TENNESSEE
PUBLIC CHARTER SCHOOL COMMISSION

CHARTER AGREEMENT
LESTER PREP

This Charter Agreement (hereinafter referred to as "this Agreement") is entered into this, the 4th day of April 2022, by and between the Tennessee Public Charter School Commission (hereinafter referred to as "the Commission" or "the Authorizer") and Capstone Education Group (the "Applicant(s)") (collectively, the "Parties") to operate Lester Prep (hereinafter referred to as "the Charter School").

For purposes of this Agreement, "Charter School" refers to the Governing Body and the charter school. The terms "Charter School" and "Governing Body" are used interchangeably herein; however, references herein to "Charter School" shall not include other schools operated by the Governing Body.

Whereas the 112th Tennessee General Assembly enacted T.C.A. § 49-1-614(k)(2) and (k)(4), setting forth qualifications and/or requirements for charter schools exiting the Achievement School District to apply for authorization with the Commission "for a new charter agreement with a term not to exceed the term of the initial ASD charter agreement;"

This Agreement consists of the following documents:

- This document and any exhibits hereto or documents incorporated herein by reference
- Approved Charter School's Application (Exhibit 1)
- Current Approved Performance Frameworks – Academic, Organizational, and Financial (Exhibit 2)
- Transition Checklist (Exhibit 3)
- Approved Waivers (Exhibit 4)
- Achievement School District Charter Agreement (Exhibit 5)

In consideration of the mutual covenants and promises contained herein and for other good and valuable consideration, the receipt of which is hereby acknowledged, the Parties hereto agree as follows:

1. General Terms

1.1. Applicable Law. This Agreement and the Charter School's operations shall be governed by and construed in accordance with the laws of the state of Tennessee and applicable federal laws. Though the Charter School may, pursuant to Tennessee Code Annotated ("T.C.A.") § 49-13-111, seek waivers from the Authorizer or the commissioner of education from Tennessee laws or rules of the State Board of Education that inhibit the Charter School's ability to meet its goals or comply with the school's mission, the Parties understand that currently, waivers may not be provided from the types of laws and rules specifically listed in T.C.A. § 49-13-111, from any provisions of Title 49, Chapter 13 (the Tennessee Public Charter Schools Act, hereinafter referred to as the "Act"), those included in the Act by reference, or from other laws specifically applicable to charter schools (such as

those related to benefits or retirement of charter school employees contained in Title 8, Chapter 27, Part 3).

To the extent there is a conflict between the terms of this Agreement and the Charter School's Application, the terms of this Agreement shall govern.

By signing this Agreement, the Authorizer approves any waivers requested in the Charter School's Application, unless such waivers are excluded from Exhibit 4. Approved waivers are attached as **Exhibit 4**.

1.2. Effective Date. This Agreement shall be effective immediately following signature by the Governing Board or its designee and the Authorizer. This Agreement shall expire on June 30 of the tenth (10th) year after the date of opening of the Charter School for instruction under the Achievement School District, unless earlier terminated or renewed pursuant to the terms of this Agreement or state law.

1.3 Transition Process. Upon approval by the Authorizer, the transition checklist (the "Transition Checklist", incorporated into this Agreement as **Exhibit 3**), will be sent to the Charter School outlining specific actions that must be put in place during the initial transition year and completed prior to the Charter School opening for instruction under the Commission's authority.

If the Charter School is allowed to open under the Commission's authority despite the failure to complete all items required by the Transition Checklist, the Charter School must provide proof to the Authorizer that all items on the Transition Checklist have been completed by the date specified by the Authorizer. The failure of the Charter School to complete all items on the Transition Checklist by the specified date shall be a material violation of this Agreement and shall subject the Charter School to corrective actions, including but not limited to revocation, in accordance with the Authorizer's Intervention policy.

1.4. Charter School Performance. The operation of the Charter School shall be subject to the terms and conditions of this Agreement and the Act. Decisions by the Authorizer regarding amendment, renewal, or revocation of this Agreement shall be based upon applicable laws, rules, policies, this Agreement, and/or the academic, organizational, and financial Performance Frameworks (the "Performance Frameworks") incorporated into this Agreement as **Exhibit 2**, as well as the Authorizer's Intervention Policy.

The Authorizer shall have broad oversight authority over the Charter School and may take all reasonable steps necessary to oversee compliance with this Agreement and applicable laws, rules, and policies. This oversight authority includes, but is not limited to, the right to visit, examine, and inspect the Charter School and its records during the pre-opening year, during the annual monitoring visit, and to investigate a complaint (notice including a statement of the complaint shall be given to the Charter School, unless in the judgment of the Authorizer such notice would inhibit the Authorizer's ability to investigate the complaint. Information that may identify the complainant may be redacted if deemed necessary by the Authorizer).

Upon reasonable notice, the Authorizer may interview Charter School employees, Board members, students, and families as necessary to resolve complaints and grievances. With respect to complaints and grievances, additional information is contained in Section 8.2.

The Authorizer shall provide in writing to the Charter School no later than July 1 of each school year a Master Reporting Calendar which will set out key deadlines for the Charter School to provide certain information and reports. Additionally, at least thirty (30) days prior to any site visit, the Authorizer shall provide the Charter School with a written list of any required documentation and/or specified actions for the site visit.

