

**PROPOSED PERFORMANCE CONTRACT BETWEEN
PHARR-SAN JUAN-ALAMO ISD**

and

IMO, INC.

This Agreement (the “Agreement”) is made and entered into as of August 1, 2018 (Commencement Date”) by and between Pharr-San Juan-Alamo ISD, a public independent school district and political subdivision of the State of Texas, (“PSJA”) and IMO, Inc. (“Innovative Management Organization” or IMO) (together, the “Parties”) to operate multiple PSJA campus charter schools identified in Section 1.04, below (“School”).

PREAMBLE

PSJA has made great progress as a school system and is widely recognized for the complete turn-around of a once struggling district into one that is highly regarded as a very good educational institution with a number of programs that have been acknowledged as state and national models. The district wishes to further innovate by creating a new partnership model that is founded on the strengths of a traditional, democratically elected Board of Trustees, while providing increased flexibility and innovation by supporting increased autonomy through partnering with a non-profit innovative management organization whose primary purpose is to support the strategic and responsible use of empowerment of campus staff along with the responsibility for achieving results and/or responding and adjusting appropriately when desired results are not apparent.

Such a partnership has the potential to leverage the strong connection to the community of an elected Board with the ability of an external innovative management team to lead and support the empowerment of the teachers and campus leadership. This also provides the opportunity to leverage the efficiencies of continuing to provide a number of key services and support through a central organization for economies of scale and established expertise while devolving significant decision-making power to campuses under the leadership of IMO’s to provide for additional creativity and flexibility, providing for increased differentiation of approach, based on the uniqueness of each campus while focusing on the key work of improving student performance.

The Board of Trustees of PSJA has determined that providing increased autonomy for campuses, including principals and faculty under the leadership and guidance of an Innovative Management Organization partnering with PSJA by means of a performance contract and charged with supporting the development of shared campus-based, performance-driven decision-making; combined with substantial additional resources, compensation, and teacher leader opportunities will accelerate progress in student outcomes and lead to continuous improvement in the professional growth and quality of campus staff and student outcomes.

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This unique design utilizes SB 1882 to strategically move towards systemic and unit excellence with an optimal balance of flexibility and support through performance contracting with non-profits whose leaders have expertise in campus operations related to improving student performance, with a mission to maximize the focus of resources and decision making on student performance.

A unique feature of this plan is an emphasis on closing the loop between higher education and public schools. Universities and colleges will be primary partners in working with the campuses to improve outcomes. UTRGV and other higher education institutions may be contracted by the IMO to provide ongoing support in planning, leadership, curriculum, instructional delivery, evaluation, staff development, etc. UTRGV will partner to identify strengths and weaknesses and build a program of continuous improvement. This information will also feed back into its preparation programs. The University has a strong need to significantly increase the college readiness levels of area students. This partnership will give them a deeper understanding of the challenges and a meaningful opportunity to engage in finding solutions.

It is expected that under this arrangement, campuses will begin to differentiate themselves from their peers more. This will result in individual campuses finding different solutions to the challenges faced by all. The more successful solutions can then be replicated across campuses. Campuses will also take different approaches to adding meaning to their curriculum, using a theme or campus identity based approach.

Key PSJA initiatives, such as, Early College, Dual Language, Early Childhood Partnerships, Pathways to Independence/Lifehouse, and Parent Engagement are to continue to be enhanced. PSJA also places high value on extracurricular activities as critical to a balanced education and well-rounded citizens. Fine Arts, Athletics, Academic and CTE clubs and competitions, and other student organizations are to be maintained and enhanced in quality under this model.

ARTICLE I.

RECITALS

- 1.01 Independent School District. PSJA is an independent school district created within the laws of Texas.
- 1.02 Authority to Contract. The board of trustees of PSJA is empowered by Texas Education Code, Sections 11.157 and 11.174, to contract with a public or private entity for that entity to provide educational services for the district.
- 1.03 Non-Profit Organization. IMO, Inc. is an organization that is exempt from taxation under Section 501(c)(3), Internal Revenue Code of 1986 (26 U.S.C. Section 501(c)(3)), and is hereby [awarded a charter granted under TEC Subchapter C, Chapter 12.

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- 1.04 Status as a Charter Organization. IMO, Inc. has been granted status as a Charter Organization by PSJA ISD pursuant to Chapter 12, Subchapter C, Texas Education Code. As provided by Pharr-San Juan-Alamo ISD Board Policy ELA(Local) and Texas Education Code Section 11.174, PSJA ISD hereby contracts to partner with the IMO, Inc. to operate (**name each campus**) as a district-authorized campus charter. All of the campus charters listed above shall be governed by the terms of this Agreement.
- 1.05 Consultation. PSJA has presented the terms and conditions contained in this Agreement to campus teachers and other campus staff with Chapter 21 contracts prior to final Board action, to determine the sentiments of such teachers concerning this Agreement. From the inception of the Agreement's development, PSJA has recognized that all rights and protections afforded by current employment contracts (including all Chapter 21 contracts and provisions thereof, duty-free lunch and conference rights and all rights of grievance) or agreements may not be affected by this Agreement. PSJA ISD further commits that, for the duration of this Agreement, all professional staff on campuses subject to this agreement will be afforded the full measure of contract protections and procedural rights currently being afforded to professional employees of PSJA ISD. All non-professional employees also retain all current rights and benefits, as set forth in law and/or in District Policy. The rights in this Article (1.05) shall remain in place during the transition to this agreement, and shall remain in effect throughout the life of this agreement.
- 1.06 Consideration. In consideration of the mutual agreements set forth in this Agreement, and for other good and valuable consideration, the Parties agree as follows:

ARTICLE II.

PURPOSE OF AGREEMENT

- 2.01 Contract for Services. This Agreement constitutes a contract for services.
- 2.02 Premise of Agreement. This Agreement is predicated on understanding that students benefit when decisions regarding educational programs, operations, and student services are made at the school level and that autonomy and accountability are mutually reinforcing principles.
- 2.03 Student Achievement. The primary purpose of this Agreement is to improve student outcomes by authorizing the IMO to oversee the operation of the school while

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empowering the principal and faculty to exercise the rights and responsibilities of an autonomous campus subject to the provisions of this agreement and transparent accountability requirements. The provisions of this Agreement shall be construed and applied to achieve this purpose.

- 2.04 Continuation of Agreement for the Benefit of Students. The Parties intend that, after the initial term of this Agreement, this Agreement may be extended for successive annual terms upon the mutual agreement of the parties, unless terminated in accordance with the provisions of Article XVI.

ARTICLE III.

