



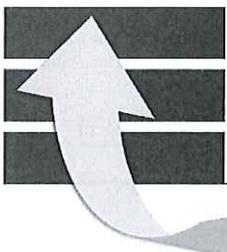
Gary Community School Corporation
Doing What is Best for Students - Today - Tomorrow - Everyday

EMERGENCY MANAGER REPORT

DISTRESSED UNIT APPEALS BOARD (DUAB)

August 3, 2018

Prepared by



**Gary
Schools
Recovery, LLC**



Distressed Unit Appeals Board

Emergency Manager Report
Prepared by Gary Schools Recovery, LLC
August 3, 2018

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I.0 COVER MEMO



Gary Community School Corporation
Doing What is Best for Students - Today - Tomorrow - Everyday

To: DUAB

From: GCSC Emergency Management Team

Date: August 1, 2018

Please find the following items enclosed.

1. Proposal for GCSC to engage in a partnership with The Crossings. This partnership will allow GCSC to reclaim students who have previously dropped out of school, twenty of whom are already enrolled in The Crossings, East Chicago. It should be understood that an exit interview form, used with all students who exit school before graduating who are not otherwise transferring, will include language about The Crossings as an option in lieu of dropping out. This information will satisfy FERPA requirements allowing GCSC to share student information with The Crossings. It is the recommendation of the Emergency Management Team that DUAB approve this contract.
2. Proposal for GCSC to engage in a partnership with K12, Inc. Currently 200 students are enrolled in online education through K12 in Lake County. This contract proposes to encourage those students and others in need of a modified learning environment, to enroll in a blended learning program. The families of Lake County do not currently have access to an online or blended learning program. In good faith, K12, Inc has made all requested edits to the contract language requested by DUAB. Further, the engagement target goals will continue to be developed under the direction and with the approval of DUAB staff. It is the recommendation of the Emergency Management Team that DUAB vote on and approve this contract with edits made as part of the public meeting held on August 3, 2018. Any edits made on August 3 will be submitted to K12, Inc to determine if they are able to move forward with the partnership under terms set by DUAB.
3. Return on Investment document, created at request of DUAB staff, reflecting the potential costs and revenue associated with a partnership with K12, Inc.
4. Pricing document from K12, Inc. This is Exhibit A1 in the contract.

2.0 AGREEMENT WITH CROSSING NATIONAL, INC.



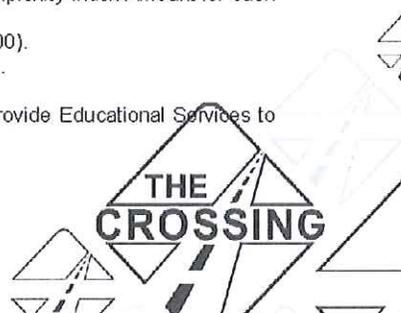
School Services Secondary Type B Agreement
Gary Community School Corporation – Crossing National, Inc.
July 2018 - June 2019

This School Services Agreement ("Agreement") is entered this ___ day of _____, 2018, by and between the Board of School Trustees of Gary Community School Corporation, (the "School Corporation") and Crossing National, Inc. (the "Crossing").

1. The Parties. The Parties to this Agreement are:
 - a. Crossing. The Crossing is an Indiana non-profit corporation with its administrative office located at 2930 S. Nappanee St., Elkhart, IN 46517; and
 - b. Gary Community School Corporation. Gary Community School Corporation is an Indiana public school corporation with its administrative offices located at 1988 Polk Street, Gary IN 46407.

2. Defined Terms. As used in this Agreement, the following terms have the meanings described herein:
 - a. "ADM Amount" means the amount of funding allocated to the School Corporation for each student during an academic year, as determined by the Indiana Department of Education's Average Daily Membership and Complexity Index Amount, issued during each July of the Term.
 - b. "Educational Services" means: provision of academic instruction to Enrolled Students meeting the Academic Standards promulgated by the Indiana Department of Education, as amended from time to time.
 - c. "Eligible School Corporation Student" means a student who is either identified by the School Corporation as an Eligible Struggling Student, OR a student meeting each of the following criteria:
 1. For whom the School Corporation may claim an ADM amount;
 2. Between 14 and 20 years of age
 3. Not enrolled in the School Corporation or due to:
 - a. Voluntarily dropping out of school before the Average Daily Membership Count day;
 - b. Assignment to homeschool before the Average Daily Membership ADM Count day; or
 - c. Expulsion; and
 4. Has failed to thrive in a traditional school environment
 - d. "Enrolled Students" means Eligible School Corporation Students who have enrolled at the Crossing and are in regular attendance at the Crossing.
 - e. Monthly Per Capita Fee means the Per Capita Fee divided by ten (10).
 - f. "Per Capita Fee" means the greater of:
 - i. Ninety-five percent (95%) of the School Corporation's state-approved Average Daily Membership (ADM) and Complexity Index Amount for each Enrolled Student; or
 - ii. Five Thousand Five Hundred Dollars (\$5,500).
 - g. "Term" means July 1, 2018 through June 30, 2019.

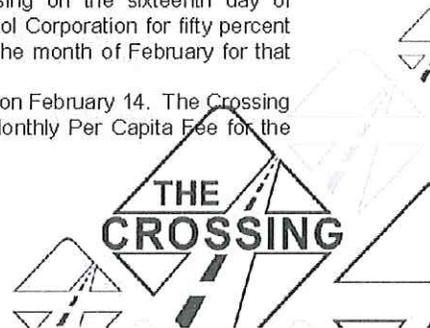
3. Provision of Educational Services. The Crossing shall provide Educational Services to address the needs of Enrolled Students.





SCHOOL OF BUSINESS & ENTREPRENEURSHIP

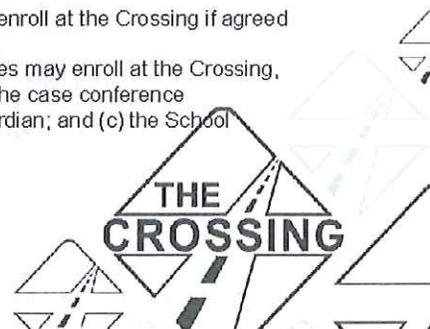
4. Obligation to Provide Information and Enroll. The School Corporation shall enroll **any** Eligible School Corporation Student, provided that the School Corporation is eligible to claim an ADM amount for such student upon the student's enrollment. Pursuant to I.C. § 20-33-2-22(b)(2), the School Corporation will provide the Crossing with a current drop out list upon the Crossing's written request.
5. Scope of Services to be provided by the Crossing. The Crossing shall function as a dropout prevention and recovery program and will provide educational services to the Eligible Students. The Crossing's instructional services are and will be aligned with the Academic Standards promulgated by the Indiana Department of Education. In addition, the Crossing agrees that the educational services provided pursuant to this Agreement will be provided for three (3) hours each day.
6. Accreditation. The Crossing shall maintain its accreditation with the Indiana State Board of Education for the life of this Agreement.
7. Reporting. The Crossing shall submit the following reports to the Department of Education. All other reporting requirements shall be submitted by the School Corporation.
 - a. RT (Real Time)
 - b. STN (Student Test Number)
 - c. TL (Test Lab)
 - d. TB (Text Book/Curriculum)
 - e. AT (Attendance)
 - f. CC (Course Completion)
 - g. LM (English Learner)
8. Tuition Payment. In consideration for the Crossing's provision of Educational Services to Enrolled Students, the School Corporation will pay the Crossing a tuition payment, due on or before the fifteenth of each month, calculated as follows:
 - a. For Enrolled Students who (i) are enrolled at the Crossing for the entire month, (ii) who are enrolled at the Crossing for at least fourteen (14) calendar days of the month, or (iii) who enroll at the Crossing before the fifteenth day of the month, the Monthly Per Capita Fee;
 - b. For Enrolled Students who (i) enroll at the Crossing after the fifteenth day of the month; or (ii) are enrolled in the crossing for fewer than fourteen (14) calendar days of the month, fifty percent (50%) of the Monthly Per Capita Fee.
 - c. Examples:
 - i. An Enrolled Student is enrolled at the Crossing for the entire month of February. The Crossing shall bill the School Corporation for the Monthly Per Capita Fee for the month of February for that student.
 - ii. An Enrolled Student withdraws from the Crossing on February 15. The Crossing shall bill the School Corporation the Monthly Per Capita Fee for the month of February for that student.
 - iii. An Eligible Student enrolls at the Crossing on the sixteenth day of February. The Crossing shall bill the School Corporation for fifty percent (50%) of the Monthly Per Capita Fee for the month of February for that student.
 - iv. An Eligible Student enrolls at the Crossing on February 14. The Crossing shall bill the School Corporation for the Monthly Per Capita Fee for the month of February for that student.





**SCHOOL OF BUSINESS
& ENTREPRENEURSHIP**

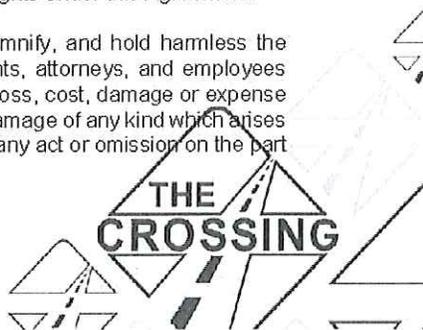
- d. State approved ADM tuition and Complexity Index amounts are subject to change; based upon published IDOE financial updates each July.
9. School Corporation Monies Limited to Secular Purposes. The Crossing shall not direct any payments received from the School Corporation under Paragraph 8 to any program or curriculum that is religious in nature.
10. Notice of Spiritual Component. The Crossing shall provide all prospective students and their parent(s) or guardian(s) with the Spiritual Component Disclosure Parental/Guardian and Student Acknowledgement, attached hereto as Exhibit A, which notifies them that the "Family Time" component of the Crossing's curriculum may be faith-based and may involve the discussion or inculcation of religion. The Crossing will not allow any Eligible Student to enroll in the Crossing without first obtaining the written agreement and consent of the student and the student's parent or legal guardian.
11. Student Records and Recordkeeping. The holding and monitoring of all student educational records, including, but not limited to, data, ISTEP+ and ECA scores, immunizations, attendance records, work permits and academic credits/transcripts for Enrolled Students will be associated with the School Corporation. The Crossing shall report student credit earning to the School Corporation as described in the Scope of Services to be provided by the Crossing. The School Corporation shall maintain Enrolled Students' cumulative education records and shall provide student grade and credit accounting. Further, the School Corporation shall provide The Crossing with an educational/graduation course plan upon initial enrollment of the Enrolled Student, and will engage in ongoing communication with The Crossing personnel to appropriately follow the provided course plan. The School Corporation will accept the grades and credits as awarded through the Crossing.
12. Compliance with Privacy Statutes. The School Corporation shall obtain all consents required by state and federal law before disclosing student information to the Crossing. The Crossing shall treat all student education records received by the School Corporation and generated through the course of its provision of Educational Services as confidential under the Family Educational Rights and Privacy Act (FERPA) and the Individuals with Disabilities in Education Improvement Act (IDEIA). The Crossing shall abide by all FERPA and IDEIA requirements concerning the maintenance and disclosure of student education records. The Crossing shall refer any requests from third parties for access to a student's records or to personally identifiable information contained with a student's records to the School Corporation, and shall not disclose such records or information to third parties without the explicit written authorization of the School Corporation.
13. Transportation. Neither the School Corporation nor the Crossing is responsible to provide bus transportation for students attending the Crossing.
14. Eligible Students with Disabilities.
- a. Enrollment Criteria. Students with disabilities may enroll at the Crossing if agreed upon by all parties at the case conference.
 - b. Approval Required. Eligible Students with disabilities may enroll at the Crossing, provided that such enrollment is approved by: (a) the case conference committee; (b) the Eligible Student's parent or guardian; and (c) the School Corporation.