The Parties agree that the most critical performance measures contained in the Performance Frameworks are the academic measures, which may include student achievement, student growth measures (including annual measurable objectives), readiness for successive school levels (middle, high, or post-secondary) and employment, as well as mission-specific academic goals defined in the Performance Frameworks.

For the purposes of accountability, renewal, and/or revocation evaluation, the Performance Frameworks supersede all assessment measures, educational goals and objectives, financial operations metrics, and organizational performance metrics set forth in the Charter School's Application and not explicitly incorporated into the Performance Frameworks. However, this shall not prevent the Authorizer from holding the Charter School accountable for any goals contained in the Charter School's Application that do not conflict with Performance Frameworks for purposes of accountability, renewal, and/or revocation evaluation. The specific terms, form and requirements of the Performance Frameworks are maintained and disseminated by the Authorizer and shall be binding on the Charter School.

The Authorizer shall—at least annually—monitor and report on the Charter School's progress in relation to the indicators, measures, metrics, and targets set out in the Performance Frameworks, as well as compliance with federal and state laws and regulations, and when required by the Performance Frameworks and such laws and regulations. The Authorizer will conduct an annual scheduled comprehensive site visit each year, which will be used to the Charter School's progress on the Performance Frameworks.

Changes to the Performance Frameworks to align with changes to applicable state or federal accountability requirements shall apply to the Charter School. In the event of such changes, the Authorizer will use best efforts to apply expectations for school performance in a manner consistent with those set forth in the Performance Frameworks as initially established in the most recent charter agreement.

Changes to the Performance Frameworks that are not required by state or federal law or accountability requirements will not become binding upon the Charter School without the Charter School's consent, except at the time of charter renewal or amendment.

1.5. Location. The Charter School location is in the Binghampton neighborhood of Memphis, Tennessee. If the Charter School proposes to change its location, such change shall not require an amendment to this Agreement unless the location change is materially different from the location of the Charter School as discussed in the Charter School's Application and described in this agreement. Non-material changes in location shall require at least thirty (30) days prior notice to the Authorizer. Any change in location that is determined by the Authorizer to be materially different from the Charter School's Application shall require an amendment to this Agreement as set forth in Section 10. Pursuant to T.C.A. § 49-1-614(k)(2), the charter school has the right to use the school building of the local education agency (LEA) for the duration of this Agreement.

1.5.1. Inspections. The Authorizer will have access at all reasonable times to any facility owned, leased or utilized in any way by the Charter School for purposes of inspection and review of the Charter School's operation and to monitor the Charter School's compliance with the terms of this Agreement.

1.5.2. Impracticability of Use. If use by the Charter School of a facility is rendered impracticable by any cause whatsoever, or if the funds necessary to construct/renovate or upgrade a facility cannot be secured, the Charter School shall notify the Authorizer. The Authorizer shall not be obligated to provide an alternative facility for use by the Charter School.

1.6. Employment Status. All teachers and other staff of the Charter School shall be employed by the Charter School, and not the Authorizer. None of the provisions in this Agreement shall be construed to create a relationship of agency, representation, joint venture, ownership, or control of employment between the Parties.

2. Charter School Organizational Responsibilities

2.1. Student Enrollment and Retention. The Charter School shall enroll students according to T.C.A. § 49-13-113. The Charter School shall not discriminate with respect to admissions on the basis of race, color, ethnicity, religion, national origin, English language proficiency, sex, disability, or the need for special education and related services as set forth in the Charter School's Application and the Act.

The Charter School, as of the date of this Agreement, has reached a total maximum enrollment of 300, serving grades 6-8. Increases in total enrollment numbers greater than 300 must be reported to the Authorizer and evaluated to determine if they are material changes to this Agreement. Reductions in enrollment greater than 15% must be reported to the Authorizer and evaluated to determine if they are material changes to this Agreement. Reductions in enrollment in successive years or changes that affect the financial solvency of the Charter School are considered material and shall require an amendment to this Agreement. Any change in enrollment that is considered to be material to this Agreement shall not be permitted unless a formal amendment to this Agreement is secured in advance according to

the provisions outlined in T.C.A. § 49-13-110(d), Commission Rule 1185-01-01-.04, and this Agreement.

If the number of applications for the Charter School exceeds the capacity of a program, class, grade level, or building, enrollment shall occur according to the preferences in T.C.A. § 49-13-113. If enrollment within a group of preference set out in subdivision (d)(4) exceeds the planned capacity of the Charter School, enrollment within that group shall be determined on the basis of a lottery that complies with statute. The Charter School shall ensure a random selection process, equitable to all students and publicly verifiable, in accordance with federal, state, and local law. The Charter School shall be responsible for adherence to essential public education obligations, including but not limited to enrollment of all eligible students where space is available.

2.1.1 Student Transfers and Exits. The Charter School will comply with the Tennessee Department of Education's student transfer and exit reporting requirements and shall provide information to the Authorizer upon request. The Charter School shall enact a discipline policy that complies with Authorizer's policies as well as federal, state, and local laws and may not counsel out enrolled students.

