

## SCHOOL OVERVIEW AND ENROLLMENT PROJECTIONS

Please provide information for the charter school organizer's **designated representative**. This individual will serve as the contact for all communications from the ICSB regarding the submitted replication request. Note that only charter school operators that have already been authorized by the ICSB are permitted to use this form.

**IMPORTANT NOTE:** This form, plus any supplemental information requested by the ICSB as part of the replication request process, will be posted on the ICSB website.

**Legal name of charter school organizer:** Carpe Diem Indiana, Inc.

**Currently operating Indiana school(s):** Carpe Diem Schools - Meridian Campus

**Location(s) of currently operating schools(s):** 2240 North Meridian Street, Indianapolis, IN 46208

**Current Board Chair:** Jason Bearce

**Designated applicant representative:** Robert Sommers, Ph.D.

**Title & organization of designated representative:** CEO/Managing Partner, Carpe Diem Learning Systems

**Office and cell phone numbers:** 513-673-2733

**Email address:** Robert.Sommers@carpediemls.com

**Provide the requested information for the proposed school included in this replication request.**  
(You may add lines to the table if needed.)

Proposed School Name	Opening Year	School Model Being Replicated	Geographic Community *	School District(s) in Proposed Location	Grade Levels at Full Enrollment
Carpe Diem Schools at the Summit	2013	Carpe Diem, blended learning	1025 W. Rudisill Blvd., Fort Wayne, IN 46807	Fort Wayne Community Schools	6-12

NOTE: \* Please indicate the city/town and, if known, potential address or neighborhood of location.

**Proposed Grade Levels and Student Enrollment**

Provide the following information for the proposed charter school included in this replication request. Specify the grade levels served, and the student enrollment projections by grade level for each year.

<b>Academic Year</b>	<b>Grade Levels</b>	<b>Student Enrollment (Specify Per Grade Level)</b>
Year 1	6-12	130 Total; Grade 6: 30 Grade 7: 25 Grade 8: 25 Grade 9: 25 Grade 10: 25 Grade 11: Grade 12:
Year 2	6-12	224 Total; Grade 6: 32 Grade 7: 32 Grade 8: 32 Grade 9: 32 Grade 10: 32 Grade 11: 32 Grade 12: 32
Year 3	6-12	294 Total; Grade 6: 42 Grade 7: 42 Grade 8: 42 Grade 9: 42 Grade 10: 42 Grade 11: 42 Grade 12: 42
At Capacity	6-12	294 Total; Grade 6: 42 Grade 7: 42 Grade 8: 42 Grade 9: 42 Grade 10: 42 Grade 11: 42 Grade 12: 42

**Does the proposed school expect to contract or partner with an Education Service Provider (ESP) or other organization for school management/operation?\*** Yes  No

If yes, identify the ESP or other partner organization: Carpe Diem Learning Systems

## MEMORANDUM

**TO:** Claire Fiddian-Green, Executive Director  
Indiana Charter School Board

**FROM:** Jason Bearce, Chairman  
Carpe Diem Indiana, Inc. Board of Directors

**DATE:** January 28, 2013

**RE:** Fort Wayne School

The following is information you requested of the Carpe Diem Indiana, Inc. Board of Directors as you consider our request for activating a charter for a new Carpe Diem school in Fort Wayne.

1. What is the green-lighting process the CDI Board has developed to ensure it is ready to open subsequent schools? What specific data and indicators has the Board reviewed to arrive at the decision to proceed with a second school opening?
  - a. The CDI board delegates responsibility to its administrative team through the Carpe Diem Learning Systems (CDLS) management agreement to analyze growth options, collect information about possible Indiana sites, and to coordinate processes around preparation for expansion. The board makes the final decision to expand to a new school including location and timing.

CDLS uses a proprietary process for selecting which region/city and what site to recommend to the board. It involves analysis of student and community demographics, funding resources, opportunities for improved education and partnerships possible in advancing community improvement.
  - b. The information presented to the CDI board for consideration included current performance quality of the Meridian campus, enrollment predictions for the Meridian campus and the Fort Wayne expansion, board preparation, management company capacity, and other factors impacting the decision. The complete PowerPoint can be found on the Carpe Diem Indiana, Inc. Board Docs site at <http://www.boarddocs.com/in/cdls/Board.nsf/Public>. The presentation was on December 21, 2012. A summary analysis of our preparedness to expand is included as an attachment to this memo.

Key factors the management company requires before presenting any recommendation to the board includes community support for Carpe Diem

(Did the community ask us to come?), startup resources (Do we have sufficient money to start the school?), strong facilities options (Will we have a place to hold the school?), the financial viability of the school over the long term (Can the school operate without philanthropic support?), sufficient student populations to make long term enrollment targets achievable (Are there significant numbers of students in underperforming schools?), and an active charter authorizing the start of the school. All of these have to be in place prior to CDLS making a recommendation to the board.

The board's most recent action affirmed the Fort Wayne expansion is worthy with the exception of the activation of the charter.

2. CDI is a new Board and is still in the process of developing policies by which to conduct its work. Does the Board feel confident it has developed all necessary policies and procedures by which to govern itself across two schools in two very different cities? How would the Board know things were or were not going well with the FW school opening activities? What data and indicators will the CDI Board be reviewing at its regular meetings to ensure things are going well across its network?

- a. The board's unanimous vote to request the activation of a charter at its December 21, 2012 board meeting affirmed its confidence in moving forward.

The CDI board is implementing policy governance policies and current plans are to have these substantially completed by early March, well in advance of the intense work of creating and opening the Fort Wayne campus. These policies will amplify the already established management agreement expectations around student, financial and organizational performance. These policies will establish a monitoring process in the three major areas which also track the three areas covered in the ICSB Accountability Plan. The monitoring systems are already well developed, but the board's unique refinements will be fully documented through board policy and performance monitoring and adjusted accordingly. This process will also result in an annual calendar of monitoring tasks and reports to ensure that the Board receives the information it needs when it needs it to guide the ongoing success of Carpe Diem Indiana.

- b. Specific to the Fort Wayne project, the board will delegate daily monitoring of the startup to CDLS. We are confident that they have the processes and experience to deliver a school on schedule and within budget in Fort Wayne. Our confidence is based on their accomplishment of this feat under much more difficult circumstances at Meridian Campus. CDLS has an extensive proprietary startup WBS that guides details of the startup process. They also use project management protocols to monitor school startup processes.

- c. The board will receive weekly updates from our CEO, Robert Sommers through his board Monday Memo. We will receive regular updates from the school startup project manager. These reports will include a general “percent complete” report in the major work areas such as facilities, HR, curriculum, etc. They will also report on special circumstances, financial conditions, and enrollments. The board will also reserve the right to inquire about the project or to complete onsite inspections as an independent confirmation of reports.

The board will also receive a final closeout report on the project once completed. This report will provide a financial summary, project quality checks based on completion, feedback reports from stakeholders, and an analysis of possible process improvements.

The board attorney will also provide oversight of the legal processes related to the project. We don’t anticipate significant issues here because the overall governance structure is already in place.

- 3. Does the CDI Board plan to add a FW community member to the Board, to ensure there is someone on the Board with a local perspective? If yes, do you have a candidate in mind, and what is your timing? If no, why not?
  - a. Yes, we plan to include a Fort Wayne person on our board. We are currently discussing this with community leaders and will add the board member consistent with ICSB requirements.
  - b. The new board member will be independent of any Fort Wayne entity directly engaged as a partner or vendor for the school. A specific candidate has not been identified. The new board member will be installed by spring, 2013.
- 4. How will the Board comply with the Open Door Law for the Fort Wayne school?
  - a. Our meetings will be open to the public as required by law. All meeting information will be provided via BoardDocs. Communication regarding the meeting will be provided to media outlets in advance of all meetings. All materials available to the board will be available three (3) days prior to the meeting via BoardDocs and these materials will be immediately available to the media and other interested parties. Board meeting dates will be maintained on the school website and will be distributed to people or entities who request such notice.

The board will entertain board meetings being held in Fort Wayne if warranted. Additionally, media will be given full access to our CEO and our school personnel where appropriate.

- b. Please note that the CDI board will be using policy governance protocols so many of the decisions made by a typical school board will be delegated

to the front line staff. This is an expectation of policy governance and a requirement for successful implementation of the Carpe Diem model. Decisions about student curriculum, schedules, technology use, administration of personnel policies, financial transactions, marketing, and technology will be made within the executive limitations set forth by the board including legal compliance, but most will be made by the administration and staff, not the board. Of course, those decisions specifically required of the board will be completed by the board.

The CDI board anticipates quarterly board meetings once policy development and clearly defined monitoring schedules are established in February, 2013.

5. Enrollment at CD Meridian is significantly below Year 1 projections. Given the timeline for School 2 proposed below, how confident is the Board that the FW school wouldn't experience the same issue with low enrollment in Year 1? Why not push off the opening to August 2014 so that a year-long marketing strategy can be deployed?
  - a. Meridian enrollment was adversely affected by 1) no building until early August, 2) no Carpe Diem school within driving distance of Indianapolis, 3) limited financial resources for marketing efforts which delayed most marketing until mid-June, 4) the routine challenges of any start up to develop the CDI board, become familiar with Indiana school reporting systems, create relationships with insurance vendors, etc. and 5) an ambitious target enrollment for a school startup.

While we would have preferred higher first year enrollments at Meridian, ultimately this may have worked to our advantage at that early stage as achieving the original 190 student goal would have put immense pressures on the staff to initiate the unique Carpe Diem model effectively.

- b. The Fort Wayne expansion 1) has a tremendous facility already in place and available for parent visits, 2) Meridian Campus is within driving distance for key Fort Wayne stakeholders so first hand observation of the model is possible, 3) community support has been established to pay for marketing and outreach beginning immediately (including the engagement of marketing expertise by the community supporters), 4) the board, data systems, and vendor relationships are well established and therefore will not be a distraction, 5) enrollment targets will be set at 130 to assure a strong startup level.

6. What is your marketing strategy for Indianapolis and Fort Wayne for 2013? What level of confidence do you have that enrollment in Indianapolis will be closer to 200 in August 2013?
- a. The Fort Wayne marketing effort will be a coordinated effort between Ambassador Enterprises and Murray Media, Inc. Resources will be immediately available for community engagement, marketing materials, parent outreach, open houses, community based advertising, and development of public relations efforts. Plans currently call for targeting key community stakeholders for trips to Meridian Campus. New video productions are planned. Murray Media brings substantial expertise in social media to the partnership. Social media will be used extensively to provide a fertile ground for “door-to-door” marketing strategies within the communities surrounding the school site. This strategy will easily achieve the target enrollment of 130 students.
  - b. The Meridian campus is targeted for expansion to 230 students. We are confident we can achieve this level because most of the challenges we faced last year are addressed even before we begin a much more deliberate and timely marketing effort. Key marketing assets now available to us include: 1) a building, 2) a track record of success, 3) faculty and students to promote their school, and 4) marketing resources to start a campaign in February instead of June. The Meridian Campus campaign will take advantage of the following resources: 1) staff and student advocates, 2) parent testimonials, 3) community service partners supporting our efforts, 4) door-to-door community engagement, 5) enhanced marketing materials, 6) a purposeful social media strategy, and 7) the capacity to hold open houses.
7. What is your financial model for FW, given the different per-pupil funding levels? What is your contingency if enrollment is below 100 students in Year 1? Would the school survive financially with enrollment at that level?
- a. Please see the five-year projection for the Fort Wayne campus. This model was built on assumptions related specifically to the Fort Wayne campus, including the lower per pupil funding anticipated in Fort Wayne and the unique per pupil building lease model.

The financial model is based on 130 students in the first year. Many of the expenses are student enrollment dependent and therefore missing the enrollment target is survivable. This is especially true for Fort Wayne because the building lease is built on a per student basis and thus fluctuates based on enrollment. Staffing costs are a relatively small part of the overall costs, so enrollment shifts can be absorbed.

- b. Additionally, an initial memorandum of understanding with Fort Wayne community leaders has confirmed immediate availability of \$1 million for startup costs.

8. What evidence do you have that there is demand in FW from families and students for the CD model? Have you held any informational meetings? Have you collected any signatures of interest? Keep in mind the May deadline for the Start-Up Grant for new charter schools, at which point CDI must submit to the IDOE Office of School Finance student names and addresses for purposes of calculating the start-up grant.
- a. The reason we are considering Fort Wayne is because of community interest. Individuals from the Fort Wayne community came to the Meridian Campus, found the model exciting, and asked us to open a school in Fort Wayne. They committed to: 1) being the primary community engagement conveners, 2) the fund raisers for startup costs (Ambassador Enterprises has committed in a preliminary memorandum of agreement to providing a line of credit for \$1 million and to retire this debt through collaborative fundraising), 3) providing a high quality facility for the school, and 4 assisting efforts to recruit a school leader (CDLS will be very active in the recruitment and selection process as well). A memorandum of understanding regarding these issues has been drafted and signed. We can receive formal interest letters if desired, but the overall marketing strategy calls for engagement beginning upon receipt of an active charter. We don't wish to elevate interest even higher than it already is without some comfort we can meet the demand.
  - b. It is important to note that Fort Wayne has limited charter school options and the underlying school corporation is now the largest in Indiana. The few charters currently present in Fort Wayne provided limited options at the grade levels Carpe Diem operates. Further, evidence indicates some of these charters have produced very poor performance. Several were recently closed by their authorizer. These factors further reinforce our positive outlook for the Fort Wayne market.

CDI and CDLS are fully aware of the timelines for state reporting and funding. We have direct experience with these timelines at Meridian and they are built into the CDLS managed WBS.

9. Do you have a school leader candidate in mind? Will this school leader receive the same level of hands-on support from Rick Ogston that Mark Forner received?
- a. School leader candidates are being identified, but no action will be taken without an active charter. Carpe Diem Learning Systems will assure quality candidates by actively recruiting talent for the position. Assistance in this regard will be provided by Ambassador Enterprises.

The school leader will be hired and put on full time no later than March. The leader will be trained through direct involvement at Meridian Campus. CDLS has a more formal training program for the school leader and the other team members than was available to the team at Meridian. In

addition to direct onsite training, the new school leader will receive training in 1) culture of positive engagement and empowerment, 2) consequences versus discipline, 3) digital curriculum use and understanding, 4) data analysis and instructional adaptation, 5) teaching the “big rocks”, 6) project-based instruction for deeper learning, and 7) response to intervention strategies. This training will be provided in an intensive 2 week program at the beginning of the school year and it will be reinforced through embedded professional development during school operation. Specialized training will be provided on the basis of school performance results.

- b. As per the management agreement, CDLS will commit the necessary resources to the Fort Wayne campus to assure its success. Rick Ogston’s involvement in the process will be at the levels necessary to assure a quality start up and ongoing operation.
10. What evidence do you have that academic outcomes and financial health at CD Meridian are as strong as they have been in AZ? How confident is the Board that the model has been replicated successfully in Indianapolis, and that the model is ready to replicate again?
- a. Academic performance of Meridian is very strong, especially when compared to IPS results and results of other charter school startups. Early predictions show ISTEP passage rates should be well above IPS and should be close to the 3 year goal as set forth in the management agreement (85% passage)<sup>1</sup>. A summary analysis of Meridian’s current performance is attached.

A comparison of performance between Meridian and Indiana charter school startup results documented in the CREDO report<sup>2</sup> show Meridian to be well ahead of comparable schools.

- b. Financially, the school is stable even with the low first year enrollment. Even enrollments below 200 in 2013-14 will result in a very strong financial picture for 2013-14 at Meridian. Meridian’s financial performance will be unaffected by growth in Fort Wayne. Because the Carpe Diem model doesn’t rely on philanthropy, starting Fort Wayne will not dilute Meridian Campus financial conditions. In some measure, the expansion affords more latitude to the management company to manage costs at the Meridian Campus. Staff level costs, vendor relations, and options for the management fee payment schedule are all enhanced by multiple schools.

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<sup>1</sup> A Study of the Alignment of the NWEA RIT Scale with the Indiana Statewide Testing for Educational Progress-Plus (ISTEP+), March 2010, The Kingsbury Center at Northwest Evaluation Association: <http://www.nwea.org/sites/www.nwea.org/files/resources/Indiana%20SP09.pdf>

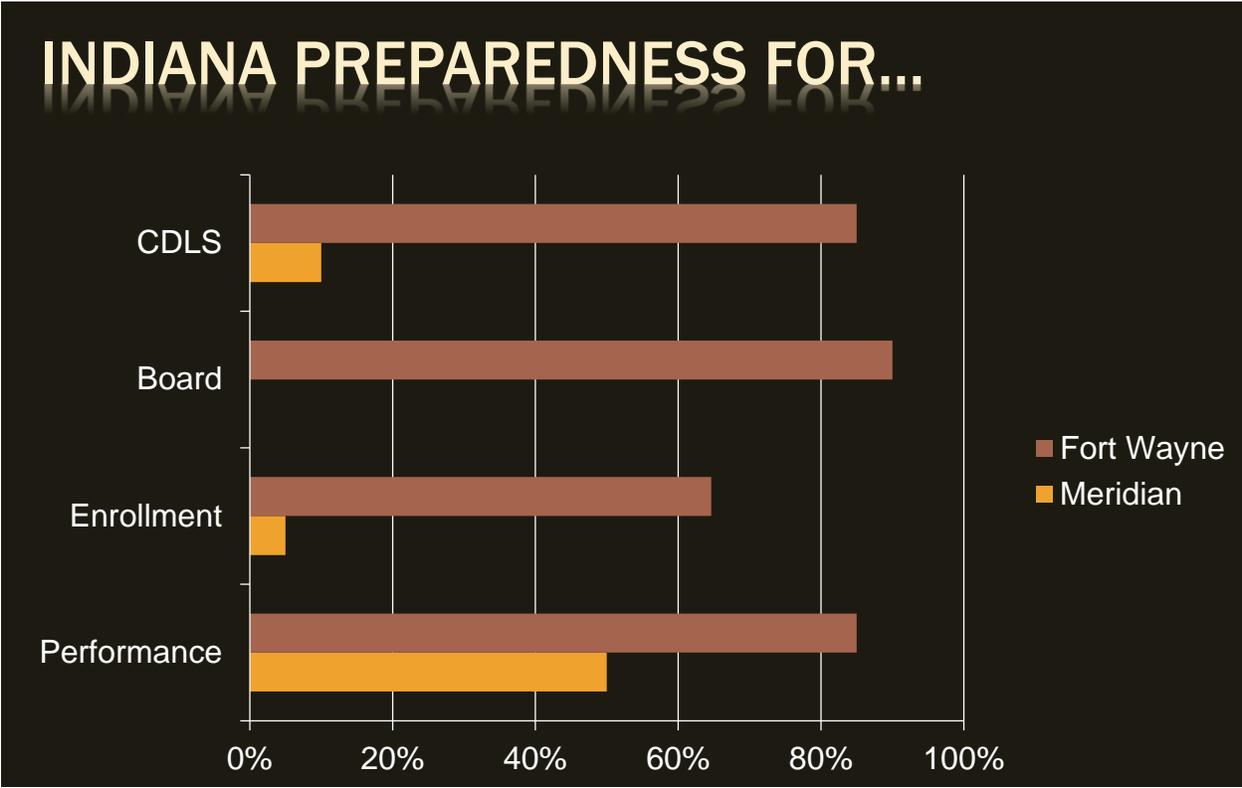
<sup>2</sup> Charter School Performance in Indiana, CREDO, 2012: [http://credo.stanford.edu/pdfs/IN\\_2012\\_FINAL\\_20130117nw.pdf](http://credo.stanford.edu/pdfs/IN_2012_FINAL_20130117nw.pdf)

- c. Growth of schools operating under the leadership of CDLS will happen because of demand. The management company has specific plans for this growth including processes and staffing to assure strong performance in schools already in place such as Meridian. The Carpe Diem model is very stable and unlike other models does not require long development periods within a particular location.

