



INDIANA STATE BOARD OF EDUCATION

MEMORANDUM

To: Indiana State Board of Education
From: Ron Sandlin, Senior Director of School Performance & Transformation
Date: May 1, 2019
RE: Navarre Middle School - School Improvement Intervention

ISSUE: The Indiana State Board of Education (“Board”) is required to consider school improvement intervention options for Navarre Middle School (7597) (“Navarre”), previously Navarre Intermediate Academy, within the South Bend Community School Corporation (7205) (“SBCSC”).

RECOMMENDATION: Approve the Transformation Zone Plan (“Plan”) submitted by SBCSC pursuant to IC 20-31-9.5-9.5 and assign the Plan as the approved option for school improvement intervention under IC 20-31-9-4 with the following requirements:

1. The South Bend Empowerment Zone (SBEZ) agrees to consult with Board staff in the development of the Performance Management Framework outlined in the Transformation Zone Plan. The final framework is subject to Board approval.
2. The SBEZ agrees to consult with Board staff on the final selection of a Executive Director of the Transformation Zone. The final selection of an Executive Director is subject to Board approval.

HISTORY: Navarre is a 6-8 school within SBCSC serving 543 students. Prior to the 2018-2019 school year, the School served students in grades 5-8. Grade 5 was removed prior to the 2018-2019 school year as a component of a larger district reconfiguration.

Following the 2017-2018 school year, the School received its sixth consecutive F rating, the lowest category or designation of school improvement.

On March 6, 2019, the Board entered into a Letter of Intent (“LOI”) with SBCSC, in which the corporation committed to developing a transformation zone that includes Navarre and four feeder elementary schools. Moreover, the corporation committed to “autonomous operational and managerial control” of the transformation zone by a partner outside of SBCSC.

Since the execution of the LOI, SBCSC has submitted a qualifying transformation zone plan to the Board which includes a Memorandum of Understanding (“MOU”) between SBCSC and a non-profit partner, the South Bend Empowerment Zone (“SBEZ”), to operate the zone independent of the school corporation. The submission was timely and fulfilled all of the terms of the LOI.

ANALYSIS: The Plan submitted by SBCSC reflects the most comprehensive transformation zone plan the Board has considered to date under IC 20-31-9.5-9.5 in relation to the core research-based principles of a successful transformation zone:¹

¹ Calkins, A., Guenther, W., Belfiore, G, & Lash, D. (2008). *The Turnaround Challenge: Why America’s best opportunity to dramatically improve student achievement lies in our worst performing schools*, Mass Insight Education, Boston, MA.



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Clusters: Schools within a transformation zone must have the flexibility to change the operational conditions within which they function. These specifically include authority over people, time, money, and programs. The current MOU included with the Plan provides schools within the transformation zone authority to control staffing decisions (Article VI.1(b)), creates a separate account to ensure full financial autonomy (Article IV.1(a)), and prohibits SBCSC from assigning any particular academic program or curriculum to schools within the transformation zone (Article VIII.1(a)).

Capacity: School turnaround is a unique challenge that requires a particular skillset and the Plan submitted by SBCSC reflects the need for specialized expertise to support the intervention. SBCSC has partnered with Education Resource Strategies (“ERS”), a Board-approved partner, to support the implementation of the Plan. ERS has a track-record of supporting school corporations across the country in school improvement and turnaround efforts.

Clusters: The plan is strategically designed to create a K-8 sustained system of support. The inclusion of Navarre and feeder elementary schools aligns to the research behind transformation zones which states, “turnaround at scale cannot be accomplished in ones and twos. States and districts should undertake turnaround in clusters organized around identified needs.” Expanding the intervention across the K-8 feeder pattern acknowledges the challenges at Navarre result from larger systemic issues that begin earlier in a student’s academic career, and structures the intervention to address them.

Moreover, the MOU between SBCSC and SBEZ, the newly formed non-profit entity, transfers full operational authority over schools within the transformation zone to the partner organization. This arrangement reflects the school corporation’s commitment to building-level autonomy, and the importance of empowering teachers and principals to make decisions. This arrangement is first of its kind in Indiana, and is modeled off of the nationally recognized Springfield Empowerment Zone in Springfield, MA.

Transformation Zone Plan Application



Submitted to: Indiana State Board of Education

Submitted by: South Bend Community Schools Corporation

Part 1: General Information

School Corporation: South Bend Community Schools Corporation (#7205)

Date: April 10, 2019

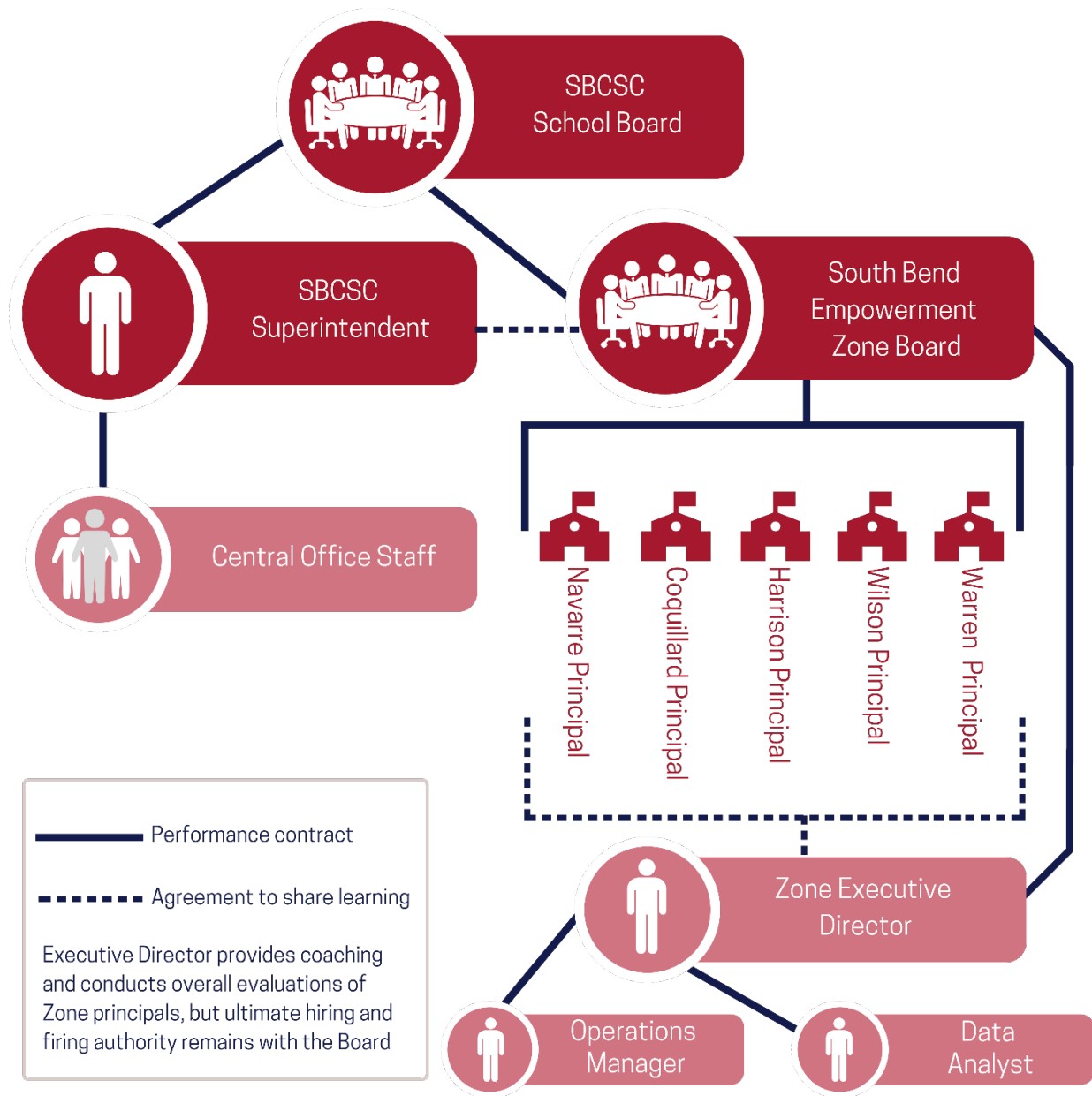
The following schools will be included in the Transformation Zone:

School Name	School #
Navarre Middle School	7597
Coquillard Elementary School	7533
Harrison Elementary School	7545
Wilson Elementary School	7588
Warren Elementary School	7417

The Transformation Zone will be in place for five school years:

Year 1	Year 2	Year 3	Year 4	Year 5
2019-2020	2020-2021	2021-2022	2022-2023	2023-2024

Part 2: Organizational Chart



Part 3: Innovations within the Transformation Zone

Zone-Level Innovations

This Transformation Zone will include a middle school and its four feeder elementary schools. All of these schools are struggling to meet performance standards for their students and the culmination of low-performance from kindergarten through eighth grade has resulted in the chronically low performance at Navarre Middle School which has triggered this action. In order to address the wide-spread needs in this K-8 feeder pattern of schools, this transformation zone will dramatically alter the governance and conditions under which these schools operate. In partnership with SBCSC, these schools will be placed in an independently-governed zone with heightened autonomy, support, and accountability to accelerate improvement. This Zone will maintain district student enrollment patterns and will not be able to choose or exclude students in any way that alters from district practices for student assignment.

