MEMORANDUM OF UNDERSTANDING FOR COMPREHENSIVE COLLABORATIVE EDUCATIONAL SERVICES AND PERFORMANCE AGREEMENT BETWEEN LOS ANGELES UNIFIED SCHOOL DISTRICT AND MLA PARTNER SCHOOLS

THIS MEMORANDUM OF UNDERSTANDING (the “MOU”) is made and entered into as of July ___, 2008 by and between the MLA Partner Schools, a California non-profit public benefit corporation formerly known as Mentor LA (“MLA”), and Los Angeles Unified School District (“District”), a school district organized and existing under the laws of the State of California (“State”). MLA and the District agree to the terms set forth below and in the appendices and exhibits, attached hereto and incorporated herein.

WITNESSETH:

WHEREAS, under State law the Board of Education for the District (“Board”) has control and supervision of the public schools in the District and is charged with the duty to provide quality public education;

WHEREAS, MLA is a California corporation having received non-profit status under Internal Revenue Code section 501(c)(3), designed as a medium for collaboration between the District, the City of Los Angeles and other stakeholders to address public education improvement in historically underserved areas;

WHEREAS, the Board, having carefully considered the need to design and implement new models for providing public education in certain areas of the District, and having determined that a collaborative effort between MLA, the District, other non-profit organizations and various stakeholder groups would enhance the likelihood of success, would be beneficial to the children of the District and would serve the unique needs of the District within the meaning of California Education Code Sections 35160 and 35160.1, adopts, to the extent permitted by law, MLA’s educational program as the Board’s own for the schools to which this MOU applies;

WHEREAS, MLA and the District desire to create an educational program for the children of the District that will utilize the educational services provided by MLA and that will be based on trust, mutual respect, common educational objectives and clear accountability;

WHEREAS, it is the intent of both the Board and MLA to comply fully with applicable federal and State law and regulations in implementing this MOU;

WHEREAS, the Board and MLA expressly acknowledge and agree that the Board retains full authority over such school(s) as set out further herein;
WHEREAS, MLA and the Board understand that MLA Schools (as defined in Article 3.1 below) are ultimately subject to Board authority and MLA is accountable to the Board in the performance of MLA’s obligations under this MOU; and,

WHEREAS, MLA emerged out of a collaborative effort between the District, Board, Superintendent, and MLA’s constituencies to create a new model for delivery of District educational services in the City of Los Angeles, to improve schools and school communities, develop best practices and share them throughout the District;

NOW THEREFORE, in consideration of the premises and the mutual covenants and agreements herein set forth, MLA and the District do hereby agree as follows:

ARTICLE 1
RELATIONSHIP AND AUTHORITY

1.1 Contractual Relationship. The Board and MLA hereby acknowledge and agree that the Board is charged under State law with the duty to administer the provision of public education services with the Board’s jurisdiction and has authority to supervise all matters pertaining to the public schools. The Board and MLA acknowledge and agree that the Board will retain all such authority under this MOU. Due to the unique nature of this MOU and the desire of the parties to explore an alternative means of providing education to the students of the District, MLA shall be subject to the oversight of the Board and shall be accountable to the Board, which oversight and accountability shall be exercised by and through the District except for those situations where the Board sponsors the appropriate Board action to allow MLA to appear before the Board for purposes of oversight and accountability.

1.2 Intent. The intent of this MOU is to create a collaborative effort between the District and MLA and to allow MLA the maximum freedom and autonomy permissible by law and applicable collective bargaining agreements, along with strong and clear accountability, in order to best serve the students and communities of the District and to develop new best practices that can be implemented in other areas of the District. This MOU is intended to set out the framework for this collaborative effort. The Parties recognize that this collaboration and MOU will evolve, be subject to amendment and shall be implemented in a manner to allow the greatest likelihood of success over time.

1.3 Authority. MLA, in performing its duties and fulfilling its obligations under this MOU, shall have power and authority, consistent with federal and State law and subject to the other terms and conditions of this MOU and the oversight of the Board, to take such actions as may be necessary or desirable to properly and efficiently implement educational services at the MLA School(s) in cooperation with the District. Should the District reasonably determine that, for any reason, the health or safety of any student or students at the MLA School(s) is jeopardized, the District shall notify MLA in writing and MLA shall take all actions necessary to immediately resolve any and all issues, events, or items threatening the health or safety of any student or students. If, in the
District’s reasonable discretion, the District determines that MLA failed to timely or adequately remedy any such issue, event, or item, the District may take action to resolve the matter and exercise any remedy it may have under this MOU including, without limitation, termination of this MOU if necessary to assure the health and safety of students.

1.4 Collective Bargaining Agreements. Notwithstanding any other provision of this MOU, the District and MLA agree and represent that the District and MLA shall honor all applicable collective bargaining agreements, as they may be negotiated from time to time, for the term of this MOU and any renewals of this MOU. The District and MLA commit to collaborating with employee groups to fulfill the intent of this MOU and maximize its benefit to students and communities.

1.5 Process and Procedures. The parties are in the process of developing a Process and Procedures Manual that will set out in more detail how the District and MLA will conduct the shared efforts at MLA Schools. The Process and Procedures Manual will be appended to this MOU and incorporated herein. As the Process and Procedures Manual will be a day-to-day operational document, the District’s Superintendent, or her or his designee shall have authority to create, agree to, and amend it from time to time as appropriate, with MLA’s prior written agreement.

1.6 Interpretation and Precedence. This MOU, the Exhibits attached hereto, and the Process and Procedures Manual are to be interpreted so that all of the provisions are given as full effect as possible. In the event of a conflict between these documents, the following order of precedence will apply:

(a) This MOU;
(b) Exhibit to this MOU; and
(c) Process and Procedures Manual.

1.7 Nonexclusively. The District shall not be required to contract for any services from MLA except for the service expressly provided in this MOU or as otherwise necessary to effectuate the intent and advance the goals of this MOU. MLA acknowledges and agrees that this MOU shall not create any exclusivity and this MOU shall not restrict or prevent the District from exploring, requesting, or obtaining information, proposals, models, technology, bids or other documents, services and products from any third party or developing such documents, services or products internally regardless of whether such documents, services or products are similar, identical or in addition to that provided by MLA under this MOU or outside of the scope and intent of this MOU.

1.8 Waiver of Board Rules, Bulletins, Reference Guides, Memoranda and other Policies. It is the intent of the District to provide MLA the maximum flexibility allowed by law to implement the educational services described in this MOU. To that end,
District and MLA agree that all Board Rules, Bulletins, References Guides and other District policies (“District Policies”) that are not explicitly made applicable to MLA and/or MLA Schools in this MOU or necessary for compliance with law or applicable collective bargaining agreements are hereby waived for MLA and MLA Schools. Notwithstanding the foregoing sentence, the District and MLA recognize the need for a smooth transition and continuity, especially during the first year of the collaboration. The parties, therefore, recognize that MLA Schools may continue to operate using District Policies that have been waived under this Article 1.8. Notwithstanding the above, District employees working at MLA Schools shall continue to comply with District ethics and conflict of interest policies. The Board may adopt a policy specifically for schools participating in the Innovation Division, and MLA Schools shall comply with the provisions of such a policy, as it may be amended from time to time, to the extent that such provisions are consistent with the terms and intent of this MOU.

ARTICLE 2
TERM AND RENEWAL

2.1 Term. The term of this MOU (“Term”) shall commence on the date first above written and end at midnight on June 30, 2013, unless terminated earlier or extended in accordance with the terms and conditions set forth herein. The Term shall include five school years beginning in the 2008-2009 school year.

2.2 Renewal. So long as MLA is in good standing under this MOU, MLA shall have the option to request the extension of the Term of this MOU for an additional period up to five (5) years after the Expiration Date. The process for submitting the renewal request shall be set forth in the Process and Procedures Manual.

2.3 Renewal Criteria. District and MLA agree that the renewal of this MOU will be determined by MLA’s performance under this MOU under the metrics identified in Article 4.9.

ARTICLE 3
MLA SCHOOLS

3.1 MLA School(s). Commencing immediately upon Board approval of this MOU, MLA shall provide planning and coordination for the school year commencing July 1, 2008, and thereafter perform all functions contemplated by this MOU at each District school listed below (“MLA School(s)”) and such other schools as the parties may from time to time agree upon. Prior to July 1, 2008, MLA shall not have authority to direct the work of District school site personnel. The District and MLA may, by mutual agreement, modify the list of MLA Schools to remove one or more District schools from the list of MLA Schools or add one or more District schools to the list of MLA Schools pursuant to a process set forth in the Processes and Procedures Manual. The initial MLA Schools are the following:
3.2 Attendance Boundaries. During the term of this MOU, the District shall, in collaboration with MLA, continue to establish the attendance boundaries for MLA Schools. The District shall give MLA reasonable advance written notice of, and adequate opportunity to provide input on, any proposed attendance boundary modification. The District shall consult with MLA before modifying an attendance boundary that it reasonably believes may have a material impact on any MLA School to discuss the impact of the boundary change and whether the boundary change should be implemented. MLA may from time to time propose boundary adjustments to the District for collaborative consideration and implementation. The District will provide MLA full access to all relevant demographic information.