2.2. Academic Program. The Charter School shall operate the academic program in accordance with this Agreement, the Charter School's Application, and applicable state and federal law, including providing at least the same equivalent time of instruction as other public schools and complying with assessment and accountability laws and rules (T.C.A. § 49-13-111). If the Charter School is performing below standards, the Authorizer may review the academic program. The Charter School will notify the Authorizer of any changes to the academic program that are a change from the Charter School's Application, and the Authorizer will evaluate to determine if they are material changes to this Agreement. Any changes to the school structure shall be considered material to this Agreement and shall not be permitted unless a formal amendment to this Agreement is secured in advance according to the provisions outlined in T.C.A. § 49-13-110(d), Commission Rule 1185-01-01-.04, and this Agreement. For purposes of this Agreement, school structure shall be defined as the academic focus or goals of the Charter School and grade levels served.

2.2.1. Assessments. The Charter School shall administer all state-mandated assessments to the extent such assessments are required by the Tennessee Department of Education, which currently include but are not limited to TCAP or its successor assessment, writing assessments, and English learner (EL) assessments for the required grades and testing windows. The Charter School shall comply with all Department of Education-required assessment administration, security, and reporting requirements. The Charter School may use additional assessments of its own choosing.

2.3. Special Education. Special education services, related services, and accommodations for students who are eligible under the Individuals with Disabilities Education Act (IDEA), Section 504 of the Rehabilitation Act of 1973 (Section 504), the Americans with Disabilities Act (ADA), or any applicable provisions of state law, shall be provided in

accordance with applicable state and federal law, this Agreement and Authorizer rules and policies. The Authorizer is the LEA for purposes of ensuring compliance with IDEA, Section 504, and all other federal and state laws and regulations concerning accommodation of and education of students with disabilities.

2.3.1. Responsibility of the Charter School. The Charter School assumes responsibility for the provision of services, development and implementation of individualized education programs (IEPs), 504 plans, child find, evaluation and re-evaluation, and all other obligations under IDEA and/or Section 504 for students identified as eligible for special education services and/or disability accommodations. The Charter School shall have a qualified special education coordinator who will be responsible for monitoring individual case management of all special education students and disabled students and for arranging the provision of services required by their IEP and/or 504 plan. The Charter School shall maintain documentation of the Charter School's compliance with IDEA and Section 504 as required by law. No student shall be denied admission nor counseled out of the Charter School due to the nature, extent, or severity of his/her disability or due to the student's request for, or actual need for, exceptional education services or accommodations pursuant to IDEA, Section 504, or the ADA.

The Charter School shall also implement the requirements of Response to Instruction and Intervention ("RTI²"), as set forth by the Tennessee Department of Education.

The Charter School shall report to the Authorizer any and all formal complaints, relating to IDEA Due Process for special education and Office of Civil Rights complaints for disability accommodations within ten (10) business days of the Charter School's notification of such occurrences.

The Charter School's indemnity of the Authorizer relating to special education and disability accommodations is provided in Section 12.c.

2.3.2. Costs for Special Education. The Charter School is financially responsible for child find including student identification, evaluation and assessment expenses. All costs associated with providing educational services to students with disabilities are the responsibility of the Charter School. The Charter School shall bear the financial responsibility for evaluations and reevaluations and the provision of all services consistent with student IEPs and 504 plans.

The Authorizer will pass federal funding to the Charter School based on the allocation received from the Tennessee Department of Education and in accordance with the Authorizer's funding procedures. Funding is available on a reimbursement basis.

2.4. English Learners (EL). The Charter School shall address the needs of EL students pursuant to applicable federal and state laws and regulations (including Title III of the Every Student Succeeds Act (ESSA) and Title VI of the Civil Rights Act of 1964 (Title VI)). The Charter School agrees to maintain and consistently implement a policy to identify students in

need of EL services, to provide services in an equitable manner to ensure meaningful access to the school's educational program (including the provision of appropriate accommodations), and to facilitate obtaining English proficiency and exit from EL services according to individual student capacity. In addition, the Charter School shall ensure that Limited English Proficiency (LEP) parents and guardians have meaningful access to school-related information.

2.5. Student Discipline/Due Process. The Charter School is responsible for administering its discipline policy in a manner consistent with state and federal law and, rules, and the Authorizer's policies that ensures students' due process rights are satisfied, including the provision of appropriate informal or formal hearings. The Charter School shall promptly notify the Authorizer and the LEA in which the student resides of any student expulsion. If the LEA in which the student resides determines that the expelled student is eligible for its Alternative School program, the Charter School shall work with the LEA in which the student resides to provide an expelled student access to the LEA's alternative school programs.

2.6.1. Student Information Systems. The Charter School shall adopt the Student Information System selected by the Authorizer. The Authorizer shall bear the cost of any needed licenses for the charter school.

2.6.2. Student Information Reporting. To ensure compliance with federal and state law regarding student records, the Charter School shall report to the Authorizer student information enrollment projections for the coming year no later than March 15. Any errors in data reported to the State by the Charter School shall be the sole responsibility of the Charter School to identify and correct.

3. Staffing

3.1. Teachers and Staff. The Charter School shall ensure that all teachers and staff are licensed and endorsed as required by state statutes, State Board rules, Authorizer policies and rules, and meet applicable federal qualifications including exceptional education certified and ESL certified. The Charter School shall also provide any training required by state or federal law.

