

**AMENDED AND RESTATED  
MANAGEMENT AGREEMENT  
(Southwest Louisiana Charter Academy)**

**THIS AMENDED AND RESTATED MANAGEMENT AGREEMENT** (the "Agreement") is made and entered into as of the ~~19<sup>th</sup>~~ day of ~~December~~, 2013, by and between Charter Schools USA at Southwest Louisiana, LLC, a Florida limited liability company ("CSUSA"), and Southwest Louisiana Charter Academy Foundation, Inc., a Louisiana non-profit corporation (the "Foundation").

**RECITALS**

**WHEREAS**, pursuant to a Type 2 Charter Contract (the "Charter") dated as of July 1, 2012, by and between the Foundation and the Louisiana State Board of Elementary and Secondary Education (the "Sponsor"), the Foundation obtained a charter for the operation of a charter school known as Southwest Louisiana Charter Academy and located in Calcasieu Parish, Lake Charles, Louisiana (the "Charter School"); and

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

**WHEREAS**, CSUSA is in the business of developing, managing, staffing, and operating public charter schools for non-profit boards; and

**WHEREAS**, the Foundation wishes to hire CSUSA, and CSUSA wishes to be hired by the Foundation to manage and operate the Charter School upon the terms and conditions set forth herein; and

**WHEREAS**, the Foundation and CSUSA executed and delivered that certain Management Agreement dated as of August 14, 2012 (the "Original Management Agreement"); and

**WHEREAS**, the Foundation and CSUSA desire to amend certain terms of the Original Management Agreement for the purpose of facilitating the Foundation obtaining financing in the form of the Louisiana Public Facilities Authority Tax-Exempt Revenue Bonds (Southwest Louisiana Charter Academy Foundation Project) Series 2013A and the Louisiana Public Facilities Authority Taxable Revenue Bonds (Southwest Louisiana Charter Academy Foundation Project) Series 2013B (collectively, the "Bonds") pursuant to the terms of a Trust Indenture, dated as of \_\_\_\_\_, 2013 (the "Indenture"), by and between the Louisiana Public Facilities Authority (the "Authority") and Regions Bank, as indenture trustee therein (the "Trustee"); and

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

## ARTICLE I CONTRACTING RELATIONSHIP

**A. Authority.** The Foundation represents that it is authorized by law to contract with CSUSA and for CSUSA to provide educational management services to the Charter School. The Foundation was granted the Charter by the Sponsor to organize and operate a public charter school, and represents that such Charter authorizes the Foundation to supervise and control such charter school, and that the Charter invests the Foundation with all powers necessary or desirable for carrying out the educational program contemplated in this Agreement.

**B. Agreement.** The Foundation hereby contracts with CSUSA, to the extent permitted by law, for the provision of all labor and supervision necessary for the provision of educational services to students, and the management, operation and maintenance of the Charter School in accordance with the educational goals, curriculum, methods of pupil assessment, admission policy and criteria, school calendar and school day schedule, age and grade range of pupils to be enrolled, educational goals, and method to be used to monitor compliance with performance of targeted educational outcomes, all as adopted by the Foundation's Board of Directors (the "Board") and included in the Charter between the Foundation and the Sponsor. CSUSA's obligations to the Foundation shall be only as expressly set forth in this Agreement. Duties required to be carried out for the operation of the Charter School which are not expressly set forth herein as being CSUSA's responsibility shall remain the Board's sole responsibility.

**C. Designation of Agents.** The Board designates the employees of CSUSA as agents of the Foundation and the Charter School having a legitimate educational interest such that they are entitled to access to educational records under 20 U.S.C. §1232g, the Family Rights and Privacy Act ("FERPA") and other applicable law. The Board, subject to its discretion, hereby authorizes CSUSA to communicate with and negotiate on the Board's behalf with all state and governmental agencies, as directed by the Board.

**D. Status of the Parties.** CSUSA is a Florida limited liability company, and is not a division or a part of the Foundation. The Foundation is a Louisiana non-profit corporation authorized by its corporate documents to execute and deliver this Agreement and perform its obligations hereunder. The Foundation is not a division or part of CSUSA. The parties to this Agreement intend that the relationship created by this Agreement is that of an independent contractor and does not create an employer employee relationship. Except as expressly provided in Article I C. above, no agent or employee of CSUSA, shall be deemed to be the agent or employee of the Foundation. CSUSA shall be solely responsible for its acts and the acts of its agents, employees and subcontractors. The relationship between CSUSA and the Foundation is based solely on the terms of this Agreement, and the terms of any other written agreements between CSUSA and the Foundation.