3.3 Maximum Enrollment Capacity. During the term of this MOU, the District shall, in collaboration with MLA, continue to establish the enrollment capacity for the MLA Schools. The District shall give MLA reasonable advance written notice of, and adequate opportunity to provide input on, any enrollment capacity modification. The District shall consult with MLA before modifying the enrollment capacity for any MLA School to discuss the impact of the enrollment capacity change and whether the change should be implemented. The District and MLA will work collaboratively toward moving MLA Schools on year-round calendars to traditional school year calendars.

3.4 Admissions and Recruitment. The District and MLA agree that, during the term of this MOU and any renewals thereof, each MLA School will enroll and admit students residing in their respective attendance boundaries. Admission to each MLA School shall be open to all students residing in the appropriate attendance boundaries on a nondiscriminatory basis and MLA and MLA Schools shall take all action necessary to accommodate all such students. If an MLA School has available seats after resident students have been enrolled and admitted, MLA and MLA Schools may conduct an open enrollment process or use District’s permit process to fill the remaining seats. MLA and the District shall be jointly responsible for the recruitment of students for the MLA School(s). MLA shall administer the recruitment process. Any costs related to transporting students from an MLA School’s attendance area to another school in the District, shall not be allocated to the MLA School or otherwise charged to MLA.

3.5 Enrollment and Admissions during the School Year. Each MLA School shall enroll and admit students residing in its attendance boundary throughout each school year during the term of this MOU as long as the operational capacity for the MLA School exceeds the number of enrolled students. A student shall not be denied admission to an
MLA School on the basis of the student’s grade level if the MLA School serves the student’s grade level and the MLA School has available seats.

3.6 Integration Programs. Notwithstanding any provision or language that may appear to be contrary in this MOU, MLA acknowledges the District’s obligation to comply with the Crawford v. LAUSD court order. MLA also acknowledges that programs designed to comply with the court order may be operating at MLA Schools. MLA agrees that each MLA School that is hosting or participating in an integration program or programs shall continue to host or participate in the program or programs as long as the court order is in effect. Notwithstanding the foregoing, MLA may propose alternatives to existing programs that satisfy the court order and implement any such alternative for which MLA receives prior written approval from the Board. To the extent that integration programs continue to be hosted at MLA Schools, those programs shall continue to be funded from the Targeted Instructional Improvement Grant.

3.7 Student Transfers. Any student transfer out of an MLA School shall be governed by applicable District polices and rules. District shall not unreasonably withhold permission for any student to transfer into an MLA School.

3.8 Non-Discrimination. MLA shall not unlawfully discriminate on the basis of race, religion, sex, national origin, age, sexual orientation, or disability in enrollment, admission, or discipline of students or operation of its programs.

3.9 Access to MLA Schools. MLA recognizes and agrees that MLA Schools continue to be schools of the District during the term of this MOU and, as a result, the District may inspect or observe any MLA School at any time without prior notice to MLA without undue disruption of school or MLA operations.

ARTICLE 4
MLA PARTNER SCHOOL FRAMEWORK

4.1 School Operations. MLA shall, working with the staff, community, and School Site Council (as defined below in this Article) at each MLA School, develop for each MLA School a complete educational program based on the description of MLA’s school framework described in subparagraph (a) below (“MLA Partner School Framework”).

(a) The MLA Partner School Framework. The MLA Partner School Framework shall provide a program of instruction that serves all students at MLA Schools including without limitation, students with special needs. The MLA Partner School Framework shall, among other things: (1) research based; (2) be consistent with California Department of Education's standards regarding the particular course of study and curriculum; (3) offer all students an education that is based on high academic standards and is relevant for a diversity of career paths (4) provide the services as specified in a student's IEP; and (5) provide supplemental assistance and integrated holistic support to every student, with services that include academic tutoring, career and
college counseling, and overall health and wellness. MLA shall provide a reasonably
detailed written description of the MLA Partner School Framework no later than April
30, 2009. MLA shall notify District in writing of any material modification of the MLA
Partner School Framework by November 30 of the school year before the school year in
which modifications will be implemented.

(b) Graduation Requirements. For MLA Schools serving grades nine
through twelve inclusive, MLA Schools shall comply with the District’s course
requirements for high school graduation. MLA Schools shall not award high school
diplomas to MLA School students who have not successfully completed all of the
District’s graduation requirements, including, but not limited to, passing the California
High School Exit Examination.

4.2 Special Education and Related Services. For the initial year of this MOU and
until District and MLA otherwise agree, District shall be responsible for providing
special education and related services to MLA School students as necessary. MLA will
assist the District in carrying out the District’s responsibility to identify students with
special needs and to develop student Individualized Education Plans (“IEPs”) and to
determine appropriate placements, as necessary. MLA will adhere to the provisions of
the Individuals with Disabilities Education Act (“IDEA”) and state special education
laws and regulations to assure that all students with disabilities are accorded a free,
appropriate public education (“FAPE”). MLA will also ensure that no student with
disabilities otherwise eligible to enroll in an MLA School will be denied enrollment.
MLA will comply with Section 504 of the Federal Rehabilitation Act, the Americans
with Disabilities Act, and all Office of Civil Rights mandates for students enrolled in an
MLA School. MLA will adhere to the requirements of the Chanda Smith Modified
Consent Decree, including compliance with the Annual Plan, submitting documents and
information, participating in reviews, and attending informational sessions and meetings.
In the event MLA develops a reasonable alternative to District special education and
related services that is research based, proven effective, and complies with any and all
legal requirements including, but not limited to the Modified Consent Decree, District
and MLA shall meet and confer regarding implementation of that model. The model
shall be implemented with the prior approval of the District, which consent thereto shall
not be unreasonably withheld. At all times, MLA may provide supplemental special
education and related services to MLA School students requiring special needs provided
that such services comply with the law, are consistent with the relevant IEP, and are
consented to by the relevant parent or guardian.

(a) The IEP Process. MLA will use District forms to develop, maintain, and
review assessments and IEPs in the format required by the District and will enter
assessment and IEP data into the District’s designated data system (Welligent) in
accordance with District policies and procedures. The MLA will submit to the District
all required reports, including, but not limited to SESAC and Welligent IEPs, in a timely
manner as necessary to comply with state and federal and Modified Consent Decree
requirements. Decisions regarding eligibility, goals/objectives, program, placement and
exit from special education shall be the decision of the IEP team. Team membership
shall be in compliance with applicable state and federal law and shall include an MLA representative (or designee) and a District representative (or designee). Services and placement shall be provided to all eligible MLA School students in accordance with applicable law.

(b) District’s Delivery of Programs and Related Services. District shall provide or contract for the provision of all special education and related services that are contained within or required by the terms of the IEP of any student who is enrolled at the MLA School. In the event that the IEP team determines that the MLA School is unable to provide an appropriate placement or services for a student with special needs, the IEP team will convene to discuss placement and service alternatives. MLA shall work together with the District to ensure that the appropriate District personnel are present for the IEP team meeting.

c) Due Process Requests. In the event that a parent or guardian of a student attending the MLA School initiates due process proceedings, the District and the MLA School shall work together in an attempt to resolve the matter at an early stage (informal settlement or mediation). The MLA and District shall fully cooperate in scheduling and being available for IDR, mediations and hearings and shall make its personnel available in preparation for, and at, due process hearings and any other necessary proceedings. In the event that District determines that legal counsel representation is needed, legal counsel shall jointly represent District and the MLA School. If MLA retains separate legal representation for a due process proceeding or other legal proceeding or action, MLA will be responsible for the cost of such representation. If parents’ attorneys’ fees and costs are to be paid because parents are the prevailing party in a due process hearing or settlement MOU, the District and MLA agree to pay any such attorney fee award based on each party’s proportionate fault.

(d) Special Education Funding. Unless otherwise agreed between the parties, (1) any funding received from the State and/or Federal governments specifically designated for serving students with special needs will be assigned to District, not the MLA, and (2) District shall be solely responsible for the financial costs of services and responsibilities as set forth above.

4.3 Bilingual, ESL, and SEL Education. MLA shall provide appropriate bilingual, and “English as a second language” (“ESL”), education services to the limited English proficient students in the MLA School(s) through programs consistent with the requirements of federal and State law. MLA shall also provide education services to Standard English Learners (“SEL”). General fund and other funding for such programs shall be included in the Per Pupil Funding herein.

4.4 State and District Curriculum Requirements. MLA shall implement its educational program in a manner that is consistent with federal and State law and regulations, including requirements regarding content and subjects of instruction, unless any such requirement has been waived by appropriate federal or State authorities.

4.5 Student Discipline. MLA shall develop, maintain and abide by a written policy for student discipline that is consistent with state and federal law and regulations. MLA’s
policy shall provide that student expulsion shall require action by the District’s Board and MLA shall abide by all Board decisions regarding student expulsions.