Finally, the original plan for growth within Indiana, as per the charter application called for six (6) schools to be operating by 2018. We see the Fort Wayne expansion as consistent with this strong growth strategy. The unique opportunity to capitalize on strong community support, including startup capital and an exceptional facility, encourage our interest in pursuing a 2013 start in Fort Wayne.

- 11. Performance has declined at the AZ school over the past couple of years, although the school still substantially outperforms the local district and state. To what do you attribute the decline?
  - a. We have been monitoring this. They seem to be tracking fairly closely to the overall Arizona trend. Carpe Diem results are always in the top 20% in the state on achievement and as of the last year shown, they have outperformed everyone in academic growth. This suggests there may be some adjustments in the testing and it also suggests the students they are serving are particularly far behind when they come to CD.
  - b. Finally, the school experienced a sudden and tragic death of the principal right before assessment time in 2012. He died of a rare cancer that took him within about 4 weeks. The closeness of the team and the students seemed to affect some of the focus placed on performance.
  
- 12. What are the demographics of the Carpe Diem Meridian student population (the school located in Indianapolis that opened in August 2012)?
  - a. Female: 44 (51%)
  - b. Male: 43 (49%)
  
  - c. Black 58 (67%)
  - d. Caucasian 22 (25%)
  - e. Mixed/Other 6 (7%)
  - f. Hispanic 1 (1%)
  
  - g. Free 47 (54%)
  - h. Reduced 10 (11%)
  - i. Paid 30 (35%)

Analysis of the relative preparedness to start Meridian and to start Fort Wayne



Year of operation	Startup	1	2	3	4
Enrollment	0	130	224	294	294
Total Salaried Employees	1.5	13.0	14.0	15.0	15.0
<b>REVENUE:</b>					
<b>State Revenue:</b>					
General Purpose Foundation Funding	\$0	\$806,000	\$1,388,800	\$1,822,800	\$1,822,800
Special Education Funding	\$0	\$117,000	\$201,600	\$264,600	\$264,600
Total State Revenue	\$0	\$923,000	\$1,590,400	\$2,087,400	\$2,087,400
<b>Federal Revenue:</b>					
NCLB Title 1 Funding	\$0	\$62,400	\$107,520	\$141,120	\$141,120
E-rate Program	\$930	\$8,060	\$8,680	\$9,300	\$9,300
Federal Implementation or Startup Grants	\$90,000	\$220,000	\$220,000		
Total Federal Revenue	\$90,930	\$290,460	\$336,200	\$150,420	\$150,420
Total School-Level Fundraising	\$1,000,000	\$200,000	\$0	\$0	\$0
<b>GRAND TOTAL REVENUE</b>	<b>\$1,090,930</b>	<b>\$1,413,460</b>	<b>\$1,926,600</b>	<b>\$2,237,820</b>	<b>\$2,237,820</b>
<b>EXPENSES:</b>					
Total Salaries & Wages	\$83,500	\$585,000	\$630,000	\$660,000	\$660,000
Total Benefits & Payroll Taxes	\$22,025	\$206,235	\$206,235	\$220,545	\$220,545
<b>Educational Materials, Technology, and Equipment:</b>					
Educational Materials Expense	\$0	\$13,000	\$22,400	\$29,400	\$29,400
Digital content	\$0	\$78,000	\$134,400	\$176,400	\$176,400
Student insurance	\$0	\$1,560	\$2,688	\$3,528	\$3,528
Furniture Fixtures & Office Supplies	\$140,000	\$1,000	\$1,000	\$1,000	\$1,000
Total Ed. Materials, Technology & Equipmer	\$140,000	\$93,560	\$160,488	\$210,328	\$210,328
<b>Other Employee-Related Expenses:</b>					
Professional Development Expense	\$0	\$2,750	\$2,750	\$2,750	\$2,750
Customized professional development	\$44,000	\$100,000			
Total Other Employee-Related Expense	\$44,000	\$102,750	\$2,750	\$2,750	\$2,750
<b>Facilities Expenses:</b>					
Rent or Lease Payments	\$0	\$130,000	\$224,000	\$250,000	\$250,000
Utilities		\$30,000	\$30,000	\$30,000	\$30,000
Other		\$30,000	\$30,000	\$30,000	\$30,000
Total Facilities Expense	\$0	\$190,000	\$284,000	\$310,000	\$310,000
<b>Operating Expense (in Excess of Wages):</b>					
Acctg, Audit & Payroll Fees		\$22,000	\$22,000	\$22,000	\$22,000
Advertising & Student Recruitment	\$40,000				
Assessment & Student Data		\$1,950	\$3,360	\$4,410	\$4,410
Consulting Costs		\$24,300	\$24,300	\$24,300	\$24,300
Special education costs	\$0	\$117,000	\$201,600	\$264,600	\$264,600
Insurance (non-benefit)		\$16,500	\$16,500	\$16,500	\$16,500
Legal Fees	\$20,000	\$4,500	\$4,500	\$4,500	\$4,500
Postage, Shipping, Mailing		\$750	\$750	\$750	\$750
Printing & Copying		\$3,600	\$3,600	\$3,600	\$3,600
Student Transport & Lodging		\$3,000	\$3,000	\$3,000	\$3,000
Technology, Software, & IT Services	\$400,000	\$2,500	\$2,500	\$2,500	\$2,500
Telecomm & Internet		\$15,500	\$15,500	\$15,500	\$15,500
Other Services	\$10,000	\$14,135	\$19,266	\$22,378	\$22,378
Total Services	\$470,000	\$225,735	\$316,876	\$384,038	\$384,038
<b>CMO &amp; District Expense:</b>					
Fees to CMO	\$130,912	\$169,615	\$231,192	\$268,538	\$268,538
Fees to ICSB	\$0	\$16,120	\$27,776	\$36,456	\$36,456
Total CMO & District Expense	\$130,912	\$185,735	\$258,968	\$304,994	\$304,994
<b>GRAND TOTAL EXPENSES</b>	<b>\$890,436</b>	<b>\$1,589,015</b>	<b>\$1,859,317</b>	<b>\$2,092,656</b>	<b>\$2,092,656</b>
<b>NET INCOME</b>	<b>\$200,494</b>	<b>(\$175,555)</b>	<b>\$67,283</b>	<b>\$145,164</b>	<b>\$145,164</b>
Beginning Cash Balance	\$0	\$200,494	\$24,939	\$92,222	\$237,387
Ending Cash Balance	\$200,494	\$24,939	\$92,222	\$237,387	\$382,551

Please note: the school level funding has been provided by an MOA with Ambassador.

## NWEA-MAP Results - December, 2012

### Carpe Diem Schools – Meridian Campus

The following shows the progress made in the first 15 weeks of operation. All calculations are based on students who began the year with us and have taken all three assessments.

**Percent of students at or above target** indicate what percentage of students in a particular subject who are at or above grade level as determined by the national norm for NWEA-MAP results.<sup>3</sup>

**Average weeks gain** is derived by comparing the average NWEA-MAP scores received by students with the 2011 NWEA-MAP national norms by grade level and subject.

**ISTEP predictions** – based on NWEA-MAP crosswalk scoring tables.<sup>4</sup>

<b>Summary analysis - December, 2012</b>					
		<b>Beginning</b>	<b>15 weeks</b>	<b>Target/ predicted</b>	<b>IPS comparison (2012)</b>
<b>Reading</b>					
	Percent of students at or above target	71%	67%	85%	
	Average weeks learning gain		22	15	
	ISTEP predictions		61%	74%	51%
<b>Language</b>					
	Percent of students at or above target	66%	67%	85%	
	Average weeks learning gain		33	15	n/a
	ISTEP predictions		59%	76%	
<b>Math</b>					
	Percent of students at or above target	49%	65%	85%	
	Average weeks learning gain		54	15	
	ISTEP predictions		54%	78%	61%
<b>Science</b>					
	Percent of students at or above target	45%	53%	85%	
	Average weeks learning gain		46	15	

<sup>3</sup> The students being compared has changed slightly from the 8 week results thus the beginning percentages will not match the 8 week results analysis.

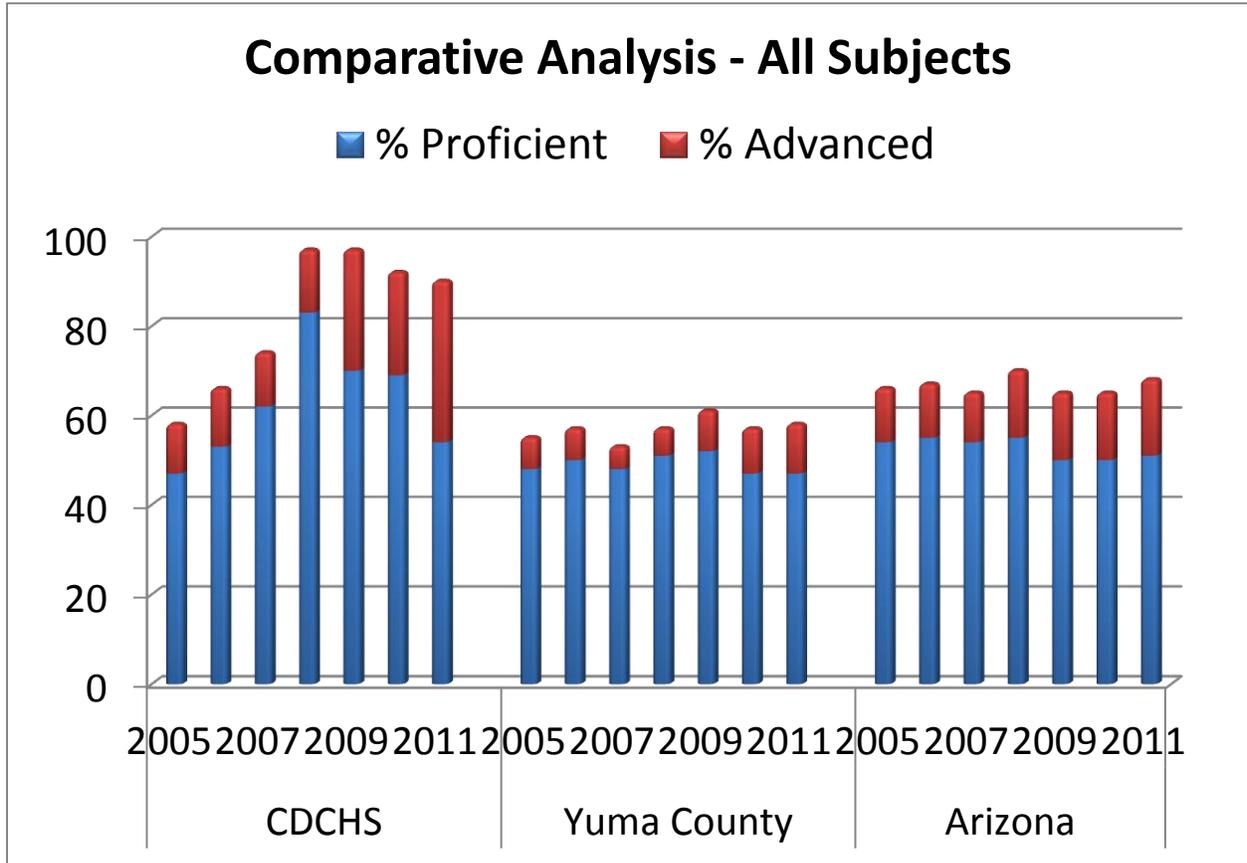
<sup>4</sup> Indiana Alignment, March 2010, pages 7-12, Probability of passing tables

While progress is being made in reading, the increasing expectations as the year advances and some students scoring lower than earlier in the year, results in a decline in the percentage of students at or above grade level. Overall, we are making very good progress with students who came to us significantly below grade level.

Math continues to post very strong progress and significant gains in students at grade level. Science slowed a bit in the second 7 weeks; however, continues to show steady progress on gains.

ISTEP predictions were calculated by finding the estimated probability of passing RIT range in the Indiana Alignment – A Study of the Alignment of the NWEA RIT Scale with the Indiana Statewide Testing for Educational Progress Plus (ISTEP+) booklet for each grade level and compare this to actual student results.

## Past Carpe Diem results



# LEIGH RILEY EVANS

2815 N. Delaware St.  
INDIANAPOLIS, INDIANA 46205  
LEIGHR.EVANS@GMAIL.COM  
317.457.0795

**Highly organized, efficient executive with 13 years of experience managing a variety of community agencies.**

**Effective communicator** with strong written, verbal, and interpersonal skills

**Project manager** with proven results developing, implementing, and evaluating various fundraising programs as well as actively cultivating and soliciting new funding opportunities

**Dependable leader with active listening skills and calm nature** necessary for influencing decisions and gaining trust of others

## CORE COMPETENCIES

- \*Strategic planning*
- \*Raising awareness of economic opportunity*
- \*Organizational development*
- \*Critical thinking*
- \*Encouraging philanthropy*

## PROFESSIONAL EXPERIENCE

**INDIANA YOUTH SERVICES ASSOCIATION**      Indianapolis, Indiana      1/2008-Present  
*Interim Chief Executive Officer (since August 2011)*  
*Vice-President & Chief Advancement Officer*

- Administer the daily operations of the organization according to established goals and policies as authorized by the Board of Directors
- Serve as point of contact for vendors, web developer, funders, PR firms, strategic planners, bookkeeping, and auditing firm
- Develop strategic short and long-term plans to address operations, human resources, financial performance, and organizational sustainability
- Manage a range of business functions including investments, payroll, financial records and reports, annual audits, and long-range plans for fiscal and administrative operations
- Develop, implement, and evaluate various fundraising programs; cultivate and solicit new funding opportunities for a broader base of IYSA and membership donors
- Anticipate and respond to the needs of a state-wide membership of 33 Youth Services Bureaus; travel throughout the state to communicate best practices and provide training and ongoing support to increase their capacity to serve youth
- Manage fundraising and membership development including recruitment, retention, and succession planning
- Work with legislators in the Indiana General Assembly to improve community development and youth advocacy work
- Manage all aspects of activities related to the signature event such as catering arrangements, budgeting, onsite event organization & oversight, and coordination of volunteer related activities

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INDIANAPOLIS, INDIANA 46205  
LEIGHR.EVANS@GMAIL.COM  
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## PROFESSIONAL EXPERIENCE (CONTINUED)

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**LUTHERAN CHILD & FAMILY SERVICES** Indianapolis, Indiana 2001-2007  
*Chief Administrative Officer*  
*Director of Staff Services*  
*Contract Utilization and Compliance Manager*  
*Corporate & Foundation Relations Coordinator*

- *Managed staff of 15 direct reports who led projects contributing to the organizational mission. Staff included members of human resources, informational technology, facilities maintenance, public engagement, and community outreach.*
- Monitored agency expenditures; initiated and developed revenue streams and organized funding initiatives and activities to meet the operational goals of the agency's residential and community-based programs
- Collaborated with departmental staff to prepare and manage budgets
- Served as chief information officer of LCFS for all areas of information technology, including alignment of agency business strategy and technology strategy; negotiated contracts for government support
- Identified and researched funding opportunities and wrote proposals to a variety of organizations; prepared contract proposals and negotiated contractual provisions with community and funding partners; managed grant and contract reporting and compliance issues
- Managed the agency's annual United Way Campaign drive
- Created, secured funding, and supervised the three year Preparing Opportunities for Development AmeriCorps and AmeriCorps\*VISTA programs and personnel
- Managed Foundation division of the agency's \$9 million capital campaign and supported resource development of the Annual Fund using Raiser's Edge software
- Coordinated annual golf outing and other special events for annual fund and capital campaign; raised money from corporate and family donations

**CONSUMER CREDIT COUNSELING SERVICE OF CENTRAL INDIANA, Indianapolis, Indiana**  
*Community Resources Coordinator* 2000-2001  
*Senior Counselor* 1998-2000

- Managed resource development for Educational Program by marketing educational programming and services through media interviews, press releases, and workshops; cultivated relationships with community members and donors
- Maintained donor database using Paradigm software
- Served as mediator for clients with debt problems and their creditors
- Trained staff, facilitated work teams, and chaired committees to promote efficiency
- Conducted educational workshops and financial and housing counseling sessions, including money management classes for children; participated in home ownership fairs

# LEIGH RILEY EVANS

2815 N. Delaware St.  
INDIANAPOLIS, INDIANA 46205  
LEIGHR.EVANS@GMAIL.COM  
317.457.0795

## EDUCATION

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University of Phoenix – Indianapolis Campus  
**Master of Business Administration**

Purdue University – Indianapolis Campus  
**Bachelor of Science, Psychology**

Lacy Leadership Academy  
**2010 Leadership Exploration & Development (LEAD) Graduate**

**2009 Executive Journey Fellow**

Diversity Leadership Academy of Greater Indianapolis  
**Class of 2008 Fellow**

## COMMUNITY SERVICE

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**Scholars Reception Planning Committee, Development Committee**, Catch the Stars Fdn. 4/2011-present

**Board Member**, Mapleton-Fall Creek Neighborhood Association 12/2010-present

**20/21 Vision Steering Committee**, Mapleton-Fall Creek Development Corporation 5/2008-present

**Business Development Committee Member**, King Park Community Development Corp. 5/2008-present

**Team Mother**, AAU Boys Basketball Spiece Team Tempo 2/2003-7/2010

**VP, Board of Directors; Development Committee Chair**, RMS10 Neighborhood Corp. 4/2006-5/2008

- Recipient of Keep Indianapolis Beautiful – NeighborWoods grants
- 2007 recipient of Monumental Affairs Mayor’s Neighborhood Merit and Inspiring Places Awards

## REFERENCES

Ray Hoskins  
Ray Hoskins and Associates  
9085 Huggin Hollow Road, Martinsville, Indiana 46151  
(317) 514-0168  
[ray.hoskins@gmail.com](mailto:ray.hoskins@gmail.com)

Jackie Nytes  
City-County Councilor  
Executive Director, Mapleton-Fall Creek Development Corporation  
130 East 30<sup>th</sup> Street, Indianapolis, Indiana 46205  
(317) 923-5514  
[jackie@mfcfdc.org](mailto:jackie@mfcfdc.org)

Ron Thieme, Ph.D.  
Vice President & Chief Information Officer, AIT Laboratories  
2265 Executive Drive, Indianapolis, IN 46241  
(317) 243-3894  
[rthieme@aitlabs.com](mailto:rthieme@aitlabs.com)

**Don Soifer**

Executive Vice President

Lexington Institute

Don Soifer is Executive Vice President of the Lexington Institute, a nonpartisan think tank headquartered in Arlington, VA.

