EDUCATIONAL PRODUCTS AND SERVICES AGREEMENT

Between

SOUTH CAROLINA EDUCATION FUTURES, INC.

And

K12 VIRTUAL SCHOOLS LLC

FOR THE CAROLUS ONLINE ACADEMY OFFERING GRADES PRE-K THROUGH 12
AUTHORIZED BY THE SOUTH CAROLINA PUBLIC CHARTER SCHOOL DISTRICT

June 14, 2023

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Between the
SOUTH CAROLINA EDUCATION FUTURES, INC.
And
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This EDUCATIONAL PRODUCTS AND SERVICES AGREEMENT ("**Agreement**") is made and entered into between the Governing Body, South Carolina Education Futures, Inc., D/B/A Carolus Online Academy, a South Carolina nonprofit entity (the "**Board**") and K12 Virtual Schools LLC, a Delaware limited liability company (hereinafter "**K12**"), each a "**Party**" together the "**Parties**", and includes the following exhibits:

a. Exhibit A (Products and Services)
b. Exhibit B (K12 Proprietary Marks)
c. Exhibit C (Form Notice of Intent)

BACKGROUND

A. The Board was authorized by the South Carolina Public Charter School District, a Professional Charter School Board (the "**Sponsor**") pursuant to a charter contract (the "**Charter**") to operate and govern the Carolus Online Academy, one (1) virtual public charter academy, referred to hereinafter, interchangeably, as the School or the Academy and also referred to as "COA" in short form.

B. The Academy's mission is to offer an innovative way of learning through the use of technology combined with teacher, student and parent (learning coach) involvement, to provide an alternative public-school model for elementary, middle and high school students throughout the State of South Carolina ("**State**").

C. The Board and Sponsor will enter into a Charter Agreement in July 2023, pursuant to Charter School Act Section 59-40-10, to operate the Academy which will utilize K12 products and services in accordance with this Agreement.

D. K12 and its Affiliates (defined below) will provide the Board with a variety of educational products and services which may include curriculum, online school and learning management systems, teacher training, Academy administration and technology services specified in this Agreement.

NOW THEREFORE, the Parties agree as follows:

1. <u>DEFINITIONS</u>. For the purposes of this Agreement, capitalized terms used herein, but not otherwise defined, shall have the meaning ascribed to them in this Section 1 as follows:

1.1 <u>Affiliates</u>. An Affiliate of K12 is an entity that controls, is controlled by, or under common control with K12, where "**control**" means the possession, directly or indirectly, of the power to direct or cause the direction of the management policies of an entity, whether through the ownership of securities, by contract or otherwise.

1.2 <u>Applicable Law</u>. Applicable Law is the Constitution of the State and federal, state or local statutes and regulations applicable to public charter schools in the State, and any amendments to, or recodification of, the aforementioned laws.

1.3 <u>Change in Net Assets</u>. A Change in Net Assets is the difference in a given Fiscal Year between the Academy Revenues and Academy Expenses as certified by an independent audit in accordance with Generally Accepted Accounting Principles (GAAP).

1.3.1 A "Positive Change in Net Assets" means Academy Revenues exceeded Academy Expenses in a given Fiscal Year.

1.3.2 A "Negative Change in Net Assets" means Academy Expenses exceeded Academy Revenues in a given Fiscal Year.

1.4 Facility. Facility is the real property leased for the Academy's administrative offices, which will be centrally located in South Carolina.

1.5 Fiscal Year. The Fiscal Year is the period from July 1 through June 30.

1.6 Net Asset Position. Net Asset Position means the difference between total assets and liabilities of the School at the end of a given Fiscal Year as certified by an independent audit in accordance with GAAP.

1.6.1 A "Positive Net Asset Position" means that total assets of the School exceed total liabilities of the Academy.

1.6.2 A "Negative Net Asset Position" means that total liabilities of the Academy exceed total assets of the Academy.

1.7 Academy Revenue. Academy Revenues are all revenues and income generated or appropriated for and received by or on behalf of the Academy as attributed to any Student or the Academy which includes, but is not limited to, the following sources as applicable: state and local per-pupil basic education funds and other public school state and local funding; federal funds specific to the Academy and/or its students; other funding including, but not limited to, Title I of the Elementary and Secondary Education Act of 1965, as amended (20 U.S.C. §6301 et seq., as amended); special education funding as described in Section 4.1 and 4.2; State provided facility funding and other income or revenue sources provided by law and obtained by the Academy and/or K12 which are not specifically excluded herein and all contributions and grants (including but not limited to Charter School Block Grants and other grants as applicable) received by or on behalf of the Academy and granted as a matter of right and/or practice or through competitive and non-competitive grant processes, which are to assist in the improvement of the Facility, the implementation or maintenance of the Academy, and/or Academy operations. Academy Revenues shall not include: (i) income generated by Students individually or collectively via student fundraisers (whether or not such fund raiser is Academy-sponsored), (ii) private charitable donations made to the Academy's general fund, or (iii) borrowed funds.

1.8 Special Education Student. A Special Education Student is any Student who has, will have or requires an Individualized Education Program ("**IEP**").

1.9 Student. A Student is any pupil enrolled and/or otherwise taking course(s) in the Academy or previously enrolled, including those pupils who have withdrawn.

1.10 Student Support Staff. Student Support Staff means any position, other than Teachers, which provides direct services to the Students, which may include a school counselor or nurse.

1.11 Teachers. Teachers are staff providing direct instruction to the Students, including master and lead teachers, if any.

2. K12 RESPONSIBILITIES, EDUCATIONAL PRODUCTS AND SERVICES.

2.1 Educational Products. During the Term, K12 and Affiliates shall license to the Board solely for use in the Academy, on a non-exclusive, non-assignable, non-sublicensable basis the products and product related services, as described in Section I of **Exhibit A**, to include curriculum, access to an online school and learning management system(s), instructional tools and other products and product related services as set forth in Section I of **Exhibit A** (collectively the "**Educational Products**"). Notwithstanding the foregoing, no Educational Products shall be provided for the purpose of benefiting the Board, the

Academy or any personnel or students for any school year beyond the expiration or termination of this Agreement.

2.2 Administrative and Technology Services. During the Term, K12 and Affiliates shall provide to the Board solely for the Academy "**Administrative Services**", including financial and Academy administration services, Teacher training and management, and "**Technology Services**" to include a student information system, hosting of an online platform, a student account management system and related technical support and other educational services as described in **Exhibit A**. The Administrative Services and Technology Services shall collectively be referred to as the "**Services**". Notwithstanding the foregoing, no Services shall be provided for the purpose of benefiting the Board, the Academy or any personnel or students for any School year beyond the expiration or termination of this Agreement.

2.3 Place of Performance. Performance of any services is not required to be rendered at the Facility and may be performed at K12's corporate offices or elsewhere in K12's discretion, unless specifically stated in **Exhibit A** or for compliance with Applicable Law or the Charter.

2.4 K12 Compliance. K12 will provide the Educational Products and Services and shall maintain the confidentiality of Academy personnel, Student data and other records in material compliance with Applicable Law, the Charter, and Academy policies made known to K12 in writing and relating to the Academy. Subject to Section 3.2 and Section 12, K12 shall also comply with changes in Academy policies within thirty (30) days of receipt of written notice and a copy thereof.

2.5 Non-Discrimination. K12 prohibits discrimination in all its programs and activities on the basis of race, color, religion, sex, national origin, age, disability, and where applicable, marital, veteran or familial status, and sexual orientation, and on all other bases required by Applicable Law.

3. BOARD RESPONSIBILITIES AND GOVERNANCE.

3.1 Academy Oversight and Compliance. The Board shall be responsible for overseeing the Academy's quality, operational and financial performance in accordance with the Charter and Applicable Law and working with the Sponsor and other authorities as required by law. K12 shall reasonably cooperate with such monitoring and oversight. The Board shall also be responsible for monitoring K12's performance to ensure compliance with the Charter and the terms of this Agreement.

3.2 Adoption of Policies. K12 shall recommend various Academy policies. The Board, however, retains ultimate responsibility for adopting policies and for overseeing K12's implementation. K12 will cooperate with the implementation of Academy policies and adopt procedures consistent with such policies, subject to Section 12. The Parties will work collaboratively in a timely manner on the creation of Academy policies. Until collaborative policies are in effect, the Parties agree that K12's standard policies and practices applicable to similarly situated schools shall be used to avoid a lack of any policy. The Board shall promptly provide K12 with written copies of all Academy policies adopted and must promptly notify K12 in writing of any changes to such policies. The Parties agree that no Academy policies shall revise, amend or create additional rights or obligations to either Party of this Agreement, except as may be agreed to by both Parties as a written amendment hereto.

3.3 Confidentiality of Records/FERPA. The Board shall ensure that K12 has the right to access data of personnel and Student and Academy finances. For purposes of the Family Educational Rights and Privacy Act of 1974, 20 U.S.C. § 1232g; 34 CFR Part 99 ("**FERPA**") and the South Carolina Freedom of Information Act, the Board acknowledges and agrees that K12 has a legitimate educational interest for purposes of the Academy representatives disclosing a student's educational records to K12. The Board shall define "school officials" and "legitimate educational interest" as permitted by FERPA, broadly enough to permit the provision of the Educational Products and Services hereunder.

3.4 Academy Related Documents. The Board shall promptly provide K12 with reports, documents and other findings that are related to, or may have an impact on, the Academy and/or K12's obligations herein. Such Academy related correspondence includes, but is not limited to, Board resolutions and reports, minutes of Board meetings, State audit preliminary and final reports, and Sponsor reports, findings and correspondence, and any reports, financial or otherwise, submitted to a State regulatory body. The Board shall not withhold information and shall cooperate with K12 to ensure K12 has the needed data and information within the Board's control in a timely manner.

3.5 Board Governance. The Board will perform its obligations under this Agreement and shall materially comply with, and govern itself in a manner consistent with, the requirements of Applicable Law, the Charter and the Sponsor's policies.

