

CHARTER AGREEMENT

Pursuant to G.S. 115C-218et seq. the North Carolina State Board of Education (hereinafter referred to as “SBE”) grants this license to Neuse Charter School of Johnston County, (hereinafter referred to as “the Nonprofit”) to operate Neuse Charter School, a Public Charter School.

1. Term

- 1.1 The Charter is effective on July 1, 2017 through June 30, 2024. It shall terminate June 30 of the last year without further notice from or action by the SBE.
- 1.2 In accordance with 115C-218.6, the SBE shall review the operations of each charter school at least once prior to the expiration of its charter to ensure that the school is meeting expected academic, financial, and governance standards; provided, the SBE may at its discretion review the operations of a charter school at any time the SBE deems it necessary and appropriate.
- 1.3 The Nonprofit may apply to renew the Charter pursuant to SBE policies and procedures; however, this agreement, in no way, binds the SBE to renew the Charter for an additional term. The SBE shall make renewal decisions consistent with State law, SBE policies, and the terms of this agreement.
- 1.4 If the Public Charter School ceases operating in accordance with its Charter and terminates instruction, without prior permission from the SBE, it will be deemed to have surrendered its charter and all rights thereunder.

2. Charter School a North Carolina Public School

- 2.1 Pursuant to Article IX, Section 2, of the North Carolina Constitution and Part 6A of Article 16 of Chapter 115C of the North Carolina General Statute, a Charter School is a public school and shall be accessible to all North Carolina students eligible to attend public schools under G.S. 115C-366.

3. Application-Binding

- 3.1 The SBE has reviewed the Application submitted by the Nonprofit and has approved it subject to adherence to all requirements set forth in this Charter and in the Charter School Act. The Application is fully incorporated in this Charter and all representations and conditions contained in the Application are binding on the charter school.
- 3.2 The Nonprofit shall immediately submit in writing to the Office of Charter Schools and the SBE any proposed substantial changes to the Application. No proposed amendment is valid until the SBE approves that modification.

4. Charter School Governing Board

- 4.1** The Public Charter School shall at all times be operated by the board of directors of the non-profit corporation in accordance with G.S. 115C-218-~~et~~ seq. and all other applicable laws and regulations. The majority of board members and 50% or greater of the board officers for a charter school must have their primary residence in NC.
- 4.2** The members of the governing board of the nonprofit shall receive no compensation other than reimbursement of reasonable expenses incurred while fulfilling duties as a member of the board.
- 4.3.** The Nonprofit board of directors shall adopt and ensure compliance with a conflict of interest and anti-nepotism policy. This policy shall include, at a minimum, the following provisions:
1. No voting member of the governing board shall be an employee of a for-profit company that provides substantial services to the charter school for a fee.
 2. (a) Prior to employing any immediate family, as defined in G.S. 115C-12.2, of any member of the board of directors or a charter school employee with supervisory authority shall be employed or engaged as an employee, independent contractor, or otherwise by the board of directors in any capacity, such proposed employment or engagement shall be:
 - (i) disclosed to the board of directors and
 - (ii) approved by the board of directors in a duly called open-session meeting.

(b) The burden of disclosure of such a conflict of interest shall be on the applicable board member or employee with supervisory authority. If the requirements of this subsection are complied with, the charter school may employ immediate family of any member of the board of directors or a charter school employee with supervisory authority.
 3. A requirement that a person shall not be disqualified from serving as a member of a charter school's board of directors because of the existence of a conflict of interest, so long as the person's actions comply with:
 - a. the school's conflict of interest policy established as provided in this subsection; and
 - b. applicable law

4. No teacher or staff member that is immediate family of the chief administrator shall be hired without the board of directors evaluating their credentials, establishing a structure to prevent conflicts of interest, and notifying the Department, with evidence, that this process has occurred.
 5. The requirements of Chapter 55A of the General Statutes related to conflicts of interest.
- 4.4** The Nonprofit shall have ultimate responsibility for employment, management, dismissal and discipline of its employees. In no event shall the governing board delegate or assign its responsibility for fulfilling terms of this charter.
- a. The Nonprofit shall not enter into or terminate an agreement for comprehensive management services without the prior, explicit approval of the SBE.
 - b. The Nonprofit shall comply with all SBE requests regarding the management agreement that are reasonably related to compliance with all provisions of this charter agreement and the charter school statute.