**E. Exempt Status.** The Foundation has been determined by the IRS to be an entity described in §501(c)(3) of the Internal Revenue Code (herein referred to as "exempt status"). Notwithstanding any provision herein, CSUSA will take no action nor engage in any conduct that shall adversely impact the exempt status of Foundation. All provisions herein shall be interpreted and applied consistent with this requirement. Further, the parties agree to amend this

Agreement in the event a provision is deemed to be inconsistent with the exempt status of Foundation.

## ARTICLE II TERM

This Agreement shall be effective as of the date first written above (the "Commencement Date") and shall continue for an initial term consistent with the term of the Charter unless terminated or cancelled earlier for good cause, as agreed by CSUSA and the Foundation; provided however that the initial term of this Agreement shall not exceed fifteen (15) years from the Commencement Date (the "Expiration Date"). After the initial term, then the term of the Agreement shall be extended to (i) the extent CSUSA performs in accordance with the terms of this Agreement, and (ii) the Board approves the extension by express vote; provided that no such extension shall result in the remaining term of this Agreement to exceed fifteen (15) years. The term of the extension of the Agreement shall correspond to the length of the Charter unless the Charter is otherwise terminated or cancelled earlier. Nothing contained in this Agreement shall be construed to restrict or prevent the Foundation from entering into a Management Agreement with any other party for any school other than the Charter School that is the subject of this Agreement.

Notwithstanding the foregoing, this Agreement may be terminated by the Foundation, and may be terminated by the Foundation or Authority at the written request of the Trustee, upon sixty (60) days written notice to CSUSA if any Consultant's report delivered pursuant to Section 412 of the Loan Agreement recommends that this Agreement be terminated *provided that*, this Agreement shall not be terminated unless CSUSA has failed to cure the basis of the Foundation's termination or the basis of the Consultant's recommendation within such sixty (60) day period.

## ARTICLE III FUNCTIONS OF CSUSA

**A. Responsibility.** CSUSA shall be responsible and accountable to the Board for the administration, operation and performance of the Charter School in accordance with the Charter. CSUSA's responsibility is expressly limited by: (i) the Charter School's budget which is to be submitted and approved by the Board as provided in this Agreement and (ii) the availability of funding to pay for said services. Neither CSUSA nor the Foundation shall be required to expend Charter School funds on services in excess of the amount set forth in the Charter School budget.

**B. Educational Program.** CSUSA agrees to implement the educational goals and programs as set forth in the Charter (the "Educational Program"). In the event CSUSA determines that it is necessary to modify the Educational Program, CSUSA shall inform the Board of the proposed changes and obtain Board approval, and if required under the Charter, approval of the Sponsor. The parties hereto acknowledge that an essential principle of the Educational Program is its flexibility, adaptability and capacity to change in the interest of continuous improvement and efficiency, and that the Foundation and CSUSA are interested in results and not in inflexible prescriptions. Not less than annually, and otherwise as requested,

CSUSA will provide the Board with updated reports on progress towards implementing each of the Charter School's educational goals in the Educational Program.

**C. Specific Functions.** CSUSA shall be responsible for the management, operation, administration, accounting and Educational Program at the Charter School. Such functions include:

1. Perform day-to-day management of the Charter School, in accordance with this Agreement, the non-profit purpose of the Foundation, the Charter and subject to the direction given by the Foundation.

2. Implement and administrate the Educational Program, including the selection of instructional materials, equipment and supplies, and the administration of any and all extra-curricular and co-curricular activities and programs approved by the Foundation. Perform repeated evaluation, assessment and continuous improvement of the educational curriculum and program development and report findings to the Foundation upon its request.

3. Perform other consulting and liaison services with governmental and quasi-governmental offices and agencies as are necessary in day-to-day operations or are required by the Charter.

4. Manage all personnel functions, including professional development for the Charter School Administrator and all instructional personnel and the personnel functions outlined in Article VI of this Agreement including drafting operations manuals, forms (including teacher offer letters, applications, enrollment and similar forms), and management procedures, as the same are from time to time developed by CSUSA and as approved or requested by the Foundation.

5. All aspects of the business administration of the Charter School.

6. All aspects of the accounting operation, including general ledger management and financial reporting including identifying and applying for grants, spending and administering any grant funding obtained in compliance with the specific terms and conditions of said grants and participating in any audits related thereto, and preparing the proposed annual budget for presentation to the Foundation for modification, amendment or approval; provided that any modifications or amendments shall be approved by express vote of the Foundation and be consistent with the staffing and educational models set forth in the Charter.

7. Any other function necessary or expedient for the administration of the Charter School.

**D. Purchases.** Purchases made by CSUSA on behalf of the Charter School with the Charter School's funds, such as non-proprietary instructional and/or curriculum materials, books and supplies, and equipment will be the property of the Foundation. The Foundation will own all proprietary rights to curriculum or educational materials that are both directly developed and paid for by the Foundation or the Charter School. CSUSA shall own all proprietary rights to,

and the Foundation's and Charter School's proprietary interest shall not include, curriculum or educational materials that are developed or copyrighted or similarly protected by CSUSA, including without limitation curriculum or educational materials that are developed by CSUSA with funds from the Foundation or the Charter School. CSUSA's educational materials and teaching techniques used by or at the Charter School shall be subject to disclosure to the extent required by law. This provision does not apply to any capital items leased or purchased by CSUSA with CSUSA's own funds.