4. SPECIAL EDUCATION, 504 AND ENGLISH LANGUAGE LEARNERS.

4.1 Special Education. Pursuant to Applicable Law including the Individuals with Disabilities Education Act ("**IDEA**", 20 U.S.C. 1400), the Charter Sponsor, as the Local Education Agency ("**LEA**"), is ultimately responsible for appropriately communicating and implementing any policies, required special education and related services to Special Education Students. Eligible State and Federal funds received by the Board for special education Students in the Academy shall be included in Academy Revenue. K12 shall assist the Academy with the provision of services for Special Education Students. K12's assistance will include approving enrollments in accordance with related policies and Applicable Law, providing general education curriculum, recruiting teachers and providing procurement support for related service providers. Where an Academy-based K12 employee is the representative attending meetings related to Special Education Students, including IEP meetings, at a minimum K12 will complete an annual IDEA audit. All policies defining the services and support to Special Education Students will originate from the Sponsor with Board input regarding processes and timelines and must be approved by the Academy's Board.

4.2 Multilingual Learners and 504. Pursuant to Applicable Law including Title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000d *et. seq*.), the Equal Educational Opportunities Act (20 U.S.C. 39) and Title III of the Elementary and Secondary Education Act, as amended by the Every Student Succeeds Act (20 U.S.C. 28 and 70), the Charter Sponsor, as the LEA is ultimately responsible for providing any policies, required educational and related services to Multilingual Learners ("**MLs**") and Students under Section 504 of the Rehabilitation Act of 1973 ("**504**"), as amended. Eligible State and Federal funds received by the Academy for special education Students in the Academy shall be included in Academy Revenue. K12 shall assist the Academy with the provision of services for MLs and 504 Students. K12 shall assist with its obligations by providing translation assistance during enrollment for ML Students (and their guardians), recruiting ML-certified teachers, providing general education curriculum and providing procurement support for services to ML and 504 Students consistent with this Agreement. K12 shall conduct an annual review of the Academy's 504 and ML services. All policies defining the services and support to ML Students and for the 504 population of Students will originate from the Sponsor with Board input regarding processes and timelines and must be approved by the Academy's Board.

5. FINANCIAL MATTERS.

5.1 Net Asset Position and Assumption of Financial Risk. Except as otherwise set forth in this Agreement, K12 assumes the risk that its fees may not allow it to operate profitably and/or fully recover the amounts invoiced. Each Party, however, shall take all reasonable steps necessary to avoid a Negative Change in Net Assets and to avoid concluding a Fiscal Year in a Negative Net Asset Position during the Term. If the Academy's budget ends a Fiscal Year in a Negative Net Asset Position, then provided there has been no material breach of the Agreement by the Board, K12 will provide sufficient credits ("**Balanced Budget Credits**") during the Term to be applied to K12 invoices. The cumulative total of Balanced Budget Credits shall never exceed the total of the Administrative Services Fee and the Technology Services Fee (defined in Section 7) due to K12 for the then-current Fiscal Year.

5.2 Balanced Budget Credit Remittances. If the Academy's budget ends a Fiscal Year in a Positive Net Asset Position, as evidenced by its audited financial statements conducted in accordance with GAAP for such Fiscal Year, and K12 has issued Balanced Budget Credits (including in prior years) for which a balance remains, then the Board will remit to K12 the Positive Net Assets for that Fiscal Year, to the extent not prohibited by law, up to the cumulative amount of previously issued Balanced Budget Credits.

5.3 Financial Risk Mitigation. As a material inducement for entering into this Agreement and issuing Balanced Budget Credits, the Board and K12 agree that K12 is willing to assume the financial risks set forth herein, subject to both the Balanced Budget Credit remittance above and the risk mitigation efforts set forth below, each of which are material terms of this Agreement.

5.3.1 Third-Party Provider(s). K12 shall be the sole provider of the Educational Products and Services for the Academy unless otherwise waived in writing by an authorized officer of K12. The Board shall be permitted to procure goods and services from a third party ("**Third-Party Provider**") to the extent required by Applicable Law, solely provided such goods and services are not otherwise included in the Educational Products and Services. Prior to any procurement from a Third-Party Provider, the Board shall give K12 a thirty (30) day right of first refusal to provide such services or goods not enumerated herein, and if K12 is able and willing to provide such services or goods the Board shall procure them from K12; provided, however, that this does not preclude or restrict the Board in its exercise of fiduciary duties.

5.3.2 Academy Budget. The Board will adopt an annual Academy budget for each Fiscal Year during the Term. To the extent the Agreement is effective for the upcoming Fiscal Year, K12 will present to the Board (or its authorized delegees or subcommittee) a proposed Academy budget for such upcoming year. The proposed budget will include forecasting assumptions and will be presented by June 1. The Board shall consider the budget proposed by K12 and will act to approve a final Academy budget not later than thirty (30) days prior to the start of such Fiscal Year. In the event the Parties cannot agree in writing upon a final budget (or any budget modification), K12 shall only be obligated to issue Balanced Budget Credits, if any, up to the amount proposed and reflected in the original budget submission or in any proposed modifications to such budget by K12. The Board shall not unreasonably withhold approval on any budget or modification proposed by K12.

5.3.3 Budget Modifications. K12 may submit to the Board proposed modifications to the Academy budget to account for actual Academy student enrollment for such school year, changes in key assumptions or other changes deemed reasonably necessary or appropriate. The Parties will work in good faith to agree in writing on modifications to the final Academy budget but, in any event, the Board shall act on any modifications proposed by K12 within thirty (30) days of the proposal thereof.

5.3.4 Variances from Budgets. If the Board (or its employees or designees) causes the Academy to experience a Negative Change in Net Assets of more than two percent (2%) during the entire Fiscal Year above any Balanced Budget Credits proposed by K12 in the annual budget (or above an amount otherwise agreed to in writing by K12), then K12 reserves the right to limit the Balanced Budget Credits up to such 2% variance.

5.3.5 Financial Risk Remedies. In the event the Board, its employees or designees act in a manner that will have the effect of materially increasing K12's obligations or materially decreasing its rights herein, for example by changing the name of the Academy, amending the Charter, adopting adverse policies and the Agreement is not terminated by K12 as permitted herein, then to the extent K12 has not otherwise expressly agreed to such material change in writing, K12 reserves the right to reasonably modify the level and depth of Services to the extent such modification does not violate the Charter or Applicable Law and/or to suspend the issuance of Balanced Budget Credits effective immediately beginning with the Fiscal Year that such action occurred, in addition to invoking any other rights and remedies available.

5.4 Advances Made by K12 on Behalf of the Board. If the available cash receipts of the Academy are insufficient to cover payment of Start Up Costs (defined in Section 5.5) or Academy Expenses on a timely basis, and the Board is unable to obtain funding from other sources to cover such deficiency, then K12, while performing its services under this Agreement, may provide advances to the Board in an amount to allow payment of such expenses on a timely basis on mutually agreeable terms (collectively hereinafter referred to as "**Advances**"). The Advances will be due and owing to K12 in accordance with Section 9.2.

5.5 Start Up Costs. "**Start Up Costs**" are those Academy-related project management, insurance, legal, recruiting and hiring fees, equipment expenses and other administrative costs incurred by or on behalf of the Board as reasonably necessary (which may be incurred prior to the execution of this Agreement) to obtain Academy approval, to meet pre-opening requirements of the sponsor or to open the Academy. The Board agrees to work with K12 to provide a detailed breakdown with the appropriate receipts for all such costs which will be subject to audit by K12. Start Up Costs advanced by K12, if any, by or on behalf of the Board shall be invoiced and paid in accordance with Section 9.2. K12 shall advise the Board of all advances made to the Board. In no event shall K12 be obligated to cover Start Up Costs without K12's prior written approval.

5.6 Academy Audit and Financial Data. The Board, in collaboration with K12, will arrange for a State-approved annual independent auditor to audit the Academy's financial statements starting in the fiscal year required by South Carolina law, which is the 2023-2024 fiscal year. The cost of such audit shall be an Academy Expense. Additionally, in the final year of the Term, K12 will continue to provide support for the annual audit of that fiscal year until same is completed.

5.7 Academy Expenses. The Board will be responsible for all debts, liabilities, and obligations incurred by or on behalf of the Parties for the Academy (collectively "**Academy Expenses**") during the Term of the Agreement. Academy Expenses shall be expenses for the benefit of Academy years during the Term and shall be determined in accordance with the budget process set forth herein. Academy Expenses will be paid out of the Academy Revenues and shall include, but are not limited to, the following Academy-related costs:

5.7.1 Teacher and Student Support Staff salaries and benefits including related third-party provider services such as payroll, retirement contributions and benefit services;
5.7.2 Teacher and Student Support Staff related expenses, including, without limitation, professional development, training related costs and other expenses;
5.7.3 offices for administrative staff and related expenses;
5.7.4 related services expenses for Special Education Students and for 504 and ML Students (as applicable);
5.7.5 proctored examinations, student test preparation and related costs of exam administration to include facilities, equipment and proctors;
5.7.6 Academy community relationship building;
5.7.7 direct mail, printing and related expenses for enrolled Students;
5.7.8 amounts due to K12 and its Affiliates, including interest on Advances and past due amounts;
5.7.9 supplemental curriculum and other academic services as agreed to by K12 in a written amendment to this Agreement;
5.7.10 reasonable legal fees for representation of the Board as it pertains directly to the Academy and not for legal representation or related expenses adverse to K12;
5.7.11 insurance including educators' legal liability insurance (also known as school leaders'/errors and omissions ("**E&O**") insurance), employment practices liability insurance, general liability insurance and other Academy/Board insurance coverage, as appropriate;
5.7.12 accounting and reporting not included in K12's Services including without limitation, payroll processing, audit, and/or tax preparation fees directly associated with the Academy;
5.7.13 use, sales, income, property or other taxes, if any;

5.7.14 fees for required background investigations of Board employees;
5.7.15 Facility and infrastructure related expenses; and
5.7.16 all other Academy related expenses approved in the budget per Section 5.3 (and its subsections), however, if any total School Expenses are, as reasonably known, going to be incurred at a variance of two percent (2%) or more above the budgeted amount, they must be pre-approved in writing by K12.