The Zone, which will be called the South Bend Empowerment Zone (SBEZ), will be directly accountable to a newly-formed non-profit Board. The Board will consist of both local independent and district members, allowing community voice a critical role in the process of turning around these neighborhood schools.

The founding Board members include:

- ▶ **SBCSC Representative**
Dr. Todd Cummings, SBCSC Superintendent

- ▶ **SBCSC Representative**
John Anella, SBCSC Board President

- ▶ **SBCSC Representative**
Leslie Wesley, SBCSC Board Member – District 3

- ▶ **Independent Community Member**
Sam Centellas, Executive Director of La Casa de Amistad

- ▶ **Independent Community Member**
Jeff Rea, President and CEO of the South Bend Chamber of Commerce

- ▶ **Independent Community Member**
Charmaine Torma, Founder and President of Charmaine Torma Consulting

- ▶ **Independent Community Member**
Milt Lee, Executive Director of Downtown South Bend

SBEZ Overview

The Zone will prioritize the transformation of Navarre and accelerate improvement for students throughout the feeder pattern, all within a structure that allows the district to learn from and with the Zone leadership and schools in order to create a long-term, durable solution for all schools in South Bend.

The purpose of the SBEZ is to provide a high-autonomy, high-accountability system to empower school leaders and educators to use budgetary autonomy to make key decisions about professional development, curriculum, culture, schedule, programs, and talent. These decisions will be made and implemented at the school level, with significant support from best-in-class partners in the school planning process and the needs of individual schools. The Zone will operate independently from SBCSC, as a system of schools, with a lean staff to support school autonomy, facilitate shared services between Zone schools and the district, coordinate support partners in schools, and hold schools accountable for the results of their decisions.

The main tenets of the South Bend Empowerment Zone are:



School-Level Autonomy and Empowered Educators

The Zone believes that educators know what students need to succeed in school. By empowering teachers and school leaders to make decisions, the Transformation Zone will allow them to make choices that best meet the needs of their specific students.



Customized and Innovative School Experience

The Zone establishes schools as the primary unit of change and enables schools to best meet student needs, accelerate academic performance, develop innovative programming, and ensure that students are academically prepared, civically engaged, and socially and emotionally supported.



Capacity-Building Support for Schools

The Zone supports schools through partners such as *Education Resource Strategies* and *Instruction Partners* in designing and implementing ambitious school plans that are designed for their specific context. Schools will also receive significant capacity-building support to evaluate their instructional models, choose rigorous curricula, and receive aligned professional development with their school-wide goals.

Changing Conditions

Specific changes in the conditions under which these schools operate are fully described in a Memorandum of Understanding between the South Bend Empowerment Zone and South Bend Community Schools Corporation. Highlights of the changing conditions for schools include:

- ▶ Schools will have control over the vast majority of their **per-pupil funding**.
- ▶ All schools will utilize elected **teacher leadership teams** so that teachers have a formal voice in the process of determining school plans and working conditions.
- ▶ Principals will have full autonomy over **staffing allocations**, including the hiring of staff, and will not accept force-placed teachers to ensure that high-quality teachers that are committed to the vision of the school are working in Zone schools.
- ▶ School leaders, with input from the teacher leadership team, will have autonomy over choosing **curriculum, programs, and culture** for the school.
- ▶ School leaders, with input from the teacher leadership team, will have autonomy over the **school schedule and calendar**.
- ▶ School leaders, with input from the teacher leadership team, will have autonomy over the content of **teacher professional development** and the total hours of PD in a school year.

Supporting Systems and Structures

The Zone will also promote improved central office supports for schools. Although Zone schools will be independently governed, they will continue to have relationships with SBCSC central office for key services such as Human Resources and Finance. *Education Resource Strategies (ERS)* will play a significant role in defining interactions between the central office and the Zone and creating coherent systems and structures in which the central office provides support to schools but does not mandate decisions.

As part of the effort to align central office systems to support autonomous schools, *ERS* will collaborate with SBCSC's finance leaders to design a financial system that will support the Zone effort. This work will include an analysis of current financial systems and their level of equity, the development of an equitable funding formula for the Zone, and systems to support school-based budgeting. Further, *ERS* will support the central office in developing per-pupil costs for central office services that Zone schools can choose to buy into based on their student needs.

ERS will also support the Zone by working with SBCSC central office to develop and implement a Zone talent strategy which includes: analyzing existing compensation structures and benchmarking against local and national districts, supporting the definition of the value proposition of working in the Zone, developing necessary partnerships to help execute the Zone's talent strategy and build a pipeline of strong leaders and teachers, and partner with SBCSC human resources to align its policies and practices with the strategic and operational needs of the Zone.

In full implementation, Zone principals will have the appropriate systems to determine their own staffing allocations and hire their own staff with significant lead time so that the schools can select from a pool of highly-qualified teachers. Zone principals will also have control over a significant portion of their student-based funding allocation and can choose to opt in to and pay for specific central office services. This will allow school leaders to strategically target their resources where they are most needed. For example, a principal may decide to opt out of district ELA professional development services in favor of a more in-depth coaching and professional development process led by an external provider. By opting out of services, not only can the school provide targeted and coherent services to teachers and students, they will not need to pay for services that the school will not fully utilize.

SBEZ Accountability

In return for a high-autonomy environment, schools in the Zone will also have increased accountability. In addition to the performance metrics that can be measured through state assessments, during the first year of operation, the Zone will undertake a process to develop a Performance Management Framework for schools in the Zone. This framework is important for Zone schools so that schools are not only measured and graded against state accountability metrics, but also key metrics that matter to the community.


A Performance Management Framework will track schools' progress in several important metrics including student achievement, student growth, and holistic measures (ex. Attendance, satisfaction surveys, suspension rates). This framework will allow schools to set performance goals and specifically focus all school programmatic decisions on achieving these goals. The Zone will be able to strategically support schools in making decisions that support the achievement of these goals. Further, the framework serves as an accountability tool for principals that fail to make appropriate progress toward goals and allows the Zone Board to make important configuration changes that serve the needs of students. This framework will be in alignment with the performance goals set by the state.

The process of developing a performance management framework would include gathering input from school leaders, teachers, parents, and community members on what matters most to them and which metrics they want to track for their students. The Zone would select measures and metrics based on this input and engage stakeholders in a feedback process before the final framework is agreed upon.

Part 4: Objective Annual Student Performance and Growth or Improvement Benchmarks

Objective annual student performance and growth or improvement performance gains that the school corporation expects to achieve over the next five (5) years. Note: As measured by Indiana’s Federal Report Card

Zone-Wide Performance Benchmarks			
Description	Current Level (Zone Average)	Year 2 Goal (Zone Average)	Year 5 Goal (Zone Average)
Increase the overall student growth points as measured by Indiana’s statewide assessment	78 points	128 points	118 points
Decrease the percent of the bottom 25% of students designated as low growth by Indiana’s statewide assessment	ELA 27%	ELA 21%	ELA 16%
	Math 36%	Math 28%	Math 20%
Increase the percent of students reaching proficiency or higher on Indiana’s statewide assessment	ELA 27%	ELA 30%	ELA 43%
	Math 22%	Math 28%	Math 40%

 Navarre Performance Benchmarks			
Description	Current Level	Year 2 Goal	Year 5 Goal
Increase the overall student growth points as measured by Indiana’s statewide assessment	94 points	130 points	120 points
Decrease the percent of the bottom 25% of students designated as low growth by Indiana’s statewide assessment	ELA 22.7%	ELA 19%	ELA 15%
	Math 39.1%	Math 29%	Math 20%
Increase the percent of students reaching proficiency or higher on Indiana’s statewide assessment	ELA 29%	ELA 36%	ELA 45%
	Math 19%	Math 29%	Math 40%

Coquillard Performance Benchmarks

Description	Current Level	Year 2 Goal	Year 5 Goal
Increase the overall student growth points as measured by Indiana's statewide assessment	51 points	140 points	130 points
Decrease the percent of the bottom 25% of students designated as low growth by Indiana's statewide assessment	ELA 47.4%	ELA 35%	ELA 25%
	Math 38.9%	Math 30%	Math 20%
Increase the percent of students reaching proficiency or higher on Indiana's statewide assessment	ELA 10.2%	ELA 12%	ELA 30%
	Math 10.1%	Math 14%	Math 30%

Warren Performance Benchmarks

Description	Current Level	Year 2 Goal	Year 5 Goal
Increase the overall student growth points as measured by Indiana's statewide assessment	82 points	120 points	110 points
Decrease the percent of the bottom 25% of students designated as low growth by Indiana's statewide assessment	ELA 27.3%	ELA 22%	ELA 16%
	Math 40%	Math 30%	Math 20%
Increase the percent of students reaching proficiency or higher on Indiana's statewide assessment	ELA 42.2%	ELA 46%	ELA 55%
	Math 29.3%	Math 34%	Math 45%