5. Compliance With Other Laws

- 5.1** The Nonprofit shall ensure that the Public Charter School complies with the Federal and State Constitutions and all applicable federal laws and regulations, including, but not limited to, such laws and regulations governing employment, environment, disabilities, civil rights, children with special needs, transportation, and student records.
- 5.2** The Nonprofit shall ensure that its operation of the Public Charter School complies with all applicable health and safety laws and regulations, whether federal, state, or local.
- 5.3** Neither the SBE nor the local board of education assumes the duty to oversee the operations of the Public Charter School except as may otherwise be provided by law or separate contract.
- 5.4** Neither the SBE nor the local board is required to monitor the Public Charter School for compliance with applicable laws and regulations.

6. Tax-Exempt Status

Pursuant to G.S. 115C-218.15(b) the Nonprofit shall obtain federal tax-exempt status no later than twenty-four months from the date the SBE gives final approval of its Application. The loss of federal tax-exempt status shall result in the revocation of the charter.

7. Enrollment

- 7.1 Admission and enrollment of students shall be as prescribed by the Charter School Act. Failure to adhere to the lottery requirements set forth in G.S. 115C-218.45 is grounds for termination of this Charter.
- 7.2 Student recruitment and enrollment decisions shall be made in a nondiscriminatory manner and without regard to race, color, creed, national origin, sex, religion, ancestry, disability or need for special education services.
- 7.3 The Nonprofit shall ensure that the Public Charter School reports the names, addresses, names of the legal custodian of the students, addresses of the legal custodian of the students, and Student ID number of all students enrolled, as required by the SBE. On September 1 of each year or following the 20th day Average Daily Membership (hereinafter referred to as “ADM”) headcount, whichever is later, the Public Charter School will provide to the local boards of education from which it is entitled to receive local funds the above information with regard to any students from those districts enrolled in the School. This information will be provided electronically in a Uniform Education Reporting System approved software or system. When a student withdraws, the Public Charter School shall promptly notify the local board of education responsible for the attendance area in which the student resides so that the local board may fulfill its legal obligation to verify the student’s compliance with compulsory attendance laws.
- 7.4 Enrollment numbers in the application are projections, or estimates, and do not bind the State to fund the Public Charter School at a particular level.
- a. For the first two years of the initial charter the State will fund the school up to the maximum projected enrollment for each of those years as set forth in the application. However, in subsequent years, the School may increase its enrollment only as permitted by the charter school statute.
 - b. After three years of operation, G.S. 115C-218.5(f)(3) permits a charter school to expand to offer one grade higher or lower than the charter school currently offers if the charter school has not been identified as having inadequate performance as defined in statute and has been in financial compliance as required by the State Board of Education.
 - c. Any increase above 20% must be submitted to the Office of Charter Schools and approved by the State Board of Education in accordance with G.S. 115C-218.5(e).

8. Financial and Governance Warnings

This Charter incorporates by reference, and the Nonprofit is subject to, State Board Policy for Schools on Financial and Governance Noncompliance, and any subsequent amendments to such Policy.

9. Children with Special Needs

- 9.1** As prescribed by the SBE and in accordance with state and federal laws, the Nonprofit shall provide to the SBE the total number of children with special needs, identified in accordance with state and federal laws, enrolled in the Public Charter School.
- 9.2** The Nonprofit accepts and understands that for purposes of federal and state law, it is obligated to provide free and appropriate education and related services to children with special needs.
- 9.3** The Nonprofit shall be designated a local education agency (LEA) solely for purposes of meeting special education requirements pursuant to the Individuals with Disabilities Education Act (IDEA).
- 9.4** The Nonprofit shall be responsible for meeting the needs of English language learners in compliance with State and Federal law.

10. Reports

The Nonprofit shall ensure the Public Charter School submits such reports as required by the SBE. Failure to submit such reports may be grounds for revocation of the Charter.