6. TERM OF AGREEMENT.

6.1 Term. The Agreement will become effective upon the date of full execution ("**Effective Date**") for the benefit of the school year commencing on July 1, 2023, and will expire on June 30, 2033 ("**Initial Term**") unless sooner terminated under Section 12. In the event the Sponsor and/or the Charter changes, this Agreement shall automatically survive and be performed in accordance with the new Charter, these terms and conditions and Applicable Law, unless this Agreement is otherwise terminated in accordance with Section 12.

6.2 Renewal. Following the Initial Term, this Agreement will automatically extend for successive additional periods of ten (10) year(s) (each period a "**Renewal Term**"), unless: (a) either Party provides the other with written notice of intent not to automatically renew at least twelve (12) months before the expiration of the then-current Initial Term or Renewal Term (as applicable); or (b) the Agreement is sooner terminated under Section 12. The Initial Term and any Renewal Terms will collectively mean the "**Term.**"

7. FEES AND PAYMENT PRIORITY.

7.1 Administrative Oversight Compensation. From those State revenues of the Academy Revenues (for example, excluding federal pass-throughs, block grants, federal special education and other federal funding), the Board shall pay to the Sponsor, or the Sponsor may withhold, two percent (2%) of such revenues (hereinafter "**Administrative Oversight Fee**") to cover all administrative expenses, and other costs incurred that are associated with the Sponsor's responsibility of supervising, reporting and overseeing the School's quality, compliance, operational and financial performance in accordance with Applicable Law and the Charter.

7.2 Educational Product Prices. The Board shall pay K12 and its Affiliates for the Educational Products based on the then current national K12 Managed Virtual School Pricing for similarly situated, similarly branded schools ("**Product Price List**"). Notwithstanding anything in this Agreement to the contrary, for each Educational Product set forth in the Product Price List, the Board agrees that the fees for such Educational Products will be subject to change, no more than once per calendar year, at K12's reasonable discretion and communicated to the Board during the annual budget process.

7.3 Administrative Services Fee. The Board shall pay K12 and its Affiliates fifteen percent (15%) of the Academy Revenues for the Administrative Services (the "**Administrative Services Fee**") for each Fiscal Year of the Agreement.

7.4 Technology Services Fee. The Board shall pay K12 and its Affiliates seven percent (7%) of the Academy Revenues for the Technology Services (the "**Technology Services Fee**") for each Fiscal Year of the Agreement.

7.5 Priority of Payments. The Administrative Oversight Fee shall be paid (or withheld) from the Academy Revenues and the remaining Academy Expenses shall be paid in the following order of priority: (1) Teacher and Student Support Staff salaries and benefits, including applicable payroll taxes, retirement contributions and benefit services, (2) all other remaining non-K12 related Academy Expenses with the exception of any Third-Party Provider fees which shall be subordinate to K12's fees, (3) Advances made by K12, (4) fees for Educational Products, (5) Administrative Services Fee and Technology Services Fee payable to K12 and its Affiliates, including any fees for administrative or technology products and services purchased for the Academy in addition to those enumerated in Exhibit A, (6) Balanced Budget Credits, if any, and (7) Third-Party Provider(s).

7.6 Business Judgment. In its business judgment, the Board agrees that the economic arrangement including the Balanced Budget Credits and fees payable to K12 hereunder are reasonable, necessary, and fair compensation for the Educational Products and Services.

8. PERSONNEL MATTERS.

8.1 K12 Staff Assigned to the Academy. K12 will employ and determine the employment or contract terms for K12 staff members as K12 deems it necessary to deliver the Educational Products and Services, in addition to the Executive Director who is the highest authority in the Academy administration. Such administrative personnel may be assigned to the Academy on a full- or part-time basis. The Board retains the authority to select and dismiss the Executive Director from service at the Academy. K12 will have the sole authority to select, supervise, compensate and determine compensation, evaluate, transfer, promote, discipline and dismiss its staff members except for the authority the Board retains to select and dismiss the Executive Director. K12 will present the recommended applicant for the Executive Director to the Board for its approval.

8.2 Academy Teachers and Student Support Staff. K12 shall employ and be ultimately responsible for the Teachers and Student Support Staff for the Academy to deliver the Educational Products and Services hereunder, except in limited circumstances where K12 deems it reasonably necessary for the Board to employ such staff. The Teachers and Student Support Staff personnel shall be State certified or possess the necessary credentials, qualifications, background and conduct checks to the extent required by Applicable Law. The Executive Director will maintain final authority to hire and fire teachers and staff.

8.3 Complaints About K12 Staff. If the Board is dissatisfied or concerned about the job performance of a K12 staff member assigned to the Academy, the Board shall discuss the matter first with the Executive Director or its equivalent. In the event the Board has a concern or is not satisfied with the Executive Director's job performance, the Board will provide K12 official written notice pursuant to this Agreement and set forth the specific issues and requested action with supporting documentation and K12 shall review such request and respond in a timely manner.

8.4 Determination of Employer Entity. The Parties anticipate that, except as otherwise required by Applicable Law, the administrative personnel will be provided by K12. In the event that K12 determines that it is necessary or desirable that any K12 staff members providing services under this Agreement become an employee of the Board, K12 shall notify the Board of such determination in writing and upon the written agreement of the Board, such K12 staff member shall become an employee of the Board; such change shall become effective on the date specified by K12 in such notice.

8.5 Background Investigations on K12 Employees. As part of its Administrative Services, K12 will be responsible for criminal history checks to be conducted on its employees assigned to the School to the extent required under the S.C. Code. Ann. §59-19-117 and other Applicable Law and will maintain documentary evidence that it has done so. Upon the Board's request, K12 will provide the Board with documentary evidence of its compliance of this Section 8.5, subject to any privacy restrictions or confidentiality requirements imposed by Applicable Law.

9. PAYMENT OF EDUCATIONAL PRODUCT AND SERVICE FEES.

9.1 Invoicing and Payment of Fees. K12 will submit to the Board a detailed invoice for the Educational Products and Services delivered for each calendar month. Any fees calculated as a percentage of Academy Revenue will be calculated based upon the approved budget (or subsequent updates) in effect for the applicable calendar month. These fees will be billed monthly for services rendered during the Term and shall be due and payable in accordance with Section 9.2.

9.2 Payment Date and Interest. All invoices payable to K12 and its Affiliates are due within thirty (30) days from the later of the receipt of the invoice or when the Board receives the funding applicable to the product(s) or service(s) invoiced (regardless if funding is received after the Term). To the extent the Board is invoiced for an Advance, payment of each Advance is due per mutually agreed terms pursuant to Section 5.3. Payment of each Advance by K12 to the Academy is due thirty (30) days from the date the Advance is made unless other terms for repayment have been mutually agreed to in writing by the Parties. Except solely for amounts disputed in good faith pursuant to Section 9.6, if the Board fails to pay an invoice or repay any Advance when due, then in addition to any other remedies, K12 reserves the right to charge and the Board agrees to pay interest on the past due amount at the lesser of one and one-quarter percent (1¼%) per month or the maximum rate allowed by Applicable Law. All payments made hereunder will be made to K12 (or its designated Affiliate) by wire transfer to the account provided by K12 in writing unless an alternative payment method is provided for in the K12 invoice.

9.3 Taxes. Except as otherwise stated herein, K12 is not responsible for any taxes or third-party charges related to the activities, or the ownership or operation of the Academy. Without limiting the foregoing, the Board agrees to pay all sales, use, property, excise, value-added, or other similar taxes, if any, imposed by Applicable Law and not subject to a statutory exemption, except for taxes based on K12's income. For the avoidance of doubt, all fees for the Educational Products and Services set forth herein are exclusive of any taxes.

9.4 Year-End Adjustments. Within ninety (90) days after completion of the Academy's audited financial statements for each Fiscal Year, K12 will prepare and submit to the Board a statement and calculation of the total amounts of the Administrative Services and Technology Services Fees or other Service fees set forth in this Agreement (collectively "**Service Fees**") payable with respect to, and based on, the Academy's audited financial statements for such Fiscal Year. If the total amount of the Service Fees calculated in accordance with the foregoing sentence exceeds the total amount invoiced by K12 for such fees, K12 will submit an invoice for payment in accordance with Section 9.2. Overpayment of Service Fees, if any, will be applied to or against the next payment(s) or payment(s) otherwise due to K12 or any Affiliate, or if no payments are due, K12 shall refund the excess amount to the Board.

9.5 Payment Out of Academy Funds Managed by K12. Subject to Academy-expenditure authorization policy (as approved by the Board), K12 is authorized by the Board to act as a payment agent to pay Academy Expenses and to pay itself the fees set forth in this Agreement. All such expenditures will be paid out of the Academy's funds managed by K12.

9.6 Disputed Amounts. The Board shall notify K12 in writing prior to an invoice due date of any amount it disputes in good faith ("**Dispute Notice**"). The Dispute Notice shall detail the reasons for such dispute and the Board agrees to pay all undisputed amounts in accordance with Section 9.2. The Parties shall seek to resolve these disputed amounts in accordance with the dispute resolution provisions set forth in Section 22.