Wilson Performance Benchmarks

Description	Current Level	Year 2 Goal	Year 5 Goal
Increase the overall student growth points as measured by Indiana’s statewide assessment	68 points	120 points	110 points
Decrease the percent of the bottom 25% of students designated as low growth by Indiana’s statewide assessment	ELA 21.1%	ELA 18%	ELA 15%
	Math 47.4%	Math 38%	Math 28%
Increase the percent of students reaching proficiency or higher on Indiana’s statewide assessment	ELA 30.5%	ELA 32%	ELA 45%
	Math 31.2%	Math 36%	Math 45%



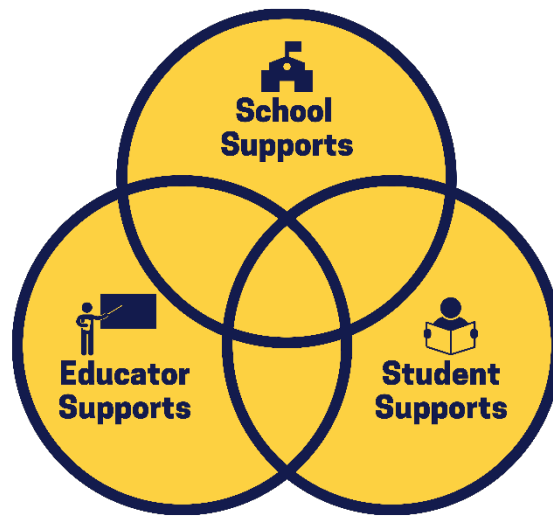
Harrison Performance Benchmarks

Description	Current Level	Year 2 Goal	Year 5 Goal
Increase the overall student growth points as measured by Indiana’s statewide assessment	96 points	130 points	120 points
Decrease the percent of the bottom 25% of students designated as low growth by Indiana’s statewide assessment	ELA 16.7%	ELA 13%	ELA 10%
	Math 16.7%	Math 13%	Math 10%
Increase the percent of students reaching proficiency or higher on Indiana’s statewide assessment	ELA 23.5%	ELA 26%	ELA 40%
	Math 21.7%	Math 26%	Math 40%

Part 5: School Specific Innovations within the Transformation Zone

Innovations within schools will be specifically tailored to the school's students and chosen by the teachers in that building to promote buy-in and authentic implementation of school programs. The main belief of the Zone is that schools are the unit of change, and that all key decisions around curriculum, programming, time, and use of talent should be made at the school-level. The school-level innovations listed below are common areas of improvement where each school will focus their energies during the school redesign planning process. The ways in which each school chooses to address these needs and specific guidelines around implementation will be a school-level decision.

The below section is divided into three categories: School Supports, Student Supports, and Educator Supports:



School Supports

- 1 Implement a School Redesign Process
- 2 Review School Resource Use
- 3 Prioritize High-Quality Talent



Educator Supports

- 1 Additional Collaboration and Professional Development
- 2 Instructional Support
- 3 High-Quality Curriculum



Student Supports

- 1 Social Emotional Learning
- 2 Wraparound Services
- 3 Family Engagement
- 4 Interventions for Students off Grade-Level



1 Implement a School Redesign Process Focused on Transformational Change

High performing and rapidly improving schools begin with a clear vision of student success and instructional quality, and then deliberately organize resources – people, time, technology, and money—to implement a coherent set of research-backed strategies to reach this vision. To create such transformational Strategic School Designs, Zone schools will partner with ERS, who will work alongside Zone school teams to create individualized plans that maximize the possibilities inherent in the Zone’s tenets to create autonomous schools with empowered educators able to develop and implement customized and innovative schools for Zone students. ERS will work with Zone schools to organize resources to meet their school-specific needs and alongside Zone and corporation staff to create supporting processes, structures, and resources for schools to improve rapidly and be successful long-term.

During the first year of support, ERS coaching will guide Zone school planning teams through a strategic school design process. This support will take place over the course of multiple working sessions and through individual school follow-up calls and visits. Stakeholder input - including community member and parent input - as well as distributed school-site leadership will be embedded in the planning process. This will ensure broad stakeholder support for the plan and encourage school staff to be fully invested in the school’s design, minimizing the effects of potential staff turnover.

This engagement is crucial because true transformation is only possible when schools are committed to and receive the support needed to make transformational shifts in mindsets and practices. Research shows that schools that accelerate student learning *do school differently*, they organize people, time and money around an aligned set of curriculum, instructional practices and assessments in ways that look different from traditional schools. Teachers have ample time to learn and work in teams facilitated by expert teachers. Students are in different group sizes depending on the lesson, subject and instructional purpose throughout the day. Time is often extended and varies based on student need, subject and lesson purpose. Teachers have opportunities to grow in their work and play different roles that leverage their expertise and passion.

Some of these shifts are summarized below:

Teaching as an individual enterprise.
↓
Teams of teachers work together to execute a collective vision for excellent instruction and their own professional development.

A “one-size-fits-all” teaching job.
↓
Roles and assignments match each individual’s unique skills and expertise to needed roles.

Standardized class sizes in one-teacher classrooms.
↓
Groups of teachers and students vary across subjects and activities.

Rigid time allocations.
↓
Flexible schedules allow time to vary depending on student needs.

Investments in culture and social-emotional support remove resources from core instruction.
↓
Investments are embedded within and reinforce the school’s core instructional work.

To create transformational strategic school designs, the Zone school planning work will build from an existing comprehensive needs assessment of each Zone school. The planning work will go beyond that of a typical improvement process to help schools build a nuanced understanding of their needs and enable school leaders to make strategic resource decisions. For example, in addition to analyzing student data, *ERS* will work with Zone school teams to assess instructional practice and also analyze resource use at each school to understand the extent to which there is/is not alignment among the use of resources, the school's most urgent needs, and research-based strategies for improving teaching and learning. After looking at each of these three areas – current resource use, student need, and instructional practice, *ERS* will help school teams identify priorities for change.

After identifying priorities, *ERS* will support Zone school planning teams in rethinking the overall use of resources before helping to determine the contours of the school transformation design. This step is critical to ensure that the schools do not select a specific school design model (e.g., blended learning, extended learning time) that is then unsuccessful because the model is layered on top of foundational designs that aren't working. By instead working with *ERS* to rethink the overall use of *all* the resources in their schools, Zone planning teams will be able to weigh the pros and cons of different research-backed strategies and discuss the tradeoffs of each before making design decisions that deliberately match the needs of their specific students and teachers. After the Zone schools determine their school design priorities, *ERS* will provide technical support to think through possible scheduling, staffing, and budgeting configurations that will maximize the opportunity for successful implementation.

The best school design will not lead to student improvement unless the design strategies are implemented well. Zone schools will receive implementation support from *ERS* beginning in the first year and continuing through years two and three. During year one, the planning year, *ERS* will support Zone schools in creating a progress monitoring plan will permit the school team to have insight into what works and what doesn't in their plan implementation and to evolve quickly. Zone schools will receive support to build the routines needed to discuss the success of their key initiatives, as well as outline leading and lagging indicators to inform those discussions.

During the second and third years, Zone schools will receive support from *ERS*, organized around 3-4 school visits over the course of the year. During each visit, Zone school teams and *ERS* will work together to observe the structures being implemented, collect feedback from teachers and school leaders, and debrief with the school leadership team to share observations and action plan around next steps. The goal of this work is to help Zone school teams evolve their planned systems and structures in order to improve instructional practice and student achievement outcomes, as well as build school (and corporation) capacity to carry out continuous improvement cycles without *ERS* supporting, by embedding them into ongoing structures like a school's extended leadership team or professional learning communities.

To drive the rigorous instructional improvements that are necessary for Zone schools to rapidly improve, it is also crucial for the schools to receive guidance from instructional experts who support the implementation of the school designs by performing walkthroughs of classrooms and professional learning communities and by identifying pathways for improvement. Zone schools will receive this support from *Instruction Partners (IP)* who, for each school, will send a Director of Instructional Support, a Math Lead, and an ELA Lead to conduct multiple walkthroughs - three in the first year at each school - in partnership with the Zone school leader and Zone staff. The walkthroughs will assess the state of instruction, inform planning, and, over time, capture how instruction has changed. After each walkthrough, the IP team will synthesize findings and deliver a comprehensive report on the state

of instruction, including data, classroom examples and trend identification. IP will then facilitate a working session with each school team to review results and to action plan. In addition to these walkthroughs, IP will provide 4 days of on-site customized instructional support, which could take the form of professional learning for teachers, or targeted coaching to coaches or direct to teachers, focused on effective PLC facilitation or curricular adoption. In addition, IP will facilitate support calls between the on-site check ins to provide consultation and coaching and to discuss progress.