11. Notifications

- 11.1** The Nonprofit shall notify the SBE immediately of any conditions that it knows are likely to cause it to violate the terms of this Charter or applicable law.
- 11.2** The Nonprofit shall notify the SBE immediately of any circumstance requiring the closure of the Public Charter School, including but not limited to a natural disaster, such as an earthquake, storm, flood or other weather-related event, other extraordinary emergency, or destruction of or damage to the school facility.
- 11.3** The Nonprofit shall immediately notify the SBE of the arrest or charge of any members of the governing board or of a Public Charter School employee for a crime punishable as a felony, any crime related to the misappropriation of funds or theft, and any crime or misdemeanor constituting an act against a minor child or student. The Nonprofit shall also notify the SBE of the investigation of a member of the governing board or of any Public Charter School employee for child abuse.
- 11.4** The Nonprofit shall notify the SBE immediately of any change in its corporate status with the North Carolina Secretary of State's Office.
- 11.5** The Nonprofit shall notify the SBE immediately of a default on any obligation, which shall include debts that are past due by sixty (60) days or more.

- 11.6 The Nonprofit shall notify the SBE immediately if, at any time, student enrollment decreases by twenty percent (20%) or more compared to the most recent pupil count submitted to the SBE and/or DPI.
- 11.7 Failure by the Public Charter School to provide the above-stated notifications may be deemed a violation of this Charter and may be grounds for revocation.

12. Records

- 12.1 Subject to state and federal laws, the SBE, its agents, and the State Auditor shall have the right to examine and copy all records, reports, documents, and files relating to any activity, program, employee or student of the Public Charter School.
- 12.2 The Nonprofit is subject to the Public Records Law, Chapter 132 of the General Statutes. This provision is effective upon the SBE's approval of the Charter Application.
- 12.3 The Public Charter School is subject to all the provisions of Article 29 of Chapter 115C, entitled "Protective Provisions and Maintenance of Student Records."
- 12.4 The Nonprofit shall ensure compliance with the Family Educational Right to Privacy Act 42U.S.C. §1232g.

13. Insurance

- 13.1 The Nonprofit shall name the SBE as an Additional Named Insured to their liability coverage for operation of a charter school while obtaining and maintaining insurance at a minimum in the following amounts:
 - a. Errors and Omissions: one million dollars (\$1,000,000) per occurrence;
 - b. General Liability: one million dollars (\$1,000,000) per occurrence;
 - c. Property Insurance: For owned building and contents, including boiler and machinery coverage, if owned;
 - d. Crime Coverage: no less than two hundred fifty thousand dollars (\$250,000) to cover employee theft and dishonesty;
 - e. Automobile Liability: one million dollars (\$1,000,000) per occurrence; and
 - f. Workers' Compensation: as specified by Chapter 97 of NC General Statute, Workers' Compensation Law.
- 13.2 These provisions shall not preclude the Nonprofit from obtaining liability insurance coverage in addition to or in excess of the requirements stated in this section.

14. Health, Safety, Welfare

- 14.1 The Nonprofit shall ensure that the Public Charter School adheres to all applicable federal, state, and local health and safety laws and regulations.
- 14.2 The Nonprofit shall grant access to local health and fire department officials for inspection of premises or operations of the charter school for purposes of

ensuring the health, safety and welfare of students and employees.

15. Facilities

- 15.1** Prior to commencing operation, the Nonprofit shall provide to the SBE a description of any facility it intends to use, the financing for the facility and evidence from local government inspection authorities that the School's facilities are currently safe (*e.g.*, Certificate of Occupancy for Educational Use).
- 15.2** Any change in location requires immediate notification by the Nonprofit to the SBE, and the Public Charter School must comply with the following conditions:
 - a. Notification to the SBE;
 - b. Submission of a valid Certificate of Occupancy or Temporary Certificate of Occupancy for the new Facilities prior to the first day of occupancy by students; and
 - c. Modified insurance binder to show the Public Charter School coverage is still valid for the new location.
- 15.3** Relocation into a different county and/or LEA shall constitute a material revision to this Charter and requires approval of the SBE.