He directs the institute's research programs in domestic-policy areas including education, energy and postal reform. Soifer has published dozens of papers and articles on various aspects of education policy, including charter schools, accountability and assessments, higher education finance, closing achievement gaps for English learners, and special education. Soifer's research has been published and discussed in many of the nation's most influential news publications, including The New York Times, Washington Post, USA Today and New York Daily News.

He has testified before the U.S. Congress on several occasions, in official hearings of various federal and state agencies and legislatures, and appears regularly on television and newsradio programs around the country. Soifer serves on numerous advisory and governing boards for government and nonprofit organizations around the country. He also provides business strategy consulting services to clients that include Fortune 500 and other companies.

Soifer has served since 2008 on the District of Columbia's Public Charter School Board, which is responsible for the oversight of 53 charter schools on 98 campuses serving nearly 32,000 students.

He is a 1990 graduate of Colgate University and lives in Washington, DC.

Current Board Memberships:

District of Columbia Public Charter School Board, 2008-present.

Federal Advisory Committee on International Postal and Delivery Services, United States Department of State, 2008-present.

Carpe Diem Collegiate High School, Yuma, Arizona (serves on board of directors of nationally-renowned blended learning high school presently expanding to Indiana).

Pinnacle Academy, Fairfax, Virginia, Academic Advisory Board.

United States Consumer Postal Council, Board Chair.

Highlights of First-Term Accomplishments, DC Public Charter School Board

Led Executive Director search process, 2011-2012.

Initiated rising senior transcript audit process in 2010-2011.

100 percent voting record over first term.

Raised \$25,000 in corporate donations to PCSB to support inaugural Josephine Baker Awards for exemplary charter schools.

# JASON K. BEARCE

7936 Palmaro Circle · Indianapolis, IN 46239 · (317) 679-9029 · jason.bearce@gmail.com

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## PROFESSIONAL EXPERIENCE

### ASSOCIATE COMMISSIONER

June 2009 – Present

#### INDIANA COMMISSION FOR HIGHER EDUCATION

- Promote the priorities, strategies and profile of the Commission's college completion, productivity and quality agenda as set forth in the agency's *Reaching Higher, Achieving More* strategic plan
- Advise the Commissioner for Higher Education on policy matters, communication strategies and outreach efforts and other priority initiatives
- Oversee statewide Learn More Indiana initiative promoting college access and student success, including management of five full-time team members and a variety of vendors and consultants
- Develop, manage and monitor project budgets for more than \$3.5 million in annual state, federal and foundation funding
- Coordinate and facilitate shared P-20 priorities between K-12, higher education and workforce development as liaison for Indiana's Education Roundtable
- Support advancement of legislative policy interests as a Commission intermediary with branches of state government and Indiana's colleges and universities
- Serve as chief agency spokesperson and primary coordinator of staff media contact

### DIRECTOR OF COMMUNICATIONS

April 2006 – June 2009

#### INDIANA DEPARTMENT OF EDUCATION

- Advised the State Superintendent of Public Instruction on policy matters and communications strategies as a member of the executive cabinet staff
- Served as the agency's chief spokesperson, primary coordinator of all staff media contact and executor of high-profile news conferences and other special events
- Managed the Communications Office staff, including seven full-time employees and a variety of vendors and consultants
- Oversaw the editorial direction, design, production and distribution of printed and web-based content
- Established and maintained agency brand identity and design standards, including the creation of official department logo and related collateral materials
- Expanded reach and efficiency of agency communications through multimedia messaging and e-marketing
- Conducted staff development sessions in such areas of expertise as media relations and professional writing training

**COMMUNICATIONS SPECIALIST**  
**INDIANA DEPARTMENT OF EDUCATION**

January 2004 – April 2006

- Authored a variety of agency publications, web communications, media relations materials and grant proposals on behalf of the State Superintendent of Public Instruction
- Managed and maintained statewide media relations
- Planned and executed press conferences and other high profile events

**COMMUNICATIONS COORDINATOR**  
**INDIANA COMMISSION FOR HIGHER EDUCATION**

March 2000 – December 2003

- Authored and edited press releases, media advisories, opinion-editorials, grant proposals, communications campaign materials, education articles and correspondence on behalf of the Governor and Commissioner for Higher Education
- Reviewed and edited a variety of state publications, including all Indiana Academic Standards documents
- Coordinated policy materials and logistics for Indiana's Education Roundtable meetings
- Planned and executed press conferences and other special events
- Served as Webmaster for Commission for Higher Education, Community College of Indiana and Indiana's Education Roundtable websites

**INTERN**  
**INDIANA EDUCATION CONFERENCE, 1999**

August 1999 – November 1999

- Assisted development and preparation of conference materials
- Coordinated event details and supported conference-day operations

**INTERN**  
**INDIANA COMMISSION FOR HIGHER EDUCATION**

May 1999 – August 1999

- Drafted, reviewed and edited news releases and other print materials
- Redesigned Commission for Higher Education website
- Researched and reported on education policy issues

**EDUCATION**

**BACHELOR OF ARTS**  
**PURDUE UNIVERSITY – WEST LAFAYETTE**

December 1999

- Communications Major (concentration in Public Relations)
- Organizational Leadership & Supervision Minor

**COMMUNITY INVOLVEMENT**

**BOARD MEMBER**  
**THE SECOND STORY: A PROJECT FOR YOUNG WRITERS**

January 2008 – Present

**MENTOR**  
**STARFISH INITIATIVE**

June 2011 – Present

**Robert C. Enlow**  
**President and CEO**  
**Milton and Rose D. Friedman Foundation**

**Robert Enlow** was named President and CEO of the Friedman Foundation for Educational Choice, an organization dedicated to promoting universal school choice, in January 2009. He joined the Friedman Foundation when it first opened in 1996, serving as fundraiser, projects coordinator and vice president before being named executive director and COO in 2007.

Under his leadership the Friedman Foundation has become one of the nation's leading advocates for school choice, working in dozens of states to advance the issue by disseminating research, sponsoring seminars, undertaking advertising campaigns, organizing community leaders and providing grants.

He is the Co-editor of the book *Liberty and Learning, Milton Friedman's Voucher Idea at Fifty*, author of *Grading Vouchers, Ranking America's School Choice Programs*, and co-author of *School Choice: A Reform that Works* and "Early School Choice," a chapter in *An Education Agenda: Let Parents Choose Their Children's School*. His articles and quotes have appeared in numerous publications including the *Wall Street Journal*, *New York Times*, *Arizona Republic* and *National Review*.

Enlow's editorials have appeared in the *Wall Street Journal*, *New York Times*, *Manchester Union-Leader*, *Human Events*, *Indianapolis Star*, *San Francisco Examiner*, *Miami Herald*, *Arizona Republic*, *National Review*, *Indianapolis Business Journal* and *Evansville Courier*. He is also a regular guest on local, regional and national talk radio shows, and has testified before several legislatures across the country and most recently before a U.S. Senate subcommittee.

Prior to joining the Friedman Foundation, Robert lived in London, England where he worked from 1992-1996 as a Deputy Day Center Manager, Social Worker, and Volunteer Coordinator for St. Botolph's Project, an organization providing rehabilitative care and services to homeless men, women and families. During his tenure, Robert was promoted five times, ultimately reaching a management level position where his duties included co-managing client services for the Project's Day Care Center and managing the more than 300 volunteers who provided services to the Project.

While in London, Robert served for three years on the Board of Governors of the Hillmead Infants and Juniors School, two schools located in Brixton, the heart of London's inner city. While on the board, he chaired the Finance Committee and served on the Building and Grounds Committee and the Curriculum Development Committee.

During his term, the success of the school was nationally recognized in an inspection by Her Majesty's Office of Standards in Education Department (OFSTED).

From 1990-92, Robert attended The Oxford Centre for Mission Studies, affiliated with Oxford University, where he worked on a post-graduate degree in Theology. He received his Bachelor of Arts degree from Seattle Pacific University.

Robert's past and present civic positions include:

- Board Member, School Choice Ohio;
- Board Member, School Choice Indiana;
- Board Member, Hoosiers for Economic Growth;
- Board Member, Economic Club of Indiana;
- Grant Review Committee for Indiana Charter School Association;
- Past Private Sector Chairman, ALEC Education Task Force (since February 2003)
- Past Board Member, Hispanic Council for Reform and Educational Options (HCREO);
- Past School Board Member, Hillmead Infants and Juniors School, London, UK;
- Past Advisory Board Member, the John M. Perkins Foundation for Reconciliation and Redevelopment;

**Robert C. Enlow**  
**President and CEO**  
**Milton and Rose D. Friedman Foundation**

**Robert Enlow** was named President and CEO of the Friedman Foundation for Educational Choice, an organization dedicated to promoting universal school choice, in January 2009. He joined the Friedman Foundation when it first opened in 1996, serving as fundraiser, projects coordinator and vice president before being named executive director and COO in 2007.

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- Board Member, Economic Club of Indiana;
- Grant Review Committee for Indiana Charter School Association;
- Past Private Sector Chairman, ALEC Education Task Force (since February 2003)
- Past Board Member, Hispanic Council for Reform and Educational Options (HCREO);
- Past School Board Member, Hillmead Infants and Juniors School, London, UK;
- Past Advisory Board Member, the John M. Perkins Foundation for Reconciliation and Redevelopment;

# Katrina M. Clingerman

4440 Diamond Ridge  
Greenwood, Indiana 46143  
(317)422-1214 kmclingerman94@gmail.com

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## Experience

### **Ice Miller LLP**

Partner

April 1999 - present

Indianapolis, IN

As a member of the Tax Group (five years), gained general state and federal tax experience, with a particular emphasis on tax-exempt entities.

- Formed nonprofit entities and addressed structural and governance issues.
- Applied for and obtained state (income, sales and property) and federal income tax exemptions.
- Analyzed intermediate sanctions and executive compensation issues.

As a member of the Employee Benefits Group (eight years), currently work with governmental employers and retirement plans across the country, consulting on a variety of pension and health benefit matters.

- Advise qualified pension plans, primarily governmental, with respect to structuring, plan document, administration, tax qualification and compliance. Specific issues and tasks include required amendments, implementing benefit changes, 415 benefit and contribution limits, 401(a)(17) compensation limits, 401(a)(9) minimum distribution requirements, briefing pension boards, reviewing and drafting legislation, drafting and commenting on member communications, and coordinating testing with actuaries.
- Prepare plan amendments, determination letter filings, private letter ruling requests and other regulatory filings.
- Advise on appropriate correction methods, prepare self-correction memoranda and voluntary correction program filings, assist with implementation issues and work with IRS to achieve mutually acceptable correction.
- Advise on taxation and reporting issues, including wages, fringe benefits, pension distributions, and health and welfare benefits.
- Advise on issues relating to health coverage and other benefits for domestic partners and same-sex spouses.
- Advise on retiree health structuring and funding issues, including VEBA's and exempt governmental trusts.
- Advise on issues relating to 457(b) plans and 403(b) plans.
- Analyze applicability of various foreign investment reporting requirements.
- Present at industry conferences and author articles and client alerts.

### **Worker's Compensation Board of Indiana**

Policy Analyst

May 1997 - April 1999

Indianapolis, IN

Drafted, reviewed and revised legislative language. In particular, worked closely with Governor's Office during special session of Indiana General Assembly in which worker's compensation reform was one of a handful of issues addressed. Provided legal support in the form of research and drafting to Board members, particularly the Chairman. Handled

complex inquiries from employers, employees and attorneys. Provided support to Ombudsman Division. Reviewed employer applications to self-insure.

**Indiana Chamber of Commerce**

February 1994 - May 1997

Administrative Assistant

Indianapolis, IN

Provided support to tax, education and environmental lobbyists.

**Education**

**DePauw University**, Greencastle, Indiana

Bachelor of Arts, *summa cum laude*, December 1993

**Indiana University School of Law**, Indianapolis, Indiana

Doctor of Jurisprudence, *cum laude*, May 1999

**Bar Admission**

Indiana, 1999

**Professional Affiliations**

- Indianapolis Bar Association, Immediate Past Chair of Tax Executive Committee
- American Bar Association
- National Association of Public Pension Attorneys

**Representative Presentations and Publications**

- "What is a Hybrid Plan and Why do Tax Lawyers Care?" – National Association of State Retirement Administrators Annual Conference, August 2011
- "Top IRS Issues for Public Pension Funds" – Illinois Public Pension Fund Association Midwest Pension Conference, October 2011
- "Basic Tax Issues" – National Association of Public Pension Attorneys Legal Education Conference, June 2011
- "IRS Rules and Regulations Trustees Should Know" – National Conference on Public Employee Retirement Systems Trustee Education Seminar, May 2011
- "IRS Issues" – Illinois Public Pension Fund Association Midwest Pension Conference, October 2010
- "The World As You Know It Is Ending" – National Association of State Retirement Administrators, August 2010
- "Implementing a Domestic Partner Benefits Policy," *Human Resources, 2008 Answers to Your Top 25 Questions*, Thompson Publishing Group

**Exhibit A**

**AMENDED AND RESTATED  
ARTICLES OF INCORPORATION  
OF  
CARPE DIEM INDIANA, INC.**

**ARTICLE I**

**Name**

The name of the Corporation is Carpe Diem Indiana, Inc.

**ARTICLE II**

**Classification of Corporation**

The Corporation is a public benefit corporation.

**ARTICLE III**

**Purposes and Powers**

Section 3.1. Purposes. The purposes for which the Corporation is formed are:

- (a) To organize, develop, manage and operate charter schools in the state of Indiana in accordance with the provisions of the Indiana Charter Schools Act, Ind. Code § 20-24, *et seq.*, as amended;
- (b) To receive and disburse funds or other property incident to or necessary for the operation of said charter schools; and
- (c) In furtherance of the aforesaid purposes, to transact any and all lawful business for which corporations may be incorporated under the Act, provided such business is not inconsistent with the Corporation being organized and operated exclusively for charitable or educational purposes.

Section 3.2. Nonprofit Purposes.

- (a) The Corporation is organized and operated exclusively for charitable and educational purposes and its activities shall be conducted in such a manner that no part of its net earnings shall inure to the benefit of any member, director, officer or other private person, except that the Corporation shall be authorized and empowered to pay reasonable compensation for services rendered and to make payments and distributions in furtherance of the purposes set forth in Section 3.1.
- (b) No substantial part of the activities of the Corporation shall be the carrying on of propaganda, or otherwise attempting to influence legislation, and the Corporation shall not

participate in, or intervene in (including the publishing or distribution of statements), any political campaign on behalf of any candidate for public office.

(c) Notwithstanding any other provision of these Articles of Incorporation, the Corporation shall not carry on any other activities not permitted to be carried on:

(i) By a corporation exempt from Federal income tax under Section 501(c)(3) of the Internal Revenue Code of 1986, as amended, or corresponding provisions of any subsequent Federal tax laws, or

(ii) By a corporation, contributions to which are deductible under Section 170(c)(2), Section 2055(a)(2), or Section 2522(a)(2) of the Internal Revenue Code of 1986, as amended, or corresponding provisions of any subsequent Federal tax laws.

Section 3.3. Powers. Subject to any limitation or restriction imposed by the Act, any other law, or any other provisions of these Articles of Incorporation, the Corporation shall have the power:

(a) To do everything necessary, advisable or convenient for the accomplishment of any of the purposes hereinbefore set forth, or which shall at any time appear conducive to or expedient for the protection or benefit of the Corporation, and to do all of the things incidental thereto or connected therewith which are not forbidden by law;

(b) To engage in transactions, financial or otherwise, with a class of nonprofit corporations exempt from federal taxation pursuant to Section 501(a) of the Internal Revenue Code of 1986, as amended, or corresponding provisions of any subsequent Federal tax laws.

Such transactions shall include, but not be limited to, the transfer of assets, bargain sales, the borrowing or leasing of employees, the sharing of goods or services, the guarantee of the payment of principal, interest or other payment in whatever form on obligations evidenced by any form of indebtedness, and the guarantee of performance of any obligation of any member of said class of nonprofit corporations. Each member of said class shall be affiliated with the Corporation by:

(i) supporting the Corporation, being supported by the Corporation, or supporting or being supported by the same corporation or corporations as the Corporation pursuant to Section 509(a) of the Internal Revenue Code of 1986, as amended, or corresponding provisions of any subsequent Federal tax laws, or

(ii) being described in Sections 501(c)(2) or 501(c)(25) of the Internal Revenue Code of 1986, as amended, or corresponding provisions of any subsequent Federal tax laws, by paying over its income, less expenses, to the Corporation or to an organization described in Section 3.3(b)(i).

In any event, the foregoing power or powers shall not be exercised or exercisable in a manner inconsistent with the Corporation's status under Section 501(c)(3) of the Internal

Revenue Code of 1986, as amended, or corresponding provisions of any subsequent Federal tax laws; and

(c) To have, exercise and enjoy in furtherance of the purposes hereinbefore set forth all the general rights, privileges and powers granted to corporations by the Act, as now existing or hereafter amended, and by the common law.

Section 3.4. Limitations on Powers. If the Corporation is or becomes a private foundation (as defined in Section 509(a) of the Internal Revenue Code of 1986, as amended, or corresponding provisions of any subsequent Federal tax laws), the Corporation shall be subject to the following requirements:

(a) The Corporation shall distribute its income for each taxable year at such time and in such manner as not to become subject to the taxes on undistributed income imposed by Section 4942 of the Internal Revenue Code of 1986, as amended, or corresponding provisions of any subsequent Federal tax laws.

(b) The Corporation shall not engage in any act of self-dealing that would subject any person to the taxes imposed on acts of self-dealing by Section 4941 of the Internal Revenue Code of 1986, as amended, or corresponding provisions of any subsequent Federal tax laws.

(c) The Corporation shall not retain any excess business holdings which would subject it to the taxes on excess business holdings imposed by Section 4943 of the Internal Revenue Code of 1986, as amended, or corresponding provisions of any subsequent Federal tax laws.

(d) The Corporation shall not make any investments in such a manner as to subject it to the taxes on investments that jeopardize charitable purposes imposed by Section 4944 of the Internal Revenue Code of 1986, as amended, or corresponding provisions of any subsequent Federal tax laws.

(e) The Corporation shall not make any expenditures which would subject it to the taxes on taxable expenditures imposed by Section 4945 of the Internal Revenue Code of 1986, as amended, or corresponding provisions of any subsequent Federal tax laws.

#### **ARTICLE IV**

##### **Distribution of Assets on Dissolution**

In the event of the complete liquidation or dissolution of the Corporation, or the winding up of its affairs, the Board of Directors shall, after paying or making provision for the payment of all the liabilities of the Corporation, distribute all the assets of the Corporation exclusively for the purposes of the Corporation as follows:

First, all funds received by the Corporation from the Indiana Department of Education ("Department") shall be returned to the Department not more than thirty (30) days after dissolution;

Second, all remaining assets shall be distributed in such manner, or to such organization or organizations organized and operated exclusively for educational purposes as shall at the time qualify as an exempt organization or organizations under Section 501(c)(3) of the Internal Revenue Code of 1986, as amended, or corresponding provisions of any subsequent Federal tax laws, as the Board of Directors shall determine; and

Third, any such assets not so disposed of shall be disposed of by the Judge of the Circuit Court of Marion County, Indiana, exclusively for such purposes or to such organization or organizations, as said Court shall determine, which are organized and operated exclusively for such purposes.