Summary of Zone School Design Process with ERS:



Year 1 Focus on Strategy Design	Year 2 Focus on Progress Monitoring and Implementation Support	Year 3 Focus on Progress Monitoring and Implementation Support
<p>School Touchpoints:</p> <ul style="list-style-type: none"> ▶ Multiple school visits ▶ Staff surveys and interviews ▶ Instructional walkthroughs and observations ▶ Ongoing calls with school teams to provide individualized follow-up support 	<p>School Touchpoints:</p> <ul style="list-style-type: none"> ▶ Multiple school visits ▶ Staff surveys and interviews ▶ Instructional walkthroughs and observations ▶ Prep calls in advance of visits and walkthroughs ▶ Build leadership team capacity to implement progress monitoring and school design processes independently 	<p>School Touchpoints:</p> <ul style="list-style-type: none"> ▶ Multiple school visits ▶ Staff surveys and interviews ▶ Instructional walkthroughs and observations ▶ Prep calls in advance of visits and walkthroughs
<p>Deliverables:</p> <ul style="list-style-type: none"> ▶ Revisions to comprehensive needs assessment (student data, instructional practice, and resource use) ▶ Revised school schedules and budgets ▶ Progress monitoring plan 	<p>Deliverables:</p> <ul style="list-style-type: none"> ▶ Revised progress monitoring plans ▶ Revised/evolved designs/budgets/schedules as necessary ▶ Identified action steps to improve initiatives and teacher practice 	<p>Deliverables:</p> <ul style="list-style-type: none"> ▶ Revised progress monitoring plans ▶ Identified action steps to improve initiatives and teacher practice

Summary of Zone School Design Process with ERS (Continued):

Sample School Support Timeline (Month)	Year 1										Year 2 and 3			
	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Sep	Nov Dec	Mar Apr	May Jun	
Central Planning Phase	Yellow	Yellow												
Comprehensive Needs Assessment	Yellow	Yellow												
Strategy Development and Building Block Exploration	Yellow	Yellow												
Theory of Action and Vision for Excellence			Yellow	Yellow										
Redesigning Resources					Yellow	Yellow	Yellow							
Implementation Planning and Progress Monitoring								Yellow	Yellow					
Instructional Assessments with Instructional Partner										Yellow				
Progress Check-Ins										Yellow	Yellow	Yellow		
End of Year Reflection													Yellow	

School Supports >>

2 Review School Resource Use

As described in the previous section, schools must fully understand the way resources - people, time, and money - are being used currently to ensure that resources can be optimally allocated to implement the school’s Strategic School Design plan. Accordingly, ERS will partner with the Zone schools and Zone staff to quantify resource use at the school level across multiple categories, including operating expenditures, staffing allocations, school schedules and class sizes. This analysis will permit the Zone schools to understand how resources are being allocated to identify strengths, challenges, and opportunities to make better resource allocation decisions.

Areas of Focus

Equity
To what extent are resources allocated based on student need?

Alignment
To what extent are resources tied to research-backed strategies for accelerating learning?

Process
To what extent does the resource allocation decision-making process ensure schools will make strong resource decisions?

Transparency
To what extent are resource allocated based on clearly understood priorities?

To enable central office financial systems to support autonomous schools, *ERS* will collaborate with the Zone and SBCSC's finance leaders to design a financial system that will support the Zone effort. A crucial component of this work will be the development of an appropriate funding formula for the Zone. Because Zone schools will receive funding from the SBCSC based on a per-pupil allocation, *ERS* will work with the Corporation and the Zone to determine an equitable weighted per-pupil funding model. That model will include a share of state and local funding as well as funding from other sources, e.g., Title I, Title II, Title III, IDEA.

While being autonomous, Zone schools will continue to receive some non-discretionary services (e.g., payroll, facilities maintenance) from SBCSC, and they will be able to select in to or out of some discretionary services based on student needs. *ERS* will work with the Zone and SBCSC to determine the type and cost of each of the services based on actual cost or an estimated per-pupil rate based on SBCSC cost to provide the services across the district. The three entities will also develop the systems needed to execute and track the exchange of funds for services.

School Supports >>

③ Prioritize High-Quality Talent

Students at Zone schools need to have excellent teachers that can engage them in learning and make up for years of learning gaps. Unfortunately, far too many teachers in these schools are on Emergency Permits. To ensure that Zone schools have excellent teachers, the Zone will:

- ▶ Develop and implement a Zone talent strategy that includes a competitive compensation structure based on local and national benchmarks, clearly defines the value proposition of working in the Zone and establishes partnerships needed to implement the talent strategy and to build a strong teacher candidate pipeline.
- ▶ Streamline HR practices and commit to hiring early so that the school does not have vacancies at the end of the summer or beginning of the school year.
- ▶ Hire teachers who are committed to the vision and promise of the Zone.
- ▶ Incentivize teachers to work at Zone schools through unprecedented teacher input in decision-making related to, for example, daily schedules, class sizes, instructional focus areas, choice of curriculum, and key improvement strategies to be included in the school's Strategic School Design.
- ▶ Provide teachers with opportunities to take on leadership roles within their school, and be fairly compensated, while also staying in the classroom.
- ▶ Provide high-quality connected professional learning that ensures teachers have the time they need with each other to improve practice and that the time is led by expert teachers.
- ▶ Prioritize hiring a diverse teaching force that mirrors the demographics of the school's students.



① Additional Collaboration and Professional Development

With support from *ERS*, *Instruction Partners*, and the Zone leader, all schools will re-examine and seek ways to re-configure their school schedules in ways that allows for significantly more time for teacher professional development and collaboration.

- ▶ Teachers need additional professional development in areas of curriculum and instruction, social-emotional learning, and cultural competency. Additional time during the school day and year is needed to provide these learning opportunities. Additionally, each school's teachers will have input into the content of their professional development throughout the year to ensure that they are getting what they need to best serve students. Schools may decide to offer teachers stipends to work later hours for Professional Development or come additional days during the summer months.
- ▶ Teachers are also in need of time for collaboration with their peers. Learning new instructional strategies is a difficult process and teachers are more likely to engage in them when they have time and space to reflect and work through problems of practice with other teachers. Collaboration time during the school day will allow teachers time to analyze student data, prepare lessons based on data, engage in cycles of inquiry with grade and subject level teams, and problem-solve new instructional strategies.

In addition, each school will partner with best-in-class organizations to provide professional learning opportunities for principals to build capacity in leading a turnaround school, using data to guide school-wide decisions, and becoming effective instructional coaches.

[Educator Supports >>](#)

② Instructional Support

Teachers matter more to student achievement than any other aspect of schooling.¹ As such, providing instructional support to teachers to grow and improve their practice is of critical importance. In order to support teachers and create classrooms with challenging, supportive daily instruction the Zone is proposing to partner with *Instruction Partners* to examine and improve the quality of instruction in ways that leads to growth in academic learning. *Instruction Partners* will work collaboratively with leaders and educators in Zone schools to first understand the current state of instruction at Zone schools and then craft action plans to improve the quality of instruction over time and support schools with deep-dive professional development - by educators, for educators. Some ways that *Instruction Partners*' work with teachers and schools includes:

- ▶ Instructional walkthroughs to understand current instructional practice.
- ▶ Creating a game-plan with school and Zone leaders to improve instruction.
- ▶ Providing on-site support to help schools improve their plan, coaching, and professional development.

Educator Supports >>

3 High-Quality Curriculum

In order to provide high-quality instruction, teachers need access to and support in implementing high-quality curriculum. Teachers will have access to professional development opportunities that expose them to rigorous curricula and receive support in choosing a curriculum that best meets their students' needs. For example, *UnBoundEd* offers a 5-day Standards Institute, often a transformative experience for teachers which deepens teachers' understanding of the research behind state standards and showcases strategies to improve instructional practice. This experience helps teachers understand how to evaluate and recognize rigorous, grade-level curriculum and instruction.

Teachers in Zone schools have been lacking a coherent curriculum in ELA, Math, Science, and Social Studies which have left teachers unprepared to deliver high-quality instruction. Attendance at the Standards Institute, or similar workshop, and a close partnership with *Instruction Partners* will help teachers work collaboratively to evaluate and select a high-quality curriculum to implement in their schools and classrooms. A coherent curriculum that is aligned across subject areas and grade levels will support teacher collaboration and consistent student learning. Purchasing curriculum will also give teachers access to excellent materials while allowing them to work on instructional strategies rather than finding or creating curriculum.

Student Supports



1 Social and Emotional Learning

All students, and especially those who may have experienced negative effects of poverty or trauma, need to learn how to appropriately manage emotions, take responsibility for actions, and make good decisions. When students are not able to do this well, they can make inappropriate decisions that affect their own learning as well as that of their peers. When teachers are able to identify and respond appropriately to social-emotional needs, students are better able to process their emotions and be ready to engage in learning. Each Zone school will determine a strategy for addressing social-emotional learning needs. The culture at each school will prioritize learning for the whole child, including:

- ▶ Each student is known deeply by adults in the school.
- ▶ Students have deep and respectful personal relationships with other students.
- ▶ Consistent expectations for behavior and schoolwide routines are grounded in a vision for school values fully shared by students, families, and staff.
- ▶ Students have developmentally appropriate opportunities to learn and practice core social-emotional competencies, including self-awareness, self-management, social awareness, relationship skills, and responsible decision-making.
- ▶ Students who need more intensive support are identified and linked to effective services quickly, using outside providers when necessary.