16. Licensed Employees

- 16.1** All employees who hold professional valid licenses issued by the SBE are subject to the rules pertaining to licensed professionals and their licenses may be revoked based on any of the grounds listed in 16 N.C.A.C. 6C. 0312.
- 16.2** All Public Charter School administrators must report to the SBE if an employee engages in physical or sexual abuse of a child as listed in 16 N.C.A.C. 6C.0312.
- 16.3** Prior to each academic year, and as required by the SBE, the Nonprofit will ensure the Public Charter School reports the total number of teachers and the total number of teachers who hold valid licenses who are employed to teach at the Public Charter School. Failure to employ at least the number of licensed teachers required by law to teach in the charter school shall be grounds for revocation of the Charter.
- 16.4** The Nonprofit understands and agrees that it shall not employ, or accept voluntary services from, any individual whose certificate or license has been denied, suspended or revoked by the SBE or any other licensing board or agency on the grounds of unethical or immoral behavior, including improper sexual or physical conduct with children or students. Violation of this provision is grounds for revocation of the Charter.
- 16.5** In the case of a Nonprofit employee who is on leave from employment with the local board pursuant to G.S. 115C-218.90(3) or its successor statute, the Nonprofit will notify the local board if such employee is suspended, terminated,

asked to resign, or otherwise subjected to disciplinary action because of poor performance or misconduct. The Nonprofit shall cooperate with the local board and shall provide any information requested concerning such employees.

17. Fees

As prescribed by law, the Public Charter School shall not charge tuition or fees, except that the school may charge any fees that are charged by the local school administrative unit in which the charter school is located. A charter school, upon approval by the board of directors of the charter school, may establish fees for extracurricular activities, except those fees shall not exceed the fees for the same extracurricular activities charged by a local school administrative unit in which forty percent (40%) or more of the students enrolled in the charter school reside.

18. Transportation

The Nonprofit shall ensure the Public Charter School provides transportation for students as prescribed by law and the approved charter application. G.S. 115C-218.40

19. Indemnity

- 19.1** The Nonprofit agrees to indemnify and hold harmless the SBE, DPI, the constituent institutions of the University of North Carolina, and local boards of education, their officers, agents, employees, successors and assigns from all claims, damages, losses and expenses, including attorney's fees, arising out of or resulting from any action of the School caused by any intentional or negligent act or omission of the School, its officers, agents, employees, and contractors.
- 19.2** No indebtedness of any kind incurred or created by the Public Charter School shall constitute an indebtedness of the State or its political subdivisions, and no indebtedness of the Public Charter School shall involve or be secured by the faith, credit, or taxing power of the State or its political subdivisions. The Nonprofit shall clearly indicate to vendors and other entities and individuals that the obligations of the Nonprofit under agreement or contract are solely the responsibility of the Nonprofit and are not the responsibility of the SBE or the State.
- 19.3** This Charter is not an employment contract. No officer, employee, agent, or subcontractor of the Nonprofit is an officer, employee, or agent of the SBE or DPI.

20. Student Discipline

- 20.1** The Nonprofit shall comply with Article 27 of Chapter 115C of the General Statutes.
- 20.2** The Public Charter School shall comply with all applicable federal and state laws and regulations governing discipline of children with disabilities, including

compliance with 20 U.S.C. Sec. 1400 et seq. and Section 504 of the Rehabilitation Act of 1973, 29 U.S.C. Sec. 706(8).

- 20.3** The Public Charter School shall comply with state and federal due process requirements both in notifying students of conduct for which they may be suspended or expelled and in providing notice and hearing opportunities to students being recommended for exclusion. If the Public Charter School suspends a student with special needs, it shall continue to provide to the student all continuing education services to the extent mandated by federal and state laws and regulations.
- 20.4** In the event the school suspends or expels a student, the Public Charter School shall promptly notify local School officials in the School district to which the student would otherwise be assigned. Such notification shall include the student's name, special education status, length of suspension/expulsion and the circumstances giving rise to the suspension or expulsion.

21. Instruction

As prescribed by G.S. 115C-218.85(a)(1), the Nonprofit shall ensure the Public Charter School provides the minimum days or hours of instruction as required by statute.