4.6 Student Records. For purposes of developing and implementing the MLA Partner School Framework, immediately upon Board approval of this MOU the District will provide full access to records and information in its possession pertaining to students at MLA Schools and students residing in the attendance area of an MLA School attendance area who will be assigned to an MLA School, or have or will enroll in an MLA School, to: (i) those District employees at MLA Schools who would in the ordinary course of District business have access to such information; and (ii) those MLA employees designated in writing by MLA as having a legitimate educational interest requiring access to such information. Except to the extent expressly waived by Federal and State authorities in writing, the operation of MLA and the MLA School(s) shall comply with all District polices and regulations, and applicable federal and State laws, concerning the maintenance and disclosure of student records. MLA represents and warrants that it shall designate only those MLA employees that meet the criteria of having a legitimate educational interest for purposes of access to the records of students who have or will be admitted to and enrolled at MLA Schools and the matriculating class for schools that feed into MLA Schools. MLA understands that the District will rely upon MLA’s designation of MLA employees as having a legitimate educational interest and the District hereby designates those MLA employees designated by MLA as school officials having a legitimate educational interest solely and exclusively for the limited purpose of access to education records under 20 U.S.C. §1232g of the Family Educational Rights and Privacy Act and §49076 of the California Education Code to develop and implement the MLA Partner School Framework. MLA and its officers and employees shall comply with the Family Educational Rights and Privacy Act at all times. MLA shall timely notify the District of changes to the list of designated employees. In the event the District is informed by any federal or state agency or by a court of competent jurisdiction that the District cannot provide access to education records in accordance with this section, District may terminate such access immediately and shall notify MLA accordingly; provided, that in such situation, the District and MLA, in good faith, shall collaborate to establish another means of access to education records, if possible.

4.7 Ownership and Protection of Confidential Information.

(a) Confidential Information (as defined below) of either party (and any derivative works thereof or modifications thereto) is and will remain the exclusive property of that party or its licensors, as applicable. Neither party shall possess or assert any lien or other right against or to Confidential Information of the other party. No Confidential Information of either party, or any part thereof (including, without limitation, any District Information), will be sold, assigned, leased, or otherwise disposed of to third parties by the other party or commercially exploited by or on behalf of such other party’s employees or agents.

(b) During the course and scope of its services hereunder, MLA and/or District will gain knowledge of or have access to Confidential Information of the other
party, or otherwise have Confidential Information disclosed to it. The parties each understand that Confidential Information is made available to it only to the extent necessary to perform its duties within the course and scope of this MOU, and the respective parties’ and their respective personnel will use Confidential Information for no other purpose. Each party will disclose Confidential Information only to its personnel with a need to access such data as a necessary part of the performance of this MOU.

(c) MLA acknowledges and agrees that District Information includes confidential student and employee information that is protected by applicable law, including but not limited to, FERPA and HIPAA. MLA Personnel may, by nature of the Services, have the ability to defeat security provisions on District devices and may, by the nature of their work, have access to systems and devices containing Confidential Information, but have no need to actually access such Confidential Information in order to perform Services. MLA therefore agrees to use its best commercially reasonable efforts to avoid unnecessary exposure by MLA Personnel to Confidential Information. MLA further agrees to comply, and agrees to require MLA Personnel to comply, with all applicable laws relating to the access, use and disclosure of Confidential Information and any District Information embodied therein.

(d) The parties will each cooperate fully in resolving any actual or suspected acquisition or misuse of Confidential Information.

(e) Notwithstanding the terms of this section, the parties may disclose Confidential Information if disclosure is required by law in response to a valid order of a court of competent jurisdiction or authorized government agency, provided that the disclosing party must provide the other party prompt notice of the order and, at the other party’s request and expense, reasonably cooperate with efforts to receive a protective order or otherwise limit disclosure.

(f) **Confidential Information** means any and all information of either party disclosed or otherwise made available to or learned by the parties under this MOU, which is designated as “confidential” or “proprietary” or which, under all of the circumstances, ought reasonably to be treated as confidential, and includes, but is not limited to, District Data and, all District student records and personnel records of both parties.

(g) **District Information** means all information, in any form, furnished or made available directly or indirectly to MLA by District or otherwise obtained by MLA from District in connection with this MOU, including all information of District or any District affiliates to which MLA has had or will have access, whether in oral, written, graphic or machine-readable form.

4.8 Return of Data. At no cost to the party that owns the Confidential Information, the other party shall upon (a) request by the owner at any time, and (b) upon termination or expiration of this MOU, promptly return, in the format and on the media in use as of the date of request, all or any requested portion of Confidential Information that may be in the other party’s possession or control. Archival tapes containing any Confidential Information shall be used solely for back-up purposes and shall be maintained and used
in accordance with the District Information Security Policies. Notwithstanding the foregoing and subject to any restrictions imposed by applicable law, the parties may each retain a copy of the other’s Confidential Information (but excluding any student or employee data) solely for archival purposes and in connection with any dispute between the parties.

4.9 Assessment of Success.

(a) The District and MLA, shall develop metrics and methods by which the performance of MLA and each MLA School shall be measured. The metrics shall be incorporated into the MLA and MLA School report card and be substantially in the form of the report card attached hereto as Exhibit A. The metrics will include, without limitation, the following:

1. MLA quality review conducted by a third party selected by the District;
2. Attendance;
3. California State Test (CST) scores;
4. Graduation Rate;
5. School Climate; and
6. State and Federal metrics such as Average Yearly Progress and Academic Performance Index.

(b) For purposes of determining whether MLA will be eligible to add additional schools in the 2008-2009 school year only, the performance of MLA and MLA Schools shall be measured by the following subset of the metrics developed under Article 4.9(a):

1. Attendance;
2. California State Test Scores;
3. School Climate; and
4. MLA quality review conducted by a third party selected by the District.

(c) In year one of the implementation, the District will have the right to conduct a mid-year checkpoint of MLA Schools. The purpose of this checkpoint is to identify schools that are at risk of performing worse than the previous school year. The
assessment will be based on the dashboard data. Dashboard data shall include, but not be limited to, periodic assessments, grades, attendance and satisfaction.

(d) During the first year of this MOU, the full accountability system for MLA will be fully developed and rolled out at no later than the beginning of the 2009-2010 school year and will be set forth in the Policies and Procedures Manual. To the extent that the District and MLA cannot agree upon the accountability system, the parties will mediate the matter using the alternative dispute resolution process set forth in Article 4.9.

(e) In the full accountability system, the parties anticipate that there will be five levels of accountability for MLA that will be implemented based on the performance of MLA and MLA Schools:

1. Recognition;
2. Good Standing;
3. Probation (no new schools can be added);
4. Removal of school(s); and
5. Non-renewal or termination of contract.

4.10 Reports to the Board. Information on the performance of each MLA School and its students shall be provided to the Board semi-annually. An annual year-end report shall also be produced no later than December 15 following the completion of each academic year in order to provide time for data on the previous year’s performance to be gathered and analyzed.

4.11 Council. The District and MLA will cooperate to form a council comprised of parents, community members and school staff at each MLA School (each, a “School Site Council”). Each council will make and participate in decisions to the operation of the relevant MLA School. The School Site Council may act as the council or another council may be created in addition to the School Site Council.

4.12 Fingerprinting. For those MLA employees, consultants, contractors, and invitees who MLA authorizes or allows access to an MLA School and who will have contact with any MLA School student, MLA will comply with this section, pursuant to California Education Code Section 45125.1. MLA will provide District with a list, by school site, of the names of MLA personnel who may have contact with District pupils in the performance of services hereunder (collectively, the “Affected Persons”), and will update this list for changes in MLA personnel. MLA will require the Affected Persons to submit to fingerprinting in accordance with Education Code Section 45125.1. MLA will prohibit each Affected Person from having contact with District pupils until the California Department of Justice has ascertained that such Affected Person has not been convicted of any violent or serious offense which, if committed in California, would have been
punishable as a violent or serious felony (under California Penal Code Sections 667.5(c) and 1192.7(c), respectively). MLA hereby certifies and confirms, and upon request will separately certify in writing to District, that neither MLA nor any Affected Persons have been convicted of any violent or serious offense described in California Penal Code Sections 667.5(c) and 1192.7(c). In addition to the foregoing, District may require that MLA and Affected Persons submit to tuberculosis testing and additional background checks and testing at District’s reasonable discretion.

4.13 Staff Qualifications. MLA shall ensure that all individuals employed, contracted, and/or otherwise hired by MLA to provide services related to school site administration, classroom and/or individualized instruction hold the legally required license, certificate, permit, or other document equivalent to that which staff in a public school are required to hold in the services rendered.

ARTICLE 5
MLA AND DISTRICT ADDITIONAL RESPONSIBILITIES

5.1 MLA’s Responsibilities.

(a) Philanthropic and Other Support. MLA shall make reasonable efforts to raise philanthropic contributions of cash or property or in kind donations for the benefit of the MLA School(s) to pay for the start-up costs identified below (“Philanthropic Funds”). The Philanthropic funds may be donated to MLA, directly to the District or to a private or public foundation by the donors for the uses specified in this MOU and the donors’ terms governing the donation.

(b) Maintenance of Corporate Status and Good Standing. MLA shall at all times maintain itself as a California non-profit public benefit corporation capable of exercising the functions of MLA under the laws of the State, shall remain in good standing under the laws of the State, and shall timely make all filings with the office of the California Secretary of State. MLA shall provide the District with copies of the Articles of Incorporation evidencing its incorporation as a non-profit corporation, its Bylaws, and all amendments or modifications thereto. MLA will be solely responsible for its debts and obligations.