- ▶ A feedback loop on students' social-emotional needs exists among classroom teachers, external and school-based support providers, and students' families.

SBEZ schools will have the flexibility to choose social emotional support programs or methods to support the development of their students. One example of this includes *Responsive Classrooms*. Responsive Classroom, an evidence-based approach that is already in some South Bend schools. This is an evidence-based program that integrates social-emotional learning into schools in ways that improve instruction, school climate, and ultimately, achievement scores. Another option could include the *Second Step* Social-Emotional Learning Program that is designed to support elementary and middle school students in learning how to manage emotions and take responsibility for their behavior.

Student Supports >>

② Wraparound Services

Poverty heavily impacts students in Zone schools. At least 70 percent of students in each school qualify for free or reduced lunch. The effects of poverty, including hunger and access to medical care, can have a significant impact on student learning. To mediate these effects, the Zone leader will take immediate steps to include wraparound services in schools. These may include: free meals, additional access to social workers, vision and hearing tests in schools, and workshops for parents. Creating stronger ties to community partners in the schools' neighborhoods will allow schools to better access to services while students are in school.

Student Supports >>

③ Family Engagement

The Zone will prioritize engaging families in their children's learning through targeted and frequent communication with parents and guardians, school events and programs at times families are likely able to attend, and intensive engagement strategies such as home visits. The Zone Leader will work with each school to facilitate partnerships with community organizations that promote family engagement in schools.

Student Supports >>

④ Interventions for Students off Grade-Level


Many students at Zone schools have significant gaps in their learning which aggregate into high rates of failure on the state exam. All Zone schools must implement a process to assess and intervene in student learning gaps. Zone schools will provide these interventions in the following ways:


- ▶ With support from *ERS*, *Instruction Partners*, and the Zone leader, all schools will re-examine and re-configure their school schedules to allow for student groupings and interventions based on student learning needs.
- ▶ Support for classroom instruction that is rigorous and on grade-level, with instructional strategies that are differentiated so that all students can access and master material.
- ▶ School resources (people, time, and money) are deliberately matched to student need to ensure sufficient amounts of time and attention for content mastery for all students.

- ▶ Each school, or combination of elementary schools, will offer Acceleration Academies for students during Spring Break. Acceleration Academies allow for half- or full-day instruction during spring break for the highest-need students to receive targeted instruction. Highly effective teachers will be selected for this opportunity from around South Bend and receive a stipend for the additional time. Students who participate in Acceleration Academies receive, on average, an additional 25 hours of instruction in a given subject. This approach is backed by evidence that it improves student outcomes. A study out of Harvard on the “Acceleration Academies” in Lawrence, MA found that students who participated experienced significantly larger gains in ELA and math than students who did not participate in the learning over spring break.²

Recognizing Exclusive Representation

Designation of whether each school has been in lowest-performing category for three consecutive years and if each school is recognizing an exclusive representative. The ratings listed are based on Indiana’s Federal Report Card.

 Navarre Middle School	
Three years in the lowest category?	Yes
Voluntarily recognizing exclusive representative?	Yes
List/Describe the bargainable or discussion items the school will opt out of:	SBEZ schools are not opting out of bargainable or discussion items

 Wilson Elementary School	
Three years in the lowest category?	No
Voluntarily recognizing exclusive representative?	Yes
List/Describe the bargainable or discussion items the school will opt out of:	SBEZ schools are not opting out of bargainable or discussion items

 **Warren Elementary School**

Three years in the lowest category?	No
Voluntarily recognizing exclusive representative?	Yes
List/Describe the bargainable or discussion items the school will opt out of:	SBEZ schools are not opting out of bargainable or discussion items

 **Harrison Middle School**

Three years in the lowest category?	No
Voluntarily recognizing exclusive representative?	Yes
List/Describe the bargainable or discussion items the school will opt out of:	SBEZ schools are not opting out of bargainable or discussion items

 **Coquillard Elementary School**

Three years in the lowest category?	Yes
Voluntarily recognizing exclusive representative?	Yes
List/Describe the bargainable or discussion items the school will opt out of:	SBEZ schools are not opting out of bargainable or discussion items

Part 6: Sustainability Budget

The long-term budget below represents a series of sustainable investments designed to build the expertise of Zone and school staff, as well as create the structures, systems, and enabling conditions for long-term success.

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
Services to Build Internal Capacity/Strategic Zone Initiatives	\$1,241,000	\$725,000	\$524,000	\$409,000	\$359,000	\$0

Year One Budget Summary

Services to Build Internal Capacity/ Strategic Zone Initiatives	
Education Resource Strategies (ERS)	ERS is being contracted to work alongside Zone school teams to create individualized plans that organize resources to meet their school specific needs and alongside Zone and corporation staff to create supporting processes, structures, and resources for Zone schools to be successful long term.
Empower Schools	Empower Schools will continue to work with the Zone (staff and board) and SBCSC staff to support the launch and initial implementation of Zone strategy and operations, this includes playing a lead support role in creating a Performance Management Framework and providing training and on-going support for the Board and Zone team through the first year.
Instruction Partners	Instruction Partners will work alongside Zone school teams to assess current instructional practice. They will then work with the team to develop a game plan, leveraging either curriculum improvements, teacher and leader professional development, and/or coaching. Through this shoulder-to-shoulder support, Instruction Partners empowers leaders to build their instructional expertise and capacity to support instruction.

Year One Budget Summary (Continued)

Acceleration Academies	Acceleration Academies will provide targeted, small-group academic support for students during April school vacation week.
Talent Support	The SBEZ will partner with SBCSC to support retention of strong instructional staff, implement best practices and systems to hire candidates earlier in the season, and advise both district and school leaders on high-leverage recruitment strategies and build a smart selection process for each school.
Principal Executive Coaching	SBEZ School Leaders will have access to coaching customized to individual school and school leader’s needs.
Teacher Summer PD	SBEZ teachers will have access to high-quality professional development over the summer to support school priorities and areas of development.
Learning Visits	Working closely with school leaders and educators, SBEZ will bring school staff on “seeing is believing” tours to successful and innovative schools using autonomy and best practices to improve.

Part 7: Waiver of Regulatory of District Policies

Description of any regulatory or district policy requirements, subject to the state board's approval, that would need to be waived for the school corporation to implement the transformation zone

South Bend Empowerment Zone is exempt from all district requirements, other than those outlined in the Agreement between the South Bend Empowerment Zone and the South Bend Community Schools Corporation. Please see Agreement in Appendix A.

**Agreement between South Bend Community School Corporation and
the South Bend Empowerment Zone**

This Agreement is effective as of April 29, 2019 (the “Effective Date”) between South Bend Community School Corporation, an Indiana school corporation as defined in Ind. Code §20-18-2-16 (“SBCSC”) and South Bend Empowerment Zone, an Indiana nonprofit corporation (“SBEZ”) each referred to individually as a “Party” and collectively referred to as the “Parties”. As appropriate, SBCSC also includes the SBCSC Board of Trustees (the “School Board”) and the SBCSC Superintendent (“Superintendent”).

RECITALS

WHEREAS, in February 2019, SBCSC and the Indiana State Board of Education (“SBOE”) entered into a Letter of Intent (“LOI”);

WHEREAS, as set forth in the LOI, the parties to the LOI have agreed to a plan of shared action to ensure rapid improvement in educational opportunity and achievement for students who attend Navarre Middle School, Coquillard Elementary School, Harrison Elementary School, Warren Elementary School, and Wilson Elementary School (the “SBEZ Schools”) through the creation of a “transformation zone”;

WHEREAS, the establishment of a transformation zone is authorized by Ind. Code §20-31-9-4 and Ind. Code §20-31-9.5-9.5 *et seq.* and allows the SBOE to designate certain schools as a transformation zone if the SBOE determines this Agreement substantially meets the criteria set forth in the statute;

WHEREAS, to the extent one or more SBEZ School satisfies the requirements of Ind. Code § 20-31-9-4, such a school is considered to be a “turnaround academy,” and subject to all Applicable Laws, regulations, and other requirements;

WHEREAS, as set forth in the LOI, SBCSC will create and submit to the SBOE for their approval a plan for all SBEZ Schools to be part of a transformation zone under Ind. Code §20-31-9-4 and Ind. Code §20-31-9.5-9.5 *et seq.* (the “Transformation Zone”), which plan meets or exceeds the requirements set forth in Ind. Code §20-31-9.5-9.5 *et seq.* (the “Transformation Zone Plan”);

WHEREAS, on March 28, 2019, SBEZ was formed as a non-profit Indiana corporation to lead the Transformation Zone efforts at the SBEZ Schools in conjunction with SBCSC pursuant to the terms of this document and any other materials incorporated by reference herein;

WHEREAS, the SBCSC has selected and appointed SBEZ to have full managerial and operational control of the SBEZ Schools, as provided by Ind. Code §20-31-9.5-9.5 *et seq.* and other applicable statutes and, as such, SBEZ will be accorded all the rights and privileges applicable to SBEZ with respect to, arising out of, or in connection with, the SBEZ Schools, the Transformation Zone Plan, and SBEZ’s activities as the non-profit entity with full operational and managerial control of the SBEZ Schools, to the fullest extent provided by law;

WHEREAS, the Parties intend to comply with all Applicable Laws and corresponding rules and want to delineate their respective rights and responsibilities to the extent not fully described by the laws of the State of Indiana and to comply with said standards and procedures; and

WHEREAS, the Parties will collaborate to ensure that the efforts to improve educational opportunity and academic success at the SBEZ Schools take into account the demands that SBCSC faces as it works to successfully manage other schools within the corporation while balancing the intent of the Transformation Zone to improve the SBEZ Schools.