3.2. Background Checks. All current employees of the Charter School who have or who will have contact with children at the Charter School within the scope of the individuals' employment, and employees of contractors or sub-contractors of the Charter School who have contact with children within the scope of the individuals' employment, shall complete criminal background checks as required by state law using the ORI number of the Charter School.

4. Facilities

The Charter School shall ensure the Charter School's grounds and facilities comply with applicable health and safety laws, including the ADA, state fire marshal codes, and state and local zoning and land use codes.

The Charter School shall not commence instruction prior to completion of applicable inspections and receipt of a completed Transition Checklist (attached as Exhibit 3) from the Authorizer, unless the Authorizer permits the Charter School to open and provide later certification of completion of all items on the Transition Checklist.

5. Food Service

If the Charter School offers food services on its own or through a third-party contract, the Charter School may apply directly to, and if approved, operate school nutrition programs with reimbursement from the United States Department of Agriculture, under supervision of the Tennessee Department of Education.

6. Transportation

The Charter School will provide transportation as set forth in the Charter School's Application. If the Charter School has elected to provide transportation for its students, the Authorizer shall provide to the Charter School the funds that would otherwise have been spent to provide transportation as provided in T.C.A. § 49-13-114. In order to receive these funds, the Charter School must comply with state laws and Authorizer rules and policies regarding student transportation. Transporting students in buses that have not been approved for operation by the Tennessee Department of Safety may be grounds for non-renewal or revocation of this agreement. A change to the Charter School's plan to provide or not provide transportation for its students is considered material and requires an amendment, however, a modification in a plan to provide transportation is not considered material.

7. Insurance

The Charter School shall maintain the following insurance:

a. General Liability/Automobile Liability Policy: must be equal to or greater than $5,000,000. This insurance shall be primary insurance. Any insurance or self-insurance programs covering the State of Tennessee, its officials, employees, and volunteers shall be in excess of this insurance and shall not contribute to it. The first one million dollars must be with a company licensed to do business in the state of Tennessee. The remaining $4,000,000 can be covered under an excess liability policy (also known as an "umbrella" policy). The policy must name the State of Tennessee as an additional insured. The policy must cover contractual liability. Automobile coverage shall cover vehicles owned, hired, and non-owned.
b. Professional Liability Policies: Directors and Officers Policy must be equal to or greater than $5,000,000. Teachers Professional Liability Policy must be equal to or greater than $1,000,000.
c. Workers Compensation and Employers Liability Policy: The amount of coverage required for Workers Compensation is determined by statute.

Charter School must comply with state statutes. Employers Liability must be a minimum of $100,000.

d. Property and Boiler Insurance Policy: If the Charter School purchases the property that will be used by the Charter School, it shall purchase "all risks" property and boiler insurance. Insurance shall be for the full replacement cost of the property and contents with no coinsurance penalty provision.
e. Sexual Abuse: Must have $1,000,000 required coverage.
f. State of Tennessee shall be named as an additional insured on the charter school insurance policy.

Certificates of insurance, in a form satisfactory to the Authorizer, evidencing coverage shall be provided to the Authorizer prior to commencement of performance of this Charter Agreement. Throughout the term of this Charter Agreement, Charter School shall provide updated certificates of insurance upon renewal of the current certificates.

8. Governance

8.1. General Requirements. The Charter School shall notify the Authorizer of any change to its status as a nonprofit federal tax exempt organization under IRC § 501(c)(3).

The Governing Body and/or Charter School shall include parent participation in governance through membership on the Governing Body or establishment of a school advisory council pursuant to T.C.A. § 49-13-109.

The Charter School shall comply with all applicable provisions of the Tennessee Open Meetings Act, including statutory provisions concerning the scheduling of Governing Body meetings, meeting agendas, public notice of meetings, and records of those meetings. At the start of each school year, the Charter School shall provide to the Authorizer the list of names of all board members and a schedule of Governing Body meetings for that school year.

As required by T.C.A. § 49-13-111, the Governing Body shall be subject to the conflict of interest provisions contained in T.C.A §§ 12-4-101 and 102.

The Charter School shall be nonsectarian in its programs, admissions policies, employment practices and all other operations. The Charter School shall not be to any extent under the control or direction of any religious denomination.

The Charter School shall not discriminate against any student, employee or any other person on the basis of race, ethnicity, national origin, sex (except with respect to admission of students by single-sex schools), disability or any other ground that would be unlawful if done by any other public school. The Charter School shall take all steps necessary to ensure that discrimination does not occur, as required by law.

8.2. Complaints. Except as otherwise provided by this Agreement, the Governing Body shall be the first avenue for formal appeal in case of any complaints or grievances filed

against the Charter School or its employees and volunteers. The Governing Body will ensure that the Charter School establishes policies and procedures for receiving and addressing complaints or grievances directed toward the Charter School or its employees and will make those policies available to students, parents/guardians, employees, and any other persons who request it. If grievances persist following an appeal to the Governing Body, or for complaints regarding alleged violations of law or the Charter Agreement, including any violations that may subject the school to revocation or non-renewal under T.C.A. §§ 49-13-121 or 122 may be investigated by the Authorizer. The Authorizer shall also have the ability to investigate complaints in compliance with the Authorizer's policies and procedures. Grievances that are not resolved by the Charter School or Governing Body, or a pattern of serious grievances, may be considered in any application for renewal of this Agreement or any action to revoke the charter.