**E. Subcontracts.** CSUSA reserves the right to subcontract any and all aspects of all services it agrees to provide to the Charter School, including, but not limited to transportation and/or food service. However, CSUSA shall not subcontract the management, oversight or operation of the teaching and instructional program, except as specifically permitted in this Agreement or with approval of the Board. Without limiting the foregoing, CSUSA agrees not to subcontract any aspect of any such services in any manner which (a) may cause interest on the Series 2013A Bonds or any other tax-exempt Bonds issued under the Indenture to be subject to federal income tax, or (b) may adversely impact the exempt status of the Foundation.

**F. Place of performance.** CSUSA reserves the right to perform functions other than instruction, such as purchasing, professional development, and administrative functions, off-site, unless prohibited by state or local law.

**G. Student Recruitment.** CSUSA and the Board shall be jointly responsible for the recruitment of students subject to agreement on general recruitment and admission policies. Students shall be selected in accordance with the procedures set forth in the Charter and in compliance with applicable laws. CSUSA shall solicit and recruit enrollment of students by various means, including but not limited to the following: utilize paid and unpaid media-advertisements in a newspaper of general circulation, mailings to parents/guardians of prospective students, word-of-mouth, and presentations to interested groups and distribute information through advertisements utilized by the Sponsor.

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

**I. Legal Requirements.** CSUSA shall provide educational programs that meet federal, state, and local requirements, and the requirements imposed under applicable laws and the Charter, unless such requirements are or have been waived, but the Foundation shall interpret state and local regulations liberally to give CSUSA flexibility and freedom to implement its educational and management programs.

**J. Rules and Procedures.** CSUSA shall recommend reasonable rules, regulations and procedures applicable to the Charter School and is authorized and directed to enforce such rules, regulations and procedures adopted by the Charter School.

**K. School Year and School Day.** The school year and the school day shall be as required by law and as determined annually by the Board.

**L. Pupil Performance Standards and Evaluation.** CSUSA shall implement pupil performance evaluations that permit evaluation of the education progress of each Charter School student. CSUSA shall administer to the students of the Charter School all standard tests which are required by this Agreement and the Sponsor. In particular, without limiting the generality of the foregoing:

- (a) CSUSA shall administer the Pre-Test for the Enrolled Students. The Pre-Test shall be the Standard 9 test, or such other test as deemed appropriate by CSUSA.
- (b) CSUSA shall administer the Post-Test for the Enrolled Students in accordance with the Sponsor's testing schedule.
- (c) CSUSA shall take steps to assess and address possible reasons for any decrease in individual Enrolled Student scores or Enrolled Students' scores in the aggregate, for each grade level at the Charter School. Such steps shall include a mid-year progress report that CSUSA must submit to the Board for review. Consistent and dependent upon the budget, if the Foundation determines improvements are necessary, such improvements will be implemented.

CSUSA shall use reasonable efforts to ensure that the Charter School and the students of such Charter School meet or exceed all performance criteria set forth in this Agreement. CSUSA will make reasonable efforts to ensure both that each individual Enrolled Student's score and Enrolled Students' scores in the aggregate for each grade level at the Charter School, increases from year to year in accordance with the objectives set forth in the Agreement. The Board and CSUSA will cooperate in good faith to identify measures of and goals for Charter School students and school performance, including but not limited to academic achievement and parent satisfaction. CSUSA shall perform its duties and responsibilities as set forth in this Agreement to the reasonable satisfaction of the Foundation.

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

**N. Contract between the Charter School and the Sponsor.** CSUSA will not act in a manner which will cause the Foundation to be in breach of its Charter with the Sponsor.

**O. Unusual Events.** CSUSA agrees to timely notify the Board and/or school administrator of any anticipated or known: (i) material health or safety issues, (ii) labor, employee or funding problems, or (iii) problems of any other type that could adversely affect the Foundation in complying with its responsibilities hereunder.

**P. Student and Financial Records.** All student and financial information related to the Charter School shall be available for inspection at the Charter School upon reasonable request consistent with applicable federal and state laws.

**Q. Charter School Records / Property.** The financial, educational and student records pertaining to the Charter School are Foundation property, and such records are subject to the provisions of the applicable freedom of information act(s) to the extent required by applicable law. All Charter School records shall be physically or electronically available, upon request, at the Charter School. Except as prohibited under the Charter and applicable law, the Sponsor and the public shall have access to the Charter School's records.