22. Criminal Background Checks

The Nonprofit agrees to comply with the statutory requirement regarding background checks. G.S. 115C-218.90 (4)

23. Open Meetings

The Nonprofit agrees to be subject to the Open Meetings law (Article 33C of Chapter 143 of the General Statutes). This provision is effective upon the SBE's final approval of the charter application.

24. Assignment

Assignment of the Public Charter School to another entity is deemed a material revision to the Charter and must have prior written approval of the SBE.

25. Adequate Performance

The Nonprofit shall comply with all statutory and SBE requirements defining adequate criteria for Public Charter School performance and consequences for failing to meet the statutory requirements.

26. Termination of Charter

- 26.1** The SBE may terminate this Charter on any of the following grounds:
- a. Failure to meet the requirements for student performance;
 - b. Failure to meet generally accepted standards of fiscal management;
 - c. Violation of law;
 - d. Material violation of any of the conditions, standards, or procedures set forth in the Charter;
 - e. Two-thirds of the faculty and instructional support personnel at the Public Charter School request termination or nonrenewal; or
 - f. Other good cause warranting nonrenewal or termination.
- 26.2** The following procedures will apply to the termination proceedings:
- a. When sufficient information exists to initiate termination of a Charter, DPI shall give the Nonprofit written notice of its intention to initiate revocation of the Charter. The notice will be sent by certified mail, return receipt requested, and shall state in reasonable detail the grounds for the recommendation.
 - b. If information available to the SBE indicates that the Public Charter School's current operation poses an immediate threat to the education, health, safety, or welfare of the Public Charter School's students or employees or the public, the SBE may take appropriate protective action pending a final decision on the termination of the Charter.
- 26.3** If the Nonprofit objects to the termination of the Charter, it must, within ten days following the date on which notice of the SBE's action was mailed, deliver to the State Board of Education a written request for a review by the SBE. If the Nonprofit fails to deliver a timely request for review, the Charter shall terminate on the eleventh day after the date the notice was mailed. If a timely request for a review is made by the Nonprofit, the Chair of the SBE may approve a Review Panel to consider the appeal. The Review Panel may review the matter with or without a formal hearing. If the Review Panel elects to conduct a hearing, the hearing shall be held within 30 days of receipt of the written request, unless otherwise agreed to by the parties. At the conclusion of its review, the Review Panel shall submit a written recommendation to the SBE. Unless the SBE and the Nonprofit otherwise agree, the SBE shall make a final decision at its next regularly scheduled meeting.
- 26.4** In the event that the Nonprofit is required to cease operation for any reason, including but not limited to non-renewal, revocation, or voluntary surrender of the Charter, the Nonprofit shall comply with the SBE's closure requirements.

27. Charter Amendment

- 27.1** The Nonprofit shall submit any proposed material revision of the charter to the SBE in accordance with guidance provided by the Office of Charter Schools. Changes that constitute a material revision include, but are not limited to, the following:
- a) Enrollment growth beyond the allowed amount as set out in statute;

- b) Relocation;
- c) Transferring the charter to another non-profit entity;
- d) Altering the mission or targeted student population;
- e) Employing or terminating a management company; and
- f) Changing the application with respect to the National School Lunch program.

27.2 The following proposed amendments to a charter may be approved by Department staff without the necessity of Board action; however, the charter school must seek approval prior to implementation of the change. Further, the Board must be notified by the Department of any approved amendments in the following areas:

- a) Bylaws;
- b) The name of the charter school;
- c) The Articles of Incorporation;
- d) Class sizes as stated in the application;
- e) Length of school day and/or academic year;
- f) Curriculum changes; and
- g) Changing the application with respect to student transportation

27.3 Any potential changes not contained in 27.2 above must be reviewed and approved by the State Board of Education. Notwithstanding the foregoing, the Department may carry any proposed amendment to the Board for its review.

28. Agreements with Local Boards of Education

This Charter shall not preclude the Nonprofit from entering into any agreements with the local board of education; provided, no such agreements shall supersede or override any provision of this Charter.