(c) Compliance with Open Meeting Laws. Commencing with the Board’s approval of this MOU, MLA shall comply with the applicable open meeting laws including, without limitation, the Ralph M. Brown Act Government Code Section 54950 et seq. The School Site Council at each MLA School shall continue to operate in accordance or, if newly created, shall operate in accordance with, applicable opening meeting laws, including, without limitation the Ralph M. Brown Act and/or the Greene Act whichever is applicable to actions taken by the School Site Council.

(d) Ethics and Public Records Act.
MLA shall provide to District a copy of its current bylaws and a current list of its Board of Directors. Members of MLA’s Board of Directors, together with any administrators, managers, employees, and contractors shall comply with applicable federal and State laws, including, without limitation, California Government Code Section 1090, and nonprofit integrity standards. In addition, MLA shall comply with all public disclosure laws including, without limitation, the Public Records Act, commencing with execution of this MOU.

(e) Compliance with Laws, Rules and Regulations. The MLA School(s) shall comply with all applicable State and federal laws, rules, regulations, court orders, consent decrees, personnel commission rules and collective bargaining agreements as they apply to District employees, and settlement agreements to which District is a party. MLA and the District shall jointly identify any federal or State rules or regulations and agreements that substantially inhibit the implementation of the MLA Partner School Framework and work collaboratively to modify, seek waivers or otherwise limit or eliminate any such impediments to success of this model.

(f) Cooperation between the Parties. The District and MLA are each responsible to the other to cooperate and to provide all assistance that is necessary for District and MLA compliance with federal, state, and local statutes, laws, regulations, ordinances and judgments, any consent decrees and settlements to which the District or MLA is a party, and all contracts, agreements or memoranda of understanding to which the District is a party and of which MLA has actual knowledge. MLA shall not be bound to exclusive vendor or contractor relationships to which the District has agreed.

(g) School Calendar. No later than March 1 of each year, MLA shall submit to the District the calendar for each MLA School for the next academic year and following summer session.

(h) Testing. MLA and the MLA Schools shall administer such standardized tests of academic proficiency as required by federal and State law. The MLA Schools shall conduct such standardized testing with the District. Each MLA School shall pay its proportionate share of the cost of carrying out the standardized testing process. MLA Schools shall have access to District support services for all student testing related activities. MLA shall have flexibility in scheduling and administration of testing as needed.

(i) Welligent and District Student Information Systems. MLA and MLA Schools shall submit to the District all required reports, including but not limited to SESAC and Welligent IEPs, in a timely manner as necessary to comply with federal and State laws and regulations and the Chanda Smith Modified Consent Decree requirements. MLA and MLA Schools shall keep student data up to date and current in all District student information systems.
(j) **Response to Requests for Information.** MLA or the relevant MLA School shall respond to any request for financial or any other information from the District in a timely manner.

5.2 **District's Responsibilities.**

(a) **Continuation of Services.** The parties intend that in the first year of this MOU, District will continue to provide many school site and back-office services to MLA Schools. However, MLA may, consistent with applicable law, collective bargaining agreements, and Personnel Commission rules, access any or all such services in the most effective manner possible, including, but not limited to, those District obligations listed in this Article 5.2. In addition to those services identified below, MLA shall have access to, and upon MLA’s request, District shall provide, in a timely and professional manner, any and all (1) services the District provided to the MLA Schools during the 2007-2008 school year unless those services were provided by one-time funding, are cut or reduced across all District schools due to budget cuts, or otherwise impacted by events outside of the District’s control, and (2) services District provides generally to schools District-wide. The terms of providing such services shall be set forth in the Process and Procedures Manual to be appended hereto and will include performance metrics to measure District’s performance.

(b) **School Facilities.**

(1) The MLA Schools will continue to occupy their respective school sites (“School Facilities”) during the term of this MOU and any renewals of this MOU. MLA may make building adaptations using MLA funds to the School Facilities if required by the MLA Partner School Framework; however, MLA shall not make capital improvements to or significant alterations of the School Facilities which require approval or certification by the California Division of the State Architect under the Field Act and its implementing regulations without prior written approval of the District, which approval may be contingent upon consistency and compliance with State law and normal District standards and policies and which otherwise may not be unreasonably withheld. All alterations made to the School Facilities shall comply with State and local laws and ordinance and with District standards and policies.

(2) During before-school, after-school, evening and weekend hours, MLA may use or permit others (under the California Civic Center Act) to use the School Facilities for purposes other than the regular school instructional program, provided that such use is in full compliance with federal and State law. The District shall be permitted to have access to the School Facilities at any time for inspection or for any other purpose. Notwithstanding the foregoing, the MLA and each MLA School shall honor and comply with any joint use MOU, memorandum of understanding or other arrangement concerning access to the site of the MLA Schools. MLA and the District will cooperate in the issuance of Civic Center Permits. Civic Center Permits shall be issued through the District’s Civic Center Permit office using the District’s policy.
(c) **Maintenance and Operations.** District shall be responsible for the cleaning, routine maintenance and operation of the School Facilities provided, however, that MLA shall pay any costs or expenses for the cleaning, routine maintenance and operations (including utilities such as, but not limited to electricity, water and sewer) of the School Facilities above and in excess of that which the District is currently providing to or paying for the School Facilities. The cost and terms of service shall be set out in the Process and Procedures Manual. To the fullest extent allowed by law and applicable collective bargaining agreements, MLA may contract for maintenance services from third party vendors. Upon termination of the MOU, MLA shall return to the District the School Facilities and Ancillary Property (as defined below) provided by the District, in substantially the same condition as first made available to MLA, except for permitted alterations, reasonable wear and tear consistent with the number of years that MLA has used the School Facilities and Ancillary Property, obsolescence, and fire or other casualties beyond MLA’s control. The parties shall incorporate in the Process and Procedures Manual the model that identifies the Maintenance and Operations (“M&O”) services that District shall provide and the compensation that MLA shall pay for the agreed upon M&O services. MLA Schools will be required to participate in the District’s Deferred Maintenance Program and allow at least ½ of 1% of their general fund revenue from PPF to be placed into a District restricted account. This amount expressly excludes grants, gifts or other revenue paid directly to MLA and other amounts that do not constitute PPF (as defined in Article 6.1) funds.

(d) **Ancillary Property.** The MLA Schools shall retain all desks and other furniture, library and media materials, any textbooks or other materials related to specified State or local curricula (e.g., State history materials), and other similar materials and furnishings currently at the School Facility (“Ancillary Property”). The District shall provide MLA with a list of all Ancillary Property located at the School Facilities as of the date such facilities are first made available to MLA. During the term of this MOU, the District shall replace Ancillary Property in accordance with the District’s normal replacement schedules for such property. District shall provide its Ancillary Property plan and policy (or other plan or policy as appropriate to this issue) to MLA. Title to the Ancillary Property shall not be transferred to MLA. MLA may purchase and retain title to additional furniture, equipment and materiel with MLA funds.

(e) **Capital Repairs and Improvements.** The District shall be responsible for major repairs, capital improvements or replacements, or construction at the School Facilities. The District shall allocate capital improvement and replacement funds (including any related to information technology) to the School Facilities to the same extent and in the same manner as it does for other District schools of similar size, grade levels and location and shall undertake capital replacements, improvements, and repairs to the School Facilities during the term of this MOU consistent with the District’s regular budgets and plans. District shall provide all applicable capital improvement plans and policies to MLA.

(f) **Security and Emergency.** The District shall be responsible for providing all security and emergency response for the School Facilities in the same manner and to
the same extent as it provides security and emergency response to other District schools of similar size, grade levels and location. Each MLA School shall maintain a statutory Safe School Plan that incorporates procedures for notice to the District in the event of emergency. Cost and terms of service shall be set out in the Process and Procedures Manual.

(g) **Transportation and Food.** The District shall be responsible, at its sole cost and expense, for providing all transportation and food services for the MLA School(s). The District agrees that the transportation and food services provided to students at the MLA School(s) shall be comparable to that provided to other District schools and their students. The District shall provide transportation and food services for the MLA Schools’ full school year. To the extent that MLA School(s) are in session beyond the District’s normal school day and school year, MLA and/or the relevant MLA Schools shall pay any additional cost of transportation and/or food service. Cost and terms of service shall be set out in the Process and Procedures Manual.

(h) **Human Resources.** District shall act as MLA Schools’ human resources function and provide human resources, benefits and payroll services as to all District employees assigned to or otherwise supporting MLA or MLA Schools. Cost and terms of service shall be set out in the Process and Procedures Manual. In addition, the District shall cooperate with MLA in the hiring of MLA administrators. At MLA’s request, the District will contract with not more than five administrators each year and assign them to MLA using the District’s detached service assignment or other process that the District may in its sole discretion establish. MLA will reimburse the District for all costs associated with the employment of any such administrator including, but not limited to, the cost of salary, benefits, and taxes and the District may charge a reasonable administrative fee. Unless a waiver is first obtained from the State, the District will not hire administrators for assignment to MLA under this Article 5.2(h) if hiring those administrators would either cause the District to exceed the ratio of administrative employees to teacher established by Education Code section 41402 or, if the District has exceeded such ratio, would increase the number of administrators by which such ratio is exceeded.

(i) **Special Education.** As set forth above in Article 4.