**R. CSUSA Performance Goals.** CSUSA shall be held to the same performance goals as in the Charter.

#### **ARTICLE IV OBLIGATIONS OF THE BOARD**

**A. Good Faith Obligation.** The Board shall be responsible for its fiscal and academic policy. The Board shall exercise good faith in considering the recommendations of CSUSA, including but not limited to, CSUSA's recommendations concerning policies, rules, regulations and budgets. If the Board's unwillingness to adopt CSUSA's reasonable recommendations with respect to policies, rules, and regulations specifically inhibits CSUSA's ability in implementing the school design as set forth in the Charter, CSUSA shall have the option of terminating this Agreement.

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

**C. Unusual Events.** The Foundation agrees to timely notify CSUSA of any anticipated or known: (i) material health or safety issues, (ii) labor, employee or funding problems, or (iii) problems of any other type that could adversely affect CSUSA in complying with its responsibilities hereunder.

**D. Retained Authority.** The Board shall retain the authority to make reasonable regulations relative to anything necessary for the proper establishment, maintenance,

management, and carrying on of the Charter School, including regulations relative to the conduct of pupils while in attendance at the Charter School or en route to and from the Charter School. The Board retains the ultimate responsibility for the approval and oversight of the Charter School's budget and oversight of CSUSA in deliverance of its curriculum.

**E. Building Facility.** The Board shall lease or otherwise make available a facility to CSUSA. CSUSA will support the identification and securing of such facility as directed by the Board. The facility shall comply with, or otherwise be approved, with respect to state regulations governing the use of the facility as a charter school.

**F. Food Service.** The Foundation shall manage, operate and administer or shall otherwise provide authority to CSUSA to manage, operate and administer the Food Service for the Charter School including but not limited to meeting all conditions necessary to satisfy all requirements of the Federal Statutes regarding the National School Lunch Program at 7 C.F.R. §210.1, et seq.

## ARTICLE V FINANCIAL ARRANGEMENTS

**A. Revenues.** Except as hereinafter provided, all monies received by the Board shall be deposited in the Charter School's depository account with a financial institution acceptable to the Board and CSUSA. The signatories on the account shall only be the Board members or designated CSUSA employees designated by the Board. Interest income earned on Charter School depository accounts shall accrue to the Charter School. Except as specifically excluded by the terms of this Agreement, the term "Revenues" shall include all funds received by or on behalf of the Charter School, including but not limited to:

1. Funding for public school students enrolled in the Charter School.
2. Special education funding provided by Federal, State and Local Governments to the Charter School that is directly allocable to special education students in the Charter School.
3. Gifted and Talented funding provided by Federal, State and Local Governments that is directly allocable to Gifted and Talented students in the Charter School.
4. At-Risk Funding provided by Federal, State and Local Governments to the Charter School that is directly allocable to At-Risk students in the Charter School.
5. Funding provided by Federal, State and Local Governments to the Charter School that is directly allocable to students in the Charter School with limited English proficiency.
6. Federal, State and Local grant sources, including Title I and Charter School start up funds, which is directly allocable to the Charter School.



7. Grants and donations received by the Charter School (except to the extent CSUSA is not required or involved in soliciting, administering, or managing such grants and/or donations).
8. Fees charged to students and others for extra services as and to the extent permitted by law.

(all of the above are hereinafter collectively referred to as the "Revenues").

The Board may advance funds to CSUSA for the fees or expenses associated with the Charter School's operation provided that documentation for the fees and expenses are provided for Board ratification. The Revenues shall be expended by CSUSA in accordance with the approved Budget and as otherwise authorized by the Board. The expenditure of Revenues received from governmental entities shall be consistent with all applicable regulations and policies, and in the case of private donations, the directives of the donor where applicable. To the extent that there are not sufficient funds in the Operating Account to pay Operating Expenses, CSUSA may, at CSUSA's option, deposit funds into the Charter School Operating Accounting ("Operating Advances"). Operating Advances can only be made in accordance with the approved Annual Budget. The Foundation shall reimburse CSUSA all Operating Advances, together with Interest earned thereon from Total Revenues as and when the funds become available; provided, however, that if at the end of each Fiscal Year Total Revenues, after payment of Debt Service and Operating Expense, are insufficient to reimburse all Operating Advances attributable to such Fiscal Year, CSUSA shall forgive the un-reimbursed balance of Operating Advances, including Interest earned thereon.

**B. Budget.** CSUSA shall manage the budget, accounting, and financial reporting functions for the Charter School in accordance with the Requests of the Sponsor, the provisions of the Charter and the approved Annual Budget by the Board.

CSUSA shall prepare and submit to the Foundation for its approval for each Fiscal Year (July 1- June 30), an Annual Budget for the Charter School. Each Annual Budget shall state an estimate for the coming Fiscal Year for (i) Total Revenues; (ii) Operating Expenses; (iii) Reserve Expenses; (iv) Audit Expenses; and (v) Fund Balance.