DEFINED TERMS

- 3.01 School. School has the meaning assigned in the Texas Administrative Code §97.1051(3) and includes the following components of the operation of the campus: to wit: the courses taught, the instructional materials, staffing, budgetary allocations, scheduling, and all other responsibilities associated with educational operations of each school campus subject to this Agreement. The IMO specifically agrees to partner with PSJA ISD on matters such as staffing, budgetary allocations, transportation and other responsibilities associated with school operation in the manner and in those areas which are set forth below in this Agreement.
- 3.02 Facilities. Facilities are defined as a building and related equipment, furnishings, non-consumable instructional materials, and property improvements, including any athletic fields and related improvements, and the land on which the building and related improvements are located as more fully defined in Article X.
- 3.03. Material Breach. A “material breach” of this Agreement shall include the failure of a Party to comply with or fulfill any material obligation, condition, term, representation, warranty, provision, or covenant contained in this Agreement, including without limitation any failure by the IMO to meet generally accepted fiscal management and government accounting principles, comply with Applicable Law, state agency rule, or meet the campus empowerment and student outcome goals required by this Agreement.

ARTICLE IV.

RELATIONSHIP OF THE PARTIES

- 4.01 Nature of Relationship. The relationship between the Parties hereto shall be that of contracting parties. IMO, Inc. will operate as an independent contractor to PSJA and will be responsible for delivering the services required by this Agreement. The relationship between and among the Parties was developed and entered into through arms-length negotiations and is based solely on the terms of this Agreement and such contracts and agreements as may be created in the future from time to time between the Parties and reduced to writing.
- 4.02 No Agency. Neither Party will be the agent of another except to the extent otherwise specifically provided by this Agreement. Neither Party has the express or implied authority or will in any case represent to third parties, and will whenever needed disclaim to such parties, any ability to bind the other Party to any duty imposed by contract, other than this Agreement, unless the Party on which such duty is to be inferred has specifically authorized such action at a meeting of that Party's governing board held in accordance with the Texas Open Meetings Act (appearing in minutes of such meeting) and as agreed in writing by that Party.
- 4.03 No Common Control. Neither Party is a division, subsidiary, affiliate, or any part of the other Party or has the right or authority to exercise any common control of any other Party. Nothing herein will be construed to create a partnership or joint venture by or between PSJA and IMO.
- 4.04 Assurance of Independence. The IMO governing body shall remain independent of the independent school district. This governing body shall not include any current member of the PSJA ISD Board of Trustees. Upon leaving office, a former PSJA ISD Board member is barred from serving on the IMO Board for a 5 year period after the last day of service on the school district board. No IMO Board member shall be related to any member of the PSJA ISD Board of Trustees or the Superintendent within the boundaries proscribed by Texas Government Code, Chapter 573. No other person holding an elected public office may serve on the IMO Board while in office. Persons serving on the IMO Board shall be deemed to have resigned their position upon assuming their elected office. No PSJA Administrator shall serve on the IMO Board.

ARTICLE V.

APPLICABLE LAWS

- 5.01. Scope of Applicable Law. The Parties agree that certain laws and regulations that apply to other schools within PSJA may not apply to the School or its operation as a consequence of the grant of a campus charter under Texas Education Code, Chapter 12. The Parties agree that, the IMO may exempt its campuses from provisions of the Texas Education Code only with the express consent of the PSJA Board. It is further expressly understood and agreed that IMO may not exempt itself or any of its campuses from the provisions of Chapters 21 and 22 of the Texas Education Code. {See, Section 5.02. below}.
- 5.02. Compliance with Applicable Law. The Parties shall perform their respective obligations under this Agreement in compliance with all laws and regulations that do apply to the School or its operation (collectively, “Applicable Law”), as may be amended from time to time. The Parties stipulate that Applicable Law includes, but is not limited to, Title VI of the Civil Rights Act of 1964, as amended; Title VII of the Civil Rights Act; Title IX of the Education Amendments of 1974; Section 504 of the Rehabilitation Act of 1973; the Age Discrimination Act of 1975; the Americans with Disabilities Act; the Individuals with Disabilities in Education Act; the Family Educational Rights and Privacy Act of 1974 (“FERPA”); the Every Student Succeeds Act to the extent specified in the Act; the Texas Education Code to the extent the School is not exempt; record retention laws and conflicts of interest laws under the Texas Local Government Code; the Texas Local Government Code, to the extent it applies to school districts; the Texas Open Meetings Act and Texas Public Information Act under the Texas Government Code; and any amendments, interpretations, and reauthorizations of the foregoing. Notwithstanding any possible exemption to which IMO may now, or in the future become eligible, the Parties to this Agreement understand and acknowledge that under its terms, all educational staff assigned to a campus operated through an IMO/campus partnership will remain, for contractual purposes an employee of PSJA during the course of this Agreement. As PSJA employees, all assigned eligible professional personnel will remain subject to Chapters 21 (contracts) and Chapter 22 (employee benefits, including duty-free lunch periods, and 45-minute planning period eligibility, employee immunities, etc.) of the Texas Education Code. All assigned personnel shall also, at all times remain eligible for all protections set forth in PSJA Board Policy, including eligible for placement on the District’s minimum salary schedules; the right to fully anticipate in employee health insurance programs access to available voluntary insurance

coverages via the District's benefits cafeteria plan; the right to file and present grievances the terms and conditions of employment, ultimately to the PSJA Board, and similar employee benefits. All of these employee compensation benefits shall remain in place to the same extent as any non-participating campus employee, or non-campus employee of the district. In addition, all employees whether under this agreement or not, shall have the right to associate with or join and remain members of organizations that exist to represent and protect the rights of employees, such as; AFT, ATPE, TCTA, TSTA, and other such organizations. The district shall continue to provide for payroll deduction for the collection of dues.

ARTICLE VI.

GOVERNING POLICIES

- 6.01. Limitation on Authority. An educational or administrative service necessary for operation of the School not specifically reserved for provision by PSJA under this agreement shall be provided for in a manner as determined by IMO in accordance with Article 7.02 (EmpowerED!) of this agreement, insofar as such delegation is permitted by state and federal law. A service shall be deemed to have been provided by IMO, if IMO performs the service, contracts for its performance, or otherwise ensures and oversees provision of the service.
- 6.02. Policy Election. IMO elects to operate in accordance with all current or future PSJA Board Policies unless specifically exempted as specified in Addendum A-1, attached to this agreement. IMO may request exemptions to additional policies by making a case for such exemptions and submitting them for the consideration of the Board of Trustees.
- 6.03. Adoption and Publication of School Policies. The governing board of IMO will adopt policies addressing matters specified in Addendum A-2, attached to this agreement, at a public meeting held in conformance with requirements of the Texas Open Meetings Law, Chapter 551, and Texas Government Code. IMO will provide proposed policies or proposed amendments to policies currently in effect in draft form to PSJA for review and comment no later than 30 days prior to the meeting at which the policies are to be considered for adoption or amendment. IMO will publish adopted policies and PSJA Board Policies applicable by law or by election under this agreement on the School's Internet website. No policy changes shall be made with respect to Chapter 21 contracts and teachers' rights.