29. Oversight and Intervention

- 29.1** The SBE will, at its discretion, conduct announced or unannounced site visits at the Public Charter School consistent with its oversight authority.
- 29.2** The SBE and DPI are, in no event, responsible for any financial support other than the funding as provided by law.

30. Notice

Any notice the Public Charter School is required or permitted to be submitted under this Charter shall be delivered to:

**Director, Office of Charter Schools
Department of Public Instruction
6303 Mail Service Center
Raleigh, NC 27699-6303**

Upon request, faxes or emails sent by the School shall be followed by hard copies postmarked within the next business day of the fax transmittal.

31. Severability

If any provision of this Charter is determined to be unenforceable or invalid for any reason, the remainder of this Charter shall remain in effect, unless the Charter is revoked or relinquished.

32. Non-Endorsement

The Public Charter School acknowledges that the granting of a Charter in no way represents or implies endorsement by the SBE of any method of instruction, philosophy, practices, curriculum, or pedagogy used by the School or its agents; nor does the granting of this Charter constitute a guarantee by the SBE of the success of the Public Charter School in providing a learning environment that will improve student achievement.

33. Legislative Action

This Charter and any amendments to it and renewals of it are subject to applicable laws enacted by the General Assembly and shall be deemed amended to reflect applicable changes to those laws. Upon repeal of the statutes authorizing this Charter, this Charter is null and void.

34. Status of Parties to the Charter

- 34.1** This Charter is not intended to create and shall not be interpreted to create employer-employee, contractor-subcontractor, or principal-agent relationships between or among any party or parties to this Charter. "Parties," for purposes of this paragraph only, include the parties to this Charter. No officers, employees, agents, or subcontractors of the School shall be considered officers, employees, agents or subcontractors of the SBE.
- 34.2** The Nonprofit certifies that all contracts obligating the Nonprofit have been and will be undertaken by the Nonprofit and failure to act strictly as a nonprofit corporation shall be grounds for revocation of the Charter.

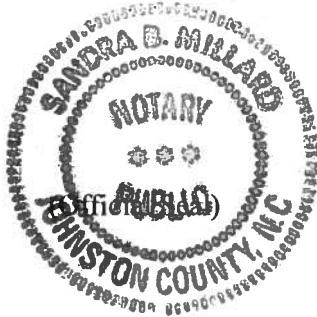
SIGNATURE AND NOTARIZATION PAGE

FOR THE SCHOOL: Neuse Charter School
(School Name)

This 24 day of May 2017.

Dawn Dixon
(Print Name of Board Chair/ President)

Dawn S. Dixon
(Signature of Board Chair/President)



Sworn to and subscribed before me this 24
day of May, 2017.

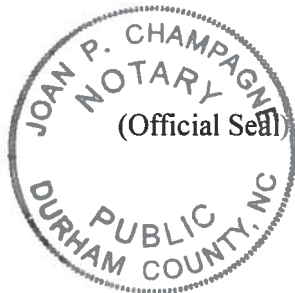
Sandra B. Millard
Notary Public
My commission expires 1-21, 2018

FOR THE STATE BOARD OF EDUCATION:

This 12th day of June 2017.

Mark Johnson
(State Superintendent)

Mark Johnson
(Signature of State Superintendent)



Sworn to and subscribed before me this 12
day of June, 2017.

Joan P. Champagne
Notary Public
My commission expires Jan 9, 2018



909 E. Booker Dairy Rd.
Smithfield, NC 27577
Tel: 919.626.2300
Fax: 919.938.1079

Ms. Susan Pullium
Executive Director
Ms. Sharon Johnson
Principal
Ms. Amy Turnbaugh
Assistant Principal

May 26, 2017

Office of Charter Schools
Attn: Shaunda Cooper
6303 Mail Service Center
Raleigh, NC 27699-6303

Dear Ms. Cooper,

Please find enclosed the completed original Signed and Notarized copy of the Charter Agreement for Neuse Charter School.

We look forward to receiving our fully executed agreement once signed by the State Superintendent of Public Instruction.

Please let me know if you need anything further.

Kind regards,

A handwritten signature in black ink, appearing to be "SP", written over a horizontal line.

Susan W. Pullium, Executive Director
Neuse Charter School

Enclosure