Reserve Expenses means the amount of money reflected in the Annual Budget that CSUSA must deposit into an account for Reserve Expenses. The Reserve Expense Account shall be used for the establishment of reasonable reserves for long-term renewal and replacement of the School Facility or portions thereof. CSUSA shall obtain approval from the Foundation to withdraw funds from the Reserve Expense Account. There shall be a goal of 1% of FTE funding per year for both the reserve and fund balance.

(i) CSUSA shall submit to the Foundation for its review and approval a preliminary Annual Budget for each Fiscal Year for the Charter School, on or before May 31<sup>st</sup> of the current Fiscal Year. It is the intent of this provision that CSUSA prepare and submit to the Foundation a balanced Annual Budget, which shall provide for full payment of the (i) Total Revenues; (ii) Operating Expenses; (iii) Reserve Expenses; (iv) Audit Expenses; and (v) Fund Balance with respect to the Charter School.

(ii) The Foundation must notify CSUSA in writing that it approves the Annual Budget within thirty days of submission by CSUSA, which approval shall not be unreasonably withheld or delayed. If the Foundation does not approve the Annual Budget, the Foundation shall give specific reasons therefore and continue to deposit the balance of Total Revenues into the Charter School Operating Account pursuant to its obligations in Article V. If the Foundation does not approve the Annual Budget within thirty days of submission by CSUSA, Foundation shall be deemed to approve the Annual Budget. CSUSA and the Foundation acknowledge that a Final Budget shall be completed no later than June 30<sup>th</sup>.

(iii) CSUSA may amend the Annual Budget(s) not less frequently than semi-annually in order to reflect the results of the most recent FTE count and may make such other modifications as it may from time to time find necessary or advisable pursuant to the terms of paragraphs (i) and (ii) above. Any such amendment shall only be valid if approved by the express vote of the Board. CSUSA shall report any changes upon which the Annual Budget was based within fifteen days after CSUSA becomes aware of any such change.

(iv) CSUSA shall operate and manage the Charter School according to its Annual Budget.

(v) CSUSA shall use reasonable efforts to operate the Charter School within its Annual Budget.

**C. Fee.** CSUSA shall receive a fee (the "Fee") in the annual amounts specified in Exhibit A hereto, payable monthly in arrears in substantially equal monthly installments during such year. Deferred Management Fees (as defined in the Loan Agreement) shall only be payable upon satisfaction of the preconditions and other requirements set forth in the Loan Agreement for such payment.

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

**E. Financial Reporting.** CSUSA shall provide the Board with:

1. The projected annual Budget as required by the terms of this Agreement.
2. Detailed statements of all Revenues received, and detailed statements of all expenditures for services and or expenses rendered or incurred to or on behalf of the Charter School, whether incurred on-site or off-site, upon request.
3. Monthly financial statements by the 30<sup>th</sup> day of the following month, including a balance sheet, statement of revenues and expenditures.
4. Other information on a periodic basis to enable the Board to (i) monitor CSUSA's performance and the efficiency of its operation of the Charter School, and (ii) furnish

reports and information which the Foundation is required to provide pursuant to its Charter and/or applicable laws.

5. All financial reports provided or prepared by CSUSA shall be presented in the format prescribed by BESE or, if BESE has not prescribed a format, in GAAP/FASB approved non-profit format.

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

**G. Review of Operational Budget.** The Board shall be responsible for reviewing and approving the annual Budget of the Charter School as presented by CSUSA.

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

**I. Start-up Financing/Operating Losses.** CSUSA may, in its sole discretion, provide funds for operating losses for the Charter School, including funds for the development of a curriculum, technology system and school operations plan; recruiting, selecting and pre-service training of staff members; and cleaning, fixing and equipping of the Charter School building as required by this Agreement. CSUSA advances shall be budgeted and shall be in amounts acceptable to CSUSA. CSUSA shall be reimbursed from the Revenues as and when funds are available.

**J. Marketing.** Marketing and development costs paid by or charged to the Charter School shall be limited to those costs specific to the Charter School program and shall not include costs for the marketing and development of CSUSA.

## **ARTICLE VI PERSONNEL & TRAINING**

**A. Personnel Responsibility.** CSUSA shall select and hire qualified personnel to perform services at the Charter School and shall ensure that all employees or contractors hired by CSUSA who have direct, daily contact with students of the Charter School shall be subject to criminal background check requirements pursuant to L.A. – R.S. 17.3991 (E)(5), to the same extent as employees of the Charter School. Personnel shall be employees of CSUSA, unless otherwise agreed by CSUSA and the Board. Each party shall be responsible for all compensation for their respective employees. The compensation of all employees will be paid in accordance with the Budget referenced in Article V of this Agreement. CSUSA shall have the responsibility and authority to determine staffing levels, and to select, evaluate, assign, discipline, transfer and terminate personnel consistent with state and federal law.