SCHOOL OF BUSINESS & ENTREPRENEURSHIP

- c. Allocation of Duties and Funding Associated with Eligible Students with Disabilities. The School Corporation shall retain any special education funding associated with an Enrolled Student with disabilities. The School Corporation shall assume all responsibilities associated with Enrolled Students with disabilities, including, but not limited to, writing and implementing Individual Education Plans (IEP's). With regard to serving Enrolled Students with disabilities, the Crossing will act as a teacher of service. The Crossing shall participate in all case conference meetings associated with an Enrolled Student with Disabilities.
15. Student Discipline. The Crossing will operate under its own policies and guidelines regarding appropriate discipline for Enrolled Students. The Crossing maintains the right, at its sole discretion, to discipline, suspend, or expel an Enrolled Student.
16. Students Dismissed from the Crossing. If an Enrolled Student is dismissed from the Crossing, the Crossing will provide the School Corporation with written notice of such dismissal within five (5) school days and the Enrolled Student will be transferred back to the School Corporation for state reporting purposes.
17. Insurance.
- a. Required Property and Liability Insurance Coverages. Throughout the Term, the Crossing shall maintain policies of insurance providing the following coverages, written by an insurance carrier with a minimum AM Best Rating of A-:
 1. Comprehensive general liability insurance and school leaders errors and omissions coverage, including bodily injury and property damage coverage in the amount of \$1,000,000 per occurrence, \$3,000,000 aggregate with an insurance carrier with a minimum AM Best Rating of A-, VII. Such coverage shall protect against the acts or omissions of The Crossing, its officials, employees, and agents
 2. Auto liability coverage with a liability limit of \$1,000,000 per occurrence.
 - b. Required Workers' Compensation Coverage. The Crossing shall maintain workers' compensation coverage as required by the Indiana Worker's Compensation Act.
 - c. The School Corporation as Additional Insured. The insurance policies required by section 17(a) and 17(b) shall name the School Corporation as an additional insured, and include a waiver of subrogation in favor of the School Corporation.
 - d. Required proof of insurance. Before the start of each policy period, the Crossing shall provide the School Corporation with a copy of a certificate of insurance demonstrating compliance with this Paragraph 17.
 - e. Required notification of cancellation. The Crossing shall immediately forward to the School Corporation any notice of cancellation or non-renewal of policies providing the coverage required by this Paragraph.
 - f. Claims Submission Requirement. The Crossing shall not refuse to submit a claim to its insurance carrier or fail to pursue insurance reimbursement in a manner that would reduce the School Corporation's indemnity rights under this Agreement.
18. Indemnity. The Crossing hereby agrees to protect, indemnify, and hold harmless the School Corporation and its board members, officers, agents, attorneys, and employees from every liability, claim lawsuit, demand, right of action, loss, cost, damage or expense (including attorney's fees) for any and all injury, death, or damage of any kind which arises out of, is connected with, or relates to this Agreement and any act or omission on the part of The Crossing.





**SCHOOL OF BUSINESS
& ENTREPRENEURSHIP**

- 19. Independent Contractor. The Crossing shall act as the School Corporation's independent contractor. The Crossing is not an agent, employee, partner, or joint venture with the School Corporation. Employees of the Crossing shall not be deemed or construed to be employees of the School Corporation for any purposes whatsoever.
- 20. E-Verify Compliance. Pursuant to I.C. § 22-5-1.7 (the "E-Verify Statute"), the Crossing will verify the work eligibility status of all newly hired employees of the Crossing through the E-Verify Program ("Program") as defined in the E-Verify Statute.
- 21. Entire Agreement. This Agreement constitutes the final agreement between the School Corporation and the Crossing. No representation, promise or inducement has been made by either the School Corporation or the Crossing that is not embodied in this Agreement, and neither the Crossing nor the School Corporation shall be bound by or liable for any alleged representation, promise or inducement not specifically set forth herein.
- 22. Modification. This Agreement may be supplemented, amended, or modified only by the mutual agreement of the parties. No supplement, amendment, or modification of this Agreement shall be binding unless it is in writing and signed by all parties.
- 23. Choice of Law. This Agreement shall be interpreted according to the laws of the State of Indiana, without regard to choice of law provisions.

IN WITNESS WHEREOF, the parties have executed this Agreement on the day first mentioned above.

"School Corporation"

"Crossing National, Inc."

By: _____
Superintendent, Gary Community School Corporation

By: _____
Robert R. Staley, CEO

By: _____
President, Board of School Trustees,
Gary Community School Corporation

Attest:

[Additional Signature]

Date

**Crossing National, Inc.
NON-DISCRIMINATION POLICY**

Crossing National, Inc. admits students of any race, color, national origin, and ethnic origin to all the rights, privileges, programs, and activities generally accorded or made available to students at the school. It does not discriminate on the basis of race, color, national origin, and ethnic origin in administration of its educational policies, admission policies, scholarship and loan programs, and athletic and other school-administered program.

Exhibit A to School Services Agreement
Gary Community School Corporation / Crossing National, Inc.





**SCHOOL OF BUSINESS
& ENTREPRENEURSHIP**

**The Crossing Education Program Spiritual Component Disclosure
Parental/Guardian and Student Acknowledgement**

By our signatures below, we affirm that: (a) we understand that education at the Crossing includes a spiritual component; (b) we, the parent(s)/guardian(s) of the student identified below, elect to have our student attend the Crossing; (c) I, the student identified below, elect to attend the Crossing; (d) we wish the School Corporation to pay to the Crossing the required tuition for the Crossing's education services.

Disclosure:

1. The Crossing educational program focuses on four (4) components of the student: Academic, Physical, Emotional, and Spiritual.
2. All students are expected to attend "Family Time," which is part of our daily instruction (roughly half an hour of three hours of daily class time) and involves discussion of topics including spiritual matters. Discussions during "Family Time" will on a regular basis (although not always) include references to the Bible as a source of wisdom, guidance and inspiration in dealing with life issues.
3. Students will not be coerced or pressured to believe in God. If a student elects to leave during a Family Time discussion involving spiritual matters, there will be no punishment or disapproval, but the student must remain at the school and use the time on school matters, under the supervision of a teacher.
4. The core values of the Crossing are: Relationships, Empowerment, Love, Integrity, and Truth. These values are part of our culture. We believe that educational success depends on emotional commitment to good values, and that spirituality can be a key source of strength, especially if practiced regularly through discussions of Biblical concepts, prayer, and open dialog.

Parent/Guardian Date

Parent/Guardian Date

Student Date

**Crossing National, Inc.
NON-DISCRIMINATION POLICY**

Crossing National, Inc. admits students of any race, color, national origin, and ethnic origin to all the rights, privileges, programs, and activities generally accorded or made available to students at the school. It does not discriminate on the basis of race, color, national origin, and ethnic origin in administration of its educational policies, admission policies, scholarship and loan programs, and athletic and other school-administered program.



3.0 AGREEMENT WITH K12 CLASSROOM LLC

**EDUCATIONAL PRODUCTS AND SERVICES
AGREEMENT**

Between

GARY COMMUNITY SCHOOL CORPORATION

And

K12 CLASSROOM LLC

FOR THE DEVELOPMENT, SUPPORT, AND OPERATION OF GARY COMMUNITY SCHOOL
CORPORATION'S BLENDED SCHOOL PROGRAMS.

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EDUCATIONAL PRODUCTS AND SERVICES AGREEMENT

Between the
GARY COMMUNITY SCHOOL CORPORATION
And
K12 CLASSROOM LLC

This EDUCATIONAL PRODUCTS AND SERVICES AGREEMENT (“Agreement”) is made and entered into, by and between the Gary Community School Corporation, an Indiana public school district, located in 1988 Polk Street, Gary Indiana (hereinafter the “District”) and K12 Classroom LLC a Delaware limited liability company (hereinafter “K12”) whose principal address of business is 2300 Corporate Park Drive, Hemdon, VA, 20171, USA, each a “Party” and together the “Parties”, as of the date signed by all Parties, and includes the following exhibits:

- a. Exhibit A (Products, Services, Pricing)
- b. Exhibit B (K12 Proprietary Marks)
- c. Exhibit C (Program Addendums)
- d. Exhibit D (Performance Goals – Operational, Instructional & Academic Targets)

RECITALS

A. WHEREAS, the Gary Community School Corporation (the “District”), under direction from Indiana’s Distressed Unit Appeal Board (the “Board”) is authorized to develop and implement comprehensive district improvement reforms including making substantial improvements to existing academic and instructional programs, development of new models, as well as improving the near and long-term performance of the District’s facilities, finances, and enrollment.

B. WHEREAS, the District desires to utilize technology based applications combined with teacher/student/parent involvement, to provide online and blended school programs. Such blended school programs, serving grades K through 12, and detailed in Exhibit A and Exhibit C, shall be known as the K12 Blended Schools (“Program”) and is available exclusively for the benefit of resident and non-resident students enrolled in the District.

C. WHEREAS, K12 and its Affiliates were established, among other things, for the following purposes:

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

D. WHEREAS, K12 will provide the District with a variety of educational products and services in furtherance of the Program. These educational products and services include providing K12 owned and licensed curriculum, online school and learning management systems; teacher support, training, recruitment, hiring and management; financial and school administration services; technology services for a student account management system and other administrative and technology support services specified in this Agreement.

E. WHEREAS, it is the intention of both Parties to enter into a long-term relationship in which the District governs the Program while K12 provides, under contract, the specific educational products and services requested, up to and including management services in accordance with the terms of this Agreement.

NOW, THEREFORE, the Parties mutually agree as follows:

1. **DEFINITIONS.** For the purposes of this Agreement, capitalized terms used herein but not otherwise defined shall have the meaning ascribed to them in this Section 1 as follows:
 - 1.1. **Affiliates.** An Affiliate of K12 is an entity that controls, is controlled by, or under common control with K12, where "control" means the possession, directly or indirectly, of the power to direct or cause the direction of the management policies of an entity, whether through the ownership of securities, by contract or otherwise.
 - 1.2. **Applicable Law.** Applicable Law is defined herein as the Constitution of the State of Indiana, the State education laws and/or code, the State distressed political subdivision law (IC § 6-1.1-20.3 *et seq.*), the federal Elementary and Secondary Education Act, the federal Individuals with Disabilities in Education Act, all applicable federal, state or local statutes, ordinances and regulations, any amendments to or recodification of the aforementioned laws, and other binding rulings applicable to public schools in the State.
 - 1.3. **Program.** The Program is the District's public online educational and blended offerings as agreed to in Exhibit C, collectively known as the K12 Blended Programs or any substantially similar program names. For the 2018-19 school year, the Program students will be enrolled in and considered as students in existing GCSC schools, for the purposes of report. For the 2019-2020 School Year and beyond, GCSC may, at its sole discretion, establish separate schools in which the Program Students would be enrolled.
 - 1.4. **Program Funding.** Program funds are all funds and income generated or appropriated for and received by or on behalf of the District as attributed to any Student or the Program which includes, but is not limited to, the following sources as applicable: state and local per-pupil basic education funds and other public school state and local funding; Special education funding, tax benefit disbursements, federal funds specific to the Program and/or its students; other funding including, but not limited to, Title I of the Elementary and Secondary Education Act of 1965, as amended (20 U.S.C. §6301 *et seq.*, as amended); State provided facility funding and other income or revenue sources provided by law and obtained by the District and/or K12 which are not specifically excluded herein and all contributions and grants received by or on behalf of the Program and granted as a matter of right and/or practice or through competitive and non-competitive grant processes, which are to assist in the improvement of the facility, the implementation or maintenance of the Program operations.
 - 1.5. **Not used.**
 - 1.6. **State.** The State is Indiana.
 - 1.7. **Student.** A Student is any student enrolled and/or otherwise taking course(s) in the Program or previously enrolled, including those pupils who have withdrawn.
 - 1.8. **Student Support Staff.** Student Support Staff is defined as any position that provides direct services to the Program and its Students which may include a Guidance Counselor, Academic Coach or similar positions.
 - 1.9. **Teachers.** Teachers shall mean the Student's instructional staff including master and lead teachers and lab attendants, if any.

1.10 **Budget:** It will be the responsibility of the District to maintain an accurate budget to calculate costs associated with the Program.

2. K12 PRODUCTS AND SERVICES.

2.1. **Scope of Work.** K12 shall supply the Products and Services, described in Exhibit A, all in accordance with the terms of this Agreement and the Specifications, within the time frames and milestones as set forth herein.

