing.
  - b. As practical and as possible, provide to the Board on a periodic basis, detailed statements of all revenues received, by the Program, and detailed statements of all direct expenditures for services rendered to the Program.

- c. Provide to the Board all financial reports required under Applicable Law and by the Sponsor.
  - d. Subject to any confidentiality obligations imposed on K12 by third parties, provide to the Board such other information either required by the Sponsor to be made available to the Board or the Sponsor requested by the Board, in each case within a reasonable time following such written request therefore, and in all cases consistent with Applicable Law.
  - e. To the extent applicable, assist in the preparation of required non-profit filings, including form 990 tax returns. Notwithstanding the foregoing, K12 will not be responsible for filing the Board's form 1023, but will work with the Board's counsel and/or accountant to prepare the application for tax-exempt status, as necessary.
6. Financial Management.
- a. In accordance with the Board's expenditure authorization policy, K12 will, within commercially reasonable periods of time or as required by any agreement governing same, make payment for all Program Expenses, out of the Program funds managed by K12.
  - b. All Program funds will be maintained in an account(s) belonging to the Academy over which designated representatives of K12 will have signature authority as approved by the Board. The Academy will immediately transfer to such account(s) all funds received by the Program from any source, including but not limited to per pupil payments or reimbursements received from the local school district, state, federal and/or any other source, as well as any and all contributions received by the Program.
  - c. Perform necessary planning, forecasting, accounting and reporting functions as appropriate.
  - d. Assist and coordinate in any third-party audit(s) of the Program.
7. Maintenance of Financial and Student Records.
- a. K12 will maintain and keep the records and books of the Program at the Facility. K12 may maintain electronic or paper copies of records and provide other services elsewhere, unless prohibited by Applicable Law. The Academy recognizes and agrees that for purposes of the Family Educational Rights and Privacy Act and the State open records act, K12 has a legitimate educational interest for purposes of the Academy disclosing to K12 the Student's educational records.
  - b. K12 will maintain accurate financial records pertaining to the operation of the Program and will retain all such records for a period of seven (7) years (or longer if required by Applicable Law) from the close of the Fiscal Year to which such books, accounts, and records relate.
  - c. K12 will maintain accurate student records pertaining to students enrolled in the Program in the manner required by Applicable Law, and retain such records on behalf of the Academy at the Facility until this Agreement is terminated, at which time such records will be retained by and become the sole responsibility of the Academy.
  - d. Ensure accessibility of Program records to the Academy, its independent auditor and the State for completion of audits required by Applicable Law or by the Charter. The parties understand that all financial, educational and other records, regardless of source of origin, are the property of the Academy. The parties agree to maintain, retain, disclose, and withhold Program records as may be required and in the manner required by Applicable Law.
8. Pupil Recruitment and Family Outreach. Recruitment of students in K12's discretion, including creation, design and preparation of recruitment materials and advertisements; assist with demand creation for the Program and its information sessions and other events via mail, e-mail, newspapers, magazines, journals, radio, television, community forums, town hall meetings, and other forms of communication and outreach on the Academy's behalf; develop community outreach strategy and connect with local organizations. Design school recruitment materials,

- letterhead, business cards, and logos to create school identity.
9. Admissions. Implementation of the Program’s admissions policy, including management of the application and enrollment process; creation, design and publication of Program’s applications and enrollment packages; and communicating with potential students and their families and assisting families through the enrollment process; conduct random lottery if required. For students identified with special needs requiring an IEP, the district IEP team will make final recommendations on enrollment to ensure appropriate placement in accordance with the Applicable Law.
  10. Family Services. Plan and arrange school orientation sessions; represent the Program at conferences and other events. Field and respond to incoming calls, letters, faxes, and e-mails about the Program, its curriculum, the application/enrollment process, instructional materials, etc. Conduct focus groups, surveys, interviews, observation sessions, and/or user testing on the learning management system to obtain feedback on how to improve the Program and curriculum. Create “feedback buttons” on lessons so that Students, their parents, and teachers may submit comments and suggestions; respond to suggestions and implement improvements where K12 deems them to be valuable. Conduct exit interviews with those Students and their parents who withdraw in order to learn more about how to improve the program for Students. Create and distribute a parent manual and/or student handbook which includes a starting kit for logging onto the learning management system. Assist with the design and implementation of parent orientation sessions.
  11. Student Discipline. Provide necessary information and cooperate with the Board on the handling of all student disciplinary matters, including without limitation attendance and truancy matters. K12 will recommend policy and procedures for the Board adoption consistent with Applicable Law.
  12. Annual Reports to Sponsor. Assist the Academy with the creation, design, and arrangement for publication and dissemination of an annual report regarding the Program.
  13. Teacher Training and Professional Development. Create teacher training materials for new and returning teachers. Administer a discussion board or other tool to permit Program teachers to post questions or receive feedback on any topics relating to the role of a virtual school teacher and get answers/feedback from K12 personnel and/or teachers at other programs using the K12 curriculum. Produce, design, and disseminate a teacher training manual to all the Program’s teachers, and an administrator manual for all the Program’s administrators, as needed. Design and deliver comprehensive teacher training on the Program’s curriculum, technological systems, policies and procedures, and more. Design and deliver orientation sessions with the school administration, including curriculum, technological systems, policies and procedures, and more. Provide necessary technical support for teachers as they communicate with Students and their parents via email and phone. Work with the Program’s administration to address the continuing professional development needs of the staff as required by Applicable Law.