**B. School Administrator.** The accountability of CSUSA to the Foundation is an essential component of this Agreement. Since the responsibility of the School Administrator is critical to the Charter School's success, CSUSA shall have the authority, consistent with state law, to select and supervise each School Administrator and to hold the School Administrator accountable for the success of the Charter School. CSUSA shall consult with the Board with respect to the hiring of the School Administrator, and CSUSA shall remove the School Administrator from the Charter School if the Board is reasonably dissatisfied with his or her performance.

**C. Teachers.** CSUSA shall determine the number of teachers, and the applicable grade levels and subjects, required for the operation of the Charter School. CSUSA shall provide the Charter School with such teachers, qualified in the grade levels and subjects required, as are required by the Charter School. The curriculum taught by such teachers shall be consistent with the Educational Program. Such teachers may, in the discretion of CSUSA, work at the Charter School on a full or part time basis. If assigned to the Charter School on a part time basis, such teachers may also work at other schools managed or operated by CSUSA. Each teacher assigned to the Charter School shall have such credentials, certifications and experience as may be required under the Charter and applicable laws and shall undergo a criminal background check as if such teacher was employed by the Charter School.

**D. Support Staff.** CSUSA shall determine the number and the functions of support staff required for the operation of the Charter School. CSUSA shall provide the Charter School with qualified staff to efficiently operate the Charter School in accordance with the Charter. The support staff may, in the discretion of CSUSA, work at the Charter School on a full or part time basis. If assigned to the Charter School on a part time basis, the support staff may also work at other schools managed or operated by CSUSA.

**E. Training.** CSUSA shall provide training in its methods, curriculum, program, and technology to all teaching personnel on a regular basis. Instructional personnel shall receive at least the minimum hours of professional development required by applicable laws. Non-instructional personnel shall receive such training as CSUSA determines reasonable and necessary under the circumstances.

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

**G. No Contractual Prohibition.** In the event there has been a determination that a rightful termination of CSUSA has occurred then no CSUSA employee working at the Charter School shall be contractually prohibited from continuing to work for the Charter School.

## **ARTICLE VII DEFAULT**

**A. Default.** An event of default ("Event of Default") by either party shall be limited to the following:

1. The Foundation fails to make any payment due hereunder within ten (10) days after the date such payment was due.

2. The Foundation materially breaches any of its obligations under this Agreement and fails to cure such material breach within sixty (60) days after notice of such breach.

3. If CSUSA shall under such law as shall be applicable to it commence any case or proceeding, or file any petition in bankruptcy, or for reorganization, liquidation or dissolution, or be adjudicated, insolvent or bankrupt, or shall apply to any tribunal for a receiver, intervenor, conservator or trustee for itself or for any substantial part of its property; or if there shall be commenced against it any such action and the same shall remain un-dismissed for more than sixty (60) days.

4. If CSUSA is found by an administrative or judicial body to have made fraudulent use of funds, or if an administrative or judicial body has revoked any license which may be required for CSUSA to carry on its business and perform its obligations and functions under this Agreement.

5. If CSUSA materially breaches this Agreement, Material Breach includes (i) failure to account for its expenditures or pay the Charter School's operating costs (provided funds are available to do so), (ii) failure to follow policies, procedures, rules & curriculum duly adopted by the Board which is not in violation of this Agreement or the law, (iii) insufficient progress has made in attaining student achievement objectives of the Agreement and the Charter, and it is not likely that such objectives can be achieved before expiration of this Agreement, (iv) if the health, safety, or welfare of the students is threatened, (v) violation of law, (vi) the revocation, suspension or termination of licenses/certifications needed for any Charter School operations solely as the direct result of an act or failure to act by CSUSA, and (vii) the revocation by the Sponsor of the Charter, or a default thereunder, solely as the direct result of an act or failure to act by CSUSA. In the event of a material breach, CSUSA shall have (60) days after receipt of written notice to remedy said breach.

**B. Remedies.** Upon the occurrence of an Event of Default with respect to one party, the non defaulting party shall be entitled to the following remedies:

**1. Foundation's Remedies.** Upon the occurrence of an Event of Default by CSUSA, the Foundation shall be entitled to pursue all remedies available under law or equity, including without limitation, terminating this Agreement upon seven (7) days prior written notice to CSUSA.

**2. CSUSA Remedies.** Upon the occurrence of an Event of Default by the Foundation, CSUSA shall be entitled to pursue all remedies available under law or equity, including without limitation, terminating this Agreement upon sixty (60) days prior written notice to the Foundation.