AGREEMENT

NOW, THEREFORE, in consideration of the mutual covenants contained herein, and for other good and valuable consideration, the Parties agree as follows:

Article I SCHOOL GOVERNANCE

Section I.1 Delegation. Effective July 1, 2019, SBCSC is delegating its authority through this Agreement such that the SBEZ Schools will be wholly operated and managed by SBEZ during the term and subject to the terms of this Agreement.

Section I.2 Operational Structure. Pursuant to Ind. Code §20-31-9-4 and Ind. Code §20-31-9.5-9.5(c)(1), SBEZ is accountable to the Superintendent and the Indiana SBOE for the operation and management of the SBEZ Schools and for meeting the obligations set out in the Transformation Zone Plan and amended from time-to-time as agreed to in writing between the Parties, attached hereto as Exhibit A and incorporated by reference. SBEZ will provide timely reports to the Superintendent and SBOE regarding its implementation of the Transformation Zone Plan and its operation and management of SBEZ Schools.

Section I.3 SBEZ Operation and Management. SBEZ will be operated and managed by its Board of Directors and will be independent of SBCSC and the Superintendent and exempt from SBCSC policies except as explicitly provided herein. The SBEZ Board of Directors will include the School Board President or designee, the Superintendent or designee, the member of the School Board representing District 3 or the member's designee, and at least four and up to eight individuals who are neither employees nor designees of SBCSC. One of these independent directors will serve as President and Chairperson of the SBEZ board.

Section I.4 SBEZ Reporting. SBEZ will provide information regarding the implementation of the Transformation Zone Plan to SBCSC, as reasonably requested by SBCSC. Such information will include progress on meeting goals in the Transformation Zone Plan and will enable SBCSC to provide an annual review of the SBEZ Schools detailing progress toward the goals in their Transformation Zone Plan. The review will be in writing and will be submitted to SBOE and the SBCSC Board no later than October 30 for the preceding school year.

Section I.5 Desegregation Action Compliance. SBCSC is subject to the Consent Decree issued on April 17, 1981 in the action filed in the Northern District of Indiana under cause number S80-0035 and

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captioned *United States v. South Bend Community School Corporation, et al.* and all subsequent stipulations and orders issued in the action (collectively, the “Consent Decree”). The Consent Decree governs certain operations of SBCSC’s schools, including the SBEZ Schools. The parties acknowledge that the creation of the Transformation Zone does not alter SBCSC’s obligations to comply with the Consent Decree at SBEZ Schools. SBEZ must comply with any and all requirements in the Consent Decree to the extent they apply to SBEZ Schools and must cooperate with SBCSC to assure compliance with the Consent Decree at SBEZ Schools.

Article II SBEZ

Section II.1 Management. SBEZ shall serve as the Management Team for the Transformation Zone and shall be responsible for the operation of the Schools in the Zone.

Section II.2 Operational Autonomy. SBEZ shall have full operational autonomy to run the Schools as provided by Applicable Law and set forth in this Agreement.

Section II.3 Good Standing and Nonprofit Status. SBEZ represents that it is an Indiana nonprofit corporation in good standing with the State of Indiana, and that (a) the Internal Revenue Service (“IRS”) has determined it to be tax exempt, or (b) the IRS is reviewing the Operator’s application for tax-exempt status or (c) SBEZ shall submit an application for tax-exempt status to the IRS prior to July 1, 2019. SBEZ shall immediately notify SBCSC if (x) its tax-exempt status is questioned, modified, or revoked by the IRS, (y) its application for tax-exempt status is denied or questioned by the IRS, or (z) it receives notice that it is no longer in good standing with the State of Indiana.

Section II.4 Equitable Intent. It is the intent of the Parties to support SBEZ Schools at an equitable level relative to other SBCSC schools. This means that SBEZ Schools will have access to an equitable share of SBCSC resources without disproportionately burdening other SBCSC schools, and vice versa. To the extent either Party believes the Agreement as implemented is resulting in materially disproportionate support in violation of the Parties’ intent, they will follow dispute resolution procedures as outlined in this Agreement.

Article III RELATIONSHIP OF THE PARTIES

Section III.1 Nature of the Relationship. The Parties’ relationship is contractual, and nothing in this Agreement is intended to, or shall, create a partnership or joint venture between the Parties.

Section III.2 No Agency. Unless expressly provided in this Agreement or otherwise agreed in writing, neither Party will be an agent of the other Party or have the express or implied authority to bind the other.

Article IV SCHOOL FINANCE

Section IV.1 School Finance. Funding from SBCSC for SBEZ Schools in the 2019-20 school year will in no case be less than 2018-19 SBCSC expenditures on the SBEZ Schools.

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(a) Monthly Payment. SBCSC will provide an allocation of financial resources (“SBEZ Schools Allocation”) to SBEZ for SBEZ schools on a monthly basis (“Monthly Payment”) during the term of this Agreement. Beginning on July 1, 2019, and during the Term of this Agreement, SBCSC shall pay SBEZ a Monthly Payment that is equal to (a) one-twelfth of the average annual amount that SBCSC receives for SBEZ Schools from the State of Indiana for basic tuition support and complexity grant funding (“Base Amount”), (b) multiplied by the number of students reported in the most recent Average Daily Membership (“ADM”) count for each school that is part of SBEZ and subject to this Agreement. The Monthly Payment shall be calculated as if the SBEZ School(s) are stand-alone schools and all funding derived for each school shall be included in the Monthly Payment. The Parties acknowledge that they may agree in writing to an alternative payment structure at a future date. The Parties acknowledge that the Base Amount may increase or decrease during the Term of this Agreement based on changes in the State of Indiana’s school funding formula and other factors. The Parties further agree that if, subject to a change in state law, SBEZ Schools becomes entitled to additional state funding based on its status as a Transformation Zone operator, SBCSC shall pay such additional state funding to SBEZ. The Parties also agree that SBCSC will project enrollment for all Transformation SBEZ Schools in consultation with SBEZ and pay SBEZ a Monthly Payment based on the School’s projected enrollment and state basic tuition support and complexity grant funding, and that such payments will be subject to a subsequent true-up based on the School’s actual ADM count and the state basic tuition support and complexity grant funding.

(b) Additional State Funding. During the Term of this Agreement, if SBCSC receives additional state funds from the State of Indiana based on the characteristics of the students who attend the School, other than state basic tuition support and complexity grant funding (“Additional State Funds”), SBCSC shall pay such Additional State Funds to SBEZ. Such Additional State Funds may include, without limitation, funding for textbook reimbursement, teacher appreciation, formative assessment, special education (both state and federal), Title I, Title IIA, and Title III funding and ESL.

(c) Additional Local Funding. During the Term of this Agreement, if SBCSC receives local funds – including property tax allocations for SBCSC schools – a pro rata share allocated based on each student enrolled at SBEZ shall be provided to SBEZ as part of the Monthly Payment.

(d) Timing of Payments. SBCSC shall pay SBEZ (a) the Monthly Payment by electronic funds transfer into the Transformation Zone account no more than three (3) business days after receiving payment of state basic tuition support and complexity grant funding from the State of Indiana, and (b) any Additional State Funds no more than three (3) business days after SBCSC receives such Additional State Funds from the State of Indiana.

(e) ADM. The ADM for the schools in the Transformation Zone subject to this Agreement shall be determined pursuant to Applicable Law then in effect. SBCSC shall report the ADM to SBEZ in a timely manner. Both parties represent and warrant that the ADM it reports to the other shall be complete and accurate.

(f) ESEA Funding. SBEZ shall receive applicable federal Elementary and Secondary Education Act (“ESEA”) funds, including without limitation Title I, Title II, and Title III funds, in the same manner, and pursuant to the same criteria, that other SBCSC schools receive such funds. SBEZ shall comply with Applicable Law in its use of any ESEA funds it receives.

(g) Philanthropic Grants. Any funds received by a Party through philanthropic gifts, grants, or donations from individuals or nongovernmental organizations shall be the sole property of the Party that received them. The Parties may agree in writing to engage in joint fundraising efforts and shall allocate any funds raised through such efforts in the manner set forth in such written agreement. The Monthly Payment shall not be reduced because of SBEZ’s receipt of school-specific grants, regardless of whether SBCSC is the grantee, or of any additional funds from sources independent of SBCSC.