## **ARTICLE V**

### **Term of Existence**

The Corporation shall have perpetual existence.

## **ARTICLE VI**

### **Principal Office**

Section 6.1. Principal Office. The post office address of the principal office of the Corporation is 2240 North Meridian Street, Indianapolis, IN 46208.

## **ARTICLE VII**

### **No Members**

The Corporation shall have no members.

## **ARTICLE VIII**

### **Board of Directors**

Section 8.1. Number and Term of Office. The number of directors shall be as specified in or fixed in accordance with the Bylaws of the Corporation; provided, however, that the minimum number of directors shall be three (3). The term of office of a director shall be as specified in the Bylaws. Directors may be elected for successive terms. Terms of office of directors may be staggered as specified in the Bylaws.

Section 8.2. Qualifications. Each director shall have such qualifications as may be specified from time to time in the Bylaws of the Corporation or as required by law.

## ARTICLE IX

### Indemnification

Section 9.1. Rights to Indemnification and Advancement of Expenses. The Corporation shall indemnify as a matter of right every person made a party to a proceeding because such person is or was:

- (a) a member of the Board of Directors of the Corporation,
- (b) an officer of the Corporation, or
- (c) while a director or officer of the Corporation, serving at the Corporation's request as a director, officer, partner, trustee, employee or agent of another foreign or domestic corporation, partnership, joint venture, trust, employee benefit plan or other enterprise, whether for profit or not (each an "Indemnitee"), against all liability incurred by such person in connection with the proceeding; provided that it is determined in the specific case that indemnification of such person is permissible in the circumstances because such person has met the standard of conduct for indemnification specified in the Act. The Corporation shall pay for or reimburse the reasonable expenses incurred by an Indemnitee in connection with any such proceeding in advance of final disposition thereof in accordance with the procedures and subject to the conditions specified in the Act. The Corporation shall indemnify as a matter of right an Indemnitee who is wholly successful, on the merits or otherwise, in the defense of any such proceeding against reasonable expenses incurred by the person in connection with the proceeding without the requirement of a determination as set forth in the first sentence of this paragraph.

Upon demand by a person for indemnification or advancement of expenses, as the case may be, the Corporation shall expeditiously determine whether the person is entitled thereto in accordance with this Article and the procedures specified in the Act.

The indemnification provided under this Article shall be applicable to any proceeding arising from acts or omissions occurring before or after the adoption of this Article.

Section 9.2. Other Rights Not Affected. It is the intent of this Article to provide indemnification to directors and officers to the fullest extent now or hereafter permitted by law consistent with the terms and conditions of this Article. Nothing contained in this Article shall limit or preclude the exercise of, or be deemed exclusive of, any right under the law, by contract or otherwise, relating to indemnification of or advancement of expenses to any person who is or was a director, officer, employee or agent of the Corporation, or the ability of the Corporation to otherwise indemnify or advance expenses to any such individual.

Notwithstanding any other provision of this Article, there shall be no indemnification with respect to matters as to which indemnification would result in inurement of net earnings of the Corporation "to the benefit of any private shareholder or individual," or an "excess benefit transaction" within the meaning of Sections 501(c)(3) or 4958 of the Internal Revenue Code of 1986, as amended, or similar provisions of any subsequent Federal tax laws.

Section 9.3. Definitions. For purposes of this Article:

(a) A person is considered to be serving an employee benefit plan at the Corporation's request if the person's duties to the Corporation also impose duties on, or otherwise involve services by, the person to the plan or to participants in or beneficiaries of the plan.

(b) The estate or personal representative of a person entitled to indemnification or advancement of expenses shall be entitled hereunder to indemnification and advancement of expenses to the same extent as the person.

(c) The term "expenses" includes all direct and indirect costs (including, without limitation, counsel fees, retainers, court costs, transcripts, fees of experts, witness fees, travel expenses, duplicating costs, printing and binding costs, telephone charges, postage, delivery service fees and all other disbursements or out-of-pocket expenses) actually incurred in connection with the investigation, defense, settlement or appeal of a proceeding or establishing or enforcing a right to indemnification under this Article, applicable law or otherwise.

(d) The term "liability" means the obligation to pay a judgment, settlement, penalty, fine, excise tax (including an excise tax assessed with respect to an employee benefit plan) or reasonable expenses incurred with respect to a proceeding.

(e) The term "party" includes an individual who was, is or is threatened to be made a named defendant or respondent in a proceeding.

(f) The term "proceeding" means any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative and whether formal or informal.

**Exhibit B**

**AMENDED AND RESTATED  
BYLAWS  
OF  
CARPE DIEM INDIANA, INC.**

**ARTICLE I  
Board of Directors**

Section 1.1. Duties and Qualifications. The business and affairs of Carpe Diem Indiana, Inc. (the "Corporation") shall be managed by the Board of Directors.

Section 1.2. Number and Term. The Board of Directors shall consist of a minimum of five (5) directors and a maximum of (7) directors, with the exact number of directors specified from time to time by resolution of the Board of Directors, provided however, that any increase in the maximum number of directors shall require the affirmative vote of two-thirds (2/3) of the directors then in office. The term of office of directors shall be staggered by dividing the total number of directors into three (3) groups, with each director serving a term of three (3) years. The groups shall be as near equal in size as possible. One group of directors shall be elected or appointed at each annual meeting of directors. Despite the expiration of a director's term, the director continues to serve until a successor is elected or appointed and qualifies, or until there is a decrease in the number of directors.

Section 1.3. Election and Appointment. One director shall be appointed by Carpe Diem Collegiate High School, an Arizona nonprofit Corporation (the "Appointed Director"). The remaining directors shall be elected at the annual meeting of the directors by a plurality of the votes cast by all members of the Board of Directors (the "Elected Directors").

Section 1.4. Vacancies. Any vacancy among the Elected Directors caused by death, resignation, removal, increase in the number of directors, or otherwise may be filled by a majority vote of the remaining members of the Board of Directors. Any vacancy of the Appointed Director caused by death, resignation, removal, or otherwise shall be filled by Carpe Diem Collegiate High School within ten (10) days of such vacancy and the Board of Directors shall not take any official action during such time. The term of office of a director chosen to fill a vacancy shall expire at the later of the next annual meeting of the directors, or at such time as a successor shall be duly elected or appointed and qualified.

Section 1.5. Resignation and Removal. A director may resign at any time by tendering his or her resignation in writing to the Corporation, which resignation shall become effective upon the date specified therein, or if no date is specified, upon receipt by the Corporation at its principal place of business. Any Elected Director may be removed, with or without cause, by a majority of the remaining directors whenever the number of votes cast to remove the director would be sufficient to elect the director at a meeting to elect directors. The Appointed Director may be removed, with or without cause, by Carpe Diem Collegiate High School.

Section 1.6. Annual Meetings. The Board of Directors shall meet at a time and place to be determined by the Board of Directors each year, for the purpose of election of officers of the Corporation and consideration of any other business which may be brought before the meeting.

Section 1.7. Regular and Special Meetings. Regular meetings of the Board of Directors shall be held at least four (4) times each year, once during each calendar quarter. Special meetings of the Board of Directors may be held upon the call of the President or a majority of the directors then in office.

Section 1.8. Open Door Law and Access to Public Records Act. The Corporation is subject to the Indiana Open Door Law (Indiana Code § 5-14-1.5 or any successor statute) and the Indiana Access to Public Records Act (Indiana Code § 5-14-3 or any successor statute).

Section 1.9. Participation. Subject to the requirements of the Indiana Open Door law, a director may participate in an annual, a regular or a special meeting of the Board of Directors by or through the use of any means of communication by which all directors participating may simultaneously hear each other during the meeting. Participation by these means constitutes presence in person at the meeting for purposes of the Indiana Nonprofit Corporation Act of 1991, as amended (the "Act").

Section 1.10. Quorum; Voting. A majority of the directors in office when action is taken, but in no event fewer than three (3) directors, shall be necessary to constitute a quorum for the transaction of any business at a meeting of the Board of Directors. If a quorum is present when a vote is taken, the affirmative vote of a majority of the directors present when the act is taken shall be the act of the Board of Directors, unless the act of a greater number is required by law, the Articles of Incorporation or these Bylaws.

Section 1.11. Committees. The Board of Directors may from time to time create and appoint standing, special or other committees to undertake studies, make recommendations and carry on functions for the purpose of efficiently accomplishing the purposes of the Corporation. The purpose, duties, number of members and reporting requirements of each committee shall be specified in the resolution creating the committee. Unless otherwise specified by resolution of the Board of Directors or these Bylaws, the President shall annually appoint the members and the chairpersons of the each committee and shall fill vacancies on any committee; however, all committee appointments and chairperson appointments must be approved by a vote of the Board of Directors. A committee, to the extent specified by the Board of Directors, may exercise the powers, functions or authority of the Board of Directors, except where prohibited by law; provided, however, that if a committee is to exercise board powers, functions, or authority: (a) all the persons serving on the committee must be directors, and (b) there must be at least two (2) persons on the committee. Meetings of any committee may be called by the chairperson of such committee or upon the written request of one-third (1/3) of the committee members. Notice of committee meetings shall comply with the requirements of the Indiana Open Door Law.

Committee members shall continue in office until a successor is appointed at the next annual meeting of the Board of Directors, unless the committee is sooner terminated by resolution of the Board of Directors or such committee member dies, resigns or is removed. A member of any committee may resign at any time by tendering his or her resignation in writing to the President. The Board of Directors, by a vote, may remove, with or without cause, any member from a committee and specifically, but not by way of limitation, may remove any member from a committee for failing to attend three (3) consecutive meetings of the committee. Committee meetings shall be governed by the rules contained in the latest edition of Robert's Rules of Order in all cases in which such rules are applicable and in which they are not inconsistent with the Articles of Incorporation, these Bylaws or any special rules of order of the Corporation.

## **ARTICLE II** **Officers**

Section 2.1. Officers and Qualifications Therefor. The officers of the Corporation shall consist of a President, Vice-President, Secretary and Treasurer. The officers shall be chosen by the Board of Directors. Any two (2) or more offices may be held by the same person.

Section 2.2. Election and Terms of Office. Each officer of the Corporation shall be elected by the Board of Directors at its annual meeting and shall hold office for a term of one (1) year and until a successor shall be duly elected and qualified, or until resignation, removal or death.

Section 2.3. Vacancies. Whenever any vacancies shall occur in any of the offices of the Corporation for any reason, the same may be filled by the Board of Directors, and any officer so elected shall hold office until the expiration of the term of the officer causing the vacancy and until the officer's successor shall be duly elected and qualified.

Section 2.4. Resignation or Removal. An officer of the Corporation may resign at any time by tendering his or her resignation in writing to the President or the Secretary. Resignations shall become effective upon the date specified therein or, if no date is specified, upon receipt by the Corporation. Any officer of the Corporation may be removed, with or without cause, at any time by a majority vote of the Board of Directors.

Section 2.5. Compensation. The officers of the Corporation shall receive no compensation for their services in such offices.

## **ARTICLE III** **Powers and Duties of Officers**

Section 3.1. President. The President shall serve as the chief governance officer and board chairperson of the Corporation, and shall act as representative for the Board of Directors to outside parties. The President shall be responsible for ensuring that the Board of Directors fulfills

its governance responsibilities, and shall have authority and obligations as set forth in these Bylaws and the Board of Directors' governing policies manual. The President shall preside at all meetings of the Board of Directors and shall report as directed to the Board of Directors at each meeting.

Section 3.2. Vice-President. Subject to the general control of the Board of Directors, if the President is not present or able to act, the Vice President shall discharge all the usual functions of the President and shall have such other powers and duties as these Bylaws and the Board of Directors' governing policies manual may prescribe.

Section 3.3. Secretary. The Secretary shall prepare, keep, or cause to be kept, a true and complete record and minutes of the proceedings of all meetings of the Board of Directors, and shall perform a like duty, when required, for all committees appointed by the Board of Directors; provided, further, all agendas, resolutions, consents and corporate minutes shall comply in all material respects with the Open Door Law. If required, the Secretary shall attest the execution by the Corporation of deeds, leases, agreements and other official documents. The Secretary shall attend to the giving and serving of all notices of the Corporation required by these Bylaws, shall have custody of the books (except books of account) and records of the Corporation, shall be responsible for authenticating records of the Corporation, and in general shall perform all duties pertaining to the office of Secretary and such other duties as these Bylaws, the Board of Directors, or an officer authorized by the Board of Directors may prescribe.

Section 3.4. Treasurer. The Treasurer shall create and manage all policies of the Board of Directors that bear on financial matters and shall monitor and assure the Board of Directors that its financial affairs are properly conducted. The Treasurer shall keep correct and complete records of account, showing accurately at all times the financial condition of the Corporation. The Treasurer shall have charge and custody of, and be responsible for, all funds, notes, securities and other valuables which may from time to time come into the possession of the Corporation and shall deposit, or cause to be deposited, all funds of the Corporation with such depositories as the Board of Directors shall designate. At each annual meeting of the directors, the Treasurer, or the Treasurer's designee, shall report on the financial condition of the Corporation. The Treasurer, or the Treasurer's designee, shall furnish, at meetings of the Board of Directors or whenever requested, a statement of the financial condition of the Corporation, and in general shall perform all duties pertaining to the office of Treasurer. The Treasurer may be bonded by an indemnity bonding company for such amount as the Board of Directors may require.

Section 3.5. Assistant Officers. The Board of Directors may from time to time designate and elect assistant officers who shall have such powers and duties as the officers whom they are elected to assist shall specify and delegate to them, and such other powers and duties as these Bylaws or the Board of Directors may prescribe. An Assistant Secretary may, in the absence or disability of the Secretary, attest the execution of all documents by the Corporation.

**ARTICLE IV**  
**Nondiscrimination**

No school owned or operated by the Corporation shall discriminate against any individual on the basis of race, religion, gender or national origin. Furthermore, with respect to students, such school shall admit students of any race, religion, gender, color, national and ethnic origin, and disability to all the rights, privileges, programs and activities generally accorded or made available to students at such school. Any such school shall not discriminate on the basis of race, religion, gender, color, national or ethnic origin, or disability in the administration of its educational policies, admissions policies, scholarship and loan programs or athletic or other school-administered programs.

**ARTICLE V**  
**Miscellaneous**

Section 5.1. Corporate Seal. The Corporation may, but need not, have a corporate seal. The form of any such corporate seal may be specified in a resolution of the Board of Directors. A corporate seal, however, shall not be required for any purpose, and its absence shall not invalidate any document or action.

Section 5.2. Execution of Contracts and Other Documents. Unless otherwise ordered by the Board of Directors, all written contracts and other documents entered into by the Corporation shall be executed on behalf of the Corporation by the President or Vice President and, if required, attested by the Secretary or an assistant secretary.

Section 5.3. Fiscal Year. The fiscal year of the Corporation shall begin on July 1 of each year and end on the immediately following June 30.

**ARTICLE VI**  
**Amendments**

Subject to law, the Corporation's Articles of Incorporation and these Bylaws may be altered, amended or repealed upon the affirmative vote of two-thirds (2/3) of the directors then in office. The Corporation must provide written notice to the directors of any meeting at which an amendment to the Articles of Incorporation or these Bylaws is to be considered and voted upon.

\_\_\_\_\_  
Secretary's Initials

Date: \_\_\_\_\_

**CONFLICT OF INTEREST POLICY  
OF  
CARPE DIEM INDIANA, INC.**

Section 1. Purposes. The proper governance of Carpe Diem Indiana, Inc. (the “Corporation”) depends upon directors who give of their time to further the Corporation's tax-exempt purposes. The giving of this service, because of the varied interests and backgrounds of the directors, may result in situations involving a dual interest that might be interpreted as a conflict of interest. This service should not be rendered impossible solely by reason of duality of interest or possible conflicts of interest. This service nevertheless carries with it a requirement of loyalty and fidelity to the Corporation, it being the responsibility of the directors to govern the Corporation’s affairs honestly and economically, exercising their best care, skill, and judgment for the benefit of the Corporation. Based on the foregoing, the purpose of this conflict of interest policy is to protect the interest of the Corporation when it is contemplating entering into a transaction or arrangement that might benefit the private interest of an officer or director of the Corporation while recognizing that it would disadvantage the Corporation to deprive it of the involvement of interested colleagues.

Section 2. Definitions.

- (a) Interested Person. Any director, principal officer, key employee, or member of a committee with board delegated powers who has a financial interest is an interested person.
  
- (b) Financial Interest. A person has a financial interest if the person has, or as a result of the transaction at issue will have, a compensation or other financial arrangement with the Corporation, including but not limited to, a sale, exchange or leasing of property; the lending of money or other extension of credit; the furnishing of goods, services or facilities, including specifically the provision of services as a vendor; the payment of compensation (or payment or reimbursement of expenses); or the receipt of, or use of, the income or assets of the Corporation.

In identifying and disclosing a Financial Interest, an Interested Person shall consider and disclose all personal Financial Interests, together with any Financial Interest involving:

- i. His or her family members, including but not limited to, his spouse, ancestors, children, grandchildren, great grandchildren, and the spouses of children, grandchildren, and great grandchildren; or
  
- ii. Any corporation, partnership or other legal entity in which the Interested Person (together with all family members described in 2(b)(i) above or other Interested Persons):
  - A. Holds a position of influence or control, such as, but not limited to,

a trustee, director, president, chief executive officer, chief operating officer, chief financial officer, or treasurer; or

B. Owns greater than 2% of the total combined voting power.

Section 3. Procedures.

- (a) Duty to Disclose. In connection with any actual or possible conflict of interest, an Interested Person must disclose the existence and nature of his or her Financial Interest to the directors and members of committees with board delegated powers considering the proposed transaction or arrangement.
- (b) Determining Whether a Conflict of Interest Exists.
- i. Upon disclosure of a Financial Interest, the Interested Person shall leave the board or committee meeting while the Financial Interest is discussed and voted upon. The remaining board or committee members shall decide if a conflict of interest exists by a two-thirds vote.
  - ii. If it is determined that a conflict of interest exists, the board or committee shall proceed as provided in Section 3(c).
- (c) Addressing the Conflict of Interest.
- i. The President or committee may, if appropriate, appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement.
  - ii. After exercising due diligence, the board or committee shall determine whether the Corporation can obtain a more advantageous transaction or arrangement with reasonable efforts from a person or entity that would not give rise to a conflict of interest.
  - iii. If a more advantageous transaction or arrangement is not reasonably attainable under circumstances that would not give rise to a conflict of interest, the board or committee shall determine by a majority vote of the directors (excluding an Interested Person who has a Financial Interest) whether the transaction or arrangement is in the Corporation's best interest and for its own benefit and whether the transaction is fair and reasonable to the Corporation and shall make its decision as to whether to enter into the transaction or arrangement in conformity with such determination.
  - iv. In determining whether to enter into the transaction or arrangement under

Section 3(c)iii., the board or committee may request that the Interested Person provide additional information to the board or committee. The Interested Person shall not be present or participate in the vote on whether to enter into such transaction, but may be counted for purposes of determining the existence of a quorum. If the Interested Person is counted for quorum purposes, the action must be approved by a sufficient number of votes based upon that quorum. For example, if a majority vote of the quorum is required to approve an action, and eight (8) directors constitute a quorum, the action must be approved by five (5) of the seven (7) disinterested directors voting on the transaction or arrangement.