(j) **Cooperation between the Parties.** The District and MLA are each responsible to the other to cooperate and to provide all assistance that is necessary for District and MLA compliance with federal, state, and local statutes, laws, regulations, ordinances and judgments, any consent decrees and settlements to which the District or MLA is a party, and all contracts, agreements or memoranda of understanding to which the District or MLA is a party.

**ARTICLE 6**
**FINANCIAL**
6.1 Allocated Funds. The District and MLA shall calculate a per pupil allocation ("Per Pupil Funding" or "PPF") for each student enrolled at each MLA School based on the funding procedures to be determined in the manner set forth below. The District shall set aside for use by each MLA School the calculated amount for each pupil enrolled at the MLA School. District remains responsible for timely processing expenditures and payments out of MLA designated funds. MLA shall have authority to utilize PPF in a manner consistent with law and District shall expend and make payments of MLA PPF according to MLA direction or instructions. MLA intends to maximize the amount of PPF going toward the education of students at MLA Schools. MLA may be permitted to allocate a reasonable percentage of PPF to cover actual MLA administrative or other costs associated with operations of MLA and MLA Schools only if the relevant MLA School(s) and the Superintendent consent to such allocation. MLA will not so allocate any portion of PPF for the first year of this MOU. The amount of any allocation of PPF toward MLA administrative costs shall be agreed to and calculated collaboratively between the relevant MLA School(s), the Superintendent and MLA in a manner that is transparent and equitable.

The funding methodology for the first year will represent an interim, simplified solution, and will be different than the methodology used for the following years of this MOU; the parties require additional time to fully develop, test, and agree to the methodology to be used to fund the MLA Schools for school years 2009-2010 and beyond. Through the course of the first year, and prior to the second year of operations, the details of the final funding methodology will be determined and agreed to by MLA and the District. In the first year the funding methodology will provide full transparency of both the revenues and expenses for the MLA Schools.

In the first year, therefore, revenues will flow to each MLA School on a per-pupil calculation basis, based on an understanding of the mix of students and overall average daily attendance ("ADA") of each MLA School. The extent of revenue set aside for each MLA School will be determined by the historical theoretical revenues and actual historical expenses of each MLA School. An agreed upon amount of Special Education revenues will be subtracted from the revenue set aside for each MLA School. Likewise, other encroachments which currently burden District schools will be subtracted from the revenue allocated to the MLA Schools.

All District-provided services requested by MLA Schools, with the exception of Special Education expenses, will be charged back to District based on an understanding of historical expenses in the appropriate MLA School prior to its conversion to an MLA School and an estimated adjustment to account for latest funding requirements. MLA and the District will mutually agree upon those services historically provided by the District, which will no longer be provided by the District. These expense areas will not be charged back to the District, and will represent discretionary funds for MLA Schools and MLA to allocate as they choose.

For the funding model to be used for school year 2009-2010 and beyond, the District will provide a framework and options for discussion with the MLA. An agreed upon
methodology will be presented to the Board for approval in time for implementation for
the 2009-2010 school year.

6.2 Budgets. Provided that District has provided MLA with all necessary
information in a timely manner, MLA shall provide the District with an annual projected
budget, in reasonable detail, for each MLA School no later than is reasonable for
incorporation into the District budget process. The budget shall be based, at least in part,
on the PPF allocation calculated pursuant to Article 6.1. The District acknowledges that
such budgets will be based, in part, on information provided by the District. Thus, to the
extent the District is able to merely estimate financial information for the next year,
MLA’s budget will also be an estimate. MLA shall be entitled to timely and on-going
receipt of all budget calculation information as well as actual and projected budget and
expenditure information. The budget for MLA Schools will be presented to the Board as
part of the budgeting process for the District as a whole and is subject to approval by the
Board. The Board’s approval will not be unreasonably withheld.

6.3 Expenditures. The District shall separately account for the PPF for MLA
Schools determined under Article 6.1. The MLA and MLA Schools shall have discretion
as to expenditures of PPF consistent with the budget established pursuant to section 6.2
and any adjustments thereto. The District shall expend PPF in accordance with MLA
The process for such accounting shall be jointly developed and included in the Process

6.4 Grant Applications. On behalf of the MLA School(s), MLA shall have the right
to apply for and receive grant money on its own or together with the District, and to
retain any such funds for its use consistent with the terms of such grants. The District
agrees to include the MLA School(s) in its grant applications in a comparable manner as
it would if they were managed by the District and to allocate any such funds received on
behalf of the MLA School(s) to MLA (provided the programs to be supported by such
grants are consistent with the MLA School(s)’ educational program). The District agrees
that, if necessary, it will act as fiscal agent for any grant funds received on behalf of the
MLA School(s). All grant funds received by MLA will be used consistent with the
purposes of such grants. Any such grants or donations shall supplement PPF.

6.5 Additional Programs. If the District requests MLA to provide any programs not
already offered by the District at MLA Schools and that is not offered as part of its
regular teaching program during the regular school year, such as Pre-K, summer school,
and before-school and after-school programs, the District and MLA will negotiate the
terms and conditions of additional compensation to cover such programs. Any
agreements between the parties concerning additional programs to be provided by MLA,
whether at the request of the District or MLA, shall be in writing. MLA shall not be
obligated to provide any program for which it has not received funding. District shall
have the option to continue such programs in place at MLA Schools as of the date of this
MOU at District expense.
6.6 **Student Fees.** Consistent with State and federal law, and subject to prior District approval, MLA may charge fees to students for program expenses for which other public schools in the District customarily charge fees, or for extra services such as summer and after-school programs, athletics, and other similar activities. This Article applies only to program expenses for which public schools customarily charge student fees or for extra services and does not authorize MLA to charge tuition for mere general attendance at any MLA School.

6.7 **Services Purchased from the District.** MLA and the District have agreed that MLA will purchase various services from the District. The terms of purchase will be set forth in the Process and Procedures Manual which is under joint development and will be appended to this MOU upon completion. MLA will not be obligated to purchase any other goods or services from the District (and the District will not be entitled to allocate any central administrative costs) unless mutually agreed in writing by both parties. If MLA desires to purchase supplies or services through the District, it may do so at a price to be agreed between the parties.

6.8 **Annual Audits.** At the end of each fiscal year, MLA shall prepare its annual financial statements in accordance with accounting principles generally accepted in the United States of America for non-profit organizations (“GAAP”). MLA shall cause a financial statement audit and financial and administrative procedures controls review to be performed annually at its expense by an independent auditor. The auditor shall opine on, among other things, MLA’s compliance with grant and donation requirements. This audit shall be made available to the District no later than December 15 of each year during the term of this MOU beginning on December 15, 2009.

**ARTICLE 7**

**PERSONNEL**

7.1 **Personnel Responsibilities.** District shall assign personnel to each MLA School in accordance with MLA staffing selection under Article 7.2 below. District employees assigned to work at MLA Schools or otherwise assisting MLA shall remain District employees and not considered employees of MLA for any purpose, MLA employees may also be assigned to and work at the sites of the MLA Schools. Accordingly, District employees and MLA employees will both work on the school site, but remain employees of their respective employers, and not be considered jointly employed by either party. The District and MLA agree that MLA employees working regularly at the MLA School(s) must be fingerprinted and certified in compliance with California Education Code §45125 and that such employees will be held, at a minimum, to the same standards as District employees performing the same or similar work, including the satisfaction of relevant State and federal legal requirements.

7.2 **Selection, Supervision and Evaluation of Personnel.**
(a) **Principals and Other School Site Administrators.** MLA and District shall collaborate in the selection and assignment of principals and other administrators for each MLA School. MLA shall select principals and other administrators for each MLA School, and the District shall consent to such selection (which consent shall not be unreasonably withheld or delayed) and assign the selected principals or administrators to the positions designated by MLA provided that MLA and MLA Schools strictly adhere to the following described collaboration process. The collaboration shall include, but not be limited to: (1) development of descriptions of desirable qualifications and leadership prior to the implementation of the selection process, (2) timely sharing of relevant information and personnel files of candidates for positions between MLA and the District’s Superintendent (access limited to MLA personnel necessary to the selection process), and (3) a selection and assignment process that includes involvement by teachers, parents, and other school stakeholders. MLA and District will hold each MLA School principal accountable for the success of his or her MLA School. The MLA may develop its own metrics and method for evaluating school site principals and other administrators. MLA School administrators shall be supervised, evaluated and assigned in a manner consistent with applicable laws, regulations and collective bargaining agreements.

(b) **Teachers and Para-Professionals.** MLA, in collaboration with MLA Schools, shall develop a process for selecting teachers and paraprofessionals (excluding special education trainees/assistants), and MLA School principals shall have authority to select, supervise and evaluate teachers and paraprofessionals at each MLA School consistent with the terms of the applicable collective bargaining agreement.

(c) **Non-Instructional Personnel.** MLA, in collaboration with MLA Schools, shall select school site non-instructional personnel consistent with the terms of applicable collective bargaining agreements and Personnel Commission Rules (for District employees). MLA School principals shall have authority to select, supervise and evaluate school site non-instructional personnel consistent with applicable collective bargaining agreements and Personnel Commission rules for District employees.