(h) Additional Governmental Grants. To the extent that additional governmental grant opportunities become available for the benefit of the School, and such grant funds are not already received directly by SBEZ for use in the School, the Parties may agree in writing to cooperate in attempting to obtain such additional grant funds. Nothing in this Agreement shall preclude SBEZ from being eligible for grants provided to Transformation Zones.

(i) Zone and School Budgets. Each fiscal year SBEZ will adopt annual operating budgets for the SBEZ Schools which in year one shall be on the same schedule as SBCSC adopts an annual operating budget, unless otherwise agreed to in writing by the Parties. SBEZ will deliver the plans for how each SBEZ School intends to use its operating budget to the SBCSC Chief Financial Officer (“CFO”) by an agreed-upon date. To the extent legally permissible, any unused funds provided to SBEZ (whether local, state, federal or Additional Funding or Additional Governmental Grants) in the SBEZ Schools Allocation at the end of a fiscal year will be available for SBEZ to expend in the next year. To the extent legally permissible, SBCSC may, by separate written agreement, loan funds to SBEZ if necessary to pay expenses in a given year.

Article V ADDITIONAL SERVICES

Section V.1 Non-Discretionary Services

(a) Identification of Non-Discretionary Service. By June 1, 2019 and February 1 of all subsequent years, the Parties shall identify a list of non-discretionary services that SBCSC shall provide SBEZ including but not limited to payroll and benefits administration, transportation, food services, office and classroom services, custodial services, etc. (“Non-Discretionary Services”).

(b) Transportation. Included in the Non-Discretionary Services, SBCSC shall provide transportation on school days to students who are enrolled in the SBEZ Schools and who reside in the SBCSC transportation boundary to substantially the same extent and in substantially the same manner that transportation is customarily provided to students who attend other similar schools operated by SBCSC, including without limitation transportation for field trips, non-program activities, electives, and extra-curricular activities for students enrolled in the Schools to

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substantially the same extent and in substantially the same manner that SBCSC provides transportation for students in other SBCSC schools. The Parties shall work together in good faith to agree upon a transportation schedule for the Schools. The Parties agree that the SBEZ Schools' students waiting for or traveling in transportation provided by SBCSC will remain subject to the SBEZ Schools' applicable rules, regulations, and code of conduct, and that the Parties will cooperate with respect to any discipline that relates to a student's ability to travel in SBCSC transportation. In the event there is an accident or other incident concerning student safety that occurs while the Schools' students are traveling in transportation that SBCSC provides, SBCSC will promptly notify SBEZ.

(c) Food Services. SBCSC shall provide such services at a level comparable to which it provides services to other schools as a vendor, and shall receive all revenue related to the provision of such services, and SBEZ shall provide to SBCSC all information reasonably necessary for SBCSC to provide such services, including without limitation, all demographic information required by law for all students enrolled in the School(s) to qualify for and participate in the free and reduced price breakfast, lunch, and such programs.

(d) Reduction of Allocation. The SBEZ Schools Allocation will annually be reduced by the cost of these non-discretionary services.

(e) Annual Meeting. SBCSC and SBEZ will meet each winter to review the type and extent of non-discretionary services to be provided by SBCSC during the following school year.

(f) Cap. The annual cost of non-discretionary SBCSC services will be capped at a maximum percentage of the state and local revenue in the SBEZ Schools Allotment. By June 1, 2019, SBCSC and SBEZ will agree on this maximum percentage.

Section V.2 Discretionary Services.

(a) Identification of Discretionary Services. SBEZ will collaborate with SBCSC to identify a list of discretionary central support services it can purchase from SBCSC for one or more schools ("Discretionary Services").

(b) Basis of Cost. The cost of SBCSC's Discretionary Services will be based upon the actual cost to SBCSC of providing those services or a per-pupil rate determined from the total cost of providing the service across the district.

(c) Collaboration. SBEZ and SBCSC will annually collaborate on the implementation of Discretionary Services and will mutually agree on the use of actual costs or a per-pupil rate for each Discretionary Service.

(d) Good-Faith Adjustment. SBEZ and SBCSC may in good faith adjust the cost of a particular service downward if one or more SBEZ school elects to use only a portion of a service.

Section V.3 Operating Account and Expenditures.

(a) Operating Accounts. By July 1 of each year, the SBCSC Chief Financial Officer or other designee of the Superintendent shall establish one or more operating accounts for SBEZ, as agreed upon by SBCSC and SBEZ, in the amount of the SBEZ Schools funding allocations, including but not limited to local, state, federal, Additional State Funding, Direct Payments and Offsets, ESEA funding, Philanthropic Gifts, Additional Governmental Grants, (collectively, the “SBEZ Operating Account”). Only SBEZ and/or its designee(s) will authorize expenditures from its operating accounts and SBEZ may freely move money between its accounts.

(b) Compliance with Laws. Receipts and Expenditures from the SBEZ Operating Account will be made in accordance with all Applicable Laws, including all federal and state laws pertaining to auditing and accounting of funds received by SBEZ Schools. In addition, SBEZ agrees to comply with all Applicable Laws regarding requirements to expend or encumber all SBEZ Operating Account funds by the close of the fiscal year.

(c) Internal Controls. SBEZ agrees to establish, in consultation with SBCSC, additional sufficient internal controls governing expenditures from the SBEZ Operating Account to eliminate the risk of possible fraud, waste or abuse of funds.

(d) Payment of Expenses. With appropriate documentation of anticipated expenses, SBEZ will be paid from the SBEZ Operating Account for expenses incurred in connection with the implementation of this Agreement. Such expenses may include salary and benefits for SBEZ staff.

(e) Procurement Services. All procurement services requested by SBEZ will be provided by SBCSC and will meet all of SBEZ’s reasonable business, operational, and management needs. This is to include processing requisitions, conducting all procurement processes, processing and executing all contracts and contract amendments (including contracts with school operators and managers), and taking whatever other measures are necessary to expeditiously enable SBEZ School purchasing. SBCSC will promptly provide technical assistance and advice to enable SBEZ cooperation in meeting all procurement requirements.

(f) Procurement Laws. SBEZ will follow all applicable procurement laws, and SBCSC will not refuse reasonable SBEZ procurement requests, with all requests given the presumption of reasonableness unless they appear to violate procurement laws. If SBCSC deems a procurement request unreasonable, the Parties agree to an expedited dispute resolution process.

(g) Response to Procurement Requests. SBCSC will provide prompt service in responding to all procurement requests, which generally will be within one (1) business day but no more than three (3) business days. SBCSC will respond to all requests in the same manner that SBCSC responds to requests from other SBCSC schools. SBCSC agrees to expedite its own procurement processes upon reasonable request in extenuating circumstances.

Article VI PERSONNEL

Section VI.1 Human Resources

(a) SBEZ School Employees. SBEZ School employees are employees of SBCSC. SBEZ School employees are not to be considered employees of SBEZ for purposes of workers compensation and other health and retirement benefits.

(b) Selection and Hiring. SBEZ has the sole discretion to manage, select, retain, and renew the staff for any and all positions at any SBEZ School (including but not limited to faculty, principal, and support staff). The selection of staff members will be in compliance with Applicable Law. SBEZ will determine the appropriate staffing levels in the SBEZ Schools, including the addition of any part-time staff for a SBEZ School. The Parties acknowledge that they are currently opting into voluntarily recognizing an exclusive representative under Ind. Code §20-29-5-2 for SBEZ Schools.

(c) Placement in SBEZ Schools. SBCSC may not place any staff member in a SBEZ School without the consent of SBEZ. If financial conditions require a Reduction in Force within SBEZ Schools, other SBCSC schools, or both, SBCSC and/or SBEZ will be independently responsible for coordinating any Reduction in Force at the schools they manage and operate, consistent with Applicable Law and this Agreement.

(d) Removal from SBEZ Schools. By May 1, 2019 or March 1 of each subsequent year, SBEZ will provide a list to SBCSC of any staff members who are not being invited back to work at SBEZ Schools for the following year. SBEZ commits that every staff member so identified will have all required evaluation documents completed punctually for the current school year. SBEZ has no commitment to maintain positions in the following year for staff members so identified and will not be responsible for any part of such staff members' salaries in the following year. SBEZ will work collaboratively with SBCSC if there are pressing reasons for an emergency transfer or in situations that may call for action up to and including dismissal. Dismissal of SBEZ School staff will be completed in accordance with Applicable Laws.

(e) Transfer Process. Teachers in SBEZ Schools may participate in the SBCSC transfer process as defined by SBCSC in consultation with SBEZ; SBEZ Schools will also participate in the transfer process with full discretion to accept or reject transfer requests. All SBCSC teachers are eligible to participate in the transfer process. During the transfer process, SBEZ Schools may hire, as teachers, SBCSC teachers who are not providing services at one of the SBEZ Schools at the time of hire. During other times of the year, SBEZ Schools will only hire, as teachers, SBCSC teachers who are not providing services at SBEZ Schools with the written consent of the SBCSC Superintendent.