9.7 Non-Payment Remedies. If the Board fails to pay any amount for which a timely Dispute Notice is not received, then notwithstanding anything in this Agreement to the contrary, in addition to invoking any other legal or equitable rights available to K12, upon ten (10) days written notice to the Board, K12 reserves the right to: (i) suspend the provision of any or all of its Educational Products and Services offered hereunder; (ii) cease processing enrollments for any new Academy students; and/or (iii) terminate this Agreement at the end of the then-current school year or for the coming school year if such notice is provided to the Board no later than June 30. The Board shall be liable for costs incurred by K12 to collect any undisputed amounts due hereunder, including reasonable attorneys' fees, and no Balanced Budget Credits shall be issued by K12 to cover any such fees or any late fees due to K12.

10. PARTIES' RELATIONSHIP. K12 is not a division or any part of the Board. The Board is a body corporate authorized under State law, governed independently by its Board of Directors and is not a division or a part of K12. The relationship between the Parties was developed and entered into through arms-length negotiations and is based solely on the terms of this Agreement. The Parties are independent contractors. Nothing herein will be construed to create a partnership or joint venture by or between the Board and K12. Neither Party will be the agent of another except to the extent otherwise specifically provided by this Agreement where K12 is authorized to take action on behalf of the Board and the Academy. The Board and their employees will in no case represent to third parties, and will whenever needed disclaim to such parties, any ability to bind K12 to any duty imposed by contract, other than this Agreement or as otherwise agreed in writing by K12.

11. OTHER SCHOOLS. The Parties acknowledge that K12 and its Affiliates will have the right to render similar services to other persons or entities including other public or private schools, institutions or districts within and outside of the State.

12. TERMINATION. Events of termination are as follows:

12.1 Termination for Cause. The Parties shall use good faith efforts to resolve all disputes relating to this Agreement as set forth in Section 22.1. Either Party, however, may terminate this Agreement upon a thirty (30) day prior written notice if the other Party materially breaches any provision of this Agreement and such material breach has not been cured within ninety (90) days after receipt of a written notice from the aggrieved Party, except that either Party may invoke the dispute resolution process in Section 22.2. to prevent such termination upon the ground that a material breach has been sufficiently cured and such termination shall be stayed. The intent of this provision is to allow termination for an uncured material breach and not merely based on a disputed claim to that effect. Upon termination of this Agreement, the non-breaching Party shall be entitled to seek any remedies for which it would be entitled at law or in equity.

12.2 Termination for Material Reduction in Academy Revenue. K12 may terminate this Agreement in the event there is a material reduction in Academy Revenue and such reduction will materially increase the financial risk to K12 in fulfilling its obligations under the Agreement. K12 shall notify the Board of its intent to terminate under this provision and provide the Board with thirty (30) days' notice so that the Parties may work together to find alternative funding or other means to offset the reduction in Academy Revenue. If the Parties are unable to find additional revenue or other means in the thirty (30) day time-frame, K12 may terminate this Agreement and such termination shall be effective: (i) immediately upon written notice by K12 to the Board, if notice or publication of such reduction is given at least ninety days (90) prior to the commencement of the school year to which such reduction is applicable; or (ii) at the end of the school year upon written notice to the Board if notice or publication of such reduction is given during the school year to which such reduction is applicable. In the event K12 elects not to terminate this Agreement in accordance with this provision, K12 may reasonably revise and determine the level of products and services to be provided in accordance with Applicable Law, considering any such funding reduction.

12.3 Termination Upon Loss of Academy Approval, Charter or Non-Profit Status. This Agreement may be terminated by either Party upon written notice to the other Party: (i) if the Sponsor provides written notice that it has terminated, revoked, or not renewed the Charter or if the Charter has not been authorized, or (ii) upon a final determination by the Internal Revenue Service that the Board is not eligible for 501(c)(3) status, or (iii) upon a final adverse determination by the highest court in the State that the Academy is no longer valid under law or its ruling has the effect of terminating the Academy. Such termination will be effective upon the date of the termination, revocation or non-renewal.

12.4 Termination for Failure to Approve Budget. In the event that the Board does not approve a budget or reasonable modifications to a budget within thirty (30) days following the submission of a proposal by K12, K12 may terminate this Agreement effective at the end of the then-current school semester in which the budget or reasonable modification is not approved, or if the lack of approval is for an upcoming school year that has not commenced, K12 may terminate this Agreement upon written notice prior to the commencement of the upcoming school year.

12.5 Termination in the Event of Certain Changes in the Charter or Academy Policies. K12 may terminate this Agreement effective immediately upon written notice to the Board in the event that the Charter is amended or the Board or the Sponsor adopts or amends a policy, in each case without the prior written approval of K12, and the effect of such amendment or policy could reasonably be determined to require K12 to increase materially the level of services required to be provided hereunder or to increase materially the financial risk to K12 arising from its performance of its obligations hereunder, thus rendering K12's performance economically unviable as determined by K12. In the event the Board or Sponsor adopts such an adverse policy in the middle of a school year, K12 agrees to use its best efforts to complete the then current school year without waiving any rights and remedies hereunder.

12.6 Change in Applicable Law. If any change in Applicable Law (other than those changes encompassed within Section 12.2) enacted after the date hereof could reasonably be expected to have a material adverse effect on the ability of any Party to carry out its obligations under this Agreement, such Party, upon written notice to the other Party (which notice may be given at any time following enactment of such change in Applicable Law, whether or not such change is effective on the date of such enactment or is effective at a later date), may request renegotiation of this Agreement. Such renegotiation will be undertaken in good faith. If the Parties are unable to renegotiate and agree upon revised terms within ninety (90) days after such notice of renegotiation, then this Agreement will be terminated effective at the end of the school year in which such notice was given, unless earlier termination is necessary to protect the health, welfare, or safety of students.

13. TERMINATION EFFECTS. Effects of termination are as follows:

13.1 Outstanding Payments Due. Except as otherwise agreed by the Parties in writing, termination does not relieve the Board of any obligations for payments outstanding to K12 as of the date of termination or other obligations that continue upon termination as provided in this Agreement.

13.2 Return of Equipment. Return of K12-provided equipment is mandatory. All K12 assets including, but not limited to, computers, printers, related equipment and non-consumable materials that may be provided by or on behalf of K12 are to be returned upon the expiration or termination of this Agreement, in accordance with the policies governing the use and reclamation of such materials.

13.3 Balanced Budget Credits Outstanding. In the event this Agreement expires or is terminated, the Board shall wind up the affairs of the Academy, including any final audit that may extend through December 31 of the final fiscal year of the Term, in a prompt manner not to exceed ninety (90) days beyond expiration or termination. To the extent there are outstanding Balanced Budget Credits remaining, the Board shall fully exhaust the Academy's net assets, including reserves, if any, to pay off the outstanding balance of Balanced Budget Credits, provided, however, if any Balanced Budget Credits remain after the Academy's net assets are fully exhausted, the remaining Balanced Budget Credits shall be fully forgiven. Notwithstanding the foregoing sentence, if the Parties enter into a subsequent agreement commencing on or about the end of the Term for substantially similar Education Products and Services, under substantially similar terms as this Agreement, the Balanced Budget Credits may not be forgiven, but will be treated in accordance with the new contract as mutually agreed by the Parties.

13.4 Fees Payable. In the event this Agreement terminates as provided for herein, or it expires pursuant to its terms, and unless otherwise agreed by the Parties in writing, the Board shall owe for all products and services rendered to include the Administrative and Technology Services Fees, Educational Products and Services in accordance with this Agreement for the period up to and including then current Fiscal Year of the termination or expiration. All such fees will be determined on an accrual basis per the Academy's audited financial statement up to and including the year in which this Agreement terminates or expires.

13.5 Transition Provisions. Upon the termination or expiration of this Agreement, or if this Agreement is terminated due to a Charter revocation, reconstitution, termination or non-renewal, K12 shall, without additional charge: (i) close the financial records on the then-current Academy Fiscal Year which includes, but is not limited to, the completion and submission of the annual financial audit, state and federal grant reporting and all other associated reporting within required timelines established by the appropriate local, state or federal authority; (ii) organize and prepare student records for transition to the new educational management organization, self-management or in the case of a school closure, transfer to a student's new school as designated by the student's parent/legal guardian or to a person or entity authorized to hold such records; (iii) provide for the orderly transition of employee compensation and benefits to the educational management organization or self-management without disruption to staffing or in the case of the Academy closure, final payment of all employee compensation, benefit and tax obligations related to services provided by K12 to the Academy; (iv) organize and prepare the Academy's records, both electronic and hard-copy, for transition to the new educational management organization, self-management or dis solution; and (v) provide for the orderly transition to the new educational management organization, self-management or dissolution of all Academy-owned assets including, but not limited to furniture, fixtures, equipment, and real estate. This includes any keys, log-in information and passwords related to any Academy asset. K12 may work for a specified period of time for an agreed upon fee. Insurance costs required by the Board after the termination pursuant to Section 18.1 will be part of the transition budget.

14. INTELLECTUAL PROPERTY RIGHTS/PUBLICITY.

14.1 Established Rights. To the extent the Board or its staff have established any rights, title or interest in the Academy name, trademark or domain name (see **Exhibit B**), the Board hereby assigns and transfers to K12, its successors and assigns, all of its right, title and interest in and to such intellectual property, together with the goodwill of the business symbolized thereof.

14.2 Proprietary Materials. K12 (and its Affiliates and respective licensors) own all rights, including but not limited to, copyright title, and interest in and to any educational materials, curriculum, learning management systems, instructional content, trade secrets, know-how, artwork, graphics, software, marketing materials and any documents or derivative works related thereto, made available by K12 or its Affiliates to the Board or for the Academy (collectively, "**K12 Proprietary Materials**").

14.3 Rights in Board Proprietary Marks. The Board owns all rights, title and interest in and to the COA domain name (not on k12.com), Academy name and COA trademarks (collectively, "**Academy Proprietary Marks**"), together with the goodwill of the business symbolized thereof, shall be the exclusive property of the Academy. All content and intellectual property beyond the Academy name, Academy logo and Academy URL shall only be considered the intellectual property of K12.