2.1.1. **K12 Products.** During the Term, K12 and Affiliates shall license to the District solely for use in the Program, on a non-exclusive, non-assignable, non-sublicensable basis the products and offerings as described in Exhibit A, including curriculum and access to a learning management system (collectively the "Products"). During the Term, the Parties may agree upon K12 and Affiliates licensing additional products (e.g., new curriculum, supplementary curriculum, and/or educational programs) beyond those listed in Exhibit A. Provision of additional (optional) products shall be commenced following execution by Parties of an Addendum to Exhibit A and shall be governed by the terms of this Agreement unless otherwise agreed in the Addendum. Each student, parent or other visitor or user of any web site owned or operated by K12 or its Affiliates are also subject to the Terms of Use and Privacy Policy on the K12 web site.

2.1.2. **K12 Services.** During the Term, K12 and Affiliates shall provide to the District solely for the Program those educational services that K12 determines are necessary to deliver the products including course-related hosting services as generally described in Exhibit A, (the "Services"). During the Term, the Parties may agree upon K12 and Affiliates providing the District with additional (optional) services revised, altered or changed services some of which are described, with costs, listed in Exhibit A. Provision of such additional (optional), revised, altered, or changed services shall be commenced following execution by both Parties of an Addendum to Exhibit A and shall be governed by the terms of this Agreement unless otherwise agreed to in the executed Addendum.

2.1.3. **Alterations and Change.** The District reserves the right, without impairing K12, to require additional services, to omit, cancel or eliminate Products or Services set forth in this Agreement and to make other changes and alterations as necessary or desirable, in the District's judgment, to satisfactorily complete the project contemplated by this Agreement. K12 shall perform such changed, additional, increased, decreased, varied or altered obligations upon written notice to that effect from the District. Compensation for such alterations or changes will be made on such basis as may have been agreed to in writing by the parties, or in the case no such agreement has been made, a fair and equitable allowance shall be made with respect to compensation due K12 and set forth in writing to K12. Except as may be otherwise provided in this Agreement, no payment for extras (listed in Price List) will be made unless such extras and the compensation to be paid therefor have been authorized in writing by the District.

2.2. **Place of Performance.** Performance of Services is required to be rendered on the District's premises, if any, unless specifically stated in Exhibit A. Notwithstanding the foregoing, the Program, will, at no cost, use adequate instructional space ("Facilities") located at the Gary Area Career Center and provide for storage of the academic records of the Program, for testing for the Program's students and for face-to-face instructions or meetings that are related to the Program. All K12-owned equipment within facilities shall continue to remain the property of K12. K12 will provide District with an inventory list of equipment on the Effective Date of this Agreement. The District will remain responsible for all facility-related costs and expenses

2.3. Standards of K12 Performance.

2.3.1. K12 Compliance. K12 will provide the Products and Services set forth in this Agreement and any amendments hereto in accordance with Applicable Law and District policies made known to K12 in writing and relating to the Program. Subject to Section 3, K12 shall also comply with changes in District policies applicable to the Program within thirty (30) days of receipt of written notice and a copy thereof; however, Program Policies (as defined in section 3.3) shall be adopted in accordance with Section 3.3 and District policies cannot and do not revise, amend or create additional rights or obligations to either Party of this Agreement, except as may be agreed to by both Parties in a written amendment hereto.

2.3.2. Confidentiality of Records/FERPA. The District shall ensure that K12 has the right to access personnel, financial and student data related to the Program in compliance with FERPA. As such, K12 will maintain the confidentiality of Program personnel, student and other records in accordance with the requirements of Applicable Law. The District recognizes and agrees that for purposes of the Family Educational Rights and Privacy Act of 1974, 20 U.S.C. § 1232g; 34 CFR Part 99 (“FERPA”) and the State Access to Public Records Act (IC § 5-14-3 *et seq.*), K12 has a legitimate educational interest for purposes of the District disclosing a student’s educational records to K12. The District shall define “school officials” and “legitimate educational interest” as permitted by FERPA, broadly enough to permit the provision of the Products and Services hereunder.

2.3.3. Licensure or Other State Requirements. Except as otherwise provided in this Agreement, K12 will comply with all applicable licensure, reporting or other requirements of the State and any regulations promulgated thereunder.

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

3. DISTRICT RESPONSIBILITIES.

3.1. Special Education. Pursuant to Applicable Law including the Individuals with Disabilities Education Act (“IDEA”, 20 U.S.C. 1400), the District as the Local Education Agency is responsible for providing the required special education and related services to Special Education Students enrolled in the Program. The District shall be responsible to defend all due process claims brought by students enrolled in the program related to the placement and provision of services to any students with special education needs.

3.2. ELL and 504. Pursuant to Applicable Law including Title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000 *et seq.*), the Equal Educational Opportunities Act (20 U.S.C. 39) and Title III of the Elementary and Secondary Education Act, as amended by the Every Student Succeeds Act (20 U.S.C. 28 and 70), the District as the Local Education Agency is responsible for providing the required educational and related services to English Language Learners (“ELL”) and students under Section 504 of the Rehabilitation Act of 1973 (“504”), as amended. The District shall be responsible to defend all due process claims brought by students enrolled in the program related to the placement and provision of services to any students with ELL and 504 needs.

3.3. Payment Obligations and Responsibilities. The District shall be responsible for all Program expenses in accordance with the rates and conditions set forth in this Agreement.

- 3.4. Program Management and Facility. As between the parties, the District shall be responsible for managing the Program to include overseeing the Program's quality and operational performance, creating and adopting the program's policies, fulfilling all Applicable Law reporting requirements and providing a facility that will adequately and safely house the Program. The students who participate in the Program will be considered students of the Gary Community School Corporation.
- 3.5. Program Policies. The District shall provide K12 with all written Program policies (and amendments) that impact K12's obligations in a timely manner.
- 3.6. Program Related Correspondence. The District shall provide K12 with any relevant correspondence, reports, documents and other findings that are related or may have an impact on the Program and/or K12's obligations herein. Such Program related correspondence includes, but is not limited to, District resolutions and reports, State audit preliminary and final reports, findings and correspondence and any reports, financial or otherwise, submitted to a State regulatory body.
- 3.7. District Compliance. The District will perform its obligations under this Agreement and shall comply with, and govern itself in a manner consistent with, the requirements of Applicable Law.
4. FINANCIAL MATTERS.
- 4.1. Exclusivity. K12 shall be the sole provider of the Products and Services for the Program described in this agreement unless otherwise waived in writing by an authorized officer of K12. Nothing within this provision, however, shall be construed to preclude the District in the exercise of its fiduciary obligations to operate the District. Nothing in this agreement provides K12 any authority with the District accept the authority given in relations to the Program.
- 4.2. Program Audit. K12, in collaboration with the District, will arrange for an independent audit of the Program's financial statements. The cost of such audit shall be a Program Expense. The District will be responsible for selecting the auditor.
5. TERM OF AGREEMENT.
- 5.1. Term. This Agreement will become effective upon the date of full execution by the Parties for commencement on August 1, 2018 ("Effective Date") and will terminate on June 30, 2020 ("Initial Term") unless sooner terminated under the Section 10 of this Agreement.
- 5.2. Renewal. Following the Initial Term, the District will provide notice to K12 to utilize an option year by May 1 of the prior school year. Up to two option years may be considered "Renewal Term(s)". The Initial Term and any Renewal Terms will be referred to collectively as the "Term".
- 5.3. Pricing. The District shall pay K12 for its Products and Services, in accordance with the prices set forth in Exhibit A and C. Payments shall be made in accordance with Section 6 below. If the District enters into Addendums with K12 for optional services set forth in Exhibit A and Exhibit C, those optional services will be provided in accordance with the prices set forth in Exhibit A and Exhibit C.
6. PAYMENTS.

- 6.1. Invoices. K12's Products and Services costs shall be invoiced by K12 or its Affiliates on a monthly basis, or as otherwise set forth herein. All invoices shall be due and payable forty-five (45) days from receipt. All payments made hereunder will be made to K12 (or its designated Affiliate) at the address set forth in the invoice.
- 6.2. Charges. Charges, prices and fees ("Charges") are as set forth in this Agreement, or as otherwise agreed upon in writing by the Parties, unless modified as set forth in this Agreement. Except as expressly provided in this Agreement, K12 and the District shall each bear all of its own expenses arising from the performance of its obligations under this Agreement, including (without limitation) expenses relating to personnel, facilities, utilities, equipment, supplies, clerical and the like.
- 6.3. Payment Disputes. District shall pay undisputed Charges when such payments are due under this Agreement. However, District may withhold payment of Charges that District disputes in good faith subject to the condition precedent within 45 days of the date of the invoice District notifies K12 of such disputed amount and the basis for District's dispute together with any appropriate information supporting District's position. If District withholds any disputed Charges, District shall pay the undisputed portion of Charges when due. Neither the failure to dispute any Charges or amounts prior to payment nor the failure to withhold any amount shall constitute, operate or be construed as a waiver of any right District may otherwise have to dispute any Charge or amount or recover any amount previously paid.
- 6.4. Taxes. K12 is not responsible for any taxes or third-party charges related to the District's activities, or the ownership or operation of the Program. Without limiting the foregoing, the District agrees to pay any sales, use, property, excise, value-added, or other similar taxes, if any, imposed by Applicable Law, except for taxes based on K12's income. For the avoidance of doubt, all fees for the Products and Services and any optional Products and Services are exclusive of such taxes. To the extent the Program is exempt from sales and use taxes imposed by state and local government, the District must provide K12 with its exemption certificates or other proof of tax-exempt status. Each Party shall provide and make available to the other any resale certificates, information regarding out of state or out-of-country sales or use of equipment, materials or services, and other exemption certificates or information reasonably requested by either Party.
- 6.5. Modifications to Charges. Where a change in an established Charge for any of the maintenance and support or time and material Services is provided for in this Agreement, K12 shall give to District at least ninety (90) days' prior written notice of such change. Any increase in a Charge shall not occur during the first twelve (12) months of this Agreement, or during the specified period for performance of Services, whichever period is longer. Thereafter, any increase in a Charge shall (a) not occur unless minimum of twelve (12) months has elapsed since the effective date of the previously established Charge, and (b) in no event shall the aggregate of such increase(s) in any annual term of this Agreement exceed the previous year's Charge by the lesser of either (i) 3% percent or (ii) the percentage change in the Consumer Price Index for the U.S. City average as compiled and calculated by the Bureau of Labor Statistics of the United States Department of Labor, in "Consumer Price Index, All Urban Consumers" (or its appropriate successor Index) for the year immediately preceding the effective date of such increase. If the District disagrees with the increase in Charge, the District has the option to terminate the agreement as specified in Section 10.
- 6.6. Set Offs. The District shall not have the right to set off, in whole or in part, against any obligation it owes to K12 or its Affiliates under this Agreement, amounts owed by K12 or its Affiliates to the District.
7. PERSONNEL SUPPORTING THE PROGRAM.