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6.04. Future Waivers and Exemptions. The Parties will collaborate in applying for waivers from any restrictions imposed by Applicable Law when it is jointly determined that such waiver would expand opportunities for students enrolled in the School. If PSJA is relieved from compliance from certain state or federal law or regulation through a waiver, adoption or amendment of a local innovation plan under Chapter 12A, Texas Education Code, and the School is automatically relieved from compliance regardless of whether such relief is addressed in this Agreement. Further, if a waiver from a local policy, procedure, protocol or other requirement is granted to another school in the district, and the policy is not waived by this Agreement, the waiver applies to the School unless PSJA notifies the School otherwise in writing within 60 days of the waiver's application to the other school. Waivers that could impact teachers; Chapter 21 contracts, or other rights and benefits afforded to teachers shall not be permitted.

ARTICLE VII.

PERFORMANCE REQUIREMENTS

7.01 Student and Campus Outcome Goals. The primary responsibility of PSJA under this Agreement is to ensure that the annual student and campus outcome goals specified in Addendum 3 are achieved.

7.02 EmpowerED! The parties agree that student performance and the goals of the PSJA Board of Trustees are best achieved and maintained over the long term when the principal and campus-based staff are skilled in performance-based, collaborative decision making and committed to obtaining high levels of knowledge and expertise in their craft. The parties hereto agree that it is their mutual intent that decisions impacting student learning outcomes will, to the greatest extent authorized by law and this agreement, be made on the campus level through appropriate collaborative processes conducted at the campus level. The IMO shall provide leadership, training and support in order to ensure that the campus principal and staff develop expertise in collaborative, performance-based decision making and overseeing the implementation of same, including growth in quality of practice. Continuous growth is benefitted by participatory processes and pride of ownership.

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- 7.03 Performance Measurement, Methods, and Timeline. The Parties agree that achievement of campus and teacher empowerment, annual student academic and financial performance targets agreed upon by the Parties, and other measures, specified in Addendum 3 will be determined using the methods, indicators, and timelines specified in that Addendum.
- 7.04 Performance Consequences. The Parties agree to specific consequences in the event that the operating party does or does not meet the annual academic or financial performance expectations and goals described in Addendum 4.
- 7.05 Responsibilities of IMO Governing Board. The governing board of IMO agrees that it is responsible for ensuring that I MO achieves performance goals specified in Addendum 3 and is obliged to oversee management of the School and intervene as required to ensure that performance goals are achieved.

ARTICLE VIII.

SCHOOL OPERATIONS

- 8.01. Operational Autonomy. Each campus--IMO partnership shall have full autonomy with respect to School operations, subject to the limitations of this agreement. Domains of autonomy specified in this Agreement are intended as illustrative and do not represent an exhaustive listing.
- 8.02. Governing Structure. Subject to the terms of this Agreement, the governing board of the IMO will be responsible to oversee the work of the IMO, evaluate progress towards achieving the goals set forth in this agreement, and shall have the exclusive authority to hire and oversee the IMO Executive Director and to set the terms and conditions of the Executive Director's employment.
- 8.03. Governing Board. IMO represents that Addendum 4 ,attached to this Agreement is a true and accurate list of its current Directors. . If there is any change to the Directors during the Term of this Agreement, IMO shall provide notice to PSJA ISD of the change within ten (10) days of such change. No current member of the PSJA ISD Board of Trustees shall serve on the IMO Board while holding elected office and each current and former board member is barred from serving on the IMO Board for a 5 year period after the last day of service on the school district board. No IMO Board member shall be related to

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any member of the PSJA ISD Board of Trustees or the Superintendent within the boundaries proscribed by Texas Government Code, Chapter 573. No other person holding an elected public office may serve on the IMO Board while in office. Persons serving on the IMO Board shall be deemed to have resigned their position upon assuming their elected office. No PSJA Administrator shall serve on the IMO Board.

- 8.04. Budgetary Authority of IMO. The PSJA Board of Trustees shall appropriate budget allocations directly to the campus in an equitable manner relative to other campuses, and in accordance with the campus allocation formulae set forth in Article XII of this Agreement as the campus base allocation. Base budget allocations shall include an equitable WADA based budget and an equitable allocation of all other local, state and federal program funding as provided to any other campus in the district. In addition to these base allocations, this campus shall each receive an ADA-based allocation of additional funds provided specifically through SB 1882. IMO has sole authority to approve amendments across TEA-defined budget functional categories within the budget for the School, provided those decisions shall be authorized as specified in Section 7.02 (EmpowerED!). In addition the IMO shall be allocated operational funds from SB 1882 funding on a per pupil basis in order to support its operations. Funds appropriated to an individual campus under this Agreement may only be spent for the benefit of that campus's instructional program, and may not be transferred to another campus or to the IMO.

As further provided by Article XII (Financial Matters), below, the IMO and campus, in conjunction with Article 7.02 have the authority to approve or amend the budget for each School, subject to this agreement within the function codes set forth by Article XII. Funds allocated to IMO under other function codes shall be set aside by PSJA ISD in a special reserve account. Funds shall be paid from the reserve account under a cost allocation plan agreed to by PSJA ISD and IMO that attributes central office and other common expenses to the several PSJA ISD campuses pro rata by campus enrollment or similar measure. Except for the budget functions over which the IMO Executive Director is given signature authority under section 12.06 below, the Parties' approval of the cost allocation plan as part of its budget adoption process authorizes PSJA ISD to pay expenses according to the plan on behalf of students enrolled in the Schools.

- 8.05 Grade Levels. Beginning in the 2018-2019 school year the each School, subject to this Agreement will serve students in all of the grade levels which it served during the 2017-2018 school year.

- 8.06 Attendance Area. The School’s attendance area (“Attendance Area”) shall be defined as the area designated by the PSJA Board of Trustees, which is illustrated in Addendum A-5 to this agreement subject to TEC §12.065. This attendance is unchanged from the attendance zone for the 2017-18 school year. Attendance boundaries can only be changed by the PSJA Board of Trustees.
- 8.07 Enrollment Policies. Any student who resides in the Attendance Zone of the district campus as it existed before the operation of the district campus under this contract may attend the School and may not be refused enrollment. If there are additional spots remaining then they shall be filled by transfer students who reside in the district, but outside the attendance zone, and then may be filled by transfer students who reside outside the school district. PSJA shall oversee all enrollment procedures, in accordance with PSJA ISD Board Policies.
- 8.08 Discipline and Expulsion Policies. Each campus shall be subject to all of the provisions of Chapter 37, Texas Education Code and all of the requirements and procedures set forth in PSJA discipline policies and disciplinary codes. In those circumstances where campus variations are developed through the collaborative processes outlined in Article 7.02 (EmpowerED!) the campus, after approval of the IMO may submit such variations to the PSJA Board of Trustees, for approval. The PSJA Board shall approve such variations unless it determines that such change in policy would result in a violation of law or State or Federal regulation, student safety, or campus order. Notwithstanding the foregoing, procedures for student DAEP placement and/or expulsion must be conducted through the PSJA ISD Student Services Division. PSJA shall conduct hearings and all student rights in such matters shall be in accordance with PSJA Board policy, and where appropriate, adopted and approved campus disciplinary policies.
- 8.09 Schedule. Calendars and bell schedules have already been set for the 2018-19 school year, and coordinated with transportation, food services and special programs. Each subsequent year the PSJA ISD Board of Trustees shall set a calendar and schedules for all campuses with employee input. Amendments to the calendars and schedules for subsequent years shall be provided for in accordance with the empowered model indicated in Section 7.02 of this document. PSJA ISD also must be consulted for impact on transportation, food services, and district and community partners. IMO agrees to provide any campus proposed changes to PSJA no later than 120_ days before start of school and to confer with PSJA prior to altering. Schedules for before and after school services and extra-curricular activities will continue to be campus decisions, as per current practice.