Topics covered in teacher training may include:

What is K12?: Learn the K12 Philosophy and explore the relationship between K12 and your school. Get a close up look at a day in the life of a virtual schooling family.

The K12 Curriculum: Hear an overview of each the courses in the K12 curriculum from K12’s own course creators. Use Quicknotes, K12’s own “cheat sheet” to navigate through K12 courses.

The Job of Virtual Teachers: Compare the job of virtual teaching to traditional classroom teaching. Examine the roles of virtual teachers as partners and resources for virtual schooling families. Working with adults will be discussed.

The Virtual School Community: Discuss strategies for connecting students and families in your school including community building tools, parent training workshops, outings for students and families, and student activities such as clubs.



*The Online School:* Spend time getting to know the parts of a K12 lesson in each of the curricular areas.

*Measuring Student Progress:* Student progress begins with appropriate placement in the K12 curriculum. Explore K12 placement tests and the role of the teacher and parents in determining student placement. Practice using tools to measure, document, and report student progress and identify “red flag” students. Student learning plans and procedures for recommending promotion will be discussed.

*Communication in the Virtual School:* The key trait for a virtual teacher’s success is excellent communication skills. Role play a parent conference call and practice communicating effectively through email. Discuss how to deal with sensitive information in teacher-family interactions.

*Working at a Distance:* A virtual workplace has its challenges. Learn strategies for feeling connected, not disconnected and valuable tips and tricks for managing the job. Benefit from experienced teachers in the virtual field!

*Standardized Testing:* Procedures for scheduling and conducting standardized testing will be discussed. Examine K12 resources for standardized testing including test prep courses and view practice items from your state Department of Education (if available).

14. Sponsor Policies and Charter Renewal. Assist the Academy in complying with all applicable Sponsor policies as reasonably interpreted to apply to the Program. Assist the Academy with drafting the Programs Charter renewal application, including working with Board to develop any necessary budgetary and curriculum information. Present and defend the Academy’s Charter renewal application before the Sponsor/Agency.
15. Instructional Property Management. Prepare and submit to the Board proposed policies and procedures regarding the responsible use of computer equipment and other instructional property. Arrange for the distribution and re-shipment or return (as necessary) of computers, printers and instructional materials for families, administrators, and teachers.
16. Public and Governmental Relations. Conduct public and governmental relations on the behalf of the Program with the community, the media and relevant governmental offices and agencies, including drafting and distribution of Program press releases.
17. Additional Administrative Services. Any other services as agreed to in writing by the parties from time to time.

**III. Technology Services:** During the Term, K12 and its Affiliates will provide or cause to be provided to the Academy the technology services (the “Technology Services”) described below. K12 will provide the Technology Services at the Academy’s Facility (defined below) and from K12’s offices, as deemed necessary and in K12’s discretion.

1. 24-7 monitoring of production services, i.e., SAMS and the on-line learning management system;
2. Monitor and analyze system data, to fix production issues as they may arise;
3. Generate reports on pupil academic performance, attendance and progress;
4. Train school staff, and parents and students, as deemed appropriate and necessary, on technology systems;
5. Develop, design, publish, and maintain the Program’s interactive website;
6. Install and maintain the Program’s computer network;
7. Generate reports e.g., omnibus report, demographic reports, etc.;
8. Develop community tools on the school’s website and K12 platform (including password protected threaded discussion and message boards, moderation functionality, directories, etc.);
9. Determine hardware configurations (including software and operating systems) for the school’s technology needs;
10. Provide onsite and telephone support for the Program administration in troubleshooting system errors, and telephone support for students;

11. Propose for the Board adoption policies and procedures regarding the responsible use of computer equipment and other school property;
12. Support teachers and Academy's care associates in answering technology-related questions from students, parents, teachers, and administrators;
13. Install software to generate master image of computer configurations for teachers, administrators, and students in order to standardize the user experience and lower costs and turn-around time for implementation and trouble shooting;
14. Ensure electronic security of student records (through the use of encryption, firewalls, etc.);
15. Provide a Web-filtering device to ensure that students do not have access to inappropriate materials on the Internet;
16. Prepare for, supervise, and implement all system roll-overs at the end of each academic year;
17. Assist with local, state, and federal reporting requirements;
18. Assist the school for audits related to attendance and other subjects;
19. Design and implement inventory management systems with the school's distribution and hardware vendors, as well as reclamation programs, as needed;
20. Support and design the Program's accounting system;
21. Provide online enrollment, registration and placement services;
22. Provide school email accounts for school employees;
23. Provide Academy care and technology support services on the learning management system, computer and software issues;
24. Oversee changes to the Program website to maintain quality assurance and make sure that there are not "version control" problems;
25. Coordinate security, creative, and content issues pertaining to the website;
26. Coordinate Web hosting contracts and relationships with vendors across the State as needed;
27. Handle troubleshooting issues for the school's website and send issues to the appropriate person or division for resolution; and
28. Additional Technology Services. Any other services as agreed to in writing by the parties from time to time.

**Exhibit B**  
K12 Proprietary Marks