- 7.1. K12 Administrative Program Staff. K12 may employ and determine with the approval and input of the District the employment terms for administrative personnel who may include a Principal/Head of School (“HOS”) or equivalent administrative staff position, and such other staff, as K12 deems necessary to deliver the Educational Products and Services described in this Agreement. The responsibilities and performance of K12’s staff will be consistent with Applicable Law. Such administrative personnel may be assigned to the Program on a full- or part-time basis. K12 will have the sole authority to select, supervise, compensate and determine compensation, evaluate, transfer, promote, discipline and dismiss its staff members. The District will be able to provide input regarding K12 Administrative Program Staff which K12 must consider. In the event that there is any breakdown in communication between K12 Administrative Program Staff and the District, the District shall notify K12 and make its recommendation to resolve the break down in communication.
- 7.2. Program Teachers and Student Support Staff. K12 shall employ and be ultimately responsible for the Teachers and Student Support Staff for the Program to deliver the Educational Products and Services hereunder, except in limited circumstances where K12 deems it reasonably necessary for the District to employ such staff. The Teachers and Student Support Staff personnel shall be State certified or possess the necessary credentials, qualifications, background and conduct checks to the extent required by Applicable Law. K12 shall provide the District with the names, license credentials and any information requested by the District for all Program Teachers and Student Support Staff hired by K12 for the Program.
- 7.3. Complaints About K12 Staff. If the District is dissatisfied or concerned about the job performance of a K12 staff member assigned to the Program, the District shall discuss the matter first with the HOS or its equivalent. In the event the District has a concern or is not satisfied with the HOS’ job performance, the District will provide K12 official written notice pursuant to this Agreement and set forth the specific issues and requested action with supporting documentation and K12 shall review such request and respond in a timely manner.
- 7.4. Complaints About District Staff. If K12 is dissatisfied or concerned about the job performance of any of the District’s staff assigned to the Program, K12 shall discuss the matter first with the District administration. In the event K12’s concern remains after discussions with the District administration, K12 will provide the District administration official written notice pursuant to this Agreement and set forth the specific issues and request action with supporting documentation and the District shall review such request and respond in a timely manner.
- 7.5. Determination of Employer Entity. The Parties anticipate that, except as otherwise required by Applicable Law, the HOS and other administrative personnel will be provided by K12.
- 7.6. Background Investigations on K12 Employees. As part of its Administrative Services, K12 will be responsible for arranging for criminal background checks to be conducted on its employees assigned to the Program to the extent required under Applicable Law and will maintain documentary evidence that it has done so. Upon the District’s request, K12 will provide the District with documentary evidence of its compliance, subject to any privacy restrictions or confidentiality requirements imposed by Applicable Law.
- 7.7. Background Investigations on the District and District Employees. The District shall be responsible for conducting criminal background checks required by Applicable Law on its Board members, employees and staff. District shall maintain evidence that it has performed such actions.

8. RELATIONSHIP OF THE PARTIES.

- 8.1. Status of the Parties. K12 is not a division or any part of the District. The District is a body corporate authorized under State law, governed by DUAB and is not a division or a part of K12. The relationship between the Parties was developed and entered into through arms-length negotiations and is based solely on the terms of this Agreement. The Parties are independent contractors. Nothing herein will be construed to create a partnership or joint venture by or between the District and K12. Neither Party will be the agent of another except to the extent otherwise specifically provided by this Agreement where K12 is authorized to take action on behalf of the District. The District and its employees or representatives will in no case represent to third parties, and will whenever needed disclaim to such parties, any ability to bind K12 to any duty imposed by contract, other than this Agreement or as otherwise agreed in writing by K12.
- 8.2. No Related Parties or Common Control; Certain Permitted Participations. Except as contemplated by this Agreement or any agreement between the District and any Affiliate with respect to the provision of services described hereunder, K12 will not have any role or relationship with the District that, in effect, substantially limits the District's ability to exercise its rights, including termination rights, under this Agreement. None of the District's decisions shall be vested in K12 or its directors, trustees, members, managers, officers, Shareholders, or employees, and none of the voting power of K12's board of directors or Shareholders of K12 shall be vested in the District's directors, trustees, members, managers, officers, shareholders, or employees. The District agrees to take such action as is necessary to permit employees or agents of K12 to have a nonvoting presence at the District meetings during the Term of this Agreement.

9. OTHER SCHOOLS. The Parties acknowledge that K12 and its Affiliates will have the right to render similar services and provide similar products to other persons or entities including, but not limited to, other public or private schools, institutions or districts within and outside of the State.

10. TERMINATION. The Agreement may be terminated as follows:

- 10.1. Nonpayment. K12 may terminate this Agreement if District fails to pay when due any undisputed amounts due and such failure continues for a period of thirty (30) days after the last day payment is due, so long as K12 gives District no less than ten (10) days' written notice of the termination.
- 10.2. Default.
- 10.2.1. Events of Default. An Event of Default is any of the following:
- 10.2.1.1. Failure or breach of any warranty or representation set forth in this Agreement such that the defined warranty remedy fails in its essential purpose.
- 10.2.1.2. Failure to timely perform any written, material duty, obligation or undertaking required by this Agreement.
- 10.2.1.3. Ceasing to conduct business in the normal course, insolvency, the making of a general assignment for the benefit of creditors, suffering or permitting the appointment of a receiver or similar officer for its business or assets or availing itself of, or becoming subject to, any proceeding under the Federal Bankruptcy Act or any federal or state statute relating to solvency or the protection of rights of creditors.

- 10.2.1.4. Failure to meet 20% of the targets established in Exhibit D.
- 10.2.2. Remedies. In the Event of Default, the non-defaulting party may demand such default be cured within thirty (30) days. If such default is not so cured, then the non-defaulting party may, without further notice, take any or all, or any combination of the following actions:
- 10.2.2.1. In the case of the District, immediately terminate this Agreement without obligation to pay amounts incurred by the District after the date of the termination. In the case of the K12, immediately terminate this Agreement without further obligation to the District.
- 10.2.2.2. Cover such default by obtaining performance from a third party or performance on the part of non-defaulting party and seek recovery of the costs of such performance from the defaulting party, subject at all times to the non-defaulting party's duty to mitigate damages.
- 10.2.2.3. Exercise any other right or remedy which may be available under this Agreement, at law or in equity.
- 10.2.3. Failure to Exercise Remedy. The remedies set forth above are cumulative, but the non-defaulting party is under no obligation to exercise any such remedy. The exercise of, or failure to exercise, any such remedies shall not prevent any future exercise of the same or any other remedies, or release the defaulting party from its obligations under this Agreement.
- 10.3. Continuity of Services. In the event this Agreement expires or is terminated, the District and K12 shall wind up the affairs of the Program, including any final audit, phase out of services, transfer of records, and withdrawal of students, in a prompt manner not to exceed thirty (30) days beyond expiration or termination.
- 10.4. Change in Applicable Law. If any change in Applicable Law enacted after the date hereof could reasonably be expected to have a material adverse effect on the ability of any Party to carry out its obligations under this Agreement, such Party, upon written notice to the other Party (which notice may be given at any time following enactment of such change in Applicable Law, whether or not such change is effective on the date of such enactment or is effective at a later date), may request renegotiation of this Agreement. Such renegotiation will be undertaken in good faith. If the Parties are unable to renegotiate and agree upon revised terms within one hundred twenty (120) days after such notice of renegotiation, then this Agreement will be terminated effective at the end of the school year in which such notice was given, unless earlier termination is necessary to protect the health, welfare or safety of students.
11. TERMINATION EFFECTS. Effects of termination are as follows:
- 11.1. Outstanding Payments Due. The District shall owe for all products and services rendered to include the Products and Services costs, in accordance with this Agreement for the period up to and including the current school year of the termination or expiration of this Agreement. Termination does not relieve the District of obligations for payments outstanding, if any, that are due and payable to K12 or its Affiliates as of the date of termination. If the District does not timely pay charges that have not been timely disputed under Section 6.3., then the District agrees to pay interest as outlined in IC 5-17-5 (a rate of 1% per month) on any unpaid balance from the due date. Notwithstanding anything to the contrary in this Agreement, the District shall pay K12 for all Products and Services

rendered to include the Products and Services costs and is not relieved of obligations for payments outstanding, if any, that are due and payable to K12 or its Affiliates for all Products and Services rendered.

- 11.2. Return of Equipment. Non-consumable K12-provided equipment, if any, is to be returned upon termination or expiration of this Agreement. Extremely damaged (unusable) and unreturned K12 equipment may be invoiced to the District, in K12's reasonable discretion, at the cost to replace the equipment and materials.
- 11.3. Fees Owed. In the event this Agreement terminates as provided for herein, or it expires pursuant to its terms, and unless otherwise agreed by the Parties in writing, the District shall owe for all Products provided and Services rendered in accordance with this Agreement for the period up to and including then current Fiscal Year of the termination or expiration.

12. INTELLECTUAL PROPERTY RIGHTS.

- 12.1. Proprietary Materials. The District acknowledges and agrees that K12 has the right to license (or sublicense as the case may be) certain intellectual property rights and interests in and to K12 and its Affiliate's (and respective licensor's) intellectual property, including but not limited to curriculum, trade secrets, know-how, proprietary data, documents and written materials in any format, artwork, graphics, charts, software, licenses, marketing materials, Program authorization application, presentations and related petitions and documents, Program name, website design and domain numbers and names including those registered by K12 and/or for K12, its Affiliates and the Program and other materials created for the Program, and curricular materials and any and all customizations and derivative works thereof (collectively, "K12 Proprietary Materials"). The District further acknowledges and agrees that: (i) it has no intellectual property interest or claims in the K12 Proprietary Materials or any customizations and derivative works thereof or any other materials created for use in connection with the K12 Proprietary Materials, (ii) it has no right to use the K12 Proprietary Materials unless expressly agreed to herein by K12, and (iii) K12 and its Affiliates (and respective licensors as the case may be) own all intellectual property rights in and to the K12 Proprietary Materials.
- 12.2. License of K12 Proprietary Materials. K12 hereby grants the District a royalty-free, non-exclusive, non-transferable sub-license, during the Term and for a period of thirty (30) days following the expiration or earlier termination of this Agreement, to use and distribute the K12 Proprietary Materials solely in connection with the Program operations as contemplated in this Agreement. Notwithstanding the foregoing, the District shall not: (i) modify or otherwise create, or permit third parties to modify or otherwise create, derivative works from or using the K12 Proprietary Materials, (ii) sublicense any rights under this Agreement without the advance written approval of K12, which approval may be withheld by K12 in its sole discretion, or (iii) frame any website owned by K12. Upon the termination of such license, the District will cease use of the K12 Proprietary Materials, and will return all K12 Proprietary Materials to K12 promptly, including those in the possession of the District, Teachers, District employees and Students participating in the Program.
- 12.3. Rights of K12 in K12 Proprietary Marks. The District acknowledges and agrees that, as between the District and K12, K12 (and its applicable Affiliates) owns and shall maintain all intellectual property rights, title and interest, including any goodwill, in and to K12 and its Affiliate's trademarks, service marks, trade dress and trade names including the Program name(s), Program logo(s) and related marks and trade dress and the K12 mark, K12 (& Design) and as may be featured in Exhibit B (collectively, "K12 Proprietary Marks"). The District further acknowledges and agrees that it has no intellectual property interest or claims in the K12 Proprietary Marks any

customizations and derivative works thereof or any other materials created for use in connection with the K12 Proprietary Marks and has no right to use the K12 Proprietary Marks except in the limited capacity as set forth in the Section immediately below or unless expressly agreed to in writing in advance by K12, which agreement K12 may withhold in its sole discretion.

- 12.4. License of K12 Proprietary Marks. K12 hereby grants the District a royalty-free, non-exclusive, non-transferable sublicense, during the Term and for a period of thirty (30) days following the expiration or earlier termination of this Agreement, to use the K12 Proprietary Marks relating to the Program solely in connection with the operations of Program as contemplated in this Agreement. Notwithstanding the foregoing, the District will not be permitted to sublicense any rights under this Agreement without the advance written approval of K12, which approval may be withheld by K12 in its sole discretion. Upon the termination of such license, the District will cease use of the K12 Proprietary Marks.
- 12.5. Limitations on Use of K12 Proprietary Materials and K12 Proprietary Marks. The District will use the K12 Proprietary Materials and the K12 Proprietary Marks only as provided in this Agreement. Notwithstanding the foregoing license rights, the District also agrees not to not alter, copy, disassemble, reverse engineer or modify the K12 Proprietary Materials and/or the K12 Proprietary Marks in any way, nor will the District act or permit action in any way that would impair the rights of K12 in them. The District's authorized use will not create any right, title, or interest in or to the K12 Proprietary Materials or the K12 Proprietary Marks any customizations and derivative works thereof or any other materials created for use in connection with the foregoing. K12 will have the right to monitor the quality of the District's use of the K12 Proprietary Materials and the K12 Proprietary Marks, and the District will notify K12 promptly in writing of any known infringement thereof and of any use of K12's Intellectual Property (including the K12 Proprietary Materials, and/or the K12 Proprietary Marks) by an unauthorized party, other than set forth or contemplated by this Agreement, of which the District becomes aware. K12 and the District agree to reasonably assist each other in pursuing measures to prevent further use of K12's Intellectual Property by said unauthorized party. Any references to or use of the K12 Proprietary Materials or the K12 Proprietary Marks by the District will contain the appropriate trademark, copyright or other legal notice provided from time to time by K12 and will be subject to additional trademark usage standards developed by K12 and modified from time to time by K12 with advance notice in writing. Moreover, to the extent the District has established any rights, title or interest in the K12 Proprietary Materials or K12 Proprietary Marks, the District hereby assigns and transfers to K12, its successors and assigns, all of the District's right, title and interest in and to such intellectual property, together with the goodwill of the business symbolized by any of the K12 Proprietary Marks and the right to sue and collect damages and/or profits for past infringements of the such marks.
- 12.6. Publicity/Press Release. K12 may use the District's name and Program references in a listing of new, representative or continuing schools in press releases, on its website, or in other marketing materials or dissemination of information. The Parties may agree to cooperate in joint marketing activities or in issuing a joint press release at the request of either of them, subject to prior written consent and approval of the form and substance of both the District and K12.