- 8.10 PSJA Meetings, Initiatives, and Training. PSJA will conduct orientation and training to the IMO related to the PSJA community and district, as well as district provided services and programs, at mutually agreed times and schedules. PSJA will also provide training to campus staff related to PSJA operated programs and services as specified in this agreement, or at times agreed upon by the IMO leader. IMO agrees that all School staff will comply with training requirements under Applicable Law.
- 8.11 Contractor Criminal History Background Checks. PSJA requires criminal history background checks on all vendor and contract personnel who enter the School or any PSJA campus or building, including IMO staff. IMO shall adhere to this and submit the necessary information for all background checks prior to said individuals entering the campus. The PSJA purchasing and human resource departments shall conduct all background checks.
- 8.12 Technology Infrastructure; Network Services. PSJA shall be responsible for providing, repairing, and maintaining technology infrastructure, network and phone services at the School. Related purchases shall be coordinated with the PSJA Technology Department. All technology infrastructure and equipment purchased directly or indirectly with ISD funds, including funds allocated to the IMO shall be handled in accordance with PSJA policy and regulations and shall remain with the district upon termination of this agreement.
- 8.13 Media Requests. The Parties agree to collaborate regarding any media requests or press releases related to the School, prior to responding to any media request or making a press release and further agree that any statement made will have prior approval by each Party. This requirement does not apply to general communications regarding IMO or PSJA that may include references to the School. PSJA operates a robust communications department and web-page and shall coordinate with IMO to utilize both for the mutual benefit of IMO operated campus.
- 8.14 Communications with Parents. The Parties agree to jointly approve a protocol for both general and urgent communications with parents within 60 days of the execution of this Agreement.

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ARTICLE IX.

STAFFING

9.01 Employment Status. Only the IMO's Executive Director and direct IMO staff shall be employees of the IMO. All current PSJA faculty and staff assigned to the schools being operated by IMO shall remain employees of PSJA and will continue to participate in the Teacher Retirement System of Texas. All non-professional personnel assigned to the schools being operated by IMO shall also continue to participate in TRS and Social Security Administration programs as per prior arrangements. All campus employees shall continue to receive all PSJA benefits currently in place, including all insurance programs, employee clinic benefits, sick and personal leave accumulation and reward programs, etc. IMO agrees to partner with PSJA to continue to develop a high quality human capital recruiting and development, and on-boarding of employees. A performance agreement shall be developed and appended to this agreement, with provisions for the IMO to hold PSJA accountable for quality services in this area and the remedial measures to be taken if quality of services does not meet expectations. The IMO shall provide leadership to, and partner with each campus principal in exercising the principal's legal authority to approve the assignment of all district employees or contractors to the campus, as well as initial and final authority to request the transfer of any district employee or district contractor from the campus as follows: the IMO Executive Director and the principal shall follow personnel processes applicable to all PSJA employees and to document and provide opportunities for growth, as appropriate in order to ensure employment actions are not taken for reasons that would violate employee contract provisions or state or local law. The campus principal and IMO shall perform due diligence and ensure that due process is provided for, in regards to personnel actions. PSJA ISD will work diligently to find the best placement for employees, if the situation cannot be resolved.

The IMO shall advise the principals, who are the sole party responsible for all decisions related to hiring, assignment, evaluation, development, advancement, continuation, and establishment of any other terms of employment, within the boundaries of SB 1882 and this agreement (i.e. Chapter 21 of the TEC). Employee base pay, a related stipend schedule, and teacher performance pay are established by the Board of Trustees. The IMO may work with the campus using the provisions established by Section 7.02 of this agreement to develop differentiated pay in addition to the compensation provided by the Board-adopted compensation policies, such as additional campus performance pay, teacher leadership pathways and related compensation. The district currently uses

McCrell for teacher and principal evaluation and is the recipient of a large federal grant to provide performance pay, instructional coaching assistance, and related services to all campuses. The campus continues to have the same right to this funding and support as any other district campus. If, in accordance with 7.02 of this document, the campus, with the guidance and approval of the IMO determines that is in the best interests of student performance to opt out of this program, the IMO must provide the district Superintendent notice by May 1 of the preceding school year.

Notwithstanding such employment status as employees of PSJA ISD, the Parties agree with respect to the employees assigned to the Schools operated by IMO as follows:

- a. With respect to all employees assigned to campuses or programs operated by IMO, PSJA shall pay each employee in accordance with the salary scheduled adopted by the PSJA ISD Board of Trustees for such position to which the employee is assigned. IMO and Principal shall notify PSJA of any additional payments to be provided to campus employees from campus funds or any other source, subject to the provisions of Article 7.02 (EmpowerED!) and the district will process these according to district regulations.
- b. IMO shall be responsible for the evaluation of the campus principal. The principal shall be responsible for the evaluation of all other employees assigned to campus, under the leadership of the IMO.
- c. With respect to professional employees assigned to campuses or programs operated under this agreement, the IMO and the campus principal shall be responsible for compliance with all statutory and regulatory processes and procedures applicable to the evaluation of such employees.
- d. With respect to employees assigned to campuses or programs operated under this agreement, IMO and the campus principal shall be responsible for compliance with and provision of all training requirements applicable to such employees.
- e. With respect to employees assigned to campuses or programs operated by IMO who would be entitled to receive educator contracts under Chapter 21, Texas Education Code, they shall continue to be employed pursuant to Chapter 21 employment contracts and shall continue to be employees of PSJA. The Campus Principal and IMO shall prepare recommendations for the PSJA Board's consideration under Tex. Educ. Code § 11.201 and District Policy DC (Local) with respect to employee hiring, retention, and/or placement to recommend employees on the campuses under

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their supervision. The Superintendent shall ensure that all Chapter 21 rights and procedural due process are afforded and shall separately advise the PSJA Board of Trustees with respect to all aspects of Board discretion with respect to the PSJA Board's authority under this Agreement with respect to personnel decisions recommended by the IMO. [See, District Policy DC (Local)]. The Superintendent shall also explore the efficacy of placement of an employee on a different campus when that is in the best interests of the district. In exercising its authority under this Section the PSJA Board of Trustees will accept the personnel recommendation of the IMO unless the PSJA Board makes a specific finding adopted at the meeting where such recommendation is being considered, that the recommendation is not in the best interest of the students being served and identifies the reasons why such judgment is being made. The Superintendent shall advise the Board in such matters. Nothing in this agreement shall be construed as depriving any employee from their due process rights as per Chapter 21 of the Texas Education Code and PSJA Board Policy.