14.4 Rights in K12 Proprietary Marks. K12 and its Affiliates own all rights, title and interest, including any goodwill, in and to their respective trademarks, service marks, logos, trade dress, trade names and domain names, including but not limited to the Academy name(s) and the Academy logo(s) and those trademarks and names identified in **Exhibit B** hereto (collectively, "**K12 Proprietary Marks**").

14.5 Limited License of Intellectual Property. K12 hereby grants the Board a royalty-free, non-exclusive, non-transferable license to use the K12 Proprietary Materials and the K12 Proprietary Marks during the Term and solely in connection with the operations of the Academy as contemplated in this Agreement. To the extent that the Board, the Academy, or their respective employees create any original works for use in connection with, or for incorporation into any K12 Proprietary Materials, K12 is hereby granted a perpetual, royalty-free, worldwide right and license to exploit, use distribute, modify and create derivative works from such works in any medium and for any purpose.

14.6 Limitations On Use of Intellectual Property.

14.6.1 The Board shall not modify, adapt, alter or translate the K12 Proprietary Marks. The Board shall only use the K12 Proprietary Marks in the form set forth in **Exhibit B**, or as otherwise required or approved of in writing by K12.

14.6.2 The Board shall not disassemble, reverse engineer, modify, alter, or create derivative works from the K12 Proprietary Materials without the prior written consent of K12. In addition, the Board shall frame or embed, or cause to be framed or embedded, any website owned by K12.

14.6.3 In connection with use of the K12 Proprietary Marks and the K12 Proprietary Materials by the Board and the Academy staff, the Board shall include any trademark notice, copyright notice, or other legal notice required by K12 at its sole discretion and the Board shall abide by the trademark quality control provisions herein and set forth in **Exhibit B**.

14.6.4 The Board shall not sublicense any rights under this Agreement without the advance written approval of K12, which may be withheld in K12's sole discretion.

14.6.5 The Board shall ensure its Academy staff are aware of and abide by the license rights and restrictions granted herein.

14.7 Trademark Quality Control; Notice. At all times during the Term, the Board shall ensure that any educational services rendered by the Board for the Academy under the K12 Proprietary Marks maintain a level of quality that meets or exceeds (i) the generally accepted standards for service organizations in the education fields; and (ii) K12's additional quality standards that may be established, set and implemented by K12 over time, as K12 deems applicable. K12 shall have, at reasonable times and on reasonable notice, the right to inspect and/or monitor any educational services rendered by or for the Board under the K12 Proprietary Marks in order to ensure compliance with this Section. The Board shall give prompt notice to K12 of any written and/or formal complaint by any student, governmental body, regulatory agency, consumer organization or any other third party concerning the quality or safety of any of the Board's services offered under the K12 Proprietary Marks.

14.8 Ownership of Intellectual Property. The Board agrees that (a) nothing herein shall give to the Board any right, title or interest in the K12 Proprietary Materials or the K12 Proprietary Marks, or any other intellectual property of K12 (including K12 patents), except the right to use the K12 Proprietary Materials and the K12 Proprietary Marks solely in accordance with the terms of this Agreement; (b) the K12 Proprietary Materials and the K12 Proprietary Marks are the sole property of K12; and (c) any and all uses by the Board or the Academy of the K12 Proprietary Marks, and all goodwill derived therefrom, shall inure solely to the benefit of K12. The Board agrees not to take any action inconsistent with this ownership and further agrees to notify K12 promptly in writing of any known or suspected infringement of the K12 Proprietary Materials or the K12 Proprietary Marks, and to cooperate, at K12's request and expense, in any action (including the conduct of legal proceedings) which K12 deems necessary or desirable to establish, protect, or preserve K12's exclusive rights in and to the K12 Proprietary Materials and the K12 Proprietary Marks.

14.9 Effect of Termination on Licenses. In the event of expiration or termination of this Agreement, the Board will immediately discontinue all use of the K12 Proprietary Materials and the K12 Proprietary Marks, and will, within a reasonable period of time not to exceed sixty (60) days after termination, destroy all materials using, embodying, displaying, or otherwise containing the K12 Proprietary Materials or the K12 Proprietary Marks, including those in the possession of the Board, the Academy employees, Students, and sublicensees of the Board.

14.10 Publicity/Press Release. K12 may refer to and identify the Academy in a listing of new, representative or continuing or prior customers in press releases, on its website, or in other marketing materials or dissemination of information. The Parties may agree to cooperate in joint marketing activities or in issuing a joint press release at the request of either of them, subject to prior written consent and approval of the form and substance of both the Academy and K12.

14.11 License Audit. To the extent reasonably necessary and upon prior written notice, K12 may audit the use of the Educational Products and the Board agrees to cooperate and provide reasonable assistance with such audit. The Board agrees to pay within thirty (30) days of written notification, any fees applicable to the Board's or its Academy staff's use of the Educational Products in excess of the license rights granted herein and/or K12 may revoke the related technical support and license(s).

15. LIMITS ON LIABILITY AND DAMAGES.

15.1. LIMIT OF LIABILITY. EACH PARTY'S MAXIMUM LIABILITY AND OBLIGATION TO THE BOARD AND THE BOARD'S EXCLUSIVE REMEDY FOR ANY CAUSE WHATSOEVER, REGARDLESS OF THE FORM OF ACTION, WHETHER IN CONTRACT OR IN TORT, INCLUDING NEGLIGENCE, RELATING TO THIS AGREEMENT SHALL BE LIMITED TO THE RECOVERY OF ACTUAL DIRECT DAMAGES UP TO THE AMOUNT OF FEES PAID UNDER THIS AGREEMENT IN THE PRIOR TWELVE (12) MONTHS; PROVIDED, HOWEVER THAT THE LIMITATION SET FORTH IN THIS SECTION 15.1 SHALL NOT APPLY TO EITHER PARTY'S INDEMNIFICATION OBLIGATIONS UNDER SECTION 16, INSURANCE OBLIGATIONS UNDER SECTION 18 OR DAMAGES CAUSED BY EITHER PARTY'S GROSS NEGLIGENCE OR WILLFUL MISCONDUCT.

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

16. INDEMNITY.

16.1 Indemnification of the Board. K12 will indemnify, defend, and hold harmless the Board and all of its employees, officers, directors, trustees, subcontractors and agents (collectively ("**Board Indemnitees**") from against all claims, demands, suits, or other forms of liability including without limitation costs and reasonable attorneys' fees (each a "**Claim**") that may arise out of, or by reason of, any: (a) breach of any expressed representation or warranty, covenant or agreement made or to be performed by K12 pursuant to this Agreement, (b) noncompliance by K12 with any Applicable Law in connection with the Academy's operations, but excluding any Claims that arise from conduct undertaken in accordance with the Sponsor's, the Board's or the Board Indemnitees' instructions, procedures or written policies, except where such instructions arise from and are in accordance with explicit recommendations formally provided by or on behalf of K12, and (c) act or omission of K12 or K12 Indemnitees (defined below) in connection with Academy's operations that results in injury, death, or loss to person or property, except to the extent any Claims arise out of actions or omissions of the Board, the Board Indemnitees or the Sponsor. K12 and its Affiliates shall not be liable for any Claims related to the enrollment, placement and provision of services to any Students with special education, ML or 504 needs, except to the extent caused by K12 and its Affiliates.

16.2 Indemnification of K12. The Board will indemnify, defend, save and hold K12 and its Affiliates and all of their respective employees, officers, directors, subcontractors, and agents and their respective successors and permitted assigns (collectively "**K12 Indemnitees**"), harmless against all Claims that may arise out of, or by reason of, any: (i) breach of any expressed representation or warranty, covenant or agreement made or to be performed by the Board (or its designees) pursuant to this Agreement, (ii) noncompliance by or on behalf of the Board with any Applicable Law in connection with Academy's operations, (iii) act or omission of the Board or Board Indemnitees in connection with the Academy's operations that results in injury, death, or loss to person or property except to the extent any Claims arise out of actions or omissions of K12 or K12 Indemnitees, and (d) for any Claims that are related to the Board's (or its designees') action or inaction with respect to the enrollment, placement and provision of services to any Students with or seeking special education, ML or 504 needs, except to the extent caused by K12 or its Affiliates.

16.3 Indemnification Procedures:

16.3.1 Notice Requirement. Each party seeking indemnification hereunder ("**Indemnified Party**") must give written notice to the other Party charged with indemnifying hereunder ("**Indemnifying Party**") of the existence of a Claim promptly after the Indemnified Party first receives notice of the existence of the potential Claim; provided, however, the Indemnified Party will not be foreclosed from seeking indemnification hereunder by any failure to provide such prompt notice, except and only to the extent the Indemnifying Party is prejudiced as a result of such delay.

16.3.2 Defense and Settlement of Claims. The Indemnified Party will permit the Indemnifying Party (at the expense of the Indemnifying Party) to assume the defense of any Claim, provided that counsel for the Indemnifying Party who will conduct the defense must be reasonably satisfactory to the Indemnified Party. The Indemnified Party shall cooperate in the defense. At its own expense, the Indemnified Party may also assist in the defense and may assert other defenses or counterclaims, to the extent a conflict of interest between the Parties is not created, provided the Indemnified Party does not settle any Claims without the prior written consent of the Indemnifying Party. Any settlement that would admit any liability on the part of the Indemnified Party shall require such Indemnified Party's prior written consent.

17. ASSIGNMENT. Except as otherwise provided in this Agreement, neither Party may assign or delegate any rights or obligations under this Agreement without the prior written consent of the other Party, provided, however, K12 may assign its rights and obligations under this Agreement to any Affiliate, acquirer, or successor in interest to the extent not otherwise expressly prohibited by Applicable Law. K12 may delegate the performance of its duties hereunder to any person, contractor or entity, but K12 shall be solely responsible for the performance, in accordance with the terms of this Agreement, of any services performed by its delegees.