13. LIMITS ON LIABILITY AND DAMAGES.

- 13.1 LIMIT OF LIABILITY. K12'S MAXIMUM LIABILITY AND OBLIGATION TO THE DISTRICT AND THE DISTRICT'S EXCLUSIVE REMEDY FOR ANY CAUSE WHATSOEVER, REGARDLESS OF THE FORM OF ACTION, WHETHER IN CONTRACT OR IN TORT, INCLUDING NEGLIGENCE, RELATING TO THIS AGREEMENT SHALL BE LIMITED TO THE RECOVERY OF ACTUAL DIRECT DAMAGES UP TO THE AMOUNT OF FEES PAID UNDER THIS AGREEMENT IN THE PRIOR SIX (6) MONTHS.

13.2 CONSEQUENTIAL DAMAGES. EXCEPT IN CONNECTION WITH ITS INDEMNITY OBLIGATIONS EXPRESSLY SET FORTH HEREIN, NEITHER PARTY SHALL BE LIABLE FOR ANY INDIRECT, EXEMPLARY, PUNITIVE, SPECIAL, INCIDENTAL OR CONSEQUENTIAL DAMAGES, INCLUDING, WITHOUT LIMITATION, ANY LOST SAVINGS, LOST PROFITS, LOST SALES, BUSINESS INTERRUPTIONS, DELAY DAMAGES, DAMAGES FOR THIRD PARTY CLAIMS, LOST OR DESTROYED DATA, EVEN IF THAT PARTY HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES. NEITHER OCCASIONAL SHORT-TERM INTERRUPTIONS OF SERVICE OR PRODUCTS, WHICH ARE NOT UNREASONABLE UNDER COMPARABLE INDUSTRY STANDARDS OR INTERRUPTIONS OF SERVICE OR PRODUCTS RESULTING FROM EVENTS OR CIRCUMSTANCES BEYOND K12'S REASONABLE CONTROL SHALL BE CAUSE FOR ANY LIABILITY OR CLAIM AGAINST K12 HEREUNDER, NOR SHALL ANY SUCH OCCASION RENDER K12 IN BREACH OF THIS AGREEMENT.

14. ASSIGNMENT. Except as otherwise provided in this Agreement, no Party may assign or delegate any rights or obligations under this Agreement without the prior written consent of the other Parties provided. K12 may assign, with prior written consent of the District, all of its rights and obligations under this Agreement to any Affiliate, acquirer, or successor in interest to the extent not otherwise expressly prohibited by Applicable Law. K12 may delegate the performance of its duties hereunder to any person, contractor, entity, or Affiliate but K12 shall be responsible for the performance, in accordance with the terms of this Agreement, of any services performed by its delegates.

15. INDEMNITY. The Party charged with indemnifying and/or defending under this provision (the "Indemnifying Party") shall conduct the defense in any such third party action arising as described herein and the Party claiming the benefits of this Section 15 (the "Indemnified Party") promises to cooperate with such defense, provided the Indemnifying Party reasonably consults with the Indemnified Party on any settlement (subject to the consent requirement in the last sentence of this paragraph). Notwithstanding the foregoing, the Indemnified Party may, at its own expense, assist in such defense if it so chooses, provided that the Indemnifying Party shall be entitled to control such defense and all negotiations relative to the settlement of any such claim. Any settlement that would admit any liability on the part of the Indemnified Party shall require such Indemnified Party's prior written consent.

15.1. Indemnification of the District. K12 will indemnify, defend, and save and hold the District and all of its employees, officers, directors, trustees, subcontractors, and agents, their respective successors and permitted assigns, harmless against any and all claims, demands, suits, or other forms of liability including without limitation costs and reasonable attorneys' fees (each a "Claim") that may arise out of, or by reason of, any (a) breach of any expressed representation or warranty, covenant or agreement made or to be performed by K12 pursuant to this Agreement, (b) noncompliance by K12 with any Applicable Law in connection with the District's operations, but excluding any Claims that arise from conduct undertaken in accordance with the District's instructions, procedures or written policies, except where such instructions arise from and are in accordance with specific advice or explicit recommendations formally provided by K12, and (c) act or omission of K12 or any of its employees, officers, directors, trustees, subcontractors or agents in connection with the District's operations that results in injury, death, or loss to person or property, except to the extent any Claims arise out of actions or omissions of the District. K12 and its Affiliates shall not be liable for any Claims related to the enrollment, placement and provision of services to any Students with special education needs.

15.2 Indemnification of K12. The District will indemnify, defend, and save and hold K12 and its Affiliates and all of their respective employees, officers, directors, trustees, subcontractors, and

agents, their respective successors and permitted assigns, harmless against any and all Claims that may arise out of, or by reason of, any (a) breach of any expressed representation or warranty, covenant or agreement made or to be performed by the District pursuant to this Agreement, (b) noncompliance by or on behalf of the District with any Applicable Law in connection with District's operations, (c) act or omission of the District or any of its employees, officers, directors, trustees, subcontractors or agents in connection with the District's operations that results in injury, death, or loss to person or property except to the extent any Claims arise out of actions or omissions of K12, and (d) for any Claims that are related to the District's action or inaction with respect to the enrollment, placement and provision of services to any Students with special education needs, not prohibited by law.

15.3 Indemnification Procedures.

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

15.3.2. Defense and Settlement of Claims. Each Indemnified Party seeking indemnification hereunder will permit the Indemnifying Party (at the expense of the Indemnifying Party) to assume the defense of such Claim, provided, that (i) counsel for the Indemnifying Party who will conduct the defense of such Claim must be reasonably satisfactory to such Indemnified Party and (ii) such Indemnified Party may participate in such defense at such Indemnified Party's expense. Except with the prior written consent of the Indemnified Party seeking indemnification hereunder, the Indemnifying Party, in the defense of any Claim, will not consent to entry of any judgment or enter into any settlement. In the event that any Indemnified Party seeking indemnification hereunder has been advised by counsel for the Indemnifying Party that such Indemnified Party may have available to it one or more defenses or counterclaims that are different from, or in addition to, one or more of those that may be available to the Indemnifying Party in respect of such Claim and, in such counsel's reasonable opinion, such counsel could not assert such defenses or counterclaims without creating a conflict of interest, such Indemnified Party will have the right to take over and assume control over the defense of such claim at the sole cost of the Indemnifying Party, provided that if such Indemnified Party does so take over and assume control, such Indemnified Party will not settle such claim without the written consent of the Indemnifying Party. In the event that the Indemnifying Party does not accept the defense of any matter as above provided, the Indemnified Party seeking indemnification hereunder will have the right to defend against such Claim, provided that such Indemnified Party will not settle such Claim without the written consent of the Indemnifying Party. In any event, any Indemnified Party seeking indemnification hereunder and the Indemnifying Party will cooperate in the defense of any claim subject to this Section entitled "Indemnification".

16. INSURANCE.

16.1. Liability Coverage. K12 will initiate and maintain for a period of two (2) years after the expiration or termination of this Agreement, at its own expense, comprehensive professional and general liability insurance, including product liability, contractual liability (applicable to the indemnification obligations of the said Party set forth herein), and advertising injury insurance, with reputable and financially secure insurance carriers to cover the operations of the said Party,

for not less than \$5,000,000 (combined single limit for bodily injury and property damage per occurrence and in the aggregate). Such insurance required by the District (excluding D&O and E&O insurance) will include K12 and its Affiliates and their respective trustees, directors, officers, employees, contractors and agents as additional insureds within thirty (30) days after the date of this Agreement. Such insurance required by K12 (excluding D & O and E & O insurance) will include the District and its respective trustees, directors, officers, employees, contractors and agents as additional insureds within thirty (30) days after the date of this Agreement. K12's insurance will be written to cover claims incurred, discovered, manifested, or made during or after the Term.

- 16.2. Evidence of Insurance. K12 will furnish a certificate of insurance evidencing such coverage to the District within five (5) days of a written request by a Party. The Parties will endeavor to provide thirty (30) days' advance written notice to the other Party of any cancellation or material adverse change to such insurance.
- 16.3. Insurance Coverage. The District is currently self-insured in regards to general liability issues. The District is currently covered by the Indiana Tort Claims Act which limits liability for political subdivisions. The District shall continue to maintain its self-insurance and process any and all claims regarding general liability as it has done historically through being self-insured. K12's insurance will be primary coverage.
- 16.4. Workers' Compensation Insurance. The Parties will initiate and maintain workers' compensation insurance for its respective employees working at or for the Program, as required by Applicable Law.
- 16.5. Cooperation. All Parties will comply with any information or reporting requirements required by the other Party's insurer(s), to the extent reasonably practicable.

17. REPRESENTATIONS AND WARRANTIES.

- 17.1. Representations and Warranties of K12. K12 hereby represents and warrants to the District:
- 17.1.1. Organization and Good Standing. K12 is a company duly organized, validly existing, and in good standing under the laws of the State of Delaware and is a wholly owned subsidiary of K12 Inc.
- 17.1.2. Power and Authority; Authorization; Binding and Enforceable Agreement. K12 has full limited liability company power and authority to execute and deliver this Agreement and to perform its obligations hereunder. This Agreement has been duly authorized and executed by K12 and constitutes the valid and legally binding obligation of K12, enforceable against K12 in accordance with its terms, except as such enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance, and other laws of general applicability relating to or affecting creditors' rights and by general principles of equity.
- 17.1.3. Professional Services. K12 warrants that the Services will be performed in a professional and workmanlike manner in accordance with commercially reasonable industry standards, and deliverables, if any, will materially comply with the agreed upon functional specification set forth in the applicable Exhibit A, if used in a manner consistent with the conditions for which it was designed. THE FOREGOING WARRANTIES MADE BY K12 IN THIS SECTION (AND ITS SUBSECTIONS) ARE IN LIEU OF ALL OTHER WARRANTIES, EXPRESS, IMPLIED, STATUTORY OR OTHERWISE, INCLUDING,

BUT NOT LIMITED TO, ANY IMPLIED WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE AND K12 AND ITS AFFILIATES MAKE NO GUARANTEES AS TO THE RESULTS OR ACHIEVEMENTS OF THE STUDENTS. WITHOUT LIMITING THE FOREGOING, K12 MAKES NO GUARANTEES AND SHALL NOT BE LIABLE FOR NON-ACCESSIBILITY OF THE K12 WEBSITE, END-USER CONNECTION SPEED OR CONNECTIVITY PROBLEMS.