- f. With respect to employees assigned as direct providers of education services (such as instructional aides) on campuses or programs operated by IMO who are not entitled to receive educator contracts under Chapter 21, Texas Education Code, the principal, after consulting the IMO, shall be responsible for the exercise of the Superintendent's responsibilities to making final decisions to recommend employment, utilizing PSJA's talent management processes. The IMO and principal may recommend dismissal of at-will employees to the Superintendent, subject to providing cause and following due process. The Superintendent may either concur, or reassign the employee to another site within the district.

9.02 Criminal History Background Checks. PSJA shall continue to ensure that all criminal history background checks required by Applicable Law are conducted; including without limitation those required for School personnel, applicants, vendors, contractors, and volunteers and shall take action required by law upon completing the background check. PSJA has a well established process and practice to accomplish this and shall provide this service to the IMO and campus. The IMO and principal are responsible for providing all information to PSJA in a timely manner to ensure processing and compliance.

9.03 Certified Personnel. The School's personnel shall at a minimum have the qualifications required by Applicable Law for the assigned role except to the extent a requirement has been lawfully waived or the individual is subject a lawful exemption.

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9.04 Employment Records. PSJA is responsible for maintaining the employment records for all School Personnel. IMO is responsible for maintaining employment records of IMO employees. All PSJA employee records are the property of PSJA. IMO may request access to records of campus employees for educational or work related reasons. IMO employee records are the property of IMO.

9.05 Employee Complaints and Grievances. The Parties agree that employee complaints and grievance will be governed by the applicable policy of his or her employer. All campus staff will be employees of PSJA and therefore continue to fall under PSJA employee complaint and grievance policies.

9.06 Teacher Retirement System: An employee of the IMO is eligible for membership in and benefits from the Teacher Retirement System of Texas if the employee would be eligible for membership and benefits if holding the same position at the district. All campus staff and all PSJA employees shall continue to participate in TRS as per current practice. All non-chapter 21 campus and district employees shall also continue to participate in Social Security as per current practice.

ARTICLE X.

ACADEMIC PLAN

10.01 Curriculum and Program. Campus, under the guidance of the IMO and in accordance with Section 7.02 (EmpowerED!) will have sole authority to approve all curriculum decisions beyond the minimum requirements outlined in 19 Texas Administrative Code §74.2 (relating to Description of a Required Elementary Curriculum) or §74.3 of this title (relating to Description of a Required Secondary Curriculum), lesson plans, instructional strategies, and instructional materials, as defined in TEC, §31.002(1), to be used at that campus. This authority includes sole authority over educational programs for specific, identified student groups, such as gifted and talented students, students of limited English proficiency, students at risk of dropping out of school, and other statutorily defined populations. In making such decisions, the campus and the IMO assume the responsibility for meeting PSJA Board of Trustee goals related to STAAR exams, campus ratings, college attainment and post-secondary readiness, bi-literacy, kindergarten readiness, local high school graduation plans, etc.

10.02 Educational Plan. IMO will oversee the implementation of the education plan described in its proposal to oversee the operations of the School, in Accordance with Article 7.02

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of this agreement empowering the campus faculty and principals through participatory decision making, IMO will ensure that curriculum satisfies the minimum requirements outlined in 19 TAC §74.2 (relating to Description of a Required requirements outlined in §74.2 of this title (relating to Description of a Required Elementary Curriculum) or §74.3 of this title (relating to Description of a Required Secondary Curriculum), and will ensure that implementation meets the requirements of the PSJA Board of Trustees. IMO agrees to notify PSJA any significant proposed alteration of this plan, and to be accountable for achieving all goals set forth in this agreement.

- 10.03 Selection of Instructional Materials. The campus, under the guidance of the IMO, in accordance with Section 7.02 of this contract (EmpowerED!) has authority to select instructional materials (as defined in TEC, §31.002(1)) for the School and represents that selected materials will align with the TEKS, or its successor, and any other standards that may be required under Applicable Law and PSJA Board Policy, provided that funds are sufficient to pay for proposed materials.
- 10.04 Assessments. The campus, under the guidance of the IMO, in accordance with Section 7.02 of this contract (EmpowerED!) has sole authority over the selection and administration of student assessments not required by state or federal law.
- 10.05 Extracurricular Programming and Participation. PSJA considers high quality extracurricular opportunities and programs to be a critical component of a well-rounded education and participation to be a key factor in student engagement, campus climate, and the development of confident, ethical, well prepared citizens and community leaders. PSJA shall provide direction for all campuses in regards to extra-curricular programs through its Director of Advanced Academics, CTE Director, Director of Fine Arts, and Director of Athletics. These administrators will provide leadership, guidance, training, rule and safety compliance monitoring, quality assessment, and overall support for these programs, while continuing to ensure that first priority is given to academic programs and performance. Students enrolled at the School may join any extracurricular activity offered to PSJA students to the same extent as other students so long as participation does not interfere with the School's schedule, tutorials, or other parts of the Program as determined by the campus, under the guidance of the IMO, in accordance with Section 7.02 of this contract (EmpowerED!), similar to PSJA's current practice.
- 10.06 Student Behavior. Students enrolled at the School will be required to follow the PSJA Code of Student Conduct. The campus shall continue to follow PSJA discipline

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policies, unless any variations are developed through section 7.02 of this document and are incorporated into this document or amended to it. DAEP placement and/or expulsion must be by referral to PSJA ISD Student Services Division. PSJA shall conduct hearings and all student rights in such matters shall be in accordance with PSJA Board policy.

10.07 Due Process. IMO will cooperate with PSJA to ensure that due process is afforded with respect to student removals and expulsions.

ARTICLE XI.

FACILITIES

11.01 Facilities. PSJA agrees to continue to provide facilities, in the form of classrooms, office furniture, and equipment and storage areas, for the School at its current location and at its cost. PSJA will also ensure the provision of all utilities necessary for the operation of the school at its cost.

11.02 Ownership. The Parties acknowledge that all Facilities are owned by PSJA at the time of the entry of this Agreement, and that this agreement in no way alters that fact. All facility improvements during the term of this agreement shall be undertaken by PSJA, and shall be incorporated into the property owned by PSJA. All school equipment located at the campus, are the property of PSJA. Upon termination of this agreement, all previously existing equipment and and/or all equipment acquired by the Campus or IMO during the term of this Agreement shall revert to PSJA, provided that equipment was paid for by district or campus funds or by any source with the intent to benefit the campus faculty, staff, or students. If equipment was purchased for or provided to the IMO directly from 3rd party sources, with the express intent of enhancing the capacity of the IMO, the IMO may choose to keep such equipment.