18. INSURANCE.

18.1 Liability Coverage. Each Party will initiate and maintain during the Term, at its own expense, general liability insurance (including contractual liability insurance to cover the respective indemnification obligations herein) for not less than $5,000,000 (combined single limit for bodily injury and property damage per occurrence and in the aggregate). The Board will initiate and maintain during the Term and for two (2) years thereafter, employment practices liability insurance and school leaders/educators' legal liability/errors and omissions (or similar) insurance, each in limits of no less than $1,000,000 per claim/aggregate. K12 will initiate and maintain during the Term and for two (2) years thereafter, employment practices liability insurance and errors and omissions insurance, each in limits of no less than $1,000,000 per claim/aggregate. All such insurance policies shall be placed with reputable and financially secure insurance carriers with A.M. Best & Co. ratings of no less than A-. Within thirty (30) days after the Effective Date and annually thereafter, each Party's required insurance (excluding E&O insurance) will include the other Party (and their Affiliates and respective directors, officers, employees and contractors (each as applicable) as additional insureds. Each Party's general liability and contractual liability insurance will be written to cover claims incurred, discovered, manifested, or made during or after the Term.

18.2 Evidence of Insurance. Each Party will furnish a certificate of insurance evidencing such coverage to the other Party within seven (7) days of written request by a Party. The Parties will endeavor to provide thirty (30) days' advance written notice to the other Party of any cancellation or material adverse change, to such insurance.

18.3 Insurance Coverage No Limitation on Rights. A Party's insurance will be its primary coverage and any insurance the other Party may purchase shall be excess and non-contributory for all claims directly related to actions or omissions of the said covered Party. The minimum amounts of insurance coverage required herein will not be construed to impose any limitation on a Party's indemnification obligations expressly set forth herein.

18.4 Workers' Compensation Insurance. Both Parties will initiate and maintain workers' compensation insurance for its respective employees working at or for the Academy, as required by Applicable Law.

18.5 Cooperation. All Parties will comply with any information or reporting requirements required by the other Party's insurer(s), to the extent reasonably practicable.

19. REPRESENTATIONS AND WARRANTIES.

19.1 Representations and Warranties of K12. K12 hereby represents and warrants to the Board:

19.1.1 Organization and Good Standing. K12 is a company duly organized, validly existing, and in good standing under the laws of the State of Delaware.

19.1.2 Power and Authority; Authorization; Binding and Enforceable Agreement. K12 has full limited liability company power and authority to execute and deliver this Agreement and to perform its obligations hereunder.

19.1.3 Professional Services. K12 warrants that the Services will be performed in a professional and workmanlike manner in accordance with commercially reasonable industry standards, and deliverables, if any, will materially comply with the agreed upon functional specification set forth as applicable in **Exhibit A**, if used in a manner consistent with the conditions for which it was designed. THE FOREGOING WARRANTIES MADE BY K12 IN THIS SECTION (AND ITS SUBSECTIONS) ARE IN LIEU OF ALL OTHER WARRANTIES, EXPRESS, IMPLIED, STATUTORY OR OTHERWISE, INCLUDING, BUT NOT LIMITED TO, ANY IMPLIED WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE AND K12 AND ITS AFFILIATES MAKE NO GUARANTEES AS TO THE RESULTS OR ACHIEVEMENTS OF THE STUDENTS. WITHOUT LIMITING THE FOREGOING, K12 MAKES NO GUARANTEES AND SHALL NOT BE LIABLE FOR NON-ACCESSIBILITY OF THE K12 WEBSITE, END-USER CONNECTION SPEED OR CONNECTIVITY PROBLEMS.

19.1.4 Non-Conformities. The foregoing warranties shall not apply to defects or non-conformities: (a) resulting from software, hardware or interfacing not supplied by K12, its Affiliates or authorized contractors; or (b) resulting from inadequate or improper maintenance, modification, storage or usage of the K12-provided materials by the Board, its employees or Students. In addition, the foregoing warranty shall not apply to requirements not expressly included in this Agreement.

19.2 Representations and Warranties of the Academy. The Board hereby represents and warrants to K12:

19.2.1 Organization and Good Standing. The Board is a non-profit corporation duly organized, validly existing, and in good standing under the laws of the State.

19.2.2 Power and Authority; Authorization; Binding and Enforceable Agreement. The Board has full power and authority to execute and deliver this Agreement and to perform its obligations hereunder.

19.2.3 Authority Under Applicable Law. The Board has the authority under Applicable Law to: (i) contract with a management company to obtain the Educational Products and Services and all other programs under this Agreement; (ii) to execute, deliver, and perform this Agreement; and (iii) to incur the obligations provided for under this Agreement.

19.2.4 Non-Contravention. The execution, delivery and performance of this Agreement by the Board will not constitute, under any other agreement, note, lease, or other instrument to which the Board is a party or by which it or any of its assets is bound, any violation, breach or event of default by the Board or any other party thereto.

19.2.5 Provision of Authority to K12. The Board has provided and will provide K12 with all authority and power necessary and proper for K12 to undertake its responsibilities, duties, and obligations provided for in this Agreement.

19.2.6 Charter Enforceability and Renewal. The Charter is in full force and effect and constitutes a valid and binding obligation of each party thereto, enforceable in accordance with its terms. The Board has delivered a true and complete copy of the Charter (and the Sponsor agreement(s) and MOUs, if any) to K12. The Board will use best efforts to: (a) maintain the Charter in full force and effect during the Term and, (b) to renew the Charter prior its expiration with assistance from K12 which such assistance shall only be provided if this Agreement is in full force and effect for term of the renewal period of the Charter.

19.2.7 Certain Provisions of the Charter. The Charter will, when approved, authorize the Board to operate the Academy and receive the federal, state and local education funds identified in this Agreement, as well as other revenues, and otherwise vests the Board with all powers necessary and desirable for carrying out the Academy operations and other activities contemplated in this Agreement.

20. OFFICIAL NOTICES. All notices and other communications required under this Agreement will be in writing and sent to the Parties to the addresses below, which may be changed upon proper written notice. Any notice provided by a Party pursuant to Section 6.2(a) shall be presented in the form set forth in Exhibit C. Notices hereunder may be given by: (i) first class U.S. mail postage prepaid, (ii) reputable overnight carrier postage prepaid, or (iii) personal delivery (with written receipt confirming such delivery). Notice will be deemed to have been given three business days after mailing as described in clauses (i) or (ii) of the foregoing sentence or on the date of personal delivery. Electronic mail does not constitute official notice under this Agreement. However, courtesy copies of notices may be sent via e-mail. The addresses of the Parties are as follows:

For the Board:	With a Copy To:
Board President John Pallasch 503 Chime Bell Church Road Aiken, SC 29803 (202) 903-8200 john@oneworkforcesolutions.com	Elizabeth Carpentier 1709 Hollywood Drive Columbia, SC 29205 803-315-7271 EACarpentier@edpolicyanalyst.com
For K12:	With a Copy To:
K12 Virtual Schools LLC ATTN: Portfolio VP, School Management and Services 11720 Plaza America Drive, 9th FL, Reston VA 20190 Phone: 703-483-7000	Stride, Inc. ATTN: General Counsel 11720 Plaza America Drive, 9th FL, Reston, VA 20190 Phone: 703-483-7000 E-mail: legaldepartment@k12.com

21. NON-SOLICITATION/NON-HIRING.

21.1 Non-Solicitation. Each Party agrees that during the Term of this Agreement, and unless mutually agreed by the Parties in writing or a notice is given as provided in Section 8.4, a Party will not directly solicit, recruit for employment, offer employment to, offer subcontracting opportunities to, or otherwise employ or use the services of any employees of the other Party or their related companies if that employee has been assigned to or worked under this Agreement, except during the period following a Party's issuance of a written notice of termination under Section 12.

21.2 Unpermitted Solicitation/Hiring Remedies. In the event of such unpermitted use or engagement by a Party or its related company of such consultant or employee whether directly or indirectly, in contravention of the clause immediately above, the other Party, at its option, may seek receipt of a sum equivalent to one hundred percent (100%) of that employee's base starting salary with the new employer, or seek any legal or equitable relief against such actions including, but not be limited to, immediate injunctive relief in any court of competent jurisdiction. The Board acknowledges and agrees that no Balanced Budget Credits shall be issued by K12 to cover any penalty, damages or other relief owed by the Board upon a violation of this provision.

21.3 Solicitation Exceptions. For the avoidance of doubt, newspaper, periodical or Internet-based listings of employment opportunities by a Party shall not be considered direct or indirect solicitation of an employee of the other Party; however, such Party shall continue to be precluded from engaging or otherwise using a Party's employee or consultant as provided for in Section 21.2.

22. DISPUTE RESOLUTION, VENUE AND GOVERNING LAW.

22.1 Dispute Resolution Procedure. The Parties agree that they will, within a period not to exceed ten (10) days, attempt in good faith to settle all disputes arising in connection with this Agreement amicably in the ordinary course of business escalating up to the Board President and the SVP General Manager (or their designee) for K12. If a dispute is not resolved in such timeframe, the aggrieved Party may proceed to arbitration and/or invoke any other remedies in accordance with this Agreement.

22.2 Arbitration. Subject to Section 22.1, if an aggrieved Party elects to arbitrate an unresolved dispute, the Parties shall proceed to mandatory binding arbitration in Lexington County, South Carolina, pursuant to the then existing rules of the American Arbitration Association. Except as may be required by law, neither a Party nor an arbitrator may disclose the existence, content, or results of any arbitration hereunder without the prior written consent of both Parties. Judgment upon the award rendered shall be final and binding and may be enforced by any state or federal court with competent jurisdiction over the arbitrated matter. Each Party will bear its own costs and expenses associated with the dispute resolution procedures set forth in this Section except that the Parties will share equally any fees payable to a professional arbitrator.