- 17.1.4. Non-Conformities. The foregoing warranties shall not apply to defects or non-conformities: (a) resulting from software, hardware or interfacing not supplied by K12, its Affiliates or authorized contractors; or (b) resulting from inadequate or improper maintenance, modification, storage or usage of the K12-provided materials by the District, its employees or Students. In addition, the foregoing warranty shall not apply to requirements not expressly included in this Agreement.
- 17.2 Representations and Warranties of the District. The District hereby represents and warrants to K12:
- 17.2.1. Organization and Good Standing. The District is a public school system duly organized, validly existing, and in good standing under the laws of the State of Indiana.
- 17.2.2. Power and Authority; Authorization; Binding and Enforceable Agreement. The District has full power and authority to execute and deliver this Agreement and to perform its obligations hereunder. This Agreement has been duly authorized and executed by the District and constitutes the valid and legally binding obligation of the District, enforceable against it in accordance with its terms and conditions, except as such enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance, and other laws of general applicability relating to or affecting creditors' rights and by general principles of equity.
- 17.2.3. Authority Under Applicable Law. The District has the authority under Applicable Law to: (i) contract with a management company to obtain the Services and all other programs and services under this Agreement; (ii) to execute, deliver, and perform this Agreement; and (iii) to incur the obligations provided for under this Agreement.
- 17.2.4. Non-Contravention. The execution, delivery and performance of this Agreement by the District will not constitute, under any other agreement, note, lease, or other instrument to which the District is a party or by which it or any of its assets is bound, any violation, breach or event of default by the District or any other party thereto.
- 17.2.5. Provision of Authority to K12. The District has provided and will provide K12 with all authority and power necessary and proper for K12 to undertake its responsibilities, duties, and obligations provided for in this Agreement.
- 17.2.6. Program Authorization. The Program has been duly approved in accordance with Applicable Law. The District will use best efforts to renew any approvals required for the Program during the Term. The District shall ensure that K12's authorized designee (as delegated by the EVP of School Services) is involved in any renewal or modifications of any third-party agreements, including collective bargaining agreements, that may impact this Agreement and that K12 is provided with copies of all such final documents to the extent not precluded by Applicable Law.

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

For K12:

K12
ATTN: EVP of School Services
2300 Corporate Park Drive, Suite 200
Herndon, Virginia 20171
Phone: (703) 483-7000
Fax: (703) 483-7330

With Copy To:

K12
ATTN: General Counsel
2300 Corporate Park Drive, Suite 200
Herndon, Virginia 20171
Phone: (703) 483-7000
Fax: (703) 483-7496

For District:

Dr. Peggy Hinckley, Emergency Manager
1988 Polk Street
Gary, Indiana 46406
219-881-5401

With Copy To:

Distressed Unit Appeal Board
One North Capitol Avenue, Suite 900
Indianapolis, Indiana
Phone: (317) 234-2273

19. NON-SOLICITATION/NON-HIRING.

- 19.1. Non-Solicitation. The Parties agrees that during the Term of this Agreement and for a period ending twelve (12) months after the expiration or termination of this Agreement for any reason, unless mutually agreed by the Parties in writing, one Party will not directly solicit, recruit for employment, offer employment to, offer subcontracting opportunities to, or otherwise employ or use the services of any employees of the other Party or their related companies if that employee or former employee had been assigned to or worked under this Agreement.
- 19.2. Unpermitted Solicitation/Hiring Remedies. In the event of such unpermitted use or engagement by a Party or its related company of such consultant or employee whether directly or indirectly, in contravention of the clause immediately above, the other Party, at its option, may seek receipt of a sum equivalent to one hundred percent (100%) of that employee's base starting salary with the new employer, or seek any legal or equitable relief against such actions including, but not be limited to, immediate injunctive relief in any court of competent jurisdiction.
- 19.3. Solicitation Exceptions. For the avoidance of doubt, newspaper, periodical or Internet-based listings of employment opportunities by a Party shall not be considered direct or indirect solicitation of an employee of the other Party; however, such Party shall continue to be precluded from

engaging or otherwise using a Party's employee, former employee or consultant as provided for in Section 19.2.

20. DISPUTE RESOLUTION, VENUE AND GOVERNING LAW.

- 20.1. Dispute Resolution Procedure. The Parties agree that they will attempt in good faith to settle all disputes arising in connection with this Agreement amicably in the ordinary course of business escalating up to the Emergency Manager of the District and the Executive Vice President (or their designee) for K12. If the dispute is not resolved after ten (10) business days, the aggrieved Party may proceed to mediation; invoke other remedies in accordance with this Agreement, or proceed to seek a legal redress from the courts in Lake County, Indiana.
- 20.3. Injunctive Relief. Notwithstanding the foregoing dispute resolution procedures, the District acknowledges that in the event it breaches any of K12's intellectual property rights, K12 may suffer irreparable harm in which the full extent of damages may be impossible to ascertain and monetary damages may not be an adequate remedy. In its sole discretion, K12 may seek immediate judicial relief as available in law or equity. K12 will be entitled to enforce its intellectual property rights under this Agreement by an injunction or other equitable relief without the necessity of posting bond or security, in addition to its right to seek monetary damages or any other remedy. The decision by K12 not to seek judicial relief during the agreed dispute resolution procedure, will not create any inference regarding the presence or absence of irreparable harm.
- 20.4. Governing Law. The laws of the State of Indiana without regard to its conflict of laws provisions will govern this Agreement, its construction, and the determination of any rights, duties, and remedies of the Parties arising out of or relating to this Agreement.

21. MISCELLANEOUS.

- 21.1. Coordination; Exercise of Approval or Consent Rights:
- 21.1.1. Coordination and Consultation. The Parties will coordinate the performance of their respective activities hereunder and will establish such procedures as they shall mutually agree to be effective for achieving the purposes of this Agreement and allowing each of them to perform its obligations and exercise its rights under this Agreement. Without limiting the generality of the foregoing, K12's legal counsel and the District's legal counsel will consult from time to time with respect to the requirements of Applicable Law and the District's policies as they relate to the Program's operations.
- 21.1.2. Approval or Consent Rights. In performing services and its other obligations under this Agreement, or in exercising its rights under this Agreement, including granting or withholding any consents or approvals or making any requests of the other Party, each Party must act reasonably (including as to the timing of its actions) except to the extent that this Agreement provides that it may act as it determines "in its sole judgment" or "its sole discretion," or words to that effect, in the applicable provision. Whenever it is provided in this Agreement that the Parties will or may agree as to a certain matter, each Party will have the right to agree or disagree in its sole discretion following good faith discussions.
- 21.2. Force Majeure. Notwithstanding any other sections of this Agreement, no Party will be liable for any delay in performance or inability to perform (except for payments due hereunder) due to acts of God or due to war, riot, terrorism, civil war, embargo, fire, flood, explosion, sabotage, accident,

labor strike, Internet outage or other acts beyond its reasonable control and unrelated to its fault or negligence.

- 21.3. Entire Agreement. This Agreement including its attachments hereto constitutes the entire agreement of the Parties with respect to the subject matter hereof, and supersedes all previous and contemporaneous oral and written negotiations, commitments, agreements, warranties, representations and understandings. This Agreement will not be altered, amended, modified, or supplemented except in a written document executed by the Parties.
- 21.4. Counterparts, Facsimile or PDF Transmissions. This Agreement may be executed in counterparts, each of which will be deemed an original, but both of which will constitute one and the same instrument. Each Party may rely on facsimile or PDF signature pages as if such facsimile or PDF pages were originals.
- 21.5. License Audit. Upon forty-five (45) days written notice, K12 may audit the Program's use of the Educational Products and the District agrees to cooperate and provide reasonable assistance with such audit. The District agrees to pay within thirty (30) days of written notification any fees applicable to the District's use of the Educational Products in excess of the license rights granted herein or K12 may revoke the related technical support and license(s).
- 21.6. Amendment. This Agreement will not be altered, amended, modified, or supplemented except in a written document executed by the Parties.
- 21.7. Waiver. No waiver of any provision of this Agreement will be effective unless in writing, nor will such waiver constitute a waiver of any other provision of this Agreement, nor will such waiver constitute a continuing waiver unless otherwise expressly stated.
- 21.8. Interpretation. The Parties hereto acknowledge and agree that the terms and provisions of this Agreement, will be construed fairly as to all Parties hereto and not in favor of or against a Party, regardless of which Party was generally responsible for the preparation of this Agreement.
- 21.9. Severability. In the event any term, provision or restriction is held to be illegal, invalid or unenforceable in any respect, such finding shall in no way affect the legality, validity or enforceability of all other provisions of this Agreement. To the extent that any of the services to be provided by K12 are found to be overbroad or an invalid delegation of authority by the District, such services will be construed to be limited to the extent necessary to make the services valid and binding.
- 21.10. Successors and Assigns. This Agreement will be binding upon, and inure to the benefit of, the Parties and their respective successors and permitted assigns.
- 21.11. No Third-Party Rights. This Agreement is made for the sole benefit of the District and K12 and their respective successors and permitted assigns. Except as set forth in Sections 12 and 15 and except for each Affiliate of K12, which shall be a third party beneficiary of this Agreement, nothing in this Agreement will create or be deemed to create a relationship between the Parties to this Agreement, or any of them, and any third person, including a relationship in the nature of a third-party beneficiary or fiduciary.
- 21.12. Survival of Termination. All representations, warranties, and indemnities expressly made in this Agreement will survive termination of this Agreement.

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

* * * * *

IN WITNESS WHEREOF the Parties have entered into this Agreement as of the date set forth below.

For and on behalf of
GARY COMMUNITY SCHOOL
CORPORATION

For and on behalf of
K12 CLASSROOM LLC

Signed: _____

Signed: _____

Name: _____

Name: _____

Position: _____

Position: _____

Date: _____

Date: _____

EXHIBIT A**Educational Products and Services**

I. Educational Products and Product-Related Services. During the Term, K12 and its Affiliates will provide or cause to be provided to the District for the Program and its Students and its personnel the Educational Products and product-related services. The Educational Products to be provided in accordance with the terms of the Agreement, as K12 determines in its reasonable discretion are as follows:

A. Online Program. For each school year during the Term, K12 will provide a license for and access to proprietary and licensed: (i) curriculum (in English) and a learning management system for grades K through 8 for those core subject areas required by the State (Language Arts, Math, Science, History) as well as other courses offered or required for these grades which may include Art, Music and foreign language; (ii) curriculum (in English) and a learning management system for grades 9 through 12, in each case in Language Arts, Math, Science and History in addition to electives per the K12 course catalogue; and (iii) third party curricula K12 generally offers its managed virtual schools, in each case for such courses required by Applicable Law.

B. Instructional Tools and Materials. Instructional tools and supplies, including without limitation textbooks and multi-media teaching tools. K12 shall identify which materials are durable and must be reclaimed and such materials must be returned as set forth in Section 11.2. K12 will provide instructions and pre-paid shipping materials and labels to facilitate the return of these materials.

C. Instructional Support. K12 will make available the necessary instructional support as mutually agreed upon as the Program may require for the Educational Products and related offerings.

D. Computers. K12 may provide or cause to be provided computers, monitors, software and other hardware as K12 determines in its discretion to be necessary to deliver the curriculum and as agreed to in writing by K12 during the budgeting process. All such equipment shall be promptly returned to K12 upon a Student's withdrawal or upon expiration or termination of this Agreement as set forth in Section 11.2. K12 will provide instructions and pre-paid shipping materials and labels to facilitate the return of these materials.

Testing Support. K12 will support the District's state testing policies and practices.

II. Administrative Services. During the Term, K12 and its Affiliates will provide or cause to be provided to the Program the Administrative Services. Notwithstanding the forgoing, no Services shall be provided for the purpose of benefiting the District, the Program or any personnel or students for any School year beyond the Term. The Administrative Services to be provided in accordance with the Agreement, as K12 determines in its reasonable discretion are as follows.

A. Educational School Consulting. Propose and implement educational goals, methods of pupil assessment, Program policies, Program calendar, school day schedule,

and age and grade range of pupils to be enrolled in the Program. K12's recommendations for the Program will be consistent with the Agreement and Applicable Law.

B. Contracted Personnel and Support Services. Supervision of all personnel providing Educational Products and Services. Provide support services to include management of Program employees including recruiting assistance and hiring recommendations; provided, however the District's staff shall be responsible for performing all; reference, certification and background checks and other related services on its personnel and for performing payroll functions or securing of payroll services; negotiation, securing and management of health, retirement and other benefits all of which shall be the District's responsibility. K12 will work with the District's staff to recommend human resources policies, bonus plans, and strategic plans for staffing, development, and growth. K12 will also provide teacher performance evaluation models to District for its employees and recommend and, if approved, carry out effective ways to measure teacher performance in a virtual setting.