7.3 **Employee Salaries and Benefits.** District employees at the MLA School(s) will be compensated according to the terms of the applicable collective bargaining agreements and District Personnel Commission rules. MLA and District contemplate working together with applicable collective bargaining units and others to create additional compensation practices designed to maximize success of MLA Schools. District employees working at the MLA School(s) shall be on the District payroll, and the District shall pay all salaries, stipends and other payments due to the employees, as certified to the District by MLA, together with any associated fringe benefits, FICA taxes and withholding taxes or other payroll assessments or deductions. MLA shall pay directly the salaries, fringe benefits, and employment taxes for those persons at the MLA School(s) who are employed directly by MLA. MLA may provide stipends, bonuses or other compensation to MLA and/or District employees in furtherance of the intent of this MOU.
7.4 **Employment Terms.** Notwithstanding any other provision of this MOU, in implementing the MLA/District collaborative in MLA Schools, District and MLA shall respect rights and benefits accorded by all applicable collective bargaining agreements and Personnel Commission rules for District employees. Flexibility is one of the essential features of MLA. Accordingly, the District and MLA shall collaborate with employee organizations, to identify any features of the applicable collective bargaining agreements or Personnel Commission rules that may interfere with the implementation of the MLA Partner School Framework at the MLA School(s). The District and MLA will collaborate with the applicable employee organizations regarding modification of the relevant collective bargaining agreements and/or Personnel Commission rules in order to maximize the likelihood of success in MLA Schools. No provision of this MOU, the attached Exhibits, or the Process and Procedures Manual shall be considered or deemed a modification of any collective bargaining MOU to which the District is a party.

7.5 **Training.** MLA and District shall collaborate in providing professional development and training in MLA methods, curriculum, program, and technology to all MLA School teaching personnel. MLA and MLA Schools shall have the option to utilize any and all training services offered by the District to District schools and to participate in collaborative training, to the extent they pay a proportionate share of the cost of same, and to utilize external providers for this purpose, but are not required to do so.

7.6 **Collective Bargaining Grievances.**

(a) **Grievances.** All grievances will be handled in a manner consistent with the applicable collective bargaining MOU.

(b) **Notice of Grievances.** The District and MLA shall each immediately notify the other in the event of a grievance being filed under any applicable collective bargaining MOU by an employee at an MLA School.

(c) **MLA Participation in Resolution.** The District will provide MLA with an opportunity to participate in the resolution of any grievance and will not resolve any without first providing notice to MLA and an opportunity to comment on the proposed settlement.

(d) **MLA Participation in Defense.** MLA shall cooperate in the defense of any such grievance and adhere to the formal outcome of all such grievances.

**ARTICLE 8**

**REPRESENTATIONS**

8.1 **Representations of the District.**
(a) The District represents and warrants that it is a public entity existing under the laws of the State and is duly authorized to contract with MLA for MLA to provide the services set forth in this MOU.

(b) The District represents and warrants that the information it has furnished to MLA concerning the District finances, revenues, and student enrollment is accurate and the latest information available at the time of the execution of this MOU.

(c) The District represents and warrants that this MOU constitutes a legal, valid and binding obligation of the District enforceable in accordance with its terms.

8.2 Representations of MLA.

(a) MLA represents and warrants that it is a California non-profit public benefit corporation duly organized and existing under the laws of the State, and is duly authorized and qualified to do business in the State, with non-profit status under Internal Revenue Code section 501(c)(3) with lawful power and authority to enter into this MOU, acting by and through its duly authorized officers.

(b) MLA represents and warrants that this MOU constitutes a legal, valid and binding obligation of MLA enforceable in accordance with its terms.

ARTICLE 9
INDEMNIFICATION

9.1 Legal Representation and Costs; Cooperation. Except as expressly provided herein or in connection with insurance coverage required to be provided in this MOU by one party for the benefit of the other, each party shall be responsible for its own legal representation and legal costs. Except where there is an actual or potential conflict of interest, the District and MLA shall fully cooperate with legal counsel for one another in connection with any legal claim asserted against either of them arising out of the performance of this MOU. Notwithstanding any other provision of this MOU, neither party to this MOU shall settle or compromise any claim against the other party to this MOU without the express written permission of that party.

9.2 Challenges to the Legality of this MOU. Should any claim, demand, or suit be filed against the District that arises out of any claim that this MOU or any part thereof is in violation of law, or of any constitutional provision, statute, law, rule, contract or collective bargaining MOU binding upon the District, the District agrees to promptly notify MLA and the parties to this MOU shall cooperate in the defense of such claim.

9.3 Indemnification.

(a) To the fullest extent permitted by law, MLA agrees at its own expense, to indemnify, defend, and hold harmless the District and the Board and their members,
officers, directors, agents, representatives, employees and volunteers from and against any and all claims, damages, losses and expenses including but not limited to attorneys’ fees, brought by any person or entity whatsoever for claims, damages, losses and expenses arising from or relating to acts or omission of acts committed by MLA, or its officers, directors, employees or volunteers. Moreover, MLA agrees to indemnify and hold harmless the District for any contractual liability resulting from MLA’s third party contracts with its vendors, contractors, partners or sponsors.

(b) To the fullest extent permitted by law, District agrees, at its own expense, to indemnify, defend, and hold harmless MLA and its trustees, officers, directors, agents, representatives, employees and volunteers from and against any and all claims, damages, losses and expenses including but not limited to attorneys’ fees, brought by any person or entity whatsoever for claims, damages, losses and expenses arising from or relating to acts or omission of acts committed by the District, or its officers, directors, employees or volunteers. Moreover, the District agrees to defend, indemnify and hold harmless MLA for any contractual liability resulting from District’s third party contracts with District’s vendors, contractors, partners or sponsors.

(c) Each party shall give prompt written notice to the other party of the assertion of any claim or the commencement of any litigation for which indemnification is sought and shall cooperate with the indemnifying party in the defense of the claim or litigation.

(d) The parties agree that liability for acts or omissions of District employees assigned to MLA Schools will be assessed on a case by case basis based on the proportionate fault of each party.

9.4 No Waiver. The foregoing provisions shall not be deemed a relinquishment or waiver of any kind of applicable limitations of liability to third parties provided or available to any of the parties under applicable federal, state, and local laws, regulations ordinances, or rulings, nor to create liability for either party on claims for which no valid theory of liability exists against that party. Furthermore, the provisions shall not be construed as an agreement by a party having a defense based on a limitation of liability established by applicable federal, state and local laws, regulations or ordinances to indemnify the other party or an agreement by a party against which a theory of liability is not available to indemnify the other party.

ARTICLE 10
TERMINATION

10.1 District Termination for Cause.

(a) The District may terminate, in whole or in part, this MOU for cause prior to the end of the term specified in Article 2 of this MOU, in accordance with the procedures set forth in subArticle (b) below, for any of the reasons that a chartering
agency may revoke a charter under Education Code sections 47607(c)(2), (c)(3) and (c)(4) or for reasons set forth in subparagraphs (1), (2), (3), (4), (5), and (6) below:

(1) if MLA Schools fail to meet or make reasonable progress toward achievement of the performance metrics set forth and referenced in Article 4.9 of this MOU;

(2) if MLA substantially breaches any of the material terms and conditions of this MOU and fails to remedy such breach within 90 days after receipt of written notice of such breach from the District (for this purpose, a substantial breach may include, but is not limited to, any failure which undermines the joint purposes of this MOU);

(3) if there occurs an enactment, repeal, promulgation or withdrawal of any federal, state, or local law, regulation, or court or administrative decision or order which, after all reasonable appeals, results in a final judgment or finding that this MOU or the operation of an MLA School in conformity with the MOU and that violates the District’s responsibilities, duties or obligations under the State or federal constitutions, statutes, laws, rules or regulations, or any District contract or MOU;

(4) if MLA fails to meet generally accepted standards for fiscal management;

(5) if there occurs any circumstance which gives rise to any other ground for termination, rescission or cancellation of a contract as provided by State law, provided that MLA has failed to remedy such circumstance within 90 days after receipt of written notice of such cause; or

(6) If MLA violates Article 7.2(a) of this MOU.

(b) The following procedures shall apply to any termination pursuant to this Article 10.1. The District shall give MLA written notice of its intent to terminate this MOU after having received Board approval for issuance of the notice of intent to terminate. The notice of intent to terminate shall be provided at least 90 days prior to the effective date of termination stated in the notice. The cause for termination shall immediately be submitted to the Superintendent and MLA’s Chief Executive Officer, or their respective designees, for consideration and discussions to attempt to resolve the matter. If these representatives are unable to resolve the matter, then termination shall become effective in accordance with the District’s termination notice. Notwithstanding the foregoing, any termination will not become effective until the end of a school year unless, in the District’s discretion, there are unusual and compelling circumstances which would justify the disruption to the educational program and the students which would be caused by a mid-year termination.

(c) Notwithstanding any statement to the contrary in this MOU, the District shall have the right to terminate this MOU immediately without notice to MLA in the
event MLA’s breach of this MOU creates a risk to the health and safety of any student or the students at any MLA School.