22.3 Injunctive Relief. Notwithstanding the foregoing dispute resolution procedures, the Board acknowledges that in the event it breaches any of K12's intellectual property rights, K12 may suffer irreparable harm in which the full extent of damages may be impossible to ascertain and monetary damages may not be an adequate remedy. In its sole discretion, K12 may seek immediate judicial relief as available in law or equity. K12 will be entitled to enforce its intellectual property rights under this Agreement by an injunction or other equitable relief without the necessity of posting bond or security, in addition to its right to seek monetary damages or any other remedy. The decision by K12 not to seek judicial relief during the agreed dispute resolution procedure, will not create any inference regarding the presence or absence of irreparable harm.

22.4 Governing Law. The laws of the State of South Carolina without regard to its conflict of laws provisions will govern this Agreement, its construction, and the determination of any rights, duties, and remedies of the Parties arising out of or relating to this Agreement pursuant to S.C. Code Ann. §11-35-2050 and S.C. Reg. §19-445.2143.

23. FORCE MAJEURE. Notwithstanding any other provisions of this Agreement, no Party will be liable for any delay in performance or inability to perform (except for payments due hereunder) due to acts of God or due to war, riot, terrorism, civil war, embargo, fire, flood, explosion, sabotage, accident, labor strike, Internet outage or other acts beyond a Party's reasonable control and unrelated to its fault or negligence.

24. COORDINATION, EXERCISE OF APPROVAL OR CONSENT RIGHTS.

24.1 Coordination and Consultation. The Parties will coordinate the performance of their respective activities hereunder and will establish such procedures as they shall mutually agree to be effective for achieving the purposes of this Agreement and allowing each of them to perform its obligations and exercise its rights under this Agreement. Without limiting the generality of the foregoing, K12's legal counsel and the Board's legal counsel will consult from time to time with respect to the requirements of Applicable Law, the Charter, and the Board's and the Sponsor's policies as they relate to the Board's operations, provided, however, no such consultation shall be construed as providing legal advice to the other Party.

24.2 Approval or Consent Rights. In performing services and its other obligations under this Agreement, or in exercising its rights under this Agreement, including granting or withholding any consents or approvals or making any requests of the other Party, each Party must act reasonably (including as to the timing of its actions) except to the extent that this Agreement provides that it may act as it determines "in its sole judgment" or "its sole discretion," or words to that effect, in the applicable provision. Whenever it is provided in this Agreement that the Parties will or may agree as to a certain matter, each Party will have the right to agree or disagree in its sole discretion following good faith discussion.

25. MISCELLANEOUS.

25.1 Entire Agreement. This Agreement including its attachments hereto constitutes the entire agreement of the Parties with respect to the subject matter hereof and supersedes all previous and contemporaneous oral and written negotiations, commitments, agreements, warranties, representations and understandings. This Agreement will not be altered, amended, modified, or supplemented except in a written document executed by the Parties.

25.2 Counterparts or PDF Transmissions. This Agreement may be executed in counterparts, each of which will be deemed an original, but both of which will constitute one and the same instrument.

25.3 Amendment. This Agreement will not be altered, amended, modified, or supplemented except in a written document executed by the Parties.

25.4 Waiver. No waiver of any provision of this Agreement will be effective unless in writing, nor will such waiver constitute a waiver of any other provision of this Agreement, nor will such waiver constitute a continuing waiver unless otherwise expressly stated.

25.5 Interpretation. The Parties hereto acknowledge and agree that the terms and provisions of this Agreement, will be construed fairly as to all Parties hereto and not in favor of or against a Party, regardless of which Party was generally responsible for the preparation of this Agreement.

25.6 Severability. In the event any term, provision or restriction is held to be illegal, invalid or unenforceable in any respect, such finding shall in no way affect the legality, validity or enforceability of all other provisions of this Agreement. To the extent that any of the services to be provided by K12 are found to be overbroad or an invalid delegation of authority by the Board, such services will be construed to be limited to the extent necessary to make the services valid and binding.

25.7 Successors and Assigns. This Agreement will be binding upon, and inure to the benefit of, the Parties and their respective successors and permitted assigns.

25.8 No Third-Party Rights. This Agreement is made for the sole benefit of the Board and K12 and their respective successors and permitted assigns. Except as set forth in Sections 14 and 16 and except for each Affiliate of K12, which shall be a third-party beneficiary of this Agreement, nothing in this Agreement will create or be deemed to create a relationship between the Parties to this Agreement, or any of them, and any third person, including a relationship in the nature of a third-party beneficiary or fiduciary.

25.9 Survival of Termination. All representations, warranties, and indemnities expressly made in this Agreement will survive termination of this Agreement.

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

IN WITNESS WHEREOF the Parties authorized representatives have been duly authorized to execute this Agreement which constitutes a valid and legally binding obligation of the Parties entered into as of the date set forth below.

For and on behalf of SOUTH CAROLINA EDUCATION FUTURES, INC.		For and on behalf of K12 VIRTUAL SCHOOLS LLC	
Signed:	DocuSigned by: John Pallasch 57198C7D9278429...	**Signed:**	DocuSigned by: Tony Bennett FFF4A236A3924ED...
Name:	John Pallasch	**Name:**	Tony Bennett
Position:	Board Chair	**Position:**	President of Schools
Date:	7/6/2023 | 6:28 AM PDT	**Date:**	7/6/2023 | 6:52 AM PDT

EXHIBIT A
Educational Products and Services

I. Educational Products and Product-Related Services. During the Term, K12 and its Affiliates will provide or cause to be provided to the Board for the Academy and its Students and its personnel the Educational Products and product-related services in accordance with the fees published on the then current Product Price List provided to the Board. The Educational Products to be provided in accordance with the terms of the Agreement, as K12 determines in its reasonable discretion are as follows:

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

B. Instructional Tools and Materials. Instructional tools and supplies, including without limitation textbooks and multi-media teaching tools. K12 shall identify which materials are durable and must be reclaimed and such materials must be returned as set forth in Section 13.2. K12 will provide instructions and pre-paid shipping materials and labels to facilitate the return of these materials.

C. Instructional Support. K12 will make available the necessary instructional support as mutually agreed upon in accordance with the Product Price List as may be required/requested by the Board for the Educational Products and Academy-related offerings.

D. Student Computers. K12 may provide or cause to be provided rented computers and monitors, software and other hardware as K12 determines in its discretion to be necessary to deliver the curriculum and as agreed to in writing by K12 during the budgeting process. All such equipment shall be promptly returned to K12 upon a Student's withdrawal or upon expiration or termination of this Agreement as set forth in Section 13.2. K12 will provide instructions and pre-paid shipping materials and labels to facilitate the return of these materials.

A. Student Laptops/Computers: business process of student computer leases are as reflected in the Product Price List.
B. Test Laptops/Computers: are priced separately as included in the Product Price List through the end of the Term. To be clear, testing laptops/computers are required to be dedicated testing laptops and Student lease laptops cannot be used for testing.

E. Testing Support. During the Term, as agreed upon by the Parties K12 may provide, or cause to be provided for the Academy, equipment, logistics and technical support and related services to assist with State required online testing of Students ("**State Testing**"). State Testing Support shall include separate pricing as included in the Product Price List:

1. Site Surveys: K12 will physically validate facilities for testing sites and will notify the Board (or its designated Academy staff) if proposed facilities are found unsuitable. In all rooms where assessments will be administered mobile lab technology will be simulated and tested to include ISP signal quality measurements; optimal placement of network devices will be documented, and primary and secondary networks will be identified and deployed as needed.

2. Technical Point of Contact: K12 will provide a technical point of contact to support Academy staff with the State Testing.

3. Onsite Support: Onsite support including set up and tear down of equipment provided as reasonably required by technicians (with national criminal records background check), however, Academy teachers must be present when onsite tech is in proximity of Students.

4. Troubleshooting. Site monitoring and PC troubleshooting to be provided onsite and/or remote as reasonably required.

5. Testing Site Locations: To the extent allowable, K12 may work with school districts state-wide to help to secure and coordinate state-wide testing sites, and to use school district facilities to administer State Testing to Students within a reasonable commuting distance of applicable school districts. In addition, if /when remote online testing options are permitted by law and/or regulation, K12 will coordinate applicable alternatives for testing.

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

A. Educational Academy Consulting. Propose and implement educational goals, methods of pupil assessment, Academy policies, Academy calendar, Academy day schedule, and age and grade range of pupils to be enrolled in the Academy. K12's recommendations for the Academy will be consistent with the Agreement, Applicable Law and the Charter.

B. Personnel-Related Support Services. In addition to providing and supervising all K12 personnel required to provide Educational Products and perform the Services, K12 shall assist the Board with human resources services for Board employees, if applicable, including recruiting, hiring recommendations, reference, certification and background checks, performing payroll functions or securing of payroll services, and negotiation, securing and management of health, retirement and other benefits. K12 shall recommend human resources policies, bonus plans, and strategic plans for staffing, development, and growth.

C. Pupil Recruitment-Related Services:

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

2. Admissions. Implementation of the Academy's admissions policies in accordance with this Agreement, including management of the application and the Student enrollment process. Communicating with potential students and their families and conducting a random lottery if required.

3. Family Services. Plan and arrange Academy orientation sessions. Assist with the design and implementation of parent orientation sessions. Field and respond to incoming

calls, letters, faxes, and e-mails received by K12 about the Academy, its curriculum, the application/enrollment process, instructional materials, activities required under Title I, etc. Conduct entrance and exit interviews with select Students and their parents who withdraw for all mandated reporting in order to learn more about how to improve the program for Students.

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

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

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

D. Special Education Students: K12 may assist the Academy with the provision of services for Special Education Students. K12's assistance as provided may include approving enrollments in accordance with related policies and Applicable Law, providing general education curriculum, recruiting teachers and providing procurement support for related service providers. Where an Academy-based K12 employee is the representative attending meetings related to Special Education Students, including Individualized Education Plan ("IEP") meetings, at a minimum K12 may complete an annual IDEA audit. All policies defining the services and support to Special Education Students will originate from the Sponsor with Board input regarding processes and timelines and must be approved by the Academy's Board.