C. Pupil Recruitment-Related Services:

1. Pupil Recruitment. Recruitment of students in K12's and its Affiliates discretion, including creation, design and preparation of recruitment materials and advertisements; assist with information sessions and other events via mail, e-mail, print, radio, television, and outdoor advertising. Other recruitment activities include designing Program recruitment materials, letterhead, business cards, and logos to create Program identity. Recruiting campaigns undertaken may vary in nature, but shall be designed to inform potential students about the Program and/or K12 and its Affiliate's programs (including K12 partner schools and programs) in the local area. Information that K12 obtains with respect to leads generated including, but not limited to, statistics, trends and contact information shall be owned by K12 (and its Affiliates).

2. Admissions. Implementation of the Program's admissions policies in accordance with this Agreement, including management of the application and the Student enrollment process. Communicating with potential students and their families and conducting a random lottery if required. Adhere to the Individuals with Disabilities Act (IDEA), Title VI of the Civil Rights Act of 1964, the Equal Educational Opportunities Act and Title III of the Elementary and Secondary Education Act, as amended by the Every Student Succeeds Act.

3. Family Services. Plan and arrange Program orientation sessions. Assist with the design and implementation of parent orientation sessions. Field and respond to incoming calls, letters, faxes, and e-mails received by K12 about the Program, its curriculum, the application/enrollment process, instructional materials, etc. Conduct exit interviews with select Students and their parents who withdraw in order to learn more about how to improve the program for Students. Adhere to the Individuals with Disabilities Act (IDEA), Title VI of the Civil Rights Act of 1964, the Equal Educational Opportunities Act and Title III of the Elementary and Secondary Education Act, as amended by the Every Student Succeeds Act.

4. Program Feedback. Obtain feedback on how to improve the Program and curriculum, as appropriate. Create methods for Students, their parents, and teachers to submit comments and suggestions; implement improvements where K12 deems them to be valuable.

5. Student Clubs and Contests. Access to virtual social clubs for Students. Clubs are formed based on Student feedback and interests. K12 also provides access to participation opportunities in nationwide contests which may focus on such areas as art, poetry and craft contests. Access to both Student clubs and contests is voluntary and is open to all Program Students.

6. High School Services: As requested and as available, K12 may offer counseling tools for high school Students.

D. Insurance. Assist the District with obtaining general liability insurance or other insurance required with a reputable carrier in accordance with this Agreement, (the Lease if applicable) and Applicable Law.

E. Facility Management. As may be applicable, help identify location of the District's initial or supplemental office Facility(ies) for the Program. Together with District's attorney and designees, assist with negotiating and approving leases, leasehold improvements and lease amendments in accordance with the Program budget, provided leases and related documents require District approval.

F. Business Administration. Administration of business aspects and day-to-day management of Program operations only to include the following:

1. Consultation, and services as liaison for the Program, and other governmental offices and agencies.
2. Consistent with other provisions of the Agreement, provide school administrative staff as appropriate.
3. Work with District's counsel, if any, on legal matters affecting the Program, provided, however, K12 shall not provide legal advice and any such collaboration shall not be deemed as K12 providing legal advice.
4. Preparation of forms, operations manuals or guides, and policies and procedures as necessary or required by the District and for the District's review and approval.
5. Consultation with respect to, and monitoring and oversight of, State reporting systems.
6. Assist Program in identifying and applying for grants and other funding opportunities.
7. Assist as requested and as appropriate with the administration of federal entitlement programs, including Title I, and I.D.E.A.
8. Provision of operational regulatory compliance services to assist Programs in understanding and complying with applicable regulatory and legal requirements as well as preparing for and responding to audits.

G. Budgeting and Financial Reporting. Assistance with finance-related administrative duties to include the following:

1. Upon the District's request as frequently as monthly, K12 will prepare and submit reports on the Program's finances, including detailed statements of all revenues received by the Program (from whatever source) and direct expenditures for Services rendered to the Program, in addition to those financial reports required by Applicable Law as well as provide the District with such other information as reasonably necessary and appropriate to enable the District to monitor performance and related agreements, including the effectiveness and efficiency of the Program's operations. Requests must be made in writing and the foregoing information will be delivered solely provided that the District or its employees or other third parties have given K12 all necessary and current data needed for such reports (as reasonably requested by K12), including, but not limited to, relevant audit findings, District expenditures and funding detail.
2. Subject to any confidentiality obligations imposed on K12 by third parties, provide to the Program such other information within a reasonable time following a written request thereof.
3. To the extent applicable, assist in the preparation of required non-profit filings, including form 990 tax returns. Notwithstanding the foregoing, K12 will not be responsible for filing Program's Form 1023, but will work with District's counsel and/or accountant to prepare the application for tax-exempt status, as necessary.

H. Financial Management. Assistance with financial management to include the following:

1. Perform necessary planning, forecasting, accounting and reporting functions as appropriate.
2. Assist with and help coordinate third-party audit(s) of the Program.

I. Maintenance of Financial and Student Records

1. K12 will maintain and keep the records and books of the Program at the Facility. K12 may maintain electronic or paper copies of records and provide other services elsewhere, unless prohibited by Applicable Law. The Program recognizes and agrees that for purposes of the Family Educational Rights and Privacy Act and the State Access to Public Records Act (IC § 5-14-3 *et seq.*), K12 has a legitimate educational interest for purposes of the District disclosing to K12 the Program student's educational records.
2. K12 will maintain financial records pertaining to the operation of the Program and will retain all such records for a period of seven (7) years (or longer if required by Applicable Law or archival or litigation purposes) from the close of the Fiscal Year to which such books, accounts, and records relate.
3. K12 will maintain student educational records pertaining to students enrolled in the Program in the manner required by Applicable Law, and retain such records on behalf of District at the Facility until this Agreement is terminated, at which time such records will be retained by and become the sole responsibility of District.
4. Ensure accessibility of Program educational records to the District, its independent auditor and the State for completion of audits required by Applicable

- Law. The Parties understand that all Program-related financial and Student educational records are the property of District.
- J. Student Discipline. Provide necessary information and cooperate with District on the handling of student disciplinary matters, including without limitation attendance and truancy matters. K12 will recommend policy and procedures for District adoption consistent with Applicable Law and the body of this Agreement.
- K. Teacher Training and Development. Develop and offer new Teacher training and professional development for Teachers consistent with what K12 offers similarly situated schools. Host Teacher professional development sessions throughout the school year for new and returning Teachers. Recommend enhancements to the Program's Teacher Handbook for review and approval by the District.
- L. Instructional Property Management. Prepare and submit to the District (or its designees) proposed policies and procedures regarding the responsible use of equipment and other instructional property. Arrange for the distribution and re-shipment or return (as necessary) of equipment for families, administrators, and teachers, to the extent provided by or on behalf of K12 as agreed in writing during the budget process.
- M. Grants and Donations. On behalf of the District, K12 may solicit and receive grants and donations for the Program from public funds through competitive or non-competitive processes, and private sources consistent with the Program's objectives; provided, however, that any solicitation of such grants and donations by K12 will be subject to the approval of the District and such fund shall be used as designated. The District must approve any solicitation done by K12 on behalf of the District.
- N. Additional Administrative Services. Any other services as agreed to in writing by the Parties from time to time.
- III. Technology Services. During the Term, K12 and its Affiliates will provide or cause to be provided to the District for the Program the technology services (the "Technology Services") described below. Notwithstanding the forgoing, none of the Technology Services shall be provided for the purpose of benefiting the Program or any personnel or students for any school year beyond the expiration or earlier termination of this Agreement.
- A. 24-7 monitoring of production services, i.e., SIMS and the on-line learning management system;
 - B. Monitor and analyze system data to fix production issues as they may arise;
 - C. Generate reports on pupil academic performance, attendance and progress;
 - D. Seek and secure competitive pricing and centralized purchase discounts for computers, monitors, printers, software and other peripherals for the Program;
 - E. Train school staff, as deemed appropriate and necessary, on technology systems;
 - F. Develop, design, publish, and maintain the Program's interactive website;
 - G. Install and maintain the Program's computer network;
 - H. Generate reports;

- I. Develop community tools on the Program's website and K12 platform (including password protected threaded discussion and message boards, moderation functionality, directories, etc.);
- J. Determine hardware configurations (including software and operating systems) for the Program's technology needs;
- K. Provide onsite and telephone support for the Program administration in troubleshooting system errors, and telephone support for students;
- L. Propose for the District adoption policies and procedures regarding the responsible use of computer equipment and other Program property;
- M. Support teachers and Program care associates in answering technology-related questions from students, parents, teachers, and administrators;
- N. Install software to generate master image of computer configurations for teachers, administrators, and students in order to standardize the user experience and lower costs and turn-around time for implementation and troubleshooting;
- O. Ensure electronic security of student records (through the use of encryption, firewalls, etc.);
- P. Provide a Web-filtering device to ensure that students do not have access to inappropriate materials on the Internet;
- Q. Prepare for, supervise, and implement system roll-overs at the end of the academic year;
- R. Design and implement inventory management systems with the Program's's distribution and hardware vendors, as well as reclamation programs, as needed;
- S. Provide online enrollment, registration and placement services;
- T. Provide District email accounts for Program employees;
- U. Provide Program care and technology support services on the learning management system, computer and software issues;
- V. Oversee changes to the Program website to maintain quality assurance and make sure that there are not "version control" problems;
- W. Along with our K12 Marketing department, coordinate security, creative, and content issues pertaining to the website;
- X. Coordinate Web hosting contracts and relationships with vendors across the State as needed;
- Y. Handle troubleshooting issues for the Program's website and send issues to the appropriate person or division for resolution; and
- Z. Additional Technology Services in K12's discretion and any other services as agreed to in writing by the Parties from time to time.

EXHIBIT A1

General prices per grade level for K12 products and services are included below. For a full price list see attachment. All products and services listed below are included in the \$7000 per pupil fee.

Elementary School (Grades K – 5)

Unless otherwise noted in the attached Course Price List, all pricing is per student per course.

Curriculum Fee Upfront per Course \$60.00
Monthly per Course \$20.00

Materials Upfront per Course \$75.00 Monthly per Course \$ 8.00 Reclamation per Course \$12.50

Teacher OLS (per teacher) Account Activated Before December 31st Usage Fee/School Year \$2,195.00
Account Activated On/After January 1st Usage Fee/School Year \$1,100.00

Teacher Instructional Coaching
Monthly per Teacher \$200.00

Teacher Materials (Upfront Per Teacher per Grade Level) \$400.00

K12 Teacher Services Instructional Fee per Semester Course \$210.00

Middle School (Grades 6 – 8)

Unless otherwise noted in the attached Course Price List, all courses are priced per student per course as follows:

Curriculum Fee
Upfront per Course \$60.00
Monthly per Course \$20.00

Note: Middle School students enrolled in courses that are separated into semesters will be invoiced the Upfront Fee for the initial semester or first instance of the course. The subsequent semester enrolled during SY18-19 will only be invoiced for the monthly recurring fee.

Materials
Upfront per Course \$75.00
Monthly per Course \$ 8.00
Reclamation per Course \$12.50

Digital Materials Music Concepts A \$68.00 Music Concepts B \$68.00

Teacher OLS (per teacher) Account Activated Before December 31st Usage Fee/School Year \$2,195.00
Account Activated On/After January 1st Usage Fee/School Year \$1,100.00

Teacher Instructional Coaching
Monthly per Teacher \$200.00

Teacher Materials (Upfront Per Teacher per Grade Level) \$400.00

K12 Teacher Services Instructional Fee per Semester Course \$210.00

High School (Grades 9 – 12)

Unless otherwise noted in the attached Course Price List, all high school courses are priced per student per course as follows:

Curriculum Fee (per student per course)
Upfront per Student per Course \$42.00
Monthly per Student per Course \$16.50
Monthly Block per Student per Course \$11.00

Physical Materials Upfront per Student per Course See Itemized Course List

Digital Materials
Physics A (per Student per Course) \$63.00
Physics B (per Student per Course) \$63.00

Teacher OLS (per teacher)
Account Activated Before December 31st Usage Fee/School Year \$2,195.00
Account Activated On/After January 1st Usage Fee/School Year \$1,100.00

Teacher Instructional Coaching
Monthly per Teacher \$200.00

Teacher Materials (Upfront per Teacher per Course) Billed per course per the student materials price list

K12 Teacher Services Instructional Fee per Semester Course \$210.00

EXHIBIT B
K12 Proprietary Marks



K¹²

Unleash the xPotential®

The xPotential®

A+nywhere Learning System®



powerspeak¹²



Educational Products and Services Agreement
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EXHIBIT C
Addendums

Addendum 1

Purpose: To Enhance Gary Community School Corporation's ("GCSC") Capacity to Offer Innovative Blended Learning Solutions for Students

Launching New Blended Programs. K12 will help GCSC launch and operate three new blended programs for students in grades K-5, 6-8, and 9-12, targeting those who live within a 45 minute commute of the program's facility. The programs would be separate primarily for accountability purposes, but would operate more like a single comprehensive program during the 2018-19 school year. In 2019-2020 the parties may seek to create separate schools for each grade band. These new blended programs will help GCSC attract students the District does not currently serve (such as students attending charter schools or schools in nearby districts as well as home-schooled students) while at the same time providing an option for current students who require a more flexible and personalized learning environment.