The Charter School shall notify the Authorizer within seven (7) business days if the Charter School has been named a party to a lawsuit that has been filed in court.

8.3. Reporting of Corporate Status. The Charter School shall report any change to the Charter School's corporate legal status or any change in its standing with the Tennessee Secretary of State's Office to the Authorizer within five business (5) days of the change. Any change to the Charter School's corporate legal status as a not-for-profit organization shall constitute grounds for immediate revocation unless, during the term of this Agreement, the Act is amended to allow Charter Schools to be operated by organizations other than not-for-profit organizations.

8.4 Required Policies and Procedures. The Charter School shall adopt all required policies, procedures, and plans as required by the Authorizer's LEA policies and procedures pursuant to federal law, state law, and the State Board of Education's rules and policies. The Authorizer will conduct periodic policy and procedure audits to ensure compliance with these requirements.

9. Finance

9.1. State and Local Funds. The Authorizer shall allocate one hundred percent (100%) of state and local Basic Education Program (BEP) funds to the Charter School on a per pupil expenditure as provided in T.C.A. § 49-13-112 and as calculated by the formula provided by the Tennessee Department of Education. The Authorizer shall allocate funds to the Charter School after each of the ten (10) attendance-reporting intervals. The Authorizer shall allocate and distribute one-tenth of state and local funds to the Charter School by the 15th of the month in August, September, October, November, December, January, February, March, April, and June. Each state and local payment from October through April and the final payment in June is contingent on the Charter School's reporting of the Charter School's Average Daily Membership (ADM) in the Tennessee Department of Education's Education Information System (EIS). Each payment starting in October will be reconciled to the reported ADM for the period before being released. The final (tenth) payment will not be released until the year's ADMs have been reconciled.

9.2. Federal Funds.

a. Eligibility: Each year, the Authorizer shall provide to the Charter School the school's proportionate share of applicable federal ESSA funding (e.g. Title I, Title II, Title III, Title IV, or Title V) and other federal grants received by the Authorizer for which the Charter School is eligible. Schools are eligible for such funds upon approval of their plans for such funds either by the Authorizer or the Tennessee Department of Education (TDOE).
b. Fund Collection: The LEA in which the Charter School operates shall pay to the TDOE one hundred percent (100%) of the per student share of any federal funding in the custody of the LEA that is due to the charter school. The TDOE shall withhold from the LEA one hundred percent (100%) of all federal funding in the custody of the TDOE that is due to the charter school. The TDOE shall then allocate and disburse one hundred percent (100%) of these funds to the Authorizer in accordance with procedures developed by the TDOE. The Authorizer may reduce the allocation to charter schools by a percentage allowable under federal rules and regulations for administrative, indirect, or any other category of cost or charges.
c. Fund Distribution & Reporting: Funds shall be distributed on a documented expenditure reimbursement basis with the required documentation. The Charter School shall submit grant reimbursement reports to the Authorizer at least quarterly but no more frequently than monthly. The Authorizer shall distribute to the Charter School federal reimbursement funds within 30 days approval of expenditure reimbursement requests.
d. Use of funds. The Charter School shall comply with all regulations tied to such federal funds, including 2 C.F.R. 200 – Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, ESSA, IDEA, and any other applicable federal or state laws.

9.3. Fee for Services Agreement. Pursuant to T.C.A. § 49-13-142(f), the Charter School may enter into a separate fee for services agreement, for the provision of services (including but not limited to school or student support services such as food services and transportation) to be provided to the Charter School by the LEA in which the Charter School is located. The Charter School may also enter into a separate fee for services agreement with the Authorizer for the provision of services. Fees for services provided to the Charter School by the Authorizer shall be deducted from the BEP payments provided to the Charter School. Failure of the Charter School to enter such an agreement with the Authorizer shall not be grounds for revocation or non-renewal of this Agreement.

Annually, the Charter School shall notify the Authorizer of any fee for services agreement(s) entered into with the LEA in which the Charter School is located or with any other vendor or outside contractor specific to the Charter School, including, but not limited to any agreement for the provision of services relating to the service of special populations and shall provide a copy to the Authorizer of any agreement(s) entered into. This shall only apply

to those contracts or agreements that have a value of more than $10,000, however, the Charter School shall provide a copy of any fee for services agreement(s) with a value of $10,000 or less at the Authorizer's request.

9.3.1. External Service Provider (ESP) Contracts. The Charter School may contract for services, as provided by T.C.A. § 49-13-124. In such case, the Charter School shall notify the Authorizer of the contract(s) no later than seven (7) business days of signing the contract(s) and shall provide a copy of the contract(s) to the Authorizer upon the Authorizer's request.