(d) Violations of the Conflict of Interest Policy.

- i. If the board or committee has reasonable cause to believe that an Interested Person has failed to disclose actual or possible conflicts of interest, it shall inform the Interested Person of the basis for such belief and afford the Interested Person an opportunity to explain the alleged failure to disclose.
- ii. If, after hearing the response of the Interested Person and making such further investigation as may be warranted in the circumstances, the board or committee determines that the Interested Person has in fact failed to disclose an actual or possible conflict of interest, it shall take appropriate disciplinary and corrective action.

Section 4. Records of Proceedings. The minutes of the board and all committees with board delegated powers shall contain:

- (a) the names of the persons who disclosed or otherwise were found to have a Financial Interest in connection with an actual or possible conflict of interest, the nature of the Financial Interest, any action taken to determine whether a conflict of interest was present, and the board's or committee's decision as to whether a conflict of interest in fact existed; and
- (b) the names of the persons who were present for discussions and votes relating to the transaction or arrangement, the content of the discussion, including any alternatives to the proposed transaction or arrangement, and a record of any votes taken in connection therewith.

Section 5. Annual Statements. Each director, principal officer and member of a committee with board delegated powers shall annually sign a statement similar to that attached as Exhibit A which affirms that such person:

- (a) has received a copy of the conflict of interest policy;
- (b) has read and understands the policy;
- (c) has agreed to comply with the policy; and
- (d) understands that the Corporation is a tax-exempt organization and that in order to maintain its federal tax exemption it must engage primarily in activities which accomplish one or more of its tax-exempt purposes.

Section 6. Periodic Reviews. To ensure that the Corporation operates in a manner consistent with its charitable purposes and that it does not engage in activities that could jeopardize its status as an organization exempt from federal income tax, periodic reviews shall be conducted. The periodic reviews shall, at a minimum, assess whether compensation arrangements and benefits are reasonable and are the result of arm's-length bargaining.

Section 7. Use of Outside Experts. In conducting the periodic reviews provided for in Section 7, the Corporation may, but need not, use outside advisors. If outside advisors are used, their use shall not relieve the Board of its responsibility for ensuring that periodic reviews are conducted.

**EXHIBIT A**

**CONFLICT OF INTEREST STATEMENT**

To: Board of Directors, Carpe Diem Indiana, Inc.

I, the undersigned, associated with the above-captioned Corporation (hereinafter the "Corporation") in a capacity of director, principal officer, key employee, or member of a committee with board delegated powers represent that as of the date specified below, I have the Financial Interests described below.

In accordance with the Corporation's duly adopted Conflict of Interest Policy, I understand that I have a "Financial Interest" if I have, or as a result of a transaction at issue will have, a compensation or other financial arrangement with the Corporation, including but not limited to, a sale, exchange or leasing of property; the lending of money or other extension of credit; the furnishing of goods, services, or facilities, including specifically the provision of services as a vendor; the payment of compensation (or payment or reimbursement of expenses); or the receipt of, or use of, the income or assets of the Corporation.

Furthermore, I have a "Financial Interest" if I, together with my family:

A. Hold a position of influence or control, such as, but not limited to, a trustee, director, president, chief executive officer, chief operating officer, chief financial officer, or treasurer of a corporation, partnership or other legal entity that enters a transaction with the Corporation; or

B. Own greater than 2% of the total combined voting power of a corporation, partnership, or other legal entity that enters a transaction with the Corporation.

As of this date, I have the following Financial Interests:

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As of this date, I am employed by, or am a principal of:

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I declare that I will inform the President (or in the case of the President, the Board of Directors) of the Corporation, in writing, of any material change in the information I have provided herein.

I do further specifically represent that I have received a copy of the Corporation's conflict of interest policy, that I have read and understand such policy, and that I agree to comply with such policy in every respect.

I understand that the Corporation is a tax-exempt organization and that in order to maintain its federal tax exemption, it must engage primarily in activities which accomplish one or more of its tax-exempt purposes.

I hereby affirm that the foregoing information is correct and complete.

Signed: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Dated: \_\_\_\_\_

**EXECUTIVE COMPENSATION AND INTERMEDIATE SANCTIONS POLICY  
OF  
CARPE DIEM INDIANA, INC.**

**Section 1. Introduction and Purpose.** This executive compensation and intermediate sanctions policy ("Policy") is hereby established by Carpe Diem Indiana, Inc. (the "Corporation") to ensure that its compensation arrangements with related parties are evaluated and entered at arms' length and that any compensation that is paid to a related party is reasonable and reflects fair market value.

More specifically, this Policy is intended to manage and avoid any transaction that would constitute an "excess benefit transaction" as that term is defined in Section 4958 of the Internal Revenue Code of 1986, as amended (the "Code"). The Corporation is an Indiana nonprofit corporation and is applying for exemption from federal income tax as an organization described in Code Section 501(c)(3). The Corporation is an organization subject to the taxes on excess benefit transactions as set forth in Code Section 4958. Accordingly, it is the intent of the Corporation to avoid any transaction which could give rise to the excise (penalty) taxes imposed by Code Section 4958.

**Section 2. Definitions.** The following terms as used in this Policy are more fully defined in Code Section 4958 and the Treasury Regulations (the "Regulations") issued pursuant thereto. Key definitions can be summarized as follows:

- a. The term "Disqualified Person" means a person who is or has been in a position to exercise substantial influence over the affairs of the Corporation during the five years ending on the date of the transaction, a member of his or her family, or an entity in which the disqualified person has in excess of thirty-five (35%) percent control. Persons holding the following powers and responsibilities are deemed to be in a position to exercise substantial control over an organization: voting members of the governing body, the president, the chief executive officer, the chief operating officer, the treasurer and the chief financial officer. Others may be in a position to exercise substantial control over the Corporation if the facts and circumstances justify such a conclusion.
- b. The term "Excess Benefit" means the amount by which the value of the economic benefit provided by the Corporation directly or indirectly to or for the use of a Disqualified Person exceeds the consideration received from the Disqualified Person. In other words, an "Excess Benefit" occurs if the Disqualified Person receives better economic terms than the Corporation when they engage in a transaction.
- c. The term "Excess Benefit Transaction" means any transaction in which an economic benefit is provided by the Corporation directly or indirectly to or for the use of any Disqualified Person, if the value of the economic benefit provided

exceeds the value of the consideration, including services, received for providing such benefit. In other words, an "Excess Benefit Transaction" is a transaction with economic terms that benefit a Disqualified Person at the expense of the Corporation.

- d. The term "Fixed Payment" means a payment made in exchange for the provision of specified services or property, the amount of which is specified in a contract or determined by a fixed formula specified in a contract. A Fixed Payment may include an amount that depends upon specified future contingencies or events, including revenues generated by the Corporation, provided that no person is permitted to exercise discretion when calculating the amount thereof or determining whether or not to make such payment.

**Section 3. General Rule.** The Corporation intends to avoid any Excess Benefit Transaction whereby Excess Benefit is bestowed upon a Disqualified Person, as all these terms are defined. Transactions which present the risk of bestowing Excess Benefit will be scrupulously avoided. When a potential risk is identified, the procedures set forth below should be followed to manage the identified risk.

**Section 4. Procedures For Establishing A Rebuttable Presumption That A Transaction Is Not An Excess Benefit Transaction.** Pursuant to the Regulations issued under Code Section 4958, a rebuttable presumption that a transaction is not an Excess Benefit Transaction may be established. The Board of Directors of the Corporation (the "Board") will endeavor to establish the foregoing presumption by reviewing transactions which raise the risk of Excess Benefit. Persons having a conflict of interest will be excluded from this decision making process. If necessary, a subcommittee which may include directors as well as others who are free of conflict of interest may be formed for this purpose. The Board will accomplish this by complying with the following procedures whenever a potential risk is identified:

- a. The transaction shall be approved in advance by the Corporation's Board, a committee of the Board, or other parties authorized by the Board to act on its behalf (to the extent permitted by state law) composed entirely of individuals who do not have a conflict of interest with respect to the transaction at issue (the "Decision Making Body").
  - i. A person has a conflict of interest if that person:
    - (1) is a Disqualified Person (or a family member thereof) that is participating in or economically benefiting from the transaction at issue;
    - (2) is in an employment relationship subject to the direction or control of a Disqualified Person (or a family member thereof) that is participating in or economically benefiting from the transaction at issue;

- (3) receives compensation subject to approval by a Disqualified Person (or a family member thereof) that is participating in or economically benefiting from the transaction at issue;
    - (4) has a material financial interest affected by the transaction; or
    - (5) has previously received, or anticipates receiving, an economic benefit through a transaction approved, or to be approved, by a Disqualified Person (or a family member thereof) that is participating in or economically benefiting from the transaction at issue.
- b. The Decision Making Body shall obtain and rely upon appropriate data as to the comparability of the terms of the transaction prior to making its decision.
  - i. The Decision Making Body has appropriate comparability data if, considering the knowledge and expertise of its members, it has sufficient information to determine that the transaction in its entirety is reasonable or at fair market value.
  - ii. Relevant information with respect to a compensation transaction includes:
    - (1) compensation paid by similar organizations for functionally comparable positions;
    - (2) the availability of similar services within the geographic area;
    - (3) current compensation surveys performed by independent firms; and
    - (4) written offers from competing entities for the services of the Disqualified Person.
  - iii. If the Corporation's annual gross receipts are less than one million dollars, the Corporation will have considered appropriate comparability data as to a compensation arrangement if it has data on compensation paid by three comparable organizations in the same or similar communities for similar services.
  - iv. Relevant information with respect to a property transaction includes:
    - (1) current independent appraisals; and
    - (2) offers received in a competitive and open bidding process.
- c. The Decision Making Body shall adequately document the basis for its determination concurrently with making that decision.
  - i. Adequate documentation must include:
    - (1) the terms of the transaction approved;
    - (2) the date the transaction is approved;

- (3) the members of the Decision Making Body present during debate and who participated in voting;
- (4) the comparability data obtained and relied upon and how it was obtained; and
- (5) any actions taken by anyone on the Decision Making Body who had a conflict of interest with respect to the transaction.

In the event the Corporation wishes to establish the foregoing presumption with respect to a payment which is not a Fixed Payment, the Corporation will ensure that the procedures described above have been satisfied only after the exact amount of such payment has been determined, or a fixed formula for calculating the payment has been specified.

To the extent additional guidance is needed by the Decision Making Body in its deliberations, the Regulations under Code Section 4958 and/or legal counsel may be consulted for insight and guidance.

**Section 5. Rules Relating To Compensation For Services.** If the Corporation intends to compensate a Disqualified Person for services rendered to the Corporation, the Decision Making Body shall clearly indicate its intent to treat the economic benefit as compensation for services by providing written substantiation that is contemporaneous with the payment of the compensation. In addition to the substantiation required by Section 4(c), the Decision Making Body shall develop the following written substantiation with respect to compensation payments to a Disqualified Person:

- a. The Corporation shall report the economic benefit given to the Disqualified Person as compensation on an original Federal tax information return (e.g., Form 990, Form W-2, or Form 1099); or
- b. The Corporation shall reflect its intent that the economic benefit be considered compensation for services through:
  - i. An approved written employment or consulting contract executed on or before the date of the compensation payment; or
  - ii. Written resolutions of the Decision Making Body indicating that it approved the compensation payment for services on or before the date of the payment.

**MANAGEMENT AGREEMENT**

**THIS MANAGEMENT AGREEMENT** is made and entered into as of the \_\_\_ day of \_\_\_\_\_, 2012 (the “Effective Date”), by and between Carpe Diem Learning Systems LLC, a Delaware limited liability company (“CDLS”), and Carpe Diem Indiana, Inc., an Indiana non-profit corporation (“CDI”).

**RECITALS**

**WHEREAS**, CDI has been granted a charter from the Indiana Charter School Board (the “Sponsor”) for the operation of a public charter school, Carpe Diem Schools – Meridian Campus (the “Charter School”); and

**WHEREAS**, CDI has determined that it is in its best interest to contract with a qualified and competent educational service provider to operate the Charter School; and

**WHEREAS**, CDLS offers leadership, business, administrative, educational support, and human resource services relative to the operation, management, and maintenance of public charter schools. CDLS has the expertise, training, capacity, and qualifications to perform the services contemplated under this Agreement and such other subcontracting arrangements as CDLS may deem appropriate from time to time; and

**WHEREAS**, CDI and CDLS desire to create an enduring educational alliance through which CDI and CDLS will work together to promote educational excellence and innovation, based on CDLS’ school design, comprehensive educational program and management principles; and

**WHEREAS**, In order to facilitate the organization and opening of, and to implement an innovative educational program at, the Charter School, the parties desire to establish this arrangement for the operation, management, and maintenance of the Charter School; and

**NOW, THEREFORE**, for mutual and valuable consideration, the receipt and adequacy of which is hereby acknowledged, the parties agree with each other as follows:

**ARTICLE I**  
**CONTRACTING RELATIONSHIP**

**1.1 Authority.** The Board of Directors of CDI (the “Board”) represents that it is authorized by law to contract with CDLS and for CDLS to provide educational management services to CDI. The Board is authorized by the Charter Application, the Charter Agreement and the Sponsor to supervise and control the Charter School, and is invested with all powers necessary or desirable for carrying out the educational program contemplated in this Agreement.

**1.2 Agreement.** CDI hereby contracts with CDLS, to the extent permitted by law, for the leadership, management, operation and maintenance of the Charter School in accordance with the educational goals, curriculum, methods of pupil assessment, admission policy and criteria, school calendar and school day schedule, age and grade range of pupils to be enrolled, educational goals, and methods to be used to monitor compliance with performance of targeted educational outcomes, as provided in the Charter Application and the Charter Agreement and as adopted by the Board. The obligations of CDLS to CDI shall be only as expressly set forth in this Agreement. Duties required to be carried out for the operation of the Charter School which are not expressly set forth herein as being the responsibility of CDLS shall remain the sole responsibility of CDI. The intent of the parties is that this

Agreement, and the implementation thereof, shall be consistent with CDI's status as a tax-exempt entity under the Internal Revenue Code, including but not limited to the provisions prohibiting or restricting private benefit or private inurement.

**1.3 Compliance with Charter Agreement.** This Agreement shall be subject to and shall comply with the terms and conditions of the Charter Agreement, the terms of which are incorporated herein by reference. No provision in this Agreement shall be construed to interfere with CDI's ability to perform its obligations under the Charter Agreement and CDI shall at all times remain legally responsible to the Sponsor for the operations and management of the Charter School and for ensuring that the terms and condition of the Charter Agreement are satisfied.

**1.4 Status of the Parties.** CDLS is a Delaware limited liability company, and is not related to, or controlled by, CDI. CDI is an Indiana nonprofit corporation with an Internal Revenue Code Section 501(c)(3) designation (pending), and is not related to, or controlled by, CDLS. The parties to this Agreement intend that the relationship created by this Agreement is that of an independent contractor and does not create an employer/employee relationship. Except as expressly provided in this Agreement, no agent or employee of CDLS shall be deemed to be the agent or employee of CDI. CDLS shall be solely responsible for its acts and the acts of its agents, employees and subcontractors. The relationship between CDLS, CDI and the Charter School is based solely on the terms of this Agreement, and the terms of any other written agreements between CDLS and CDI.

**1.5 Purpose of Agreement.** This Management Agreement is predicated on the following principles:

- A. CDLS is responsible to CDI for the results achieved by the Charter School. These results include student success as defined by law and Board policy, organizational quality as defined by the National Baldrige Criteria, and financial success as determined by reasonably established financial criteria including budget attainment.
- B. CDI, in exchange for holding CDLS responsible for results, delegates operational decisions to CDLS except those limitations set forth in Board policy. CDI recognizes that CDLS cannot be held responsible for results from operational decisions taken by the Board.
- C. CDI and CDLS recognize they each have responsibility to the other to assure success of this agreement and, as such, CDI agrees to adhere to quality board governance as defined by the nationally recognized Carver Policy Governance and CDLS agrees to adhere to the monitoring requirements set forth by Board policy.

## **ARTICLE II**

### **TERM**

**2.1. Term.** This Agreement shall commence on the Effective Date and, unless otherwise terminated pursuant to Article VII of this Agreement, shall continue until the termination or expiration of the initial term of the Charter as set forth in the Charter Agreement. At the end of the initial term of the Charter, an assessment of the Charter School's student, organizational, and financial performance will be conducted. If the performance in all three areas are "exemplary" as defined in paragraph A of this Section 2.1, this Agreement shall be extended for another equal length term. If the performance is "adequate" as defined in paragraph B of this Section 2.1, this Agreement may be extended by mutual consent. If the performance is "inadequate" as defined in paragraph C of this Section 2.1, this Agreement may be terminated by the Board without mutual consent. However, in no event shall the terms of this

Agreement exceed the term of the Charter as set forth in the Charter Agreement then in effect. Nothing contained in this Agreement shall be construed to restrict or prevent CDI from entering into a Management Agreement with any other party for any school other than the Charter School that is the subject of this Agreement.

A. Exemplary performance will be defined as:

- i. Student performance on state required academic assessments indicate student achievement at the 85% level or student growth assessments indicate student growth is in the top 20% in Indiana;
- ii. Organizational quality of the Charter School has improved as determined by an external assessment under the Baldrige Criteria; and
- iii. Budget attainment for the Charter School for all years of the Agreement and all financial accountability requirements set forth by the Sponsor in the Charter School's Accountability Plan (as such term is defined in the Charter Agreement), achieve a rating of meet expectations or better.

B. Adequate performance will be defined as:

- i. Student performance on state required academic assessments indicate student achievement is less than 85% but greater than 70% success level or student growth assessments indicate student growth is in the top 50% of Indiana;
- ii. Organizational quality of the Charter School has improved in at least 50% of the years of the Agreement as determined by an external assessment under the Baldrige Criteria; and
- iii. Budget attainment for the Charter School for all years of the Agreement and 80% of financial accountability requirements set forth by the Sponsor in the Charter School's Accountability Plan achieve a rating of meet expectations or better.

C. Inadequate performance will be defined as:

- i. Student performance on state required academic assessments indicate student achievement is below 70% level or student growth assessments indicate student growth is in the bottom 50% in Indiana;
- ii. Organizational quality of the Charter School has not improved as determined by an external assessment under the Baldrige Criteria; and
- iii. Budget attainment for the Charter School has not been achieved in all years of the Agreement and less than 70% of the financial accountability requirements set forth by the Sponsor in the Charter School's Accountability Plan achieve a rating of meet expectations or better.

**ARTICLE III**  
**FUNCTIONS OF CDLS**

**3.1 Responsibility.** CDLS shall be responsible and accountable to CDI for the operation and performance of the Charter School in accordance with the Charter Agreement, the Educational Program (as such term is defined below) and the performance criteria outlined in the Charter School's Accountability Plan, as may be amended, including, but not limited to:

- A. Timely submission of required reports set forth in this Agreement and in the Charter Agreement;
- B. Strict adherence to the approved annual budget for the Charter School, as defined in Article V of this Agreement (the "Annual Budget"), for the operation and management of the Charter School, with no aggregate cost over-runs;
- C. Such performance goals as are contained within the Charter Application, the Charter Agreement and the Accountability Plan; and
- D. Acting as the CEO on behalf of the Board of CDI and executing the terms of this Management Agreement.