K12 proposes to implement this model through a Blended Learning Program in which participating students take courses both online and in-person at a Learning Center (ideally at the Gary Area Career Center). The vision for this model is to provide students and families the flexibility of an online program for most of their academic instruction matched with face-to-face support and a sense of community which the best traditional schools provide. All students will be required to attend in-person classes two full days per week, unless a medical exception, as required by a medical practitioner, is jointly approved by GCSC and K12. Students who are struggling or who are not engaging at expected levels may require more time on-site. Helping parents and guardians to be partners in their child's education will be key to the success of this program.

Throughout the school year, students will work remotely by accessing online courses and participating in teacher-led classes over the Internet. Students will also attend Learning Centers where they receive face-to-face instruction and support from certified teachers and staff. The Learning Centers give students opportunities to collaborate with their peers in classrooms, receive individual remediation and enrichment, and become part of the school community. Students who require additional support may spend more time in the Learning Centers. The amount of time students who require additional support spend on site will be determined individually with input from GCSC staff, K12, teachers, and parents, so long as such determination does not result in the student attending less than two full days per week. Students who struggle will, in most cases, be required to spend more time on site than those who are meeting or exceeding academic expectations.

K12 will provide a range of curriculum options including online CTE courses leading to nationally recognized certificates, foreign language options for all appropriate grade levels, advanced placement opportunities, and dropout recovery programs. K12's CTE program can

help GCSC provide a cohesive, integrated experience blending courses, Career Technical Student Organizations (CTSO(s)), ACT National Career Readiness Certificate (NCRC), test preparation, and work-based experiences which will serve GCSC's students' needs and help meet the District's goal to provide meaningful Career and Technical Education for its students.

K12 will offer GCSC the levels of service and support for program implementation as documented in Exhibit A. GCSC will employ a data expert dedicated to this program who will be the primary point of contact for reviewing and submitting all data reports required of the blended programs.

K12 recognizes the importance GCSC and the State place upon their relationship with CODE.org. K12 will work with all parties during the 2018-2019 academic year to plan for the best ways to include CODE.org's work into its blended offering.

The District shall be responsible to provide special education services, ELL and 504 related services pursuant to Sections 3.1 and 3.2 of the Agreement and the District shall be responsible for all costs incurred in the provision of these services.

K12 Fees: The K12 fee is \$7,000 per student, assuming K12 employs all teachers and administrators and GCSC provides the program facility, a program liaison, and access to a District data expert. Should the total available program funding drop below \$7,000 on a per pupil basis, the Parties agree to renegotiate the funding level for the program. This fee was negotiated among the parties based upon K12's National Price list and an estimation of the required instructional and administrative staff necessary to operate the program.

Estimated enrollment: 200 new students in SY 2018-2019 plus an additional 200 new students in SY 2019-2020.

EXHIBIT D**Performance Goals –Instructional & Academic Targets**

1. Performance Goals –Instructional & Academic Targets. During the Term, K12 and its Affiliates will be held accountable to meet specific academic goals:

For the 2018-2019 School Year:*For all students:*

Average student attendance in on-site classes will be at least 90%. K12 will provide attendance records for each student to verify attendance.

The Parties, including DUAB staff, will agree upon engagement and attendance measures that will be included in the final goals. These will include the percentage of time spent in an online learning environment.

Using the Indiana-standards aligned Pivot INSPECT tools, students will be assessed in both the Fall and Spring of the year. The goal is to measure year-to-year growth made by students in both reading and math. For students enrolled until the end of the 2018-2019 School Year,

- 65 percent will demonstrate a year's growth on the benchmark assessment in reading and math; and
- 50 percent will maintain or improve from the previous year's state test proficiency level where that data is available.

For Grade 10:

Using applicable State assessments (ISTEP), students will be assessed in the Spring of the year. For students enrolled until the end of the 2018-2019 School Year,

- 65 percent will demonstrate a year's growth on the benchmark assessment in reading and math; and
- 50 percent will maintain or improve from the previous year's state test proficiency level where that data is available.

For Grades 9 through 12:

For students enrolled until the end of the 2018-2019 School Year,

- 75 percent will earn at least 8 credits throughout the year.

For the 2019-2020 School Year:*For Newly Enrolled Students:*

Using the Indiana-standards aligned Pivot INSPECT tools, students will be assessed in both the Fall and Spring of the year. The goal is to measure year-to-year growth made by students in both reading and math. For students enrolled until the end of the 2019-2020 School Year:

- 65 percent will demonstrate a year's growth on the benchmark assessment in reading and math; and
- 50 percent will maintain or improve from the previous year's state test proficiency level where that data is available.

For Newly Enrolled Students in Grades 3 through 8:

Using the applicable State assessments (ILEARN), students will be assessed in the Spring of the year. For students enrolled until the end of the 2019-2020 School Year,

- 65 percent will demonstrate a year's growth on the benchmark assessment in reading and math; and
- 50 percent will maintain or improve from the previous year's state test proficiency level where that data is available.

For Newly Enrolled Students in Grade 10:

Using applicable State assessments (ISTEP), students will be assessed in the Spring of the year. For students enrolled until the end of the 2019-2020 School Year,

- 65 percent will demonstrate a year's growth on the benchmark assessment in reading and math; and
- 50 percent will maintain or improve from the previous year's state test proficiency level where that data is available.

For all students:

Average student attendance in on-site classes will be at least 90%. K12 will provide attendance records for each student to verify attendance.

The Parties, including DUAB staff, will agree upon engagement and attendance measures that will be included in the final goals. These will include the percentage of time spent in an online learning environment.

For Previously Enrolled Students:

Using the Indiana-standards aligned Pivot INSPECT tools, students will be assessed in both the Fall and Spring of the year. The goal is to measure year-to-year growth made by students in both reading and math. For students enrolled until the end of the 2019-2020 School Year,

- 75 percent will demonstrate a year's growth on the benchmark assessment in reading and math; and
- 65 percent will maintain or improve from the previous year's state test proficiency level where that data is available.

For Previously Enrolled Students in Grades 3 through 8:

Using the applicable State assessments (ILEARN), students will be assessed in the Spring of the year. For students enrolled until the end of the 2019-2020 School Year,

- 75 percent will demonstrate a year's growth on the benchmark assessment in reading and math; and
- 65 percent will maintain or improve from the previous year's state test proficiency level where that data is available.

For Previously Enrolled Students in Grade 10:

Using applicable State assessments (ISTEP), students will be assessed in the Spring of the year. For students enrolled until the end of the 2019-2020 School Year,

- 75 percent will demonstrate a year's growth on the benchmark assessment in reading and math; and

- 65 percent will maintain or improve from the previous year's state test proficiency level where that data is available.

For Grades 9 through 12:

For students enrolled until the end of the 2019-2020 School Year,

- 75 percent will earn at least 8 credits throughout the year.

For the 2020 academic years and beyond, the parties will establish new academic targets. Such metrics shall be approved by DUAB.

2. The District shall retain 10% of the K12 payments pending achievement of the targets outlined above. Payment for meeting the targets outlined above shall be based on the payment schedule agreed upon by parties including DUAB staff. Where applicable, all grade-level goals must be fully met. GCSC and K12 will agree upon a timeline for reviewing K12's performance against the goals. To the extent possible, goals will be evaluated as soon as annual data is available for each goal. Payments to K12 will be made no more than thirty (30) days after the assessment of K12's performance against each goal.

PROJECTED COSTS FOR K12 BLENDED LEARNING MODEL

Gary Community School Corporation
 Projected Costs for K12 Blended Learning Model
 School Year 2018-19
 July 30 2018

Revenue per Student	\$8,800
K12 Cost per Student	<u>\$7,000</u>
GCSC Gross Revenue per Student	\$1,800
Projected Number of K12 Students	200
GCSC Projected Gross Revenue	\$360,000
GCSC Projected Costs	
15% of 1 GCSC FTE Salary	\$9,000
15% of 1 GCSC FTE Benefits	\$2,070
GACC Utilities	\$2,104
Transportation	<u>\$22,500</u>
Total Projected Costs	<u>\$35,674</u>
Net Revenue to GCSC	<u><u>\$324,326</u></u>
Net Revenue per Student	\$1,622

Other GCSC operating costs such as custodial, maintenance, building insurance and legal are not allocated to the K12 program. These incremental costs for additional blended students is not material.

PRICING DOCUMENT FROM K12 CLASSROOM LLC

EXHIBIT A1

General prices per grade level for K12 products and services are included below. For a full price list see attachment. All products and services listed below are included in the \$7000 per pupil fee.

Elementary School (Grades K – 5)

Unless otherwise noted in the attached Course Price List, all pricing is per student per course.

Curriculum Fee Upfront per Course \$60.00
Monthly per Course \$20.00

Materials Upfront per Course \$75.00 Monthly per Course \$ 8.00 Reclamation per Course \$12.50

Teacher OLS (per teacher) Account Activated Before December 31st Usage Fee/School Year \$2,195.00
Account Activated On/After January 1st Usage Fee/School Year \$1,100.00

Teacher Instructional Coaching
Monthly per Teacher \$200.00

Teacher Materials (Upfront Per Teacher per Grade Level) \$400.00

K12 Teacher Services Instructional Fee per Semester Course \$210.00

Middle School (Grades 6 – 8)

Unless otherwise noted in the attached Course Price List, all courses are priced per student per course as follows:

Curriculum Fee
Upfront per Course \$60.00
Monthly per Course \$20.00

Note: Middle School students enrolled in courses that are separated into semesters will be invoiced the Upfront Fee for the initial semester or first instance of the course. The subsequent semester enrolled during SY18-19 will only be invoiced for the monthly recurring fee.

Materials
Upfront per Course \$75.00
Monthly per Course \$ 8.00
Reclamation per Course \$12.50

Digital Materials Music Concepts A \$68.00 Music Concepts B \$68.00

Teacher OLS (per teacher) Account Activated Before December 31st Usage Fee/School Year \$2,195.00
Account Activated On/After January 1st Usage Fee/School Year \$1,100.00

Teacher Instructional Coaching
Monthly per Teacher \$200.00

Teacher Materials (Upfront Per Teacher per Grade Level) \$400.00

K12 Teacher Services Instructional Fee per Semester Course \$210.00

High School (Grades 9 – 12)

Unless otherwise noted in the attached Course Price List, all high school courses are priced per student per course as follows:

Curriculum Fee (per student per course)
Upfront per Student per Course \$42.00
Monthly per Student per Course \$16.50
Monthly Block per Student per Course \$11.00

Physical Materials Upfront per Student per Course See Itemized Course List

Digital Materials
Physics A (per Student per Course) \$63.00
Physics B (per Student per Course) \$63.00

Teacher OLS (per teacher)
Account Activated Before December 31st Usage Fee/School Year \$2,195.00
Account Activated On/After January 1st Usage Fee/School Year \$1,100.00

Teacher Instructional Coaching
Monthly per Teacher \$200.00

Teacher Materials (Upfront per Teacher per Course) Billed per course per the student materials price list

K12 Teacher Services Instructional Fee per Semester Course \$210.00