**3. Terms Applicable Upon Termination by Either Party.** In the event of termination of this Agreement for any reason by either party prior to the end of this Agreement's term, CSUSA may, for a fee reasonably acceptable to CSUSA, provide the Foundation reasonable assistance for up to thirty (30) days to assist in the transition to another administrative or structural arrangement (although CSUSA shall not be required to provide any assistance to another management company or service provider). However, CSUSA will abide by all state laws that govern transition obligations, including but not limited to:

- Transfer to such entity of all student records,
- Transferring any and all other non proprietary information and providing necessary assistance to the new program or education service provider to ensure the least disruption of the Charter School operation as a result of the termination of this Agreement,
- Transferring and/or assigning to the Foundation all contracts, agreements, licenses, permissions, and other rights and privileges related to the operation of the Charter School; including, at CSUSA's option, assignment of contracts for personnel.

## **ARTICLE VIII INDEMNIFICATION**

Each party to this Agreement does hereby indemnify and hold harmless the other, and their respective boards of directors, partners, officers, employees, agents, representatives, and attorneys from and against any and all claims, actions, damages, expenses, losses or awards which arise out of (i) the negligence of the other party, (ii) any action taken or not taken by the other party, or (iii) any noncompliance or breach by the other party of any of the terms, conditions, warranties, representations, or undertakings contained in or made pursuant to this Agreement. As used in this subsection, "party" shall include the party's trustees, directors, officers, employees, agents, representatives and attorneys. Such indemnification may be achieved by the joint purchase of general liability and property insurance policies, or by such other means as the parties may mutually agree. In addition, each party to this Agreement shall indemnify the Sponsor to the fullest extent of the law from and against any and all claims, actions, damages, expenses, losses or awards which arise out of (i) the negligence of CSUSA or the Foundation, (ii) any action taken or not taken by CSUSA or the Foundation.

## **ARTICLE IX INSURANCE**

**A. Insurance Coverage.** Each party shall maintain such insurance in the coverage amounts as may be required by the Charter, with the other party listed as an additional insured.

Revenues from the Charter School will be used to purchase insurances defined in the Charter to operate the Charter School, including the provision of Directors & Officers Liability insurance for the Board. Each party shall, upon request, present evidence to the other that it maintains the requisite insurance in compliance with the provisions of this paragraph. Each party shall comply with any information or reporting requirements required by the other party's insurers, to the extent reasonably practicable

**B. Workers' Compensation Insurance.** Each party shall maintain workers' compensation insurance as required by the Charter and applicable laws, covering their respective employees.

## ARTICLE X WARRANTIES AND REPRESENTATIONS

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

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

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

## ARTICLE XI MISCELLANEOUS

**A. Sole Agreement.** This Agreement supersedes and replaces any and all prior agreements and understandings between the Foundation and CSUSA.

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

**C. State Governing Law/Waiver of Jury Trial.** The rights of all parties hereto shall be subject to the jurisdiction of and be construed according to the laws of the State of

Louisiana, and subject to venue in Calcasieu Parish. CSUSA and the Foundation hereby waive the right to a jury trial in any action, proceeding, or counterclaim brought by either CSUSA or the Foundation against the other.

**D. Agreement in Entirety.** This Agreement (including attachments) constitutes the entire agreement of the parties.

**E. Bondholder Access to CSUSA.** The Foundation hereby authorizes, and CSUSA hereby agrees, that CSUSA may communicate directly with any Beneficial Owner of Bonds, regarding all aspects of operation at the Charter School.

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

**The Foundation:**

Southwest Louisiana Charter Academy Foundation, Inc.  
The Honorable Ulysses Gene Thibodeaux  
3910 Marie Court  
Lake Charles, LA 70607  
Telephone: 337-474-5123  
Facsimile: 337-491-2830

**CSUSA:**

Jon Hage, President and CEO  
6245 N. Federal Highway, 5<sup>th</sup> Floor  
Fort Lauderdale, FL 33308  
Telephone: 954-202-3500  
Facsimile: 954-202-2047

with a copy to:

Tripp Scott, P.A.  
110 SE 6<sup>th</sup> Street, 15<sup>th</sup> Floor  
Fort Lauderdale, FL 33301  
Attn: Edward J. Pozzuoli  
Telephone: 954-525-7500  
Facsimile: 954-761-8475



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

**H. Amendment.** This Agreement shall not be altered, amended, modified or supplemented except in writing and approved by the Board and signed by both the President of the Foundation and the CEO of CSUSA.

**I. Waiver.** No waiver of any provision of this Agreement shall be deemed or shall constitute a waiver of any other provision. Nor shall such waiver constitute a continuing waiver unless otherwise expressly stated.

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

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

**L. Compliance with Law.** The parties to this Agreement agree to comply with all applicable laws and regulations.

**M. Compliance with Charter.** The parties to this Agreement agree to comply with the terms and conditions set forth in the Charter and the terms and conditions of the Charter are incorporated herein by reference.