CDLS' financial responsibility is expressly limited by the Annual Budget and the availability of state funding to pay for said services. Subject to Section 5.3, neither CDLS nor CDI shall be required to expend Charter School funds on services in excess of the amount set forth in the Annual Budget.

**3.2 Educational Program.** Subject to the oversight of the Board, CDLS agrees to implement the educational goals and program as set forth in Section II of the Charter Application, School Design (the "Educational Program"). In the event CDLS reasonably determines that it is necessary to make material modifications to the Educational Program, CDLS shall inform the Board of the proposed changes and obtain Board approval, and if required under the Charter, approval of the Sponsor. The parties acknowledge that an essential principle of the Educational Program is its flexibility, adaptability and capacity to change in the interest of continuous improvement and efficiency. CDI and CDLS each agree that they are interested in results and not in inflexible prescriptions. Not less than **[bi-monthly]**, and otherwise as requested by the Board, CDLS will provide the Board with updated reports on progress towards implementing each of the educational goals set forth in the Educational Program.

**3.3 Specific Functions.** Subject to the oversight and authority of the Board, CDLS shall be responsible for implementing the Educational Program and the leadership, management, operation, accounting and administration of the Charter School. Such functions include, but are not limited to:

- A. Performance of the day-to-day management of the Charter School in accordance with the nonprofit purpose of CDI, this Agreement, the Charter Agreement and applicable law.
- B. Implementation and administration of the Educational Program, including the selection of instructional materials, personnel, equipment, technology and supplies necessary to implement the Educational Program, as well as the administration of extracurricular and co-curricular activities and programs approved by the Board.
- C. Selection, hiring, management and supervision of all employees assigned to perform services at the Charter School. Management of all of the personnel functions outlined in Article VI of this Agreement, including drafting operations manuals, forms (including teacher offer letters, applications, enrollment and similar forms), and management procedures, as the same are from time to time developed by CDLS and as approved or requested by the Board.

- D. Management of the business administration of the Charter School.
- E. Operation and maintenance of the school building to the extent consistent with any and all leases pertaining to the Charter School site, subject to Board approval where necessary.
- F. Management of the accounting operation, including general ledger management, financial reporting, payroll, employee benefits, payroll tax compliance, spending and administering any grant funding obtained in compliance with the specific terms and conditions of said grants and participating in any audits related thereto, and preparing the proposed Annual Budget for presentation to the Board for modification, amendment or approval.
- G. Timely reporting to the Board in accordance with the Board's executive monitoring policy.
- H. Provision of transportation and food service to the extent such services are authorized by the Board and to the extent CDLS agrees to provide such services.
- I. Performance of evaluation, assessment, improvement of the Educational Program and program development, and reporting related findings to the Board upon its request.
- J. Any other function necessary or expedient for the administration of the Charter School pursuant to this Agreement, the Charter Agreement and applicable law.

**3.4 Purchases.** Purchases made by CDLS on behalf of the Charter School with Charter School funds, such as non-proprietary instructional and/or curriculum materials, books and supplies, and capital items and equipment, will be the property of the Charter School. CDLS shall own all proprietary rights to, and neither CDI nor the Charter School shall have a proprietary interest in, curriculum or educational materials that are developed or copyrighted or similarly protected by CDLS, excluding without limitation curriculum or educational materials that are developed with funds from the Charter School which are the property of the Charter School. CDLS educational materials and teaching techniques used by or at the Charter School shall be subject to disclosure to the extent required by law. This provision does not apply to any capital items leased or purchased by CDLS with CDLS funds.

**3.5 Place of Performance.** CDLS reserves the right to perform functions other than instruction, such as purchasing, professional development, and administrative functions, off-site, unless prohibited by the Charter Agreement or applicable law.

**3.6 Educational Facilities.** It is the intent of both parties that CDI own the facility for the Charter School. The facility shall comply with, or otherwise be approved, with respect to state regulations governing the use of the facility as a Charter School, and shall comply with the requirements of the Charter and applicable law. The Board agrees that, should it become necessary for the continued operation of the Charter School, CDLS, or an affiliate, may own the facilities used by the Charter School and further agrees that CDLS, or an affiliate, may rent or lease these facilities to the Charter School at or below fair market value. Any agreement between CDLS, or an affiliate, and the Charter School for the use of a facility shall contain provisions which, at a minimum, permit the Charter School to continue to use such facility until such time as a new facility may be located should this Agreement be terminated.

**3.7 Student Recruitment.** CDLS shall develop and manage ongoing recruitment of students subject to the general recruitment and admission policies of the Charter School. Students shall be selected in accordance with the procedures set forth in the Charter Agreement and in compliance with applicable laws. CDLS shall present a plan to the Board to solicit and recruit enrollment of students by various means, which may include, but shall not be limited to, paid and unpaid media advertisements in a newspaper of general circulation, mailings to parents/guardians of prospective students, word-of-mouth and presentations to interested groups and distribute information through advertisements.

**3.8 Due Process Hearings.** CDLS shall provide student due process hearings in conformity with the requirements of state and federal law regarding discipline, special education, confidentiality and access to records, to an extent consistent with each Charter School's own obligations, and if necessary retain counsel on behalf of the Charter School. The Board shall retain the right to provide due process as required by law.

**3.9 Legal Requirements/Rules and Regulations.** CDLS is authorized and directed to implement such rules, regulations and procedures applicable to the Charter School that are consistent with Board policy and the Educational Program and in accordance with the Charter Agreement and all applicable federal, state and local law. To the extent allowable under the Charter Agreement and as permitted by the Sponsor, the Board shall interpret all applicable federal, state and local law and rules and regulations reasonably to give CDLS flexibility and freedom to implement its Educational Program.

**3.10 School Year and School Day.** The school year and the school day shall be as required by law and as determined annually by CDLS, subject to approval by the Board.

**3.11 Pupil Performance Standards and Evaluation.** CDLS shall be responsible and accountable to the Board for the academic performance of students who are enrolled at the Charter School. The Board and CDLS will cooperate in good faith to identify measures of and goals for Charter School students and school performance as required by the terms of this Agreement, the Charter Agreement, the Educational Plan, the Accountability Plan, and other applicable law, including, but not limited to, evaluation of the academic progress of each Charter School student and parent satisfaction. CDLS' responsibilities under this Section 3.11 shall be set forth in advance in written policies of the Board and CDLS shall perform its duties and responsibilities in accordance with such policies.

**3.12 Reporting Requirements.** CDLS shall furnish all information relating to this Agreement and the operation of the Charter School that is deemed necessary by the Board or the Sponsor: (i) to fulfill CDI's reporting requirements under the Charter Agreement, (ii) for the Sponsor's proper oversight of the operations of the Charter School, and (iii) as otherwise required under applicable law. This information shall be provided at such times and in such manner as the Board shall reasonably request and shall be prepared by CDLS in accordance with the uniform accounting principles prescribed by the State Board of Education and State Board of Accounts, or in such other form as may be required under the Charter Agreement or applicable law. Specifically, CDLS shall:

- A. For all years after the first year of this contract, at least 90 days prior to the beginning of any school year, provide the Board with specific goals and objectives consistent with the Educational Program with regard to the performance criteria outlined in the Accountability Plan. The specifications of goals and objectives shall be general as to all students and not be required for each individual student.
- B. Report to the Board pursuant to the calendar contained in the Board's executive monitoring policy, or as often as may be required under the Charter Agreement, by the

Sponsor, or as otherwise required under applicable law (whichever is most frequent), its progress toward attaining the performance criteria outlined in the Accountability Plan.

- C. Provide quarterly financial reports to the Board in accordance with the Board's written policies relating to financial reporting.
- D. Provide to the Board such other information as is necessary and as established in written Board policy to enable the Board to (i) monitor CDLS' performance and the efficiency of its operation of the Charter School, and (ii) furnish reports and information which the Charter School is required to provide pursuant to its Charter Agreement or applicable law.

Financial records maintained and kept by CDLS in relation to the Charter School will be made available to the auditors of the Board, provided notice is given to CDLS at least ten (10) days before such inspection. CDLS and the Board shall cooperate in the preparation of any and all reports required to be submitted under applicable federal or state laws or regulations. This Paragraph shall survive termination of this Agreement with respect to reports covering periods prior to termination.

**3.13 Services to Disabled Students and Special Education.** CDLS shall provide special education services to students who attend the Charter School in conformity with the requirements of state and federal law. CDLS may subcontract as necessary and appropriate for the provision of services to students whose special needs cannot be met within the Charter School's program, subject to approval of the Board. Such services shall be provided in a manner that complies with local, state and federal laws and applicable regulations and policies. Consistent herewith, the Board acknowledges the individualized nature of services that may need to be provided to disabled and special needs students and the impact that the provision of such individualized services may have on the Annual Budget. The Board and CDLS mutually agree to adjust the Annual Budget as deemed necessary with respect to the provision of services to disabled and special needs students under this paragraph, as required by law.

**3.14 Unusual Events.** CDLS agrees to timely notify the Board of any anticipated or known: (i) material health or safety issues, (ii) labor, employee or funding problems, or (iii) problems of any other type that could adversely affect the Charter School in complying with its responsibilities hereunder or its responsibilities under the Charter Agreement.

**3.15 Charter School Records.** CDI hereby grants permission to CDLS to access the financial, educational, and student records pertaining to the Charter School (the "Charter School Records") for purposes related to the provision of services under this Agreement. The Charter School Records are the property of the Charter School, and such records are subject to the provisions of the applicable freedom of information act(s) to the extent required by applicable law. Except as prohibited under the Charter Agreement and applicable law, all Charter School Records shall be physically or electronically available for inspection at the Charter School upon reasonable request consistent with applicable federal and state laws. CDLS shall otherwise comply with all applicable federal and state laws relating to the maintenance of all such records including the Family Educational Rights and Privacy Act.

**3.16 Additional Services.** If the Board so requests, CDLS may provide additional services for the Charter School by specific agreement. The details and cost of such services shall be incorporated as addenda to this Agreement, as appropriate.

**ARTICLE IV**  
**OBLIGATIONS OF CDI**

**4.1 Good Faith Obligation.** The Board agrees to operate in a fashion consistent with Carver Policy Governance. The Board shall adopt policies with regard to rules, regulations, procedures and budgets and shall specifically indicate to CDLS its responsibility under each category. The Board shall exercise good faith in considering the recommendations of CDLS with respect to such policies. If the Board's unwillingness to adopt CDLS' reasonable recommendations with respect to such policies renders CDLS unable to implement the Educational Program, as reasonably determined by CDLS, CDLS shall have the option of terminating this Agreement.

**4.2 Assistance to CDLS.** The Board and the Charter School shall cooperate with CDLS in furnishing all information and submitting all forms and reports required in association with this Agreement, including timely notice of all meetings of the Board. The Board and the Charter School shall timely furnish to CDLS all documents and records necessary for CDLS to properly perform its responsibilities under this Agreement.

**4.3 Retained Authority.** Subject to its good faith obligation as set forth in this Article IV, the Board shall retain the authority to, be responsible for, setting and approving reasonable rules, regulations, policies and procedures relative to broad school policies, including the budget, curriculum, student conduct, school calendars and dispute resolution procedures.

**4.4 Unusual Events.** The Board agrees to timely notify CDLS of any anticipated or known: (i) material health or safety issues, (ii) labor, employee or funding problems, or (iii) problems of any other type that could adversely affect CDLS in complying with its responsibilities hereunder, specifically identifying which written Board policy is implicated by such issue.

**4.5 Annual Audit.** The Board shall select and retain an independent auditor to conduct an annual audit of CDI's financial matters in accordance with the Charter Agreement and applicable law. Subject to applicable law, all records in the possession or control of CDLS that relate to CDI, including, but not limited to, financial records, shall be made available to CDI's independent auditor.

**4.6 CDLS Office Space.** Upon request by CDLS, the Board shall provide CDLS with suitable space at the Charter School, provided: (i) the requested space is available and can be provided without materially prejudicing the Educational Program, and (ii) the requested space is used only for education-related activities. The space shall be provided at no cost to CDLS.

## **ARTICLE V**

### **FINANCIAL ARRANGEMENTS**

**5.1 Revenues.** CDI shall be the recipient of all public funds that are disbursed to fund the operations of the Charter School and of all other funds to which the Charter School or CDI are entitled under Indiana law. Except as hereinafter provided, all monies received by CDI for the Charter School shall be deposited in a separate depository account ("Operating Account") with a financial institution that is approved by the Board and acceptable to CDLS within three (3) business days of receipt, provided however, upon receipt of a notice from CDLS, the Board agrees to pay all such funds owing under this Agreement directly to the account or party specified in such notice. The signatories on an Operating Account shall be limited to specifically designated members of the Board or to those individuals specifically designated by the Board. Interest income earned on the Operating Account shall accrue to the Operating Account. Except as specifically excluded by the terms of this Agreement, the term "Revenues" shall include all funds received by or on behalf of the Charter School, including but not limited to:

- A. Funding for public school students enrolled in the Charter School.

- B. Special education funding provided by Federal, State and Local Governments to the Charter School that is directly allocable to special education students in the Charter School.
- C. Gifted and Talented funding provided by Federal, State and Local Governments that is directly allocable to Gifted and Talented students in the Charter School.
- D. At-Risk Funding provided by Federal, State and Local Governments to the Charter School that is directly allocable to At-Risk students in the Charter School.
- E. Funding provided by Federal, State and Local Governments to the Charter School that is directly allocable to students in the Charter School with limited English proficiency.
- F. Federal, State and Local grant sources, including Title I and Charter School start-up funds, that is directly allocable to the Charter School.
- G. Grants and donations received by the Charter School (except to the extent CDLS is not required or involved in soliciting, administering, or managing such grants and/or donations).
- H. Fees charged to students and others for extra services as and to the extent permitted by law.

## **5.2 Budget.**

CDLS shall manage the budget, accounting, and financial reporting functions for the Charter School in accordance with the provisions of the Charter Agreement and an Annual Budget that CDLS prepares for the Charter School for each fiscal year that is submitted to the Board for its approval in accordance with Board financial policy. The Annual Budget shall contain detail as required by the Charter and applicable law, including without limitation the requirements set forth in Indiana state law and federal law and regulations. The Annual Budget shall include all projected expenses and costs including, but not limited to, the projected cost of the Services to be provided by CDLS and/or subcontractors pursuant to the terms of this Agreement.

It is the intent of this provision that CDLS prepare and submit to the Board balanced Annual Budgets that are prepared in accordance with generally accepted accounting principles and as required by applicable law. The Annual Budget shall be approved as follows:

- A. CDLS shall submit to the Board for its review and approval a preliminary Annual Budget for each fiscal year for the Charter School, on or before June 1<sup>st</sup> of the current fiscal year.
- B. The Board must notify CDLS in writing that it approves the Annual Budget within thirty (30) days of submission by CDLS, which approval shall not be unreasonably withheld or delayed. If the Board does not approve the Annual Budget, the Board shall specify in writing why it does not approve and continue to deposit the balance of total Revenues into the Charter School's Operating Account pursuant to its obligations in this Article V. CDLS agrees that will respond to the Board's written comments within ten (10) days, at which time the Board shall have an additional ten (10) days to either approve or to not approve the Annual Budget.

If the Board does not notify CDLS in writing that it either approves or does not approve the Annual Budget within thirty (30) days of submission by CDLS, the Board shall be deemed to have approved the Annual Budget. CDLS and the Board acknowledge that a final Annual Budget shall be completed no later than June 30<sup>th</sup> for each fiscal year.

- C. CDLS may amend the Annual Budget semi-annually in order to reflect the results of the most recent student count and may make such other modifications as it may from time to time find necessary. Any such amendment shall only be valid if approved by the express vote of the Board and be consistent with the staffing and educational models set forth in the Charter Agreement. CDLS shall report any changes upon which the Annual Budget was based within fifteen (15) days after CDLS becomes aware of any such change. CDLS shall not be required to report to the Board or to seek Board approval for de minimis modifications to the budget which, in the aggregate, total less than **[\$5,000]** annually.
- D. CDLS shall use reasonable efforts to operate and manage the Charter School in accordance with the Annual Budget.

**5.3 Expenditures.** The Revenues shall be expended by CDLS in accordance with the Approved Annual Budget and as otherwise authorized by the Board (except in emergencies, or if such expenditure is within the parameters established by the Indiana Department of Education Guidelines, as amended from time to time, or where the deviation is less than the amount budgeted). The expenditure of Revenues received from governmental entities shall be consistent with all applicable regulations and policies, and in the case of private donations, according to applicable, lawful directives of the donor. Revenues received from non-governmental grants, contributions and donations shall be expended consistent with the provisions of Section 5.12.

**5.4 Compensation.** CDI shall pay to CDLS the management fee detailed in Section 5.5 as reasonable compensation for the Services CDLS will provide to CDI during the term of this Agreement. No portion of the compensation paid by CDI to CDLS under this Agreement is based on a share of the net profits of the Charter School. If the provisions of this Agreement regarding service fees and reimbursement are determined to result in private business use of the Charter School's facilities under Rev. Proc. 97-13 as amended by Rev. Proc. 2001-39 (and as may be further amended), the parties agree to renegotiate the management fee and reimbursement provisions of this Agreement as necessary to maintain the qualified use and tax-exempt nature of any bond funded property. However, CDLS may terminate this Agreement in accordance with Article VII if the Board unreasonably requests or demands a reduction in CDLS' net service fees and reimbursement under this Section 5.4.

**5.5 Management Fee.** For each fiscal year of the Charter School, CDI will pay to CDLS a fee in the amount of twelve (12%) percent of the Charter School's Revenues, as such term is defined in Section 5.1 (the "Management Fee"). The Management Fee shall be paid by CDI to CDLS in 12 monthly installments per year, as and when Revenues are received by CDI. For purposes of this Section 5.5, the term Revenues shall include the full gross amount of Revenues and not the net amount after retention of a portion of such payments by the Sponsor, and shall not include school lunch revenue or funds raised by students, or parents/guardians of students, in specific student fund-raising projects, or in class or student operated business enterprises. However, no part of the Management Fee may be paid with funds that are collected by CDI that by law cannot be used for this purpose.

**5.6 Other Financing.** The Board may apply to CDLS for financing from time to time. Any financing extended by CDLS to CDI shall be separately documented. In addition, CDLS may, in its sole discretion, provide funds for operating losses for CDI during the start-up period. CDLS advances shall be

budgeted and shall be in amounts acceptable to CDLS. CDLS shall be reimbursed from the Operating Account for any financing or start-up fund paid to CDI as and when funds are available.

**5.7 Pro-Rata Payment.** In the event that this Agreement is terminated during its term as provided in this Agreement, CDI will pay CDLS for its services performed under this Agreement up to and including the Effective Date of termination. Any funds remitted by CDI to CDLS in excess of the pro-rata charges for services performed by CDLS up to and including the Effective Date of termination will be returned to CDI by CDLS. Any such amounts owed by either party to the other shall be paid within thirty (30) days of the effective date of termination of this Agreement.

**5.8 Availability of Funds.** CDLS shall only be required to perform its responsibilities under this Agreement to the extent that there are sufficient Revenues to make payments in accordance with the terms of the Annual Budget.