(f) Management and Evaluation. SBEZ will have full managerial and operational control of the SBEZ Schools. Each SBEZ School will have a "School Operational Plan" document outlining the working conditions and expectations at the school. The SBEZ may develop its own staff observation and evaluation guidelines for any or all SBEZ Schools consistent with state

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requirements, and may also develop hiring, induction, professional development, and teacher advancement expectations and processes, school and organizational structures, and a code of conduct for all staff in accordance with all current laws and regulations. SBEZ will provide SBCSC with any staff observation and evaluation guidelines prior to adoption and implementation and solicit feedback from SBCSC. As educators will be SBCSC employees, the SBEZ agrees to provide SBCSC, when requested by SBCSC for the purpose of filing required reports, with educator ratings via the district's system for formative and summative evaluations based on the deadlines set forth by SBCSC.

(g) Processing and Notification Regarding Staff. SBCSC agrees that any and all hiring for a SBEZ School will be processed in a timely manner through the SBCSC Office of Human Resources. SBCSC will ensure all candidates recommended for hire by SBEZ Schools will be fully on-boarded and hired into the SBCSC system within ten (10) working days upon receiving all necessary paperwork from SBEZ and the pending employee meeting the standards for and including all necessary criminal history information as required by Applicable Law. Furthermore, SBCSC will be responsible for all aspects of payroll and benefits administration for all staff hired by the SBEZ to work in the SBEZ Schools, in accordance Laws. SBEZ will provide SBCSC Office of Human Resources and SBCSC Business Office with timely notification of any staffing changes for the subsequent school year. Such notification will be in writing. SBCSC will also coordinate all other applicable Human Resources activities, including tracking and updates of educator certification and timely applications for any relevant state waivers for educators.

(h) Working Conditions. Each SBEZ School will create a School Operational Plan ("Plan") prior to the beginning of each school year. The Plans will detail the working conditions for school employees, including but not limited to expected work hours per day and number of work days per year. For any matters subject to discussion under any collective bargaining processes then in effect, SBEZ will consult with union leadership. Plans must be approved by the SBEZ board or its designee.

Article VII STUDENT ENROLLMENT, RECRUITMENT AND RETENTION

Section VII.1 Student Enrollment, Recruitment, and Retention.

(a) Recruitment Services and Assignment. If SBEZ purchases such services, SBEZ Schools will be included in all major SBCSC student recruiting materials, websites, and events on an equivalent basis with any other SBCSC school. SBEZ will follow the enrollment, recruitment and retention processes currently in place in SBCSC. Students will be assigned to SBEZ Schools consistent with the district's assignment processes on an equivalent basis with any other SBCSC school, pursuant to current SBCSC policies. In the event of any changes to the status quo with respect to enrollment, recruitment, retention or assignment policies or programs, or the implementation thereof, which may impact the SBEZ Schools, SBCSC will consult with SBEZ and obtain SBEZ written consent before making the change. SBEZ may also propose changes but no changes will be implemented without mutual consent of both Parties.

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(b) Compliance with Laws. All enrollment patterns for SBEZ Schools will follow all legal requirements including those laid out in the Consent Decree.

(c) Intent to Enroll. SBCSC acknowledges that SBCSC intends to enroll students at SBEZ Schools consistent with recent past practice with projected enrollments for the 2019-20 school year set out on Schedule VII.1(c), which will be finalized by June 2.

(d) Reconfigurations of Schools. Any reconfigurations of the SBEZ Schools (e.g., subdivision of a school into smaller schools) will not reduce the number of students who would have been assigned to SBEZ Schools prior to the reconfigurations. SBEZ will ensure that any reconfiguration will minimize any change in enrollment patterns for SBEZ Schools. SBEZ will work with SBCSC to ensure that the assignment of all students attending SBEZ Schools reasonably minimizes required transportation.

(e) Target Enrollment. SBEZ and SBCSC will work collaboratively in determining a target enrollment for the SBEZ Schools for each year. Specifically, each year prior to SBCSC developing its projected student enrollment for SBEZ, SBEZ will meet with SBCSC to review the Zone enrollment for SBEZ by grade and school for the following school year and the rationale for such enrollment. SBCSC will incorporate this rationale into developing enrollment projections for SBEZ as it would for any other SBCSC school.

(f) Data Sharing. SBEZ and SBCSC staff will regularly share data regarding students who have been assigned to SBEZ. Specifically, SBCSC will provide updated lists of students assigned to SBEZ on at least a bi-weekly basis.

Article VIII CURRICULUM, INSTRUCTION AND PROFESSIONAL DEVELOPMENT

Section VIII.1 Curriculum, Instruction, and Professional Development.

(a) Authority to Choose. SBEZ Schools have the authority to choose any curriculum and/or instructional program consistent with Indiana state academic standards and other Applicable Laws. SBEZ will consult with SBCSC as it shapes its instructional program, but it may choose to adopt or not adopt all district instructional systems including district assessments. Notwithstanding the forgoing, SBEZ will not have discretion to opt out of testing required by state law.

(b) Required Testing. SBEZ Schools will participate in all testing required by state law and policy in the same manner as all other SBCSC schools, and SBCSC will coordinate any required assessments.

(c) Professional Development. SBEZ Schools will have autonomy to manage their own professional development programming and calendars. SBEZ will consult with SBCSC and may choose to purchase SBCSC professional development and/or other academic support offerings at one or more SBEZ School.

(d) SBCSC Trainings and Meetings. SBCSC employees providing service at SBEZ schools are generally exempt from required SBCSC trainings and meetings. In limited circumstances, SBCSC may mandate that SBEZ School and/or SBEZ employees attend professional development or trainings related to loss prevention for insurance purposes, the health and safety of students, discrimination or harassment of students and employees, and/or other legally-required trainings. All SBEZ educators will attend the annual SBCSC welcoming breakfast and any training required under the Consent Decree.

(e) Mandatory Training. All employees within the SBEZ must participate in all relevant training and/or professional development mandated by federal and state law.

Article IX SPECIAL EDUCATION

Section IX.1 Special Education.

(a) Programming During 2019-20. In the 2019-20 school year, SBCSC will manage special education programming for SBEZ Schools consistent with federal and state statutes and regulations, including through the provision of a Free and Appropriate Public Education for all students and the implementation of student Individualized Education Programs. During this year, SBCSC will closely consult with SBEZ and school leaders to help ensure effective integration of special education efforts and other instructional programming at the school. SBCSC will ensure that SBEZ is well-informed about all matters pertaining to special education in SBEZ Schools.

(b) Programming Starting 2020-2021. Beginning in the 2020-21 school year, SBEZ will manage special education and specialized language instruction consistent with federal and state statutes and regulations, including through the provision of a Free and Appropriate Public Education for all students and the implementation of student Individualized Education Programs. SBEZ will consult carefully with SBCSC and will ensure that it meets all district, state, and federal reporting requirements and that it reports information in a format acceptable to SBCSC.

(c) Option to Purchase Services. Beginning in the 2020-21 school year, SBEZ will have the option to purchase from SBCSC special education and specialized language instruction services, if desired. Subject to applicable federal and state special education statutes and regulations, SBEZ will have autonomy over budget decisions regarding staff and services in these areas.

(d) Assignment of Students. SBCSC maintains the right to assign students with disabilities and specialized language instruction needs into appropriate programs available at SBEZ Schools. However, in the event of any changes to the status quo with respect to special education or other assignment policies or programs, or the implementation thereof, SBCSC will consult with SBEZ and obtain SBEZ's written consent, given the significant programmatic changes that would be required to implement changes to the status quo. Consistent with federal and state special education statutes and regulations, SBCSC will provide the SBEZ with sufficient notification prior to assigning a student with a high-severity disability at a SBEZ School in order to provide the

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school with sufficient time to plan to best meet the student's needs. The Transformation Zone will not eliminate any special education program without the consent of SBCSC. The term "special education program" means a program listed on Schedule IX.1(d), which the Parties will finalize by June 1, 2019.

(e) Assignment In or Out of Zone. SBEZ will coordinate with SBCSC and may send students with specific special education needs to an SBCSC School which is not a SBEZ School if that school has a more appropriate program available, with SBCSC approval. In addition, SBEZ may assign students with specific special needs to any SBEZ School if that school has a more appropriate special education program for the identified student.

(f) Budget Autonomy. Beginning in the 2020-21 school year, SBEZ retains budgetary autonomy regarding special education staff and programs. Staffing plans for serving low-incidence classrooms will generally follow SBCSC guidelines. In the event that a student with disabilities attending a SBEZ School may need placement out of a SBEZ School (including an out-of-district placement) as determined by his/her IEP team, at least five (5) school days prior to the meeting of the placement team SBEZ must issue a written invitation to the appropriate SBCSC special education department supervisor or director to send a representative as a member of the placement team. SBEZ will not finalize such placement decisions without the approval of the SBCSC special education representative, subject to state and federal requirements. In the event that an IEP team is expected to consider the placement within an SBEZ School of a student with disabilities attending an SBCSC school which is not an SBEZ School, SBEZ will be invited to the student's IEP team meeting. As SBCSC bears the sole responsibility for funding