10.2 MLA Termination for Cause.

(a) MLA may terminate the MOU, in whole or in part, for cause prior to the end of the term specified in Article 2 of this MOU, in accordance with the procedures set forth in subArticle (b) below, for any of the reasons set forth in subparagraphs (1), (2), (3), or (4) below:

1. if the District substantially breaches any of the material terms and conditions of the MOU and fails to remedy such breach within 90 days after receipt of written notice of such breach from MLA. For this purpose, a substantial breach may include, but is not limited to, failure by the District to make payments as required by this MOU (unless the required payment is subject to reasonable dispute or the District remedies such failure within 30 days of receiving notice of such failure from MLA) or any other failure which undermines the joint purposes of this MOU;

2. if there occurs a material reduction in the District’s funding for the MLA School(s) in comparison to the funding for the prior fiscal year;

3. if there occurs an enactment, repeal, promulgation or withdrawal of any federal, state, or local law, regulation, or court or administrative decision or order which, after all reasonable appeals, has a material adverse effect on MLA’s ability to operate an MLA School in accordance with its budget or the MLA Partner School Framework; or

4. if there occurs any circumstance which gives rise to any other ground for termination, rescission or cancellation of a contract as provided by State law, provided that the District has failed to remedy such circumstance within 90 days after receipt of written notice of such cause.

(b) The following procedures shall apply to any termination pursuant to this Article 10.2. MLA shall give the District written notice of its intent to terminate the MOU after receiving authority to communicate its intent to terminate from the MLA’s Board of Directors. The notice of intent to terminate shall be provided at least 90 days prior to the effective date of the termination stated in the notice. The cause of termination shall immediately be submitted to the Superintendent and MLA’s Chief Executive Officer, or their respective designees, for consideration and discussions to attempt to resolve the matter. If these representatives are unable to resolve the matter, then termination shall become effective in accordance with MLA’s termination notice. Notwithstanding the foregoing, any termination will not become effective until the end of a school year unless, in MLA’s discretion, there are unusual and compelling circumstances which justify the disruption to the educational program and the students which would be caused by a mid-year termination.
10.3 Disposition of Assets upon Termination.

(a) Upon expiration or termination of this MOU for any reason, the District shall have the right, subject to any limitations and/or conditions in loan or lease agreements to which MLA is a party, to acquire all, but not part, of the property and equipment provided by MLA and located in the MLA School(s) and the homes of the schools’ students by paying MLA the “net depreciated value” of such property and equipment, as defined below, within 30 days after the effective date of termination of this MOU. MLA shall be allowed to remove and retain such property and equipment in the event that the District determines not to purchase it. MLA shall restore the buildings after removing equipment to the condition that existed prior to such removal.

(b) Upon the termination or expiration of this MOU for any reason (other than MLA’s breach), the District shall pay MLA for all building fixtures, improvements and alterations added to the MLA School(s) by MLA which the District has approved in an amount equal to the greater of the fair market value or the “net depreciated value” as defined below.

(c) “Net depreciated value” of any fixed asset shall mean the original purchase price (including taxes and installation charges) minus accumulated depreciation to the date of termination of this MOU as such amounts appear in MLA’s books of account in accordance with generally accepted accounting principles. Notwithstanding the foregoing, “net depreciated value” with respect to equipment or other property leased by MLA shall mean the amount that is equal to MLA’s buy-out cost set in the respective lease or loan agreements as of the date that the equipment or other property is to be purchased by the District.

(d) MLA shall retain all title and possessory interest in MLA personal property at school sites or other locations.

10.4 Remedies. The sole remedies for breaches of this MOU shall be specific performance of the obligations outlined herein, or injunctive or other forms of equitable relief or termination of this MOU in accordance with sections 10.1 and 10.2, except for any breach of any obligation to make monetary payments to the other party.

10.5 School Election to Terminate. An individual MLA School, may after three years of MLA School status, elect to terminate its status as an MLA School. Such election to terminate MLA School status shall be accomplished by the process set forth in the Process and Procedures Manual to be appended hereto. An MLA School’s election to terminate its status as an MLA School shall have no effect on any other aspect of this MOU or its implementation or the status of any other school.

ARTICLE 11
INSURANCE
11.1 Liability Insurance.

(a) Liability Insurance Requirements. Within 90 days after execution of this MOU, but no later than __________, 2008, MLA shall secure and maintain, as a minimum, insurance as set forth below with insurance companies acceptable to the District [A.M. Best A-, VII or better] to protect MLA from claims which may arise from its operations. [INSURANCE RATINGS BEING CONFIRMED WITH MLA’S INSURANCE BROKER]

District shall secure and maintain for each MLA School all levels and coverages of insurance District maintains for District school operations, activities, employees, property, liability and any other coverage the District maintains for District non-MLA Schools and school operations generally. District’s policies shall be endorsed to name the MLA Partner Schools and its officers and directors as named additional insured. Any District self insured layer shall afford insurance to activities, occurrences and claims made in relation to or at MLA Schools just as for any District non-MLA School.

It shall be MLA’s responsibility, not the District’s, to monitor its vendors, contractors, partners or sponsors for compliance with the insurance requirements for vendors pursuant to MLA policy.

MLA shall procure and maintain the following insurance policies:

(1) Commercial General Liability coverage of $5,000,000 per Occurrence and in the Aggregate. The policy shall be endorsed to name the Los Angeles Unified School District and the Board of Education of the City of Los Angeles as named additional insured and shall provide specifically that any insurance carried by the District which may be applicable to any claims or loss shall be deemed excess and the MLA’s insurance primary despite any conflicting provisions in the MLA’s policy. Coverage shall be maintained with no Self-Insured Retention above $25,000 without the prior written approval of the Office of Risk Management for the District.

(2) Workers’ Compensation Insurance in accordance with provisions of the California Labor Code adequate to protect MLA from claims that may arise from its operations pursuant to the Workers’ Compensation Act (Statutory Coverage). The Workers’ Compensation Insurance coverage must also include Employers Liability coverage with limits of $1,000,000/$1,000,000/$1,000,000.

(3) Commercial Auto Liability coverage with limits of $1,000,000 Combined Single Limit per Occurrence if the MLA does not operate a student bus service. If the MLA provides student bus services, the required coverage limit is $5,000,000 Combined Single Limit per Occurrence.

(4) Fidelity Bond coverage shall be maintained by the MLA to cover all MLA employees who handle, process or otherwise have responsibility for MLA funds, supplies, equipment or other assets. Minimum amount of coverage shall be $50,000 per occurrence, with no self-insured retention.
(5) Professional Educators Errors and Omissions liability coverage including Sexual Molestation and Abuse coverage, for MLA and MLA employees (District shall provide such insurance for all District employees and District independent contractors working at or otherwise assisting MLA or MLA Schools) unless that coverage is afforded elsewhere in the Commercial General Liability policy by endorsement or by separate policy, with minimum limits of $3,000,000 per occurrence.

(6) Excess/umbrella insurance with limits of not less than $10,000,000 is required of all high schools and any other school that participates in competitive interscholastic or intramural sports programs.

*Coverages and limits of insurance may be accomplished through individual primary policies or through a combination of primary and excess policies. The policy shall be endorsed to name the Los Angeles Unified School District and the Board of Education of the City of Los Angeles as named additional insured and shall provide specifically that any insurance carried by the District which may be applicable to any claims or loss shall be deemed excess and the MLA’s insurance primary despite any conflicting provisions in the MLA’s policy.

(b) Evidence of Insurance. MLA and District shall furnish to each other (to District at the District’s Office of Risk Management and Insurance Services located at 333 S. Beaudry Ave, 28th Floor, Los Angeles CA 90017 and to MLA at the address specified below) within 30 days of all new policies inceptions, renewals or changes, certificates or such insurance signed by authorized representatives of the insurance carrier. Certificates shall be endorsed as follows:

“The insurance afforded by this policy shall not be suspended, cancelled, reduced in coverage or limits or non-renewed except after thirty (30) days prior written notice by certified mail, return receipt requested, has been given to the [appropriate party].”

Facsimile or reproduced signatures may be acceptable upon review by the Office of Risk Management and Insurance Services. However, the District reserves the right to require certified copies of any required insurance policies.

11.2 Property Insurance.

(a) MLA shall maintain property insurance for all personal property provided by MLA at the school site(s), on which the District shall be named as an additional insured. MLA shall secure from its insurers waivers of subrogation as against the District with respect to damages to the site, and shall otherwise hold the District harmless against liabilities arising out of any such damages.
(b) The District shall maintain property insurance for the School Facilities and for all personal property and fixtures on the site provided by the District, on which MLA and its facilities manager shall be named as additional insureds. The District shall secure from its insurers waivers of subrogation as against MLA and its facilities managers, with respect to damages to the site, and shall otherwise hold MLA and its facilities managers, and their respective offices, employees and agents, harmless against liabilities arising out of any such damages.

11.3 Workers’ Compensation Insurance. MLA shall secure and maintain workers’ compensation insurance covering its employees. District shall self-insure for all District employees working at or otherwise assisting MLA or MLA Schools. All such District employees shall be considered employees of the District and not of MLA. 

MLA’s policy shall be endorsed to name the District as named additional.

11.4 Coordination of Risk Management. The parties shall coordinate risk management activities with one another. This will include the prompt reporting of any and all pending or threatened claims and the filing of timely notices of claim, cooperating fully with one another in the defense of any claims (except in the case of any conflict of interest) and complying with any defense and reimbursement provisions of State governmental immunity laws and applicable insurance policies.