The external service provider ("ESP") is a vendor of services, but the Governing Body remains ultimately responsible for the success or failure of the school. All contract(s) between the ESP and the Charter School should articulate:

a. The roles and responsibilities of the Charter School and the ESP, including all services to be provided under the contract;

b. The performance measures, consequences, and mechanisms by which the Charter School will hold the ESP accountable for performance, aligned with the performance measures in this Agreement;

c. All compensation to be paid to the ESP, including all fees, bonuses, and what such compensation includes or requires;

d. Terms of any facility agreement that may be part of the relationship;

e. Financial reporting requirements and provisions for the school's governing board's financial oversight;

f. Require all instructional materials, furnishings, and equipment purchased or developed with public funds to be the property of the school, not the ESP, in compliance with state law.

g. All other financial terms of the contract, including disclosure and documentation of all loans or investments by the ESP to the Charter School, and provision for the disposition of assets in accordance with law;

h. Assurances that the Charter School, at all times, maintains independent fiduciary oversight and authority over the Charter School budget and ultimate responsibility for the Charter School's performance;

i. Provisions for contract termination; and

j. Respective responsibilities of the Charter School and ESP in the event of school closure, including transparency in the Charter School's revenues and expenditures as well as those managed by the ESP.

Governing Body members shall not be employed, selected, approved, or compensated by the ESP. Governing Body members are prohibited from serving as members of the Charter School and a member of the ESP.

To the extent there is a conflict between the terms of this Agreement and an ESP contract, the terms of this Agreement shall govern.

9.4. Tuition. The Charter School shall not charge tuition unless otherwise permitted by Authorizer policy.

9.5. Charter School Debt. The Charter School is solely responsible for all debt it incurs, and the Authorizer shall not be contractually bound on the Charter School's account to any third party. The Authorizer shall not be liable in any instance for the Charter School's unpaid debts if the Charter School does not have sufficient funds to pay all of its debts.

The Charter School shall notify the Authorizer immediately of a default on any obligation owed to the Authorizer, which shall include debts for which payments are past due by sixty (60) days or more. If debts are incurred in the provision of employee benefits pursuant to T.C.A. § 49-13-119, the Authorizer may withhold the amount owed from the monthly payment until such debts are satisfied. Any other debts owed to the Authorizer must be satisfied prior to release of the last annual payment.

9.6. Financial Management. The Charter School shall control and be responsible for financial management and performance of the Charter School including budgeting and expenditures. Before receiving BEP funds through the Authorizer, the Charter School must demonstrate (if not already demonstrated in the Charter School's Application) the existence of appropriate governance and managerial procedures and financial controls including:

a. Accounting methods complying with T.C.A. § 49-13-111(o);
b. A checking account;
c. Adequate payroll procedures;
d. An organizational chart;
e. Procedures for the creation and review of monthly and quarterly financial reports, including identification of the individual responsible for preparing such financial reports in the following fiscal year;
f. Internal control procedures for cash receipts, disbursements, and purchases; and
g. Maintenance of asset inventory lists and financial procedures for federal grants in accordance with applicable federal law.

The Authorizer reserves the right to require, consistent with the Act, the submission of financial reports as indicated in Authorizer policies.

The Charter School shall comply with T.C.A. §§ 49-13-111 and 120 regarding completion and submission of annual budgets, financial reports, and audits to the Authorizer

and the State. The Charter School shall undergo an independent financial audit conducted in accordance with T.C.A. §§ 49-13-111(l) and 49-13-127. The audit shall be furnished to the Authorizer, the Commissioner of Education, and the Comptroller of the Treasury by December 31 of each year in accordance with the Authorizer's reporting calendar. If such audit is not received by the Authorizer on or before December 31 of each year, it shall be considered a material breach of this Agreement, which the Charter School shall have 15 business days, or such other time as the Parties may agree, to cure. The audit should express an unqualified opinion on the financial statements. A qualified audit opinion will result in an automatic review and request for explanation from the Charter School. In addition, any material weaknesses in controls should be disclosed during the audit. A material weakness will result in a potential review and explanation from the Charter School. The Charter School shall also prepare and provide to the Authorizer a copy of its final annual budget for the upcoming fiscal year no later than July 1 of each year. In addition, the Charter School shall submit any other financial and/or operational reports pursuant to T.C.A. § 49-13-111(d).

9.7. Financial Records. All financial records of the Charter School pertaining to the management and operation of the School are subject to inspection and production as required for fulfillment of the Authorizer's fiduciary responsibilities, upon reasonable notice.

9.8. Authorizer Fee. Pursuant to T.C.A. § 49-13-128(e), the Charter School agrees to the payment of an annual authorizer fee of up to 3% of the charter school's per pupil state and local funding. By May 1 of each year, the Authorizer shall set the percentage of the authorizer fee. The Authorizer shall use the authorizer fee to fulfill obligations consistent with the authority of the Authorizer set forth in Title 49, Chapter 13.

10. Amendments

Pursuant to T.C.A. § 49-13-110, petitions to amend this Agreement, initiated by the Charter School, shall follow the timelines established in Commission Rule 1185-01-01-.04 for approval or denial by the Authorizer. An amendment shall not become effective, and the Charter School shall not take action or implement the change requested in the amendment, until the amendment is approved in writing by the Authorizer.

Not all changes to the Charter School's operation constitute material changes to this Agreement that require an amendment. However, the following changes (as well as any other changes mentioned in other sections of this Agreement as being material and requiring an amendment as well as changes outlined in Commission Rule 1185-01-01-.04 are considered material and shall require an amendment:

a. Material changes in the Charter School's mission;
b. Changes in the Charter School's calendar that reduce the calendar by 5 or more days in the first year of operation or by more than ten (10) days in subsequent years, in the absence of timely notification of parents or below the requirement to provide at least the same equivalent time of instruction as required in regular public schools in T.C.A. § 49-13-111(r)(12); and

c. Changes in school location that are materially different from the location of the Charter School as discussed in the Charter School's Application and this Agreement pursuant to Section 1.5.