**5.9 Access to Records.** CDLS shall keep accurate financial records pertaining to its operation of the Charter School, together with all Charter School financial records prepared by or in possession of CDLS, and shall retain all of the said records for a period of time as may be required by the Charter Agreement and applicable law. CDLS, CDI and the Charter School shall maintain the proper confidentiality of personnel, students, and other records as required by law.

**5.10 Annual Audit.** The Board shall select and retain an independent auditor, to conduct an annual audit of the Charter School in accordance with the Charter Agreement. Subject to applicable law, all finance and other records of CDLS related to the Charter School will be made available to the Charter School's independent auditor.

**5.11 Marketing.** Marketing and development costs paid by or charged to CDI shall be limited to those costs specific to the Charter School and may include costs for the marketing and development of the Charter School.

**5.12 External Funding.** CDLS must seek the Board's approval prior to soliciting any non-governmental grants, donations or contributions on behalf of the Charter School. Any such funds so received shall be used solely in accordance with the purpose(s) for which they were solicited, applicable terms and conditions or donor restrictions, or as otherwise approved by the Board. Upon reasonable advance request, CDLS shall provide evidence to the Board that the Charter School is in compliance with such requirements, and shall provide all reports, data, and information reasonably necessary for CDI to meet any reporting requirements for such funding. Subject to applicable donor restrictions, the Board shall determine the allocation of any funds subject to this Section 5.12 that remain unexpended following completion of the project or purpose for which they were originally designated

## **ARTICLE VI**

### **PERSONNEL & TRAINING**

**6.1 Personnel Responsibility.** All personnel shall be employees of CDI, unless as otherwise agreed to by CDLS and the Board; except that, for purposes of the Indiana Worker's Compensation Act, CDI and CDLS agree that both entities are "employers," as defined by the Act, of the personnel at the Charter School. CDLS shall have the sole responsibility and authority to determine staffing levels; to select, evaluate, assign, discipline, transfer and terminate personnel at the Charter School; to administer leaves, investigate and respond to any internal complaints related to employment matters (when advised of such complaints by CDI), and respond to requests for accommodations by personnel at the Charter School; and to otherwise make decisions related to employment of personnel at the Charter School, all of which will be consistent with state and federal law. CDLS' responsibility shall be governed by a Board

personnel policy regarding the screening and selection of those individuals employed by the Charter School with an emphasis on achieving quality outcomes.

**6.2 School Administrator.** The accountability of CDLS to the Board is an essential component of this Agreement. Since the responsibility of the School Administrator is critical to the Charter School's success, CDLS shall have the authority, consistent with state law, to select and supervise the School Administrator and to hold the School Administrator accountable for the success of the Charter School.

**6.3 Teachers.** CDLS shall determine the number of teachers, qualified in the grade levels and subjects required, as are required by the Charter School. The curriculum taught by such teachers shall be consistent with the Educational Program. Each teacher assigned to the Charter School shall have such credentials, certifications and experience as may be required under the Charter Agreement and applicable laws.

**6.4 Support Staff.** CDLS shall determine the number and the functions of qualified support staff required to efficiently operate the Charter School in accordance with the Charter Agreement.

**6.5 Payroll Matters.** The compensation of all CDI employees working at the Charter School shall be included in the Annual Budget. CDLS shall administer the payroll and pay, out of the Operating Account, all salaries, wages, benefit premiums and costs, and payroll and other taxes to or on account of the CDI employees working at the Charter School. CDLS acknowledges and agrees that it is the sole and exclusive responsibility of CDLS to make the requisite tax filings, deductions and payments to the appropriate federal, state and local tax authorities on behalf of CDI for and on behalf of all persons employed at the Charter School to provide services under this Agreement. CDLS employees, contractors, and agents are not entitled to receive any compensation, benefits or other amenities in any form from CDI, including, but not limited to, mileage, conference fees and other expenses.

**6.6 Training.** CDLS shall provide (or contract to provide) training in its methods, curriculum, program, and technology to all teaching personnel on a regular basis. Personnel shall receive at least the minimum hours of professional development required by applicable laws, where applicable.

**6.7 Indemnification.** CDLS shall be responsible for answering, defending (which includes the right to select counsel) and/or resolving any and all claims arising solely from the performance of CDI employees under the supervision and control of CDLS, including the School Administrator, teachers and support staff. CDLS shall indemnify and hold harmless CDI against any and all claims, demands, and actions brought by any CDI employees under the supervision and control of CDLS solely related to the acts or omissions of CDLS or other CDI employees under the supervision and control of CDLS, including, but not limited to, reasonable costs and attorneys' fees, and any award or judgment in connection therewith. Should any claim, demand, or action be brought against an employee in connection with or arising solely out of the act or omission of any employee while performing services for the Charter School that are within the scope of the employee's job responsibilities, CDLS shall indemnify CDI and the employee against all such claims, demands, or actions, including, but not limited to, the employee's reasonable costs and attorney's fees, and any award or judgment in connection therewith. CDI agrees to cooperate with CDLS in the investigation and defense of any claims and to provide CDLS with notice promptly upon learning of the existence of any potential claims that may be subject to this indemnification provision. The obligations of this paragraph shall survive the expiration or earlier termination of the term of this Agreement.

Such claims shall include, but shall not be limited to: proceedings before the Indiana Education Employment Relations Board; the National Labor Relations Board; proceedings for unemployment

compensation benefits; claims of unlawful discrimination brought before any state or federal agency or court; claims or grievances for breach of contract; and any other claims of whatsoever kind or character arising from or which are attributable to the performance of Services by employees or agents of CDLS in connection with this Agreement.

**6.8 Limitations on Discretion.** All decisions made by CDLS, and any discretion exercised by CDLS, in its determination of staffing levels and its selection, evaluation, assignment, discipline, and transfer of personnel, shall be consistent with the approved Annual Budget, local, state and federal law, and consistent with the policies adopted by the Board and included within the Educational Program.

**6.9 Criminal Background Checks.** All applicants for employment with CDI or CDLS who intend to provide services for the Charter School shall be required to submit employment applications. All employees of CDI or CDLS who have direct, ongoing contact with children at the Charter School within the scope of the individuals' employment, and employees of contractors or sub-contractors of CDI or CDLS who have direct, ongoing contact with children within the scope of the individuals' employment, and school volunteers, who have direct, ongoing contact with children, shall be subject to expanded criminal background checks, within 14 days of hiring or volunteering, that meet the definition of an expanded criminal background check under IC § 20-26-2-1.5 after obtaining any necessary consents from the individuals who are subject to the expanded criminal background checks.

## **ARTICLE VII**

### **TERMINATION**

**7.1 Termination by Mutual Written Consent.** This Agreement shall be terminable at any time by mutual written agreement of the Board and CDLS.

**7.2 Termination by CDI.** The Board may terminate this Agreement for cause prior to the end of the term specified in Article II, in accordance with the procedures set forth herein, for the following reasons:

- A. If CDLS shall, under such law as shall be applicable to it, commence any case or proceeding, or file any petition in bankruptcy, or for reorganization, liquidation or dissolution, or be adjudicated, insolvent or bankrupt, or shall apply to any tribunal for a receiver, intervener, conservator or trustee for itself or for any substantial part of its property; or if there shall be commenced against it any such action and the same shall remain un-dismissed for more than sixty (60) days.
- B. If CDLS is found by an administrative or judicial body to have made fraudulent use of funds, or if an administrative or judicial body has revoked any license that may be required for CDLS to carry on its business and perform its obligations and functions under this Agreement.
- C. If implementation of any part of this Agreement would: (i) serve as grounds for revocation of the Charter School's charter, (ii) jeopardize the tax-exempt or nonprofit status of CDI, (iii) create adverse tax consequences for CDI if such tax consequences are material, or (iv) cause CDI to be in violation of any applicable law.
- D. If, following the third full year of the term of the Charter, the Charter School's student, organizational, and financial performance is "inadequate," as defined by the following:

- i. Student performance on state required academic assessments indicate student achievement is below 70% level or student growth assessments indicate student growth is in the bottom 50% in Indiana;
- ii. Organizational quality of the Charter School has not improved as determined by an external assessment under the Baldrige Criteria; and
- iii. Budget attainment for the Charter School has not been achieved in all years of the Agreement and less than 70% of the financial accountability requirements set forth by the Sponsor achieve a rating of meet expectations or better.

For purposes of this Section 7.2(D), each Charter renewal is treated as the beginning of a new Charter term.

E. If CDLS materially breaches this Agreement. Material breach includes:

- i. A failure by CDLS to account for its expenditures under, or to pay the Charter School's operating costs in accordance with, the Annual Budget (provided funds are available to do so); provided however, CDLS shall not be obligated to account to the Board for its expenditure of the management fee it receives under this contract.
- ii. A failure by CDLS to follow policies, procedures, rules or curriculum duly adopted by the Board which is not in violation of this Agreement, the Charter Agreement or applicable law.
- iii. If the health, safety, or welfare of the students is threatened as direct result of an act or failure to act by CDLS.
- iv. A violation of law by CDLS that directly impacts CDLS' ability to manage the Charter School.
- v. The revocation, suspension or termination of licenses/certifications needed for the operation of the Charter School as direct result of an act or failure to act by CDLS.
- vi. The revocation by the Sponsor of the Charter as the direct result of an act or failure to act by CDLS.

In the event of a material breach under this paragraph, CDLS shall have sixty (60) days after receipt of written notice to remedy said breach.

**7.3 Termination by CDLS.** CDLS may terminate this Agreement for cause prior to the end of the term specified in Article II, in accordance with the procedures set forth herein, for the following reasons:

- A. CDI fails to make any payment to CDLS due hereunder within forty-five (45) days after the date such payment was due when there are sufficient funds in a Charter School's Operating Account to make such payment.
- B. CDI materially breaches any of its obligations under this Agreement and fails to cure such material breach within sixty (60) days after notice of such breach.

- C. If the Board and CDLS are unable to agree with respect to policies, rules, and regulations and such disagreement renders CDLS unable to implement the Educational Program.
- D. The revocation by the Sponsor of the Charter as the direct result of an act or failure to act by the Board.

**7.4 Termination Procedure.** Upon the occurrence of an uncured termination event by either party, the non-breaching party shall be entitled to pursue all remedies available under law or equity, including without limitation, terminating this Agreement upon thirty (30) days prior written notice. In the event this Agreement is terminated by either party as specified in this Article VII, absent a material breach or unusual and compelling circumstances, the termination will not become effective until the end of the then current fiscal year in which the notice of termination is issued. In the event of the termination of this Agreement for any reason by either party prior to the end of the Agreement's term, CDLS may, for a commercially reasonable fee, provide the Charter School with assistance for up to ninety (90) days to assist in the transition to another administrative or structural arrangement, although CDLS need not provide any assistance to another management company or service provider. CDLS will abide by all state laws that govern transition obligations, including but not limited to:

- A. Transferring all student records to such entity;
- B. Transferring any and all other non-proprietary information and providing necessary assistance to the new program or education service provider to ensure the least disruption of the operation of the Charter School as a result of the termination of this agreement;
- C. Transferring and/or assigning to the Charter School all contracts, agreements, licenses, permissions, and other rights and privileges related to the operation of the Charter School.

**7.5 Continuing License of Intellectual Property.** In the event of the termination of this Agreement for any reason by either party prior to the end of the Agreement's term, CDI may license from CDLS the curriculum and technology necessary to operate the Charter School for up to eighteen (18) months on terms and for a fee that is negotiated at arm's length and which is commercially reasonable as determined by CDLS and CDI and as agreed to by the Sponsor.

**7.6 Advances/Out-of-Pocket Expenses.** Except as otherwise provided in this Agreement, upon termination or expiration of this Agreement for any reason, all advances or out-of-pocket expenses paid by CDLS in accordance with the Annual Budget shall be immediately repaid by CDI unless otherwise agreed in writing by CDLS.

**7.7 Removal of Personal Property.** Upon termination or expiration of this Agreement, CDLS shall have the right to remove equipment and other assets owned or leased by CDLS (or its agents). Equipment and other assets owned by CDI or leased by CDI from third parties outside the scope of this Agreement shall remain the property of CDI (or the respective third party).

## **ARTICLE VIII**

### **CONFIDENTIAL INFORMATION**

**8.1 Commitment to Preserve.** CDLS agrees that it shall observe the policies and directives of the Board to preserve the confidentiality of Confidential Information (defined in Section 8.2 below) to the extent that CDLS is permitted to access Confidential Information in the course of performing Services under this Agreement.

**8.2 Confidential Information.** Confidential Information includes paper and electronic student education and/or medical record information supplied by the Charter School and/or its students or parents/guardians to CDLS and includes, without limitation, “education records” and “education record information” as defined under FERPA and IDEA; “protected health information” as defined under HIPAA; “relevant records” as defined under Section 504; and social security numbers. Confidential Information also includes any new records created and maintained by CDLS under this Agreement using existing Confidential Information.

**8.3 Acknowledgment of Access to Confidential Information.** CDLS acknowledges that this Agreement allows CDLS (its employees and agents) access to Confidential Information, which the Board may have the ultimate legal responsibility to maintain in a confidential and secure fashion. Accordingly, CDLS (its employees and agents) shall provide the Board with control over the Confidential Information sufficient to satisfy all applicable legal and regulatory standards. In any event, CDLS (its employees and agents) shall at all times make Confidential Information available to the Board within a reasonable time of receiving a request for same.

**8.4 Prohibition on Unauthorized Use or Disclosure of Confidential Information.** CDLS (its employees and agents) agrees to hold Confidential Information in strict confidence. CDLS (its employees and agents) shall not use or disclose Confidential Information received from or on behalf of CDI except as permitted or required by this Agreement, as required or authorized by law, or as otherwise authorized in writing by the Board, a parent/guardian, or eligible student. CDLS agrees that it will protect the Confidential Information it receives from or on behalf of the Board according to commercially acceptable standards and no less rigorously than it protects its own confidential information. CDLS shall ensure that any employee or agent, including a subcontractor or Business Associate (as defined in HIPAA), to whom it provides Confidential Information under this Agreement, understands and agrees to the same restrictions and conditions pertaining to use and disclosure of Confidential Information that apply to CDLS under this Agreement.

**8.5 Return or Destruction of Confidential Information.** Upon termination or other conclusion of this Agreement, CDLS (its employees and agents) shall return all Confidential Information to the Charter School.

**8.6 Maintenance of the Security of Electronic Information.** CDLS (its employees and agents) shall develop, implement, maintain and use appropriate administrative, technical and physical security measures to preserve the confidentiality, integrity and availability of all Confidential Information received from, or on behalf of, the Charter School or its students. These measures will be extended by contract to all agents, including subcontractors or Business Associates, used by CDLS.

**8.7 Reporting of Unauthorized Disclosures or Misuse of Confidential Information.** CDLS, within two business days of discovery, shall report to the Board any use or disclosure of Confidential Information not authorized by this Agreement or other official Board documents. CDLS’ report shall identify: (i) the nature of the unauthorized use or disclosure, (ii) the Confidential Information used or disclosed, (iii) who made the unauthorized use or received the unauthorized disclosure, (iv) what CDLS has done or shall do to mitigate any deleterious effect of the unauthorized use or disclosure, and (v) what corrective action CDLS has taken or shall take to prevent future similar unauthorized use or disclosure. CDLS shall provide such other information, including a written report, as reasonably requested by the Board.

**8.8 Remedies; Notice and Opportunity to Cure.** If the Board reasonably determines in good faith that CDLS has materially breached any of its obligations under the data security provisions of

this Agreement, the Board, in its sole discretion, shall have the right to require CDLS to submit to a plan of monitoring and reporting; provide CDLS with a fifteen (15) day period to cure the breach; or terminate the Agreement immediately if cure is not possible. Before exercising any of these options, the Board shall provide written notice to CDLS describing the violation and the action it intends to take.

**8.9 Remedies; Statutory/Regulatory Penalties.** In addition, the parties understand and agree that CDLS is subject to any penalties for unauthorized disclosures or misuse of Confidential Information that are or may be imposed, from time to time, under applicable law including, without limitation, that CDLS may be prohibited by law from accessing Confidential Information for defined periods of time following any unauthorized disclosure or misuse of Confidential Information, which shall constitute a material breach of this Agreement.

**8.10 Remedies; Amendment for Compliance.** If the Board believes in good faith that any data security provision of this Agreement fails to comply with applicable laws or regulations, the Board shall notify CDLS in writing. Within thirty (30) business days of receipt of such notice by CDLS, the parties shall address in good faith the expressed concern(s) and shall amend the terms of this Agreement, if the Board deems an amendment necessary to bring the Agreement into compliance with applicable laws and regulations. If after such thirty (30) business day period this Agreement remains non-compliant with applicable laws or regulations with respect to the concern(s) raised under this Section, the Board shall have the right to immediately terminate this Agreement upon written notice to CDLS.

## **ARTICLE IX** **INTELLECTUAL PROPERTY**

**9.1 Intellectual Property.** The Board acknowledges and agrees that in the course of the performance of the Agreement, the Board may be exposed to certain confidential information or trade secrets of CDLS (or of one or more of CDLS' licensors, subcontractors or agents), including but not limited to, know-how, technical information, systems, processes, computer software, training materials, training methods and practices, courseware and related information, trade name, trademark, websites, emails, email addresses, and any rights and privileges that CDLS has acquired under license agreements, all of which shall be considered to be confidential in nature (the "Intellectual Property"). The Board agrees, subject to the limitations of applicable Indiana law, that any Intellectual Property communicated to, or received or observed by, the Board shall at all times remain the property of CDLS (or of the licensor, subcontractor or agent holding the proprietary rights) and CDI understands and agrees that CDI does not acquire any independent right under this Agreement to use the Intellectual Property. All such Intellectual Property, together with all copies or excerpts of such Intellectual Property, shall be promptly returned to CDLS (or the applicable licensor, subcontractor or agent) upon request. The provisions of this Section 9.1 shall survive the termination or expiration of this Agreement. The provisions of this Section 9.1 shall not apply to curriculum or other materials developed and paid for by the Board, or developed by CDLS at the direction of the Charter School or its Board with Charter School funds, or to any information subject to disclosure under the law. CDI shall own all proprietary rights to curriculum or educational materials that (1) are both directly developed and paid for by CDI; or (2) were developed by CDLS at the direction of the Board with Charter School funds dedicated for the specific purpose of developing such curriculum or materials.

The Board agrees that it will act to maintain the confidentiality of the Intellectual Property pursuant to IC 5-14-3-4(a)(4) (records containing trade secrets are exempted under the Access to Public Records Act). CDLS will indemnify CDI for all costs and expenses (not limited to reasonable attorney fees, expert and other professional fees) associated with a formal complaint and/or lawsuit against CDI relating to a denial of access to a record, where the denial is a result of CDLS' assertion that the record is exempt from disclosure pursuant to IC 5-14-3-4(a)(4).