11.03 Permitted Use. Beginning on _____ 2018 (“Right of Entry Date”), and during the Term of this Agreement, IMO may enter and occupy the Facilities solely for partnering in the operation of the School and matters related thereto, as permitted by this Agreement and Applicable Law.

11.04 Furniture and Equipment for Classrooms and Instructional Areas. PSJA will continue to supply chairs, desks, bookcases, bookshelves, file cabinets, computer tables, conference tables, and other furniture as reasonably required for the IMO partner

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school. Such furniture and equipment will be substantially the same as furniture and equipment provided in other classrooms for the same grade level and/or same subject at PSJA. The campus and IMO also may furnish other furniture, fixtures, and equipment, at their own cost and expense (i.e. the campus budget), as they determine (Article 7.02) is required to implement the Program. The title to all furniture and equipment supplied by PSJA for use by IMO remains vested in PSJA. IMO and PSJA will ensure that all property is asset tagged to clearly identify ownership. Any office equipment acquired by the IMO for office use that comes from 3rd party funds (not directly or indirectly PSJA funds) may be labelled as the property of the IMO provided that the provider of that property or funds so designates. Each organization shall maintain an inventory list of all of its assets located at the school.

- 11.05 Fixtures and Alterations. IMO, campus principals and staff may attach non-permanent materials and fixtures to the walls of the PSJA classrooms using attachment methods approved by the PSJA Director of Maintenance, but may not make any other alterations (including fixtures) in or to the IMO classrooms or any other part of the PSJA facilities used by IMO for IMO that would alter the walls, floors, or any other permanent structure of the PSJA Premises without written consent of PSJA.
- 11.06 Janitorial Services. PSJA shall provide janitorial services to the school and any district property used by IMO in the same manner and at the same level as for the remainder of PSJA.
- 11.07 Maintenance. IMO and campus principal shall be diligent and support the maintenance of the School classrooms and any other portion of the PSJA premises, such as office space and storage area in a neat and orderly manner. Both Parties shall comply with the Applicable Laws regarding standards of safety and health of students. PSJA shall be responsible for routine maintenance and major repairs of the IMO partner School including, upgrades, HVAC equipment, roof repairs, and parking lot repairs. PSJA shall maintain all other portions of the IMO partner School in a neat and orderly manner, similar to all other district facilities.
- 11.08 Surrender of the Facilities. On the termination of this Agreement, IMO shall leave the Facilities in good condition and repair. IMO shall return and surrender to PSJA all keys, security access cards, mail box keys, and keys to interior doors and improvements that were provided to Operator by PSJA. The obligations under this Section shall survive the termination of this Agreement.

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ARTICLE XII.

FINANCIAL MATTERS

12.01 Determination of Funding Allocation. Each School operated IMO shall be allocated base operating funds for the students that it serves under the terms of this Agreement based upon the following formula:

- a. For students enrolled in each school operated by IMO under the terms of this Agreement, during the term of this Agreement, such campus will be allocated amounts equal to one hundred percent (100%) of the State and local funds provided to any similarly situated campus based upon PSJA's campus resource allocation formula. the funding formulae set forth in Chapter 42, Texas Education Code multiplied by a fraction of which the denominator is the amount of Chapter 42 funds expended for campus operations during the 2017-18 school year and the numerator is the amount of Chapter 42 funds (including local tax collections) expended for campus operations during the 2017-18 for the budget functions listed in Section, 12.06, below.
- b. For students enrolled in each school operated by IMO under the terms of this Agreement, during the term of this Agreement, the campus will be allocated amounts equal to any similarly situated campus on a per pupil basis to the sum of eligible pupils.
- c. For students enrolled in schools operated by IMO under the terms of this Agreement, during the term of this Agreement, such campus will be allocated access to all grant funds awarded on an equivalent basis to any other similarly situated eligible campus throughout PSJA ISD.
- d. For students enrolled in Special Education Programs and or English Language Learner programs schools operated in partnership with the IMO under the terms of this Agreement during the term of this Agreement, each campus will be allocated amounts equal to any similarly situated campus on a per pupil basis to the sum of eligible students.
- e. Each campus operated by IMO shall be entitled to retain and, pursuant to its site-based deliberative processes, as set forth in Section 7.02, above, to expend at its complete discretion all other grant funds allocated to such campus.

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- f. For each students enrolled in each school operated by IMO under the terms of this Agreement, during the term of this Agreement, the IMO is be allocated amounts equal to \$_____.

12.02 Calculation of Funding Allocation.

- a. As a part of the budget development process for each fiscal year of this Agreement, PSJA ISD and IMO shall calculate the funding to be allocated to IMO under the formulae set forth in section 12.01 above. The funding calculations shall be made based upon PEIMS final attendance reporting from the immediately preceding school year. The calculations may also include any projected changes to revenues agreed upon by the Parties.
- b. Not later than January 15 of each year, the estimates set forth in section 12.02(a), above shall be adjusted to reflect changes in ADA-calculated formula revenues to reflect projected ADA as modified by the Fall PEIMS data submission.
- c. In July of each year, the estimates set forth in sections 12.02(a) and (b), above shall be adjusted to reflect changes in ADA-calculated formula revenues to reflect projected ADA, as modified by the Summer PEIMS initial Data submission.
- d. Changes in allocations for grant and special project funding shall be made at the time such grant funding becomes available.

12.03 Availability of Funds to IMO.

- a. On the first month for each year of this Agreement (August of each year), PSJA ISD shall allocate to IMO an amount equal to the following cumulative percentages of the most recent allocation amount calculated in accordance with the formulaic provisions of Section 12.01 and 1202 above in accordance with the following allocation schedule:

MONTH	CUMULATIVE PERCENT OF SECTION 1.02 FUNDING ESTIMATE DUE
August 1	12%
September 1	20%
October 1	28%

November 1	36%
December 1	44%
January 5	52%
February 1	60%
March 1	68%
April 1	76%
May 1	84%
June 1	92%
July 15	100%

With respect to grant funds due to IMO through PSJA ISD, those funds shall be made available to IMO as, and when those funds first become available to PSJA ISD, irrespective of the schedule set forth in Section 1.03(a), above.