E. ML and 504 Students: K12 may assist with its obligations by providing translation assistance during enrollment for ML Students (and their guardians), recruiting ML-certified teachers, providing general education curriculum and providing procurement support for services to ML and 504 Students consistent with this Agreement. K12 may conduct an annual review of the Academy's 504 and ML services. All policies defining the services and support to ML Students and for the 504 population of Students will originate from the Sponsor with Board input regarding processes and timelines and must be approved by the Academy's Board.

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

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

H. Business Administration. Administration of business aspects and day-to-day management of Academy functions to include the following:

1. Consultation, and services as liaison for the Board with the Sponsor, and other governmental offices and agencies.

2. Consultation and recommendations regarding special programs (special education, Multilingual Learners and 504) processes, support services and reimbursements.

3. Consistent with other provisions of the Agreement, provide Academy administrative staff as appropriate.
4. Work with the Board's counsel, if any, on legal matters affecting the Academy, provided, however, K12 shall not provide legal advice and any such collaboration shall not be deemed as K12 providing legal advice.
5. Preparation of forms, operations manuals or guides, and policies and procedures as necessary or required by the Charter or Sponsor for the Board's review and approval.
6. Consultation with respect to, and monitoring and oversight of, State reporting systems.
7. Assist Academy staff in identifying and applying for grants and other funding opportunities.
8. Assist as requested and as appropriate with the administration of federal entitlement programs, including Title I, and I.D.E.A.
9. Arrange contracts with education services centers, and professional service providers for special education services and testing on Students' behalf.
10. Establish and implement policies and procedures to maintain proper internal controls for K12.
11. Provision of operational regulatory compliance services to assist the Academy in understanding and complying with applicable regulatory and legal requirements as well as preparing for and responding to audits.

I. <u>Budgeting and Financial Reporting</u>. Assistance with finance-related administrative duties to include the following:

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

J. <u>Financial Management</u>. Assistance with financial management to include the following:

1. In accordance with Academy-expenditure authorization policy, K12 will, within commercially reasonable periods of time or as required by any agreement governing same, make payment for all Academy Expenses, out of the Academy funds managed by K12.
2. All Academy Revenues will be maintained in an account(s) belonging to the Board over which designated representatives of K12 will have signature authority as approved by

the Board in writing. The Board will immediately transfer to such account(s) all Academy Revenue received for the Academy from any source, as well as any contributions received by the Board for the Academy.

3. Perform necessary planning, forecasting, accounting and reporting functions as appropriate.

4. Assist with and help coordinate third-party audit(s) of the Academy's financials.

K. Maintenance of Financial and Student Records

1. K12 will maintain and keep Academy records and books at the Facility. K12 may maintain electronic or paper copies of records and provide other services elsewhere, unless prohibited by Applicable Law. The Board recognizes and agrees that for purposes of the Family Educational Rights and Privacy Act and the State open records act, K12 has a legitimate educational interest for purposes of the Board and its staff disclosing to K12 the Academy student's educational records.

2. K12 will maintain financial records pertaining to the operation of the Academy and will retain all such records for a period of seven (7) years (or longer if required by Applicable Law or grant or archival or litigation purposes) from the close of the Fiscal Year to which such books, accounts, and records relate.

3. K12 will maintain student educational records pertaining to students enrolled in the Academy in the manner required by Applicable Law and retain such records on behalf of Board at the Facility until this Agreement is terminated, at which time such records will be retained by and become the sole responsibility of Board.

4. Ensure accessibility of Academy educational records to the Board, its independent auditor and the State for completion of audits required by Applicable Law. The Parties understand that all Academy-related financial and Student educational records are the property of the Board.

L. Student Discipline. Provide necessary information and cooperate with the Board (or its designated Academy staff) on the handling of student disciplinary matters, including without limitation attendance and truancy matters. K12 will recommend policy and procedures for Board adoption consistent with Applicable Law and the body of this Agreement.

M. Teacher Training and Development. Develop and offer new Teacher training and professional development for Teachers consistent with what K12 offers similarly situated schools. Host Teacher professional development sessions throughout the school year for new and returning Teachers.

N. Sponsor Policies and Charter Renewal. Assist the Board in complying with applicable Sponsor policies as reasonably interpreted to apply to the Academy. Assist the Board with drafting the Academy's Charter renewal application, including working with the Board to develop any necessary budgetary and curriculum information. Support Board members in their preparation to present and defend the Academy's Charter renewal application before the Sponsor.

O. Instructional Property Management. Prepare and submit to the Board (or its designees) proposed policies and procedures regarding the responsible use of equipment and other instructional property. Arrange for the distribution and re-shipment or return (as necessary) of equipment for families, administrators, and teachers, to the extent provided by or on behalf of K12 as agreed in writing during the budget process.

P. Grants and Donations. On behalf of the Board, K12 may solicit and receive grants and donations for the Academy from public funds through competitive or non-competitive processes, and private sources consistent with the Academy's objectives; provided, however, that any solicitation of such grants and donations by K12 will be subject to the approval of the Board and such fund shall be used as designated.

Q. Additional Administrative Services. Any other services as agreed to in writing by the Parties from time to time.

III. Technology Services. During the Term, K12 and its Affiliates will provide or cause to be provided to the Board for the Academy the technology services (the "**Technology Services**") described below. Notwithstanding the foregoing, none of the Technology Services shall be provided for the purpose of benefiting the Academy or any personnel or students for any school year beyond the expiration or earlier termination of this Agreement.

A. 24-7 monitoring of production services, i.e., SIMS and the on-line learning management system;

B. Monitor and analyze system data to fix production issues as they may arise;

C. Generate reports on pupil academic performance, attendance and progress;

D. Seek and secure competitive pricing and centralized purchase discounts for computers, monitors, printers, software and other peripherals for instructional and administrative staff at the Academy;

E. Train Academy staff, as deemed appropriate and necessary, on technology systems;

F. Develop, design, publish, and maintain the Academy's interactive website;

G. Install and maintain the Academy's computer network;

H. Generate reports;

I. Develop community tools on the Academy's website and K12 platform (including password protected threaded discussion and message boards, moderation functionality, directories, etc.);

J. Determine hardware configurations (including software and operating systems) for the Academy's technology needs;

K. Provide onsite and telephone support for the Academy administration in troubleshooting system errors, and telephone support for students;

L. Propose for the Academy adoption policies and procedures regarding the responsible use of computer equipment and other Academy property;

M. Support teachers and Academy care associates in answering technology-related questions from students, parents, teachers, and administrators;

N. Install software to generate master image of computer configurations for teachers, administrators, and students in order to standardize the user experience and lower costs and turn-around time for implementation and troubleshooting;

O. If K12 opts to provide Board employees with computers, the Board shall require its employees to use the K12-provided computers when performing work for the Academy and shall require its employees to use such security measures at least as rigorous as those that the K12 requires for its own employees and when Board employment ends return the computer to K12.

P. Ensure electronic security of student records (through the use of encryption, firewalls, etc.);

Q. Provide a Web-filtering device to ensure that students do not have access to inappropriate materials on the Internet;

R. Prepare for, supervise, and implement system roll-overs at the end of the academic year;

S. Design and implement inventory management systems with the Academy's distribution and hardware vendors, as well as reclamation programs, as needed;

T. Provide online enrollment, registration and placement services;

U. Provide Academy email accounts for Academy employees;

V. Provide Academy care and technology support services on the learning management system, computer and software issues;

W. Oversee changes to the Academy website to maintain quality assurance and make sure that there are not "version control" problems;

X. Along with our K12 Marketing department, coordinate security, creative, and content issues pertaining to the website;

Y. Coordinate Web hosting contracts and relationships with vendors across the State as needed;

Z. Handle troubleshooting issues for the Academy's website and send issues to the appropriate person or division for resolution; and

AA. Additional Technology Services in K12's discretion and any other services as agreed to in writing by the Parties from time to time.

EXHIBIT B
K12 Proprietary Marks

K^{12}
Unleash the xPotential®
The xPotential®
A+nywhere Learning System®

All trademarks, trade names, service marks as set forth at https://www.stridelearning.com/ip-policy.html, as may be revised from time to time, and each of their logos.

Trademark Quality Control – Restricted Content: The Board shall not use the K12 Proprietary Marks in connection with harmful, threatening, unlawful, defamatory, infringing, abusive, inflammatory, harassing, vulgar, obscene, fraudulent, hateful or otherwise offensive material, or in any manner that would be likely to tarnish or adversely impact the reputation, quality, value and goodwill associated with K12 and/or the K12 Proprietary Marks.

EXHIBIT C
Form Notice of Intent

As set forth in Section 20, this form notice (or a substantially similar version) is required if a Party desires to invoke its rights under Section 6.2(a).

* * * * * * *

Date: ___________

To: *[Party's addressee in Section 20]*

Re: Educational Products and Services Agreement ("Agreement") - Notice of Intent

To Whom It May Concern:

The South Carolina Education Futures, Inc. Board of Directors (the "Board") for the Carolus Online Academy ("Academy") – *or* – K12 Virtual Schools LLC ("K12")] is providing this notice in accordance with Section 20 of the Agreement between the Board and K12. This notice is provided solely to preserve our right to discuss renewal terms in consideration of a contract extension before the Agreement automatically renews as set forth in Section 6.2(a).

Until any amendment to the Agreement is fully executed by the Parties' authorized signatories, the terms of the Agreement shall remain unchanged. If we desire to memorialize proposed edits to the Agreement, if any, we will contact your authorized designee within two (2) weeks from the date of this notice. At such time we agree to undertake good faith discussions to renew the Agreement under similar or substantially similar terms to avoid disruption to the Academy's staff, families and Teachers.

Sincerely,

[Applicable Party's Representative]

cc: *[As applicable]*