**ARTICLE X  
INDEMNIFICATION BY CDLS**

CDLS will indemnify, defend and hold harmless CDI (and its officers and Board) from and against all demands, claims, actions, suits, causes of action, losses, judgments, liabilities, damages, fines, penalties, demands, forfeitures, or any other liabilities or losses, including costs and expenses (not limited to reasonable attorney fees, expert and other professional fees) settlement and prosecution (collectively "Damages") imposed upon or incurred by CDI (and its officers and Board) to the extent that they arise out of any of the following and are within the limits of CDLS' general liability or employment practices liability insurance policy (Article XI), which coverage shall be determinative of the scope of defense and indemnity provided by CDLS to CDI (and its officers and Board):

- A. The failure of CDLS or any of the employees of CDI (during the scope of their employment) or others for whom CDLS is responsible to comply with its/their obligations under any applicable laws, regulations or orders;
- B. Breach by CDLS of any obligation under this Agreement; or
- C. Any negligent or intentional tortious act or omission of CDLS or any of CDI's employees under CDLS' supervision or control, acting within the scope of their employment.

The above promise of indemnity and defense shall not apply to the extent such liability results (in whole or part) from the negligence, wrongful act or breach of this Agreement by CDI (or its officers, Board, or agents). To obtain indemnification, CDI must promptly notify CDLS in the event of a claim, and cooperate in investigating, defending and resolving the claim.

**ARTICLE XI  
INSURANCE**

**11.1 General Liability Insurance.** CDLS shall procure and maintain such policies of insurance as required by law and the Charter Agreement and, in any event, shall provide no less protection than comprehensive general liability and employment practices liability insurance with limits of not less than One Million Dollars (\$1,000,000) per occurrence, and Two Million Dollars (\$2,000,000) combined single limit for bodily injury and property damage, in a form acceptable to both parties, to protect CDLS and CDI against liability or claims of liability which may arise solely out of CDLS' (including CDLS' subcontractors and agents) performance under this Agreement. CDLS agrees that such policy shall provide an endorsement stating that, as it relates to claims arising solely out of the acts or omissions of CDLS, such insurance shall be primary and that insurance carried by CDI shall be excess and non-contributory. Not later than ten (10) business days from the date both parties have executed this Agreement, CDLS shall provide the Board with certificates of insurance evidencing all required coverage and endorsements. CDLS agrees to name CDI (including its Board, officers, agents and employees), as an additional insured under said policy.

**11.2 Workers' Compensation Insurance.** CDI agrees to procure and maintain in full force and effect Worker's Compensation Insurance covering its employees (naming CDLS as an additional insured with regard to those employees), and to require that its contractors similarly maintain such insurance while those persons are engaged in performing Services under this Agreement. CDI agrees to provide CDLS, upon request of CDLS, with certifications evidencing the required coverage.

**11.3 Responsibility of CDI and Indemnification of CDLS.** CDI shall be solely and entirely

responsible for its acts and omissions and for the acts and omissions of the Board and its directors and agents. If CDLS is made a party to any claim or litigation (including, but not limited to complaints to or investigations by governmental agencies) involving claims arising out of the acts and/or omissions of the Board or its directors or agents, CDI will indemnify CDLS and hold CDLS harmless for all such claims or litigation, including, but not limited to, reasonable costs and attorneys' fees, and any penalty, award or judgment in connection therewith.

**11.4 CDI Insurance.** CDI agrees to procure and maintain in full force and effect comprehensive general liability insurance and employment practices liability insurance with limits of not less than One Million Dollars (\$1,000,000) per occurrence, and Two Million Dollars (\$2,000,000) combined single limit for bodily injury and property damage, to protect CDI and CDLS against liability or claims of liability which may arise out of an act or omission by the Board.

The purpose of this provision is to name CDLS as an additional insured in the event that CDLS is sued as a result of acts or omissions committed by the Board and not solely as a result of the acts or omissions of CDLS (or its employees and/or agents). Insurance coverage shall not apply to claims or liability which result from the sole negligence, wrongful act or breach of this Agreement by CDLS or its employees or agents. CDLS must promptly notify CDI when it becomes aware of any claims arising in whole or part out of the acts or omissions of the Board and cooperate with CDI and/or its insurer in answering, defending or resolving the claim. Not later than ten (10) business days from the date both parties have executed this Agreement, CDI shall provide CDLS with certificates of insurance evidencing all required coverages and endorsements. CDI agrees to name CDLS (including its Board, officers, agents and employees), as an additional insured under said policy.

**11.5 No Special Damages.** Neither CDLS nor CDI will be liable for special, indirect, or consequential damages, or loss of profits, revenues, or goodwill arising out of this Agreement regardless of the basis of the claim.

## **ARTICLE XII**

### **WARRANTIES AND REPRESENTATIONS**

**12.1 Warranties and Representations of the Board.** The Board represents that it has the authority under law to execute, deliver and perform this Agreement and to incur the obligations provided for under this Agreement. The Board warrants that its actions have been duly and validly authorized, and that it will adopt any and all resolutions or expenditure approvals required for execution of this Agreement.

**12.2 Warranties and Representations of CDLS.** CDLS warrants and represents that it is a limited liability company authorized to conduct business in the State of Indiana. CDLS will comply with all registration and licensing requirements relating to conducting business under this Agreement. The Board agrees to assist CDLS in applying for such licenses and permits and in obtaining such approvals and consents.

**12.3 Mutual Warranties.** The Board and CDLS mutually warrant to the other that there are no pending actions, claims, suits or proceedings, to its knowledge, threatened or reasonably anticipated against or affecting it, which if adversely determined, would have a material adverse effect on its ability to perform its obligations under this Agreement.

## **ARTICLE XIII**

### **MISCELLANEOUS**

**13.1 Sole Agreement.** This Agreement supersedes and replaces any and all prior agreements and understandings between CDI and CDLS.

**13.2 Force Majeure.** Notwithstanding any other sections of this Agreement, neither party shall be liable for any delay in performance or inability to perform due to acts of God or due to war, riot, embargo, fire, explosion, sabotage, flood, accident, labor strike, or other acts beyond its reasonable control; provided either party may terminate this Agreement in accordance with the termination provisions contained in this Agreement if sufficient grounds exist as provided in Article VII of this Agreement.

**13.3 State Governing Law/Waiver of Jury Trial.** The rights of all parties hereto shall be subject to the jurisdiction of and be construed according to the laws of the State of Indiana, and subject to venue in Indiana. CDLS and the Board hereby waive the right to a jury trial in any action, proceeding or counterclaim brought by either CDLS or the Board against the other.

**13.4 Alternative Dispute Resolution Procedure.** Any and all disputes between the parties, concerning any alleged breach of this Agreement, or arising out of or relating to the interpretation of this Agreement or the parties' performance of their respective obligations under this Agreement, shall be resolved by arbitration, and such procedure shall be the sole and exclusive remedy for such matters, except that the parties reserve the right to pursue equitable and injunctive relief. Unless the parties agree upon a single arbitrator, the arbitration panel shall consist of three persons, with each party selecting one arbitrator and the two arbitrators selecting the third arbitrator. The arbitration shall be conducted in accordance with the rules of the American Arbitration Association ("AAA") and be conducted at a location mutually agreeable to the parties, with such variations as the parties and arbitrators unanimously accept. A judgment on the award rendered by the arbitrators may be entered in any court having appropriate jurisdiction. The losing party shall pay the cost of arbitration, not including attorney fees. The arbitration panel shall have the discretion to award reasonable attorney fees to the prevailing party to be paid by the losing party.

**13.5 Agreement in Entirety.** This Agreement constitutes the entire agreement of the parties.

**13.6 Surviving Provisions.** Article VIII, Article IX and Article X of this Agreement survive the expiration or termination of this Agreement for any reason.

**13.7 Severability.** In the event that any provision of this Agreement is found to be invalid, illegal or unenforceable by a court of competent jurisdiction, all other provisions of this Agreement shall remain in full force and effect, and such invalidity, illegality or unenforceability shall not affect the validity, legality and enforceability of all other provisions.

**13.8 Official Notices.** All notices and other communications required by the terms of this Agreement shall be in writing and sent to the parties hereto at the facsimile number or address set forth below. Notice may be given by: (i) by facsimile with written evidence of confirmed receipt by the receiving party of the entire notice, (ii) certified or registered mail, postage prepaid, return receipt requested, or (iii) personal delivery. Notice shall be deemed to have been given on the date of transmittal or personal delivery if given by facsimile or personal delivery, or upon the date of postmark if sent by certified or registered mail. Notices to the Charter School shall be sent to the current address of the then current Board Chairperson, with a copy to the then current Board attorney. The address of the parties hereto for the purposes aforesaid, inclusive of the address of the initial Board Chairperson and Board attorney, are as follows:

**CDI:**

Carpe Diem Indiana, Inc.  
2240 N. Meridian Street  
Indianapolis, Indiana 46208  
Attn: Jason Bearce  
Phone: \_\_\_\_\_

with a copy to:

Seamus P. Boyce  
Church Church Hittle & Antrim  
Two North Ninth Street  
Noblesville, IN 46060  
Phone: 317-773-2190  
Fax: 317-773-5320

**CDLS:**

Carpe Diem Learning Systems, LLC  
\_\_\_\_\_  
\_\_\_\_\_

Attn: Robert Sommers  
Phone:  
Fax:

with a copy to:

Marilee J. Springer  
Ice Miller LLP  
One American Square, Suite 2900  
Indianapolis, Indiana 46282  
Phone: 317-236-5947  
Fax: 317-592-4768

**13.9 Assignment.** Either party may assign this Agreement with the written consent of the other.

**13.10 No Modification or Waiver.** There shall be no amendment, modification or waiver of any provision of this Agreement unless made in writing by both parties. No provision of this Agreement shall be varied, contradicted or explained by any oral agreement, course of dealing or performance; provided, however, that as a matter of law, course of dealing may be relied upon to resolve any contract ambiguity by evidencing the intent and understanding of the parties. No failure on the part of either party to exercise any right under this Agreement, or any right provided by state law or equity or otherwise, shall impair, prejudice or constitute a waiver of any such right.

**13.11 Cost and Expenses.** If any party commences an action against another party as a result of a breach or alleged breach of this Agreement, the prevailing party shall be entitled to have and recover from the losing party its reasonable costs and attorneys' fees (including those incurred at appellate levels).

**13.12 Delegation of Authority.** Nothing in this Agreement shall be construed as delegating to CDLS powers or authority of the Board, which are not subject to delegation by the Board under applicable law.

**13.13 Compliance with Laws.** In performing their obligations under this Agreement, the parties shall comply with all applicable laws, including Indiana's Open Door and Public Access laws where applicable, and the terms and conditions set forth in the Charter Agreement.

**13.14 Section Headings.** The section headings are used in this Agreement for reference and convenience only and shall not enter into the interpretation of this Agreement.

**13.15 Force Majeure.** Any delay or failure of any party (the "affected party") in the performance of its required obligations under this Agreement shall be excused if and to the extent caused by war, rebellion or insurrection; an act of God; fire; government statute, order or regulation prohibiting the performance of this Agreement; riots; strikes, labor stoppages, lockouts or labor disputes to the extent such occurrences are not caused by the actions of the party seeking relief under this Section, provided that (i) written notice of such delay or suspension is given by the affected party to the other party within 72 hours of such event, which notice shall set forth in detail the nature of each delay; (ii) the affected party shall use all commercially reasonable efforts to minimize the extent of such force majeure delay; and (iii) additional expense or other adverse financial conditions shall not be deemed force majeure. Upon receipt of a notice of force majeure, the time for the affected party's performance shall be extended for a period of time reasonably necessary to overcome the effect of such delays and the other party's sole remedy shall be reimbursement for the additional cost of such delays; provided, further, that if such delay by CDLS would materially impair the value of the Services to be provided under this Agreement, CDLS may terminate this Agreement by written notice to CDLS within fifteen (15) calendar days of receiving CDLS' notice of force majeure, in which event CDLS shall receive a refund of all monies paid under this Agreement for Services which CDLS has failed to deliver.

**13.16 Review by Independent Counsel.** The parties agree that each has reviewed, or had the opportunity to review, this Agreement with its own independent legal counsel prior to the execution of this Agreement.

**13.17 Counterparts.** This Agreement may be executed in one or more counterparts, all of which taken together will constitute one single agreement between the parties.

**SIGNATURE PAGE TO FOLLOW**

**IN WITNESS WHEREOF**, the undersigned have executed this Agreement as of the date and year first above written.

**Carpe Diem Learning Systems, LLC**

By: \_\_\_\_\_  
Name: Robert Sommers  
Title: CEO/Managing Member  
Date: \_\_\_\_\_

**Carpe Diem Indiana, Inc.**

By: \_\_\_\_\_  
Name: Jason Bearce  
Title: President  
Date: \_\_\_\_\_



## THE SUMMIT

January 11, 2013

Mr. Jason Bearce  
Board Chair  
Carpe Diem Schools Indiana  
2240 North Meridian St.  
Indianapolis, IN 46208

Dear Mr. Bearce:

Ambassador and The Summit are excited at the prospect of Carpe Diem opening its second school in the state of Indiana in Fort Wayne for the 2013-2014 school year. Carpe Diem will be a valuable member of the collaborative learning community established by Ambassador Enterprises at The Summit, a former college campus located in south Fort Wayne.

Partners at The Summit focus on helping individuals reach their full potential as positive contributors to society. The Summit is a community that emphasizes character development through building individuals healthy in body, mind and spirit. Working together, the organizations at The Summit accomplish much more collectively than they could independently. We look forward to working with Carpe Diem as our education innovation partner.

The Summit is currently home to two higher education programs that can offer advanced academic opportunities for Carpe Diem students. Additionally, the local agency of Big Brothers Big Sisters (BBBS) recognized by its national headquarters for its effectiveness, is committed to making The Summit its long-term home in January 2013. We anticipate a number of Carpe Diem students engaging in BBBS programs. We also believe our campus facilities, including our gymnasium and fitness areas, will substantially contribute to the wellness and social experiences of Carpe Diem students.

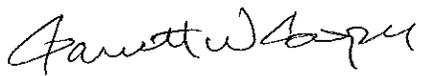
We stand ready to connect Carpe Diem with our extensive network of relationships built over the years. This network encompasses relationships in the business, academic, political, and non-profit sectors. In addition, Ambassador Enterprises is passionate about continued economic development in the region and is an active participant in the Northeast Indiana Regional Partnership as well as the Regional Opportunities Council.

We believe the unique, personalized, blended-learning approach of Carpe Diem will bring innovation to the educational landscape of Fort Wayne. Carpe Diem students in Arizona led the state in student growth rates on standardized testing for two consecutive years and in recorded learning gains in math. It has been reported that Carpe Diem students have outscored the

average math and reading scores for Arizona schools in all grade levels (grades 6-12) in recent years.

We have been impressed by our visits and meetings with Carpe Diem Meridian in Indianapolis, and expect your instructional practices will yield similar results in Fort Wayne. A Carpe Diem charter school at The Summit will be an example of successful, innovative public education and will revolutionize the learning of hundreds of local students. Carpe Diem is the right fit at the right time for The Summit and the Fort Wayne community.

Sincerely,



Garrett W. Cooper

COO, Ambassador Enterprises  
2845 East Dupont Road  
Fort Wayne, IN 46825

[garrett.cooper@ambassador-enterprises.com](mailto:garrett.cooper@ambassador-enterprises.com)



Larry W. Rottmeyer, Ph.D.

Executive Director, The Summit  
1025 W. Rudisill Boulevard  
Fort Wayne, IN 46807

[larry.rottmeier@ambassador-enterprises.com](mailto:larry.rottmeier@ambassador-enterprises.com)

December 18, 2012

VIA EMAIL

Robert Sommers, PhD  
Carpe Diem Indiana

***Re: Revised Memorandum of Understanding – Proposal for Carpe Diem Indiana to locate a Grade 6-12 School at The Summit in Fort Wayne, Indiana.***

Dear Dr. Sommers:

This Memorandum of Understanding (“MOU”) sets forth the terms for the proposed venture between The Summit, and Carpe Diem Indiana.

It has been a pleasure working with you on this proposed transaction. We believe that by collaborating together at The Summit, we will enhance the lives of students who participate in a Carpe Diem school in Fort Wayne, Indiana.

Our goal at The Summit is to team up with organizations that provide opportunities for lifelong learning and growth. It has become clear through our conversations that Carpe Diem is also committed to helping students grow through excellent education and character training. By working together, we believe we can accomplish a greater good and synergistic results.

### **THE PROPOSED TRANSACTION**

Representatives of Carpe Diem Indiana and The Summit are committed to beginning a Carpe Diem charter school at The Summit campus in Fort Wayne, IN. This venture is based on full documentation and agreement to the following:

1. Preparation for the new charter school will begin in January 2013. The Summit agrees to assist Carpe Diem school leaders in its onboarding efforts, including fund-raising and public relations support, upon the execution of a formal agreement between the parties. It is understood that the Carpe Diem charter school expects to begin classes in August 2013.
2. The length of the lease term between Carpe Diem Indiana and The Summit shall be one five-year term with one five-year mutually agreed upon renewal option.
3. Upon approval by each respective organization’s Board of Directors, Carpe Diem Indiana will have available one seat on The Summit Board of Directors and The Summit will have one seat available on the Carpe Diem Indiana Board of Directors for the duration of the lease. A Fort Wayne advisory council will also be established

- for the Carpe Diem charter school located at The Summit.
4. The Carpe Diem school will have use of The Summit Learning Center. The building has three levels, 40,140 square feet of space, which we believe will adequately accommodate the target population of 600 students.
  5. The lease payments will be established on a cost per student basis plus associated property operating expenses for The Summit Learning Center. The cost per student shall be according to the following:
    - a. Cost per student shall be \$1,000 per student for 1 to 250 students; however, there shall be no additional fee per student for 251 to 300 students;
    - b. Cost per student shall resume and be \$1,000 per student for 301 to 550 students; however, there shall be no additional fee per student for 551 to 600 students; and,
    - c. Cost per student over 600 students to be negotiated to mutually agreed upon terms by Carpe Diem Indiana and The Summit.
  6. The leaders of Carpe Diem Indiana agree to work with and support the leaders of The Summit to develop the start-up funding to cover initial costs and operating deficits at The Summit campus. The Summit will provide Carpe Diem Indiana with a line of credit of up to \$1,000,000 available for startup funding. The interest rate for the line of credit will be set at the published prime rate. Leaders of Carpe Diem Indiana agree to work with and support the leaders of The Summit through fund raising efforts on behalf of the school to repay the line of credit. The leaders of Carpe Diem Indiana have stated they will pursue grants for funding of the Carpe Diem school as a practical example of how Carpe Diem Indiana will provide support for the start-up funding.
  7. This agreement is non-binding and is subject to acceptance or agreement by the respective organization's Board of Directors.
  8. This MOU shall terminate at noon (EST) on January 7, 2013 unless at or before such time the executed acceptance of this MOU is returned to Larry Rottmeyer at The Summit, 1025 West Rudisill Boulevard, Fort Wayne, Indiana 46807; Telephone: (260) 446-3211; e-mail: Larry.Rottmeyer@Ambassador-Enterprises.com.

We look forward to hearing from you.

Sincerely,



Larry Rottmeyer, PhD

Executive Director, The Summit



*"Relational Effectiveness Drives  
Organizational Performance"*

AGREED AND ACCEPTED THIS \_\_\_\_\_ DAY OF \_\_\_\_\_ 201 \_\_\_\_\_ :

Carpe Diem Indiana

By: \_\_\_\_\_

Title: \_\_\_\_\_