12.04 Use of Funds by IMO

- a. Funds allocated to IMO under section 12.03 above shall be set aside by PSJA ISD in a special reserve account which may be requisitioned at the sole discretion of the IMO Board of Directors or its expressly designated agent. Funds may be paid by PSJA ISD from the reserve funds to cover repetitive expenses such as wage and benefit payments based upon the standing authorization of the IMO Board, or they may be expended based upon a single, stand-alone spending decision. All expenditure determinations shall be made in accordance with all applicable purchasing, and wage and hour laws, both State and Federal. All IMO funds which result from local, state, or federal PSJA funds shall be spent in the furtherance of the education of PSJA students and in the achievement of the goals set forth in this agreement. All such funds not encumbered, shall revert to PSJA upon the termination of this agreement.
- b. The parties shall jointly develop and ensure the utilization of internal accounting control mechanisms necessary to ensure that all funds drawn from the special reserve account to shall be properly allocated to the reserve account and that all required accounting data necessary for the proper recording of the item of expenditure is properly recoded at the point when the transaction is authorized and made.
- c. PSJA ISD agrees to maintain a current accounting of all transactions made from the reserve account ant to keep IMO continuously updated upon the status of the special reserve account and all encumbrances thereon of which PSJA ISD is aware.

12.05 Employee Wage and Benefit Payments. Except for the IMO Executive Director position and a limited number of direct IMO employees hired directly by the IMO, in order to ensure the maintenance of employee rights and contractual benefits, all of educational service providers assigned to a campus or program operating under this Agreement, shall remain an employee of PSJA ISD, and shall be compensated directly by PSJA in accordance with all compensation rights and benefits of any similar PSJA employee. IMO admits knowledge of and agrees that PSJA ISD's obligation hereunder for payment of Federal and/or State grants is limited to and expressly subject to receipt of any funds from the Texas Education Agency. In the event PSJA ISD is ever required to refund any funds received from TEA specifically designated for any Federal or State grant program, it is understood and agreed that IMO shall be liable for and shall forfeit and refund to PSJA ISD such amounts allocated to it.

12.06 Contracting, Purchasing and Procurement. PSJA ISD is responsible for establishing school-level systems for obtaining, contracting with, and paying its vendors for goods it acquires and services it provides under this Agreement. IMO will ensure compliance with PSJA ISD local Board policies and applicable state and federal contracting and payment rules and regulations. Funds allocated to IMO under section 12.03 above shall be set aside by PSJA ISD in a special reserve account which may be requisitioned at the sole discretion of the IMO Board of Directors or its expressly designated agent. The IMO Executive Director shall have signature authority over expenditures in the following IMO budget functions:

- 11 - Instruction
- 12 - Instruction Resources & Media
- 13 - Curriculum & Instr. Staff Dev.
- 23 - School Administration
- 31 - Guidance, Counseling

Campus budgets will continue to be allocated directly to the campus and shall be overseen by the principal. IMO shall work with the campus to ensure that campus budgets are managed in accordance with the principles established in Article 7.02 (EmpowerED!).

12.07 Accounting and Audits. IMO shall cooperate with the PSJA Finance team to ensure compliance with generally accepted fiscal management and accounting principles. In addition to any audits required by Applicable Law, IMO shall submit to PSJA ISD within 120 days following the end of each fiscal year during the Term of this Agreement, financial statements audited by an independent certified public accountant.

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IMO agrees to comply with all rules, regulations, ordinances, statutes, and other laws, whether local, state or federal, including, but not limited to, all audit and other requirements of the Single Audit Act of 1984. In the event an audit occurs and any expenditures relating to this Agreement are disallowed, IMO agrees to reimburse PSJA ISD immediately for the full amount of such.

- 12.08 District Services to IMO. The parties to this Contract understand and agree that in undertaking the responsibilities set forth in this Contract, IMO is undertaking the responsibility for the operation of the programs operated under the TEA function Codes described in Section 12.06, above. All other services and supporting activities necessary for campus operations such as provision of utilities, maintenance of buildings and grounds, security, transportation and food service will be provided by PSJA ISD from school revenues which have not been set aside for IMO under Sections 12.01 and 12.02,. District services not otherwise described herein provided to IMO which are necessary for the operation of a campus shall be provided by PSJA ISD at its actual cost.

ARTICLE XIII.

RECORDS AND REPORTING

- 13.01 Records Management System. IMO shall implement a records management system that conforms to the system required of school district under the Local Government Records Act, Section 201.001 et seq., Local Government Code, and rules adopted thereunder; provided, however, that records subject to audit shall be retained and available for audit for a period of not less than five (5) years from the latter of the date of termination or renewal of the contract.
- 13.02 State and Federal Reporting. IMO shall report timely and accurate information to PSJA as necessary for PSJA to comply with all applicable state and federal requirements. IMO shall report information in the manner requested by PSJA and correct any demonstrable errors as requested by PSJA provided that the manner of reporting or correction requested are not unduly burdensome to PSJA.
- 13.03 Lawful Disclosure. To the extent that IMO or PSJA will come into possession of student records and information, and to the extent that IMO or PSJA will be involved in the survey, analysis, or evaluation of students incidental to this Agreement, both parties agree to comply with all requirements of the Family Educational Rights and Privacy Act and the Texas Public Information Act. In the event that PSJA is required to furnish information or records of the School pursuant to the Texas Public Information Act, IMO shall furnish such information and

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records to PSJA, and PSJA shall have the right to release such information and records. Either IMO or PSJA may object to disclosure of information and records under the Family Educational Rights and Privacy Act or the Texas Public Information Act.

ARTICLE XIV.

INTELLECTUAL PROPERTY

14.01 Proprietary Materials. Each of the Parties shall own its own intellectual property including without limitation all trade secrets, know-how, proprietary data, documents, and written materials in any format. Any materials created exclusively by PSJA for the School shall be owned by PSJA, and any materials created exclusively by IMO for the School shall be IMO's proprietary material. The Parties acknowledge and agree that neither has any intellectual property interest or claims in the other Party's proprietary materials. Notwithstanding the foregoing, materials and work product jointly created by the Parties shall be jointly owned by the Parties and may be used by the individual Party as may be agreed upon by both Parties from time to time.

14.02 Name. IMO owns the intellectual property right and interest to the name "IMO, Inc." The Parties agree that the name "IMO Inc." may be used by either Party during the Term of the Contract. The Parties agree that after the expiration or termination of this Contract, PSJA will not use the name "Great Schools Nonprofit" for its own individual purposes.

ARTICLE XV.

INSURANCE

15.01 Insurance Coverage. During the course of this Agreement, the responsibility to obtain and maintain insurance coverage shall be as follows:

- a) PSJA, at its own expense shall maintain casualty property insurance on all of the Facilities operated by IMO under this Agreement
- b) Each Party, at its own expense, will maintain its own general liability insurance throughout the Term of this Contract as is necessary to secure coverage for the respective entity and its employees up to the limits set forth Chapter 22, Texas

Education Code and Chapter 102 of the Texas Civil practice and Remedies Code.

- c) Each Party may elect to carry what other insurance that Party decides is necessary or advisable for its obligations under this Contract. Such insurance will be written to cover claims incurred, discovered, manifested, or made during or after the Term.
- d) Motor vehicle insurance to cover losses for motor vehicles accidents by that Party; and
- e) Each party shall maintain Workers Compensation insurance as may be required by Applicable Law for the employees of that party. In construing this provision, campus based-personnel receiving salaries and benefits from PSJA ISD shall be deemed to be employees of PSJA and not IMO.