[SIGNATURE PAGE TO FOLLOW]

EXHIBIT A

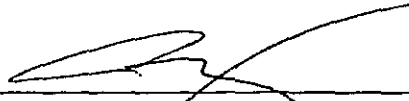
FEE

**Southwest Louisiana Charter Academy  
Management Fee Schedule**

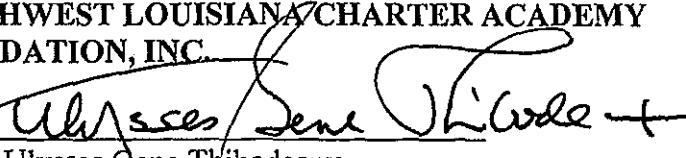
	<b>Mgmt Fee</b>
2014	\$ 1,058,274
2015	1,279,231
2016	1,368,257
2017	1,395,186
2018	1,422,391
2019	1,465,063
2020	1,509,015
2021	1,554,285
2022	1,600,914
2023	1,648,941
2024	1,698,409
2025	1,749,362
2026	1,801,842
2027	1,855,898
2028	1,911,575

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

**CHARTER SCHOOLS USA AT  
SOUTHWEST LOUISIANA, LLC**

By:   
\_\_\_\_\_  
Jonathan K. Hage  
President & Chief Executive Officer  
Date: 12-19-2013

**SOUTHWEST LOUISIANA CHARTER ACADEMY  
FOUNDATION, INC.**

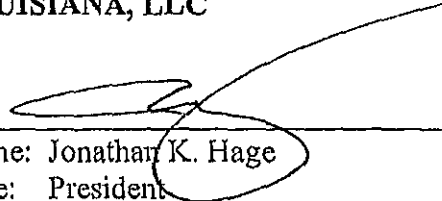
By:   
\_\_\_\_\_  
Ulysses Gene Thibodeaux  
President  
Date: 12-19-2013

CONSENT AND AGREEMENT OF MANAGER

With regard to its interest in the Agreement, referred to in the attached Collateral Assignment of Management Agreement and Consent by Manager (the "Collateral Assignment"), the undersigned ("Manager") hereby consent to the foregoing Collateral Assignment and agree to recognize any exercise of rights by, or assumption of the Agreement by, the Trustee pursuant to the provisions of the Collateral Assignment. The Manager understands and agrees that Trustee shall have no duties or obligations under the Agreement unless Trustee requests the Manager to perform its obligations pursuant thereto. Upon such request and the payment of any sums due and owing by the Foundation to the Manager (subject to the provisions of the Loan Agreement and the Indenture regarding subordination, suspension or forgiveness of amounts due under the Agreement), the Manager hereby agrees to complete the performance pursuant to the Agreement for which a request is made. The Manager hereby warrants and represents to Trustee that Exhibit A attached hereto is a true, correct and complete copy of the Agreement, the Agreement has been executed by the duly authorized officers of the Manager and such Agreement is the valid, binding and authorized obligation of such Manager.

EXECUTED as of December 1, 2013.

**CHARTER SCHOOLS USA AT SOUTHWEST  
LOUISIANA, LLC**

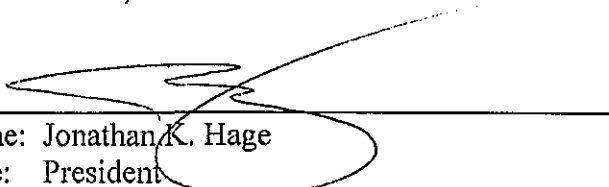
By:   
Name: Jonathan K. Hage  
Title: President

CONSENT AND AGREEMENT OF MANAGER

With regard to its interest in the Agreement, referred to in the attached Collateral Assignment of Management Agreement and Consent by Manager (the "Collateral Assignment"), the undersigned ("Manager") hereby consent to the foregoing Collateral Assignment and agree to recognize any exercise of rights by, or assumption of the Agreement by, the Trustee pursuant to the provisions of the Collateral Assignment. The Manager understands and agrees that Trustee shall have no duties or obligations under the Agreement unless Trustee requests the Manager to perform its obligations pursuant thereto. Upon such request and the payment of any sums due and owing by the Foundation to the Manager (subject to the provisions of the Loan Agreement and the Indenture regarding subordination, suspension or forgiveness of amounts due under the Agreement), the Manager hereby agrees to complete the performance pursuant to the Agreement for which a request is made. The Manager hereby warrants and represents to Trustee that Exhibit A attached hereto is a true, correct and complete copy of the Agreement, the Agreement has been executed by the duly authorized officers of the Manager and such Agreement is the valid, binding and authorized obligation of such Manager.

EXECUTED as of December 1, 2013.

**CHARTER SCHOOLS USA AT SOUTHWEST  
LOUISIANA, LLC**

By:   
Name: Jonathan K. Hage  
Title: President