ARTICLE 12
AUDIT AND INSPECTION OF RECORDS

12.1 Inspector General Audit. The District and MLA agree that MLA and MLA Schools are subject to District oversight, the District’s statutory oversight responsibility continues throughout the life of this MOU and requires that it, among other things, monitor the fiscal condition of the MLA and MLA Schools, and the District is authorized to terminate this MOU for, among other reasons, the failure of the MLA to meet generally accepted accounting principles or if it engages in fiscal mismanagement. Accordingly, the District hereby reserves the right, pursuant to its oversight responsibility, to request that the Office of the Inspector General undertake audits of MLA or MLA Schools. The audit may include, but not be limited to, the following areas:

(a) Compliance with terms and conditions prescribed in this MOU.

(b) Internal controls, both financial and operational in nature.

(c) The recording and reporting of school financial information.

(d) The school’s debt structure.

(e) The recording and reporting of attendance data.

(f) The school’s enrollment process.
(g) Compliance with safety plans and procedures.

(h) Compliance with applicable grant requirements.

MLA shall be expected to cooperate fully with such audits and to make available any and all records necessary for the performance of the audit. In addition, if an allegation of waste, fraud or abuse related to MLA or MLA School operations is received by the District, MLA shall be expected to cooperate with any investigation undertaken by the Office of the Inspector General, Investigations Unit.

12.2 Audit Follow-Up. MLA shall meet to review each audit report promptly after the issuance thereof at the request of District to mutually agree upon an appropriate and effective manner in which to respond to the deficiencies identified and changes suggested by the audit report. If an audit reveals an overcharge, MLA will promptly refund such overcharge (net of any undercharges).

12.3 Records Retention. Until (a) the earlier of three (3) years after the expiration or termination of this MOU; or (b) if pending matters relating to this MOU (e.g., disputes) are open as of such date, the date such pending matters are closed, MLA will maintain and provide access upon request to the records, documents and other information required to meet District’s audit rights under this MOU.

ARTICLE 13
MISCELLANEOUS

13.1 Alternate Dispute Resolution. The parties agree to cooperate in good faith in all actions relating to this MOU, to communicate openly and honestly, and generally to attempt to avoid disputes in connection with this MOU. If, nevertheless, a dispute should arise in connection with this MOU, the parties agree to use their best efforts to resolve such dispute in a fair and equitable manner and without the need for expensive and time-consuming litigation. Except for cases involving imminent threat to health or safety, any and all disputes between the parties arising out of this MOU shall be resolved in accordance with the alternate dispute resolution procedure that is set forth below. The parties agree to expedite dispute resolution whenever necessary to effectuate the intent of this MOU.

Neither District nor MLA is required to pursue the process in this Article in the event action is necessary to protect student health or safety.

(a) Any controversy or claim arising out of or relating to the MOU, other than as set forth herein, must be put in writing (“Written Notification”). The Written Notification must identify the nature of the dispute and any supporting facts. The Written Notification may be tendered by personal delivery, by facsimile, or by certified mail. The Written Notification shall be deemed received (a) if personally delivered, upon date
of delivery to the address of the person to receive such notice if delivered by 5:00 PM or otherwise on the business day following personal delivery; (b) if by facsimile, upon electronic confirmation of receipt; or (c) if by mail, two (2) business days after deposit in the U.S. Mail.

A written response (“Written Response”) shall be tendered to the other party within ten (10) business days from the date of receipt of the Written Notification. The Written Response may be tendered by personal delivery, by facsimile, or by certified mail. The Written Response shall be deemed received (a) if personally delivered, on date of delivery to the address of the person to receive such notice if delivered by 5:00 p.m., or otherwise on the business day following personal delivery; (b) if by facsimile, upon electronic confirmation of receipt; or (c) if by mail, two (2) business days after deposit in the U.S. Mail.

(b) The parties agree to schedule a conference to discuss the claim or controversy (“Issue Conference”). The Issue Conference shall take place within seven (7) business days from the date the Written Response is received by the other party. If the controversy, claim, or dispute cannot be resolved by mutual agreement at the Issue Conference, then either party may request that the matter be resolved by mediation.

(c) Mediation proceedings shall commence within forty (40) business days from the date of the Issue Conference. The parties shall mutually agree upon the selection of a mediator to resolve the controversy or claim at dispute. Each party shall bear its own costs and expenses associated with the mediation. The mediator’s fees and the administrative fees of the mediation shall be shared equally among the parties.

(d) If the parties do not resolve the matter at mediation, the parties agree to submit the controversy, claim or dispute to non-binding arbitration conducted by a mutually agreed upon single arbitrator. The arbitrator must be an active member of the California State Bar or a retired judge of the state or federal judiciary of California. This arbitration will be governed by the applicable American Arbitration Association, Commercial Disputes, rules. If the parties cannot agree on an arbitrator within fifteen (15) business days after the termination of mediation, either party may submit the matter to the Los Angeles branch of the American Arbitration Association and the matter shall proceed in accordance with the applicable American Arbitration Association rules. Each party shall bear its own costs and expenses associated with the arbitration. The arbitrator’s fees and the administrative fees of the arbitration shall be shared equally among the parties. Each party shall bear their own costs and expenses.

(e) However, any party who fails or refuses to submit to arbitration shall bear all costs and expenses incurred by such other party in compelling arbitration of any controversy, claim, or dispute.

13.2 Force Majeure. Neither party shall be liable if the performance of any part or all of this contract is prevented, delayed, hindered or otherwise made impracticable or impossible by reason of any strike, flood, riot, fire, explosion, war, act of God, sabotage,
accident or any other casualty or cause beyond either party’s control, and which cannot be overcome by reasonable diligence and without unusual expense.

13.3 Independent Contractor Status. The parties to this MOU intend that the relationship between them created by this MOU is that of an independent contractor, and not employer-employee. No agent, employee, or servant of MLA shall be deemed to be the employee, agent or servant of the District except as expressly acknowledged in writing by the District.

13.4 Subcontracting. MLA reserves the right to subcontract any and all services specified in this MOU to the District and/or to public or private subcontractors, as permitted by law, collective bargaining agreements, and Personnel Commission rules. However, except as delineated in the MLA Partner School Framework, MLA shall not subcontract the oversight or operation of the teaching and instructional program, except as specifically permitted herein or as expressly agreed to in writing by the District.

13.5 No Third Party Beneficiary Rights. No third party, whether a constituent of the District or otherwise, may enforce or rely upon any obligation of, or the exercise of or failure to exercise any right of, the District or MLA in this MOU. This MOU is not intended to create any rights of a third party beneficiary.

13.6 Appendices and Exhibits. The parties agree to the terms and conditions of this MOU and the Appendices and Exhibits attached hereto and incorporated herein by reference.

13.7 Entire MOU. This MOU and the Appendices and Exhibits hereto shall constitute the full and complete MOU between the parties. All prior representations, understandings and agreements are merged herein and are superseded by this MOU.

13.8 Construction and Enforcement. This MOU shall be construed and enforced in accordance with the laws of the State of California.

13.9 Amendments. This MOU may be altered, amended, changed or modified only by MOU in writing executed by MLA and a properly authorized representative of the District.

13.10 Article Headings. The article headings shall not be treated as part of this MOU or as affecting the true meaning of the provisions hereof. The reference to article numbers herein shall be deemed to refer to the numbers preceding each section.

13.11 Invalidity of Provisions of this MOU. If, for any reason, any provision hereof shall be determined to be invalid or unenforceable, the validity and effect of the other provisions hereof shall not be affected thereby.

13.12 Assignment. This MOU shall not be assigned by either party without the prior written consent of the other party, provided that MLA may assign this MOU to a
successor entity that acquires through a corporate reorganization substantially all of MLA’s assets and liabilities, provided that such reorganization does not impair the District’s ability to pursue its educational mission or fulfill its obligation to provide appropriate education in an appropriate environment.

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

13.14 Survival. All representations, warranties and indemnities made herein shall survive termination of this MOU.

13.15 Notices. All notices required or permitted by this MOU shall be in writing and shall be either personally delivered or sent by nationally-recognized overnight courier, facsimile or by registered or certified U.S. mail, postage prepaid, addressed as set forth below (except that a party may from time to time give notice changing the address for this purpose). A notice shall be effective on the date personally delivered, on the date delivered by a nationally-recognized overnight courier, on the date set forth on the receipt of a telecopy or facsimile, or upon the earlier of the date set forth on the receipt of registered or certified mail or on the fifth day after mailing.

To MLA at: with a copy to:
Mike McGalliard McDermott Will & Emery LLP
President Attn: Elizabeth Mann, Esq.
1035 South Grand Avenue 2049 Century Park East
Second Floor Suite 3800
Los Angeles, CA 90015 Los Angeles, CA 90067

To District at: with a copy to:
Los Angeles Unified School District Los Angeles Unified School District
333 South Beaudry Avenue 333 South Beaudry Avenue
Los Angeles CA 90017 Los Angeles CA 90017
Attention: Executive Director Attention: General Counsel
Innovation Division Office of the General Counsel

IN WITNESS WHEREOF, the parties hereto have executed this MOU as of the day and year first above written.

LOS ANGELES UNIFIED SCHOOL DISTRICT BOARD OF EDUCATION

By: _________________________
LOS ANGELES UNIFIED SCHOOL DISTRICT

By: _________________________

MLA PARTNER SCHOOLS, a California non-profit corporation formerly known as Mentor LA

By: _________________________
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