15.02 Form of Policies. All of IMO's insurance policies shall be issued by insurance companies qualified to operate in Texas or otherwise reasonably acceptable to PSJA. Such policies shall name PSJA, and such other related parties as PSJA elects, as additional insureds. Evidence of insurance shall be delivered to PSJA on or before the Possession Date, and thereafter within thirty (30) days prior to the expiration of the term of each such policy, or immediately upon IMO's obtaining a new policy. Such coverage may be maintained under a blanket insurance policy of IMO.

15.03 Hold Harmless. Subject to the policy limits of the insurance coverage required by this Agreement, IMO will protect, defend, and save harmless PSJA from and against all claims and suits, including court costs, attorneys' fees, and other expenses, caused by the acts or omissions of IMO, its employees, officers, directors, trustees, subcontractors or agents in relation to the School or the performance of its obligations under this Agreement. Subject to the policy limits of the insurance coverage required by this Agreement, PSJA will protect, defend, indemnify, and save harmless Operator from and against all claims and suits, including court costs, attorneys' fees, and other expenses, caused by the acts or omissions of PSJA, its employees, officers, directors, trustees, subcontractors or agents in relation to the School or the performance of its obligations under this Agreement.

15.04 Evidence of Insurance. Upon request, a Party will furnish a certificate of insurance to the other Party evidencing the required coverage within thirty (30) days after the Possession Date of this Agreement and annually thereafter. Each Party will provide to the other Party notice of any cancellation or material adverse change to such insurance within thirty (30) days of such occurrence.

15.05 Cooperation. To the extent that it is reasonably practicable, each Party will comply with any information or reporting requirements required by any of the other Party's insurers.

15.06 Insurance Companies. All insurance coverage described in this Article shall be obtained from companies that are authorized to do business in the State of Texas.

ARTICLE XVI.

TERM AND TERMINATION

16.01 Term. The initial term of this Agreement shall begin on the Commencement Date and end on June 30, 2021.] ("Term"). This Agreement is subject to the termination provisions below. For purposes of this Section the Commencement date cannot predate the final approval of this Performance Agreement by the Commissioner of Education and the determination by the Texas Education Agency that the District is eligible to receive the full amount of funding from the Texas Education Agency to which a charter school is entitled under the Texas school finance laws.

16.02 Termination by Mutual Consent. This Agreement may be terminated at any time by mutual written agreement of IMO and PSJA if termination is effective no sooner than the end of the then current school year.

16.03 Termination Rights of Both Parties. Either Party may immediately terminate this Agreement in the event that the other Party fails to remedy a material breach of this Agreement within sixty (60) days after written notice by the non-breaching Party of such breach; provided, however, that if the breach would affect the safety or well-being of a student or is not reasonably capable of being cured, then no such notice and opportunity to cure shall be required.

Either Party may immediately terminate this Agreement in the event that the Texas Education Agency fails to fully fund the operations covered by this Performance

Agreement in accordance with the school finance formulae applicable to charter schools.

16.04 Termination Related to Academic Performance. PSJA SD may terminate this Agreement if the Schools are placed in one of the lowest two categories of school improvement for two or more consecutive years in which it is operated by IMO or fails to achieve the student outcome goals specified in Addendum 1, attached, after the third year of School operation under this Agreement. A termination under this section shall be effective at the end of the then current school year so long as notice of such termination is provided no later than June 15 of the then current school year.

16.05 Termination Right to a Public Hearing. PSJA ISD may not terminate this Agreement if the school successfully achieves the student outcome goals specified in Addendum 1 attached, without a public hearing at least ten (10) days prior to any district action to terminate the contract. PSJAPSJA SD may not extend this Agreement if the school fails to achieve the student outcome goals specified in Addendum 9, attached, without a public hearing at least ten (10) days prior to any district action to extend or renew the contract.

ARTICLE XVII.

SERVICE-LEVEL AGREEMENTS

17.01 Services by PSJA. PSJA shall provide participating campuses all priority services provided to any other campus that is not excluded by means of this agreement. Priority services include student transportation, food services, janitorial, maintenance, technology, energy management, property inventory and control, finance and purchasing support, accounting, federal and state program compliance support, student enrollment, DAEP placement, student health services, social service support, library services coordination and support, PEIMS and other data services, Migrant recruiting, enrollment and support services, state assessment coordination and compliance monitoring and assurance, Public Relations, Parent Engagement and Education services, GT program compliance, Special Education compliance, quality review, and services coordination, Section 504 compliance, quality review, and services coordination, early college program support and coordination of service, as well as program access and quality, CTE program support, coordination and compliance, coordination and compliance in counseling and nursing services, grant application and compliance support, coordination, quality and compliance reviews of fine arts, athletic

and academic competition and related extracurricular programs, security, safety, risk management, or related services.

- 17.02 Discretionary Services Subject to Quality of Performance; PSJA shall provide the following services subject to quality performance standards: curriculum development, local assessment development, alternative certification program, new teacher onboarding and coaching support, etc. Services which may be acquired from outside vendors: equipment, supplies, staff development, and other services not listed above may be acquired from the district or from an alternate provider at the discretion of the IMO, campus principal, and faculty based on the principles set forth in Article 7.02 of the agreement.

ARTICLE XVIII.

GENERAL AND MISCELLANEOUS

- 18.01 Entire Agreement. This agreement, including all referenced attachments and terms incorporated by reference contains the entire agreement of the parties. All prior representations, understandings, and discussions are merged into, superseded by and canceled by this contract.
- 18.02 Severability. If any provision of this contract is determined by a court other tribunal to be unenforceable or invalid for any reason, the remainder of the contract shall remain in full force and effect so as to give effect to the intent of the parties to the extent valid and enforceable.
- 18.03 No Waiver of Breach. No assent, express or implied, to any breach of any of the covenants or agreements herein shall waive any succeeding or other breach.
- 18.04. Venue. Any suit arising under this contract shall be brought in Hidalgo County, Texas.
- 18.05. Governing Law. In any suit arising under this contract, Texas law shall apply.

Entered into this ____ day of _____, 2018

PHARR-SAN JUAN-ALAMO ISD

By

IMO, INC.

By

DRAFT

ADDENDA

Addendum 1: PSJA Charter Policy

- *PSJA Local policy*

Addendum 2: IMO Board Adopted School Policies

- *These will be submitted by the IMO Board prior to final PSJA Board approval of this document*

Addendum 3: Campus and Student Outcome Goals

- *These will be developed by the campus principal and teacher representatives, subject to approval by the PSJA ISD Board of Trustees. The campus and student outcome performance measure template, will be found here. Will also include goal related to Article 7.02 (EmpowerED!) and campus climate.*

Addendum 4: Performance Consequences for IMO.

These and any other addendum will be developed by the Superintendent's advisory committee comprised of teachers from participating campuses, and will be subject to PSJA Board approval.

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