Educational program matters not specifically identified in this Agreement or the Charter School's Application shall remain within the Charter School's authority and discretion.

The following changes do not require an amendment; however, the Charter School shall notify the Authorizer of any of the following within thirty (30) days:

a. Changes to the June 1st budget submitted to the Authorizer, subject to the requirements of state and federal law;
b. Changes in the mailing address of the school, phone or fax number, or web address of the Charter School;
c. Changes in the members and duties of the Governing Body including names and contact information;
d. Changes in the school leader or, if applicable, the chief executive of the Charter School or charter management organization including names and contact information;
e. Changes in any leadership in the Charter School or individuals serving as main contacts with the Authorizer, including names and contact information; and
f. Changes in school location to a location permitted by Section 1.5.

Any material change initiated by the Authorizer, requiring an amendment to this Agreement, must be agreed to in writing by both parties. An amendment initiated by the authorizer shall be effective at the agreed upon date in the amendment or upon approval in writing by the Authorizer.

11. Renewal, Revocation, Closure, and Dissolution

11.1. Renewal. Pursuant to T.C.A. § 49-13-121, the Charter School may apply for renewal of this Charter Agreement by application submitted no later than April 1 of the year prior to the year in which this Agreement expires and in accordance with Authorizer renewal rules and policies. This Agreement may be renewed without modification, except for the incorporation by attachment of the approved renewal application. The Parties may also amend this Agreement as part of the renewal process.

The Authorizer may elect not to renew this Charter Agreement pursuant to the Authorizer rules, policies, and T.C.A. § 49-13-121. Any proposed amendments to this Agreement that are rejected by one of the Parties shall constitute denial of the renewal application. Denial of the renewal application by the Authorizer shall be final and not subject to appeal.

11.2. Revocation. During the term of this Agreement, in accordance with the Authorizer's policies, the Authorizer will provide notice to the Charter School of non-compliance with applicable laws, rules, or this Agreement and give the Charter School an opportunity to cure the non-compliance prior to instituting revocation proceedings pursuant to T.C.A. § 49-13-122 and Authorizer rules and policies, unless the Authorizer determines that the violations are so severe that such notice and an opportunity to cure should be waived. Such notice and opportunity to cure shall not be required for grounds upon which this Agreement or state law calls for immediate revocation of the charter.

At any time during the term of this Agreement, the Authorizer may revoke this Agreement for any reason set forth in T.C.A. § 49-13-122, and/or a material violation of any of the conditions, standards, or procedures set forth in this Agreement.

If the Authorizer determines that any grounds for revocation exist, it may revoke this Charter Agreement according to the procedures set forth in T.C.A. § 49-13-122 and Authorizer policies.

11.3. Closure and Dissolution. In the event that the Charter School is required to cease operation for any reason, including but not limited to closure, non-renewal, revocation, or voluntary surrender of the charter, the Charter School shall cooperate with the Authorizer to ensure orderly closure of the Charter School including, but not limited to:

a. Timely notification of parents and teachers of the closure decision;
b. Securing student records and transferring them to the LEA in which the Charter School is located;
c. Assisting in placing students in appropriate schools;
d. Managing all financial records consistent with the Authorizer's school closure requirements and policies; and
e. Disposal of school assets in accordance with the Act and this Agreement.

The Charter School shall also comply with any closure policies or protocols established by the Authorizer.

Dissolution of the Charter School following revocation, expiration of this Agreement, dissolution or cessation of operations, or non-renewal shall comply with T.C.A. §§ 49-13-110(e) and 49-13-122. The Charter School shall be responsible for winding down operations, including payment of any and all debts, obligations, or liabilities incurred at any time by the Charter School. Under no circumstances shall the Authorizer be responsible for such obligations. Charter School personnel and the Governing Body shall cooperate fully with any activity related to school closure or phase out. If assets of the Charter School were funded with funds from the Authorizer, other than funds described in Sections 9.1 and 9.2, and such assets remain after paying the Charter School's debts and obligations and not requiring return or transfer to donors or grantors, such assets will become the property of the Authorizer.

12. Indemnification and Hold Harmless

The Authorizer and Charter School each shall give immediate written notice to the other of the assertion of any claim or the commencement of any litigation for which indemnification is sought and shall cooperate with each other in the defense of the claim or litigation.

Each party to this Agreement shall indemnify and hold harmless the other, and their respective officers, agents, and employees from the following:

a. Any claims, causes of action, liabilities, losses, damages, costs, and attorney fees for injuries or damages arising, in part or in whole, from the negligent or intentional acts or omissions of the Charter School, its officers, employees, and/or agents, including its sub- or independent contractors, in connection with the performance of this Charter Agreement or relating to this Charter Agreement;
b. Any costs, attorney fees, and/or financial penalties imposed on the Authorizer by state and/or federal authorities arising out of actions or omissions of the Charter School relating to special education or disability accommodations; and
c. Any claims, damages, penalties, costs, and attorney fees arising from any failure of the Charter School, its officers, employees, and/or agents, including its sub- or independent contractors, to observe applicable laws.

In the event of any such suit or claim, the Charter School shall provide all assistance required by the State in the State's defense. Nothing contained herein shall be deemed to afford to the Charter School, through its attorney(s), the right to represent the State of Tennessee in any legal matter, such rights being governed by T.C.A. § 8-6-106.

13. Contract Construction

13.1. Waiver. The failure of either of the Parties to this Agreement to insist on strict performance of any term or condition of this Agreement shall not constitute a waiver of that term or condition, even if the Party accepting or acquiescing in the nonconforming performance knows of the nature of the performance and fails to object to it.

13.2. Non-assignability. No right or interest in this Agreement shall be assigned by anyone on behalf of the Charter School, and delegation of any contractual duty of the Charter School shall not be made without prior written approval of the Authorizer. A violation of this provision shall be grounds for immediate termination of this Agreement and revocation of the Charter.

Should the Charter School propose to enter into a contract with another non-profit entity to manage the School, this constitutes a material change that requires an amendment to this Agreement. The Charter School agrees to submit all information requested by the Authorizer regarding the management arrangement, including a copy of the proposed

contract and a description of the management company, with identification of its principals and their backgrounds. The Charter School shall not enter a management contract without written approval from the Authorizer. Failure to receive approval from the Authorizer prior to entering into a contract shall be grounds for immediate revocation.

13.3. Agreement. The Parties intend this Agreement, including all attachments and exhibits hereto, to represent a final and complete expression of their agreement, which shall be considered the Agreement. All prior representations, understandings, and discussions are merged herein, and no course of prior dealings between the Parties shall supplement or explain any terms used in this document. The Parties recognize that amendments to this Agreement may be executed from time-to-time hereafter.

13.4. Survival of Representations and Warranties. All representations and warranties hereunder shall be deemed to be material and relied upon by the Parties with or to whom the same were made, notwithstanding any investigation or inspection made by or on behalf of such Party or Parties. The representations and warranties covered in this Agreement will survive the termination or expiration of this Agreement.

13.5. Severability. The provisions of this Agreement are severable. Any term or condition deemed illegal or invalid shall not affect any other term or condition, and the remainder of the Agreement shall remain in effect unless otherwise terminated by one or both Parties. For any term or condition deemed illegal or invalid, the Parties shall, upon the request of either party, negotiate in good faith to adopt any necessary or appropriate replacement provision.

13.6. Authority. The individual officers, agents, and employees of the Parties hereto who execute this Agreement do hereby individually represent and warrant that they have full power and lawful authority to execute this Agreement.

13.7. Change of Law. If, due to any change in applicable law, regulation, or interpretation thereof by any court of law or other governing body having jurisdiction subsequent to the date of this Agreement, performance of any provision of this Agreement or any transaction contemplated hereby shall become impracticable or impossible, the parties hereto shall use their best efforts to find and employ an alternative means to achieve the same or substantially the same result as that contemplated by such provision.

13.8 Notice. Any notice required or permitted under this Agreement shall be in writing, sent via electronic or other means, and shall be effective immediately upon personal delivery, subject to verification of service or acknowledgment of receipt, or three (3) days after mailing when sent by certified mail, postage prepaid. Such noticed shall be sent to:

If to the Authorizer:

Mailed to:

Tennessee Public Charter School Commission

Attn: General Counsel
500 James Robertson Parkway, 5th Floor
Nashville, TN 37243
and emailed to:
ashley.thomas2@tn.gov

If to the Charter School:
Mailed to:
Capstone Education Group
P.O. Box 22569
Memphis, TN 38122
and emailed to:
dsippel@cornerstoneprepmemphis.org

Either party may change its address for notices under this Agreement by notice to the other party.

13.9 No Third-Party Beneficiary. This Agreement shall not create any rights in any third parties who have not entered into this Agreement, nor shall any third party by entitled to enforce any rights or obligations that may be possessed by either party to this Agreement.

TENNESSEE
PUBLIC CHARTER SCHOOL COMMISSION

THE STATE OF TENNESSEE BY AND THROUGH THE TENNESSEE PUBLIC CHARTER SCHOOL COMMISSION: By: Tess Stovall Printed Name: Tess Stovall Title: Executive Director Date: 4/13/22 By: [illegible] Printed Name: Thomas Griscom Title: Chairman, Tennessee Public Charter School Commission Date of Commission Approval: April 1, 2022	CHARTER SCHOOL: Lester Prep By: Drew Sippell Printed Name: Drew Sippell Title: Executive Director Date: 4/11/2022 Sworn to and subscribed to before me, a Notary Public, this 11th day of April, 2022, by Andrew Sippell, the Executive Director of Charter School and duly authorized to execute this instrument on Charter School's behalf. Breann Notary Public My Commission Expires 4/1/23 My Comm. Exp. 4-1-2023 BREANN FORBES STATE OF TENNESSEE NOTARY PUBLIC SHELBY COUNTY

EXHIBITS

Exhibit 1- Approved Charter Application ("Charter School Application")
Exhibit 2- Current Approved Performance Frameworks
Exhibit 3- Pre-Opening Checklist/ Protocol
Exhibit 4- Approved Waivers
Exhibit 5- Achievement School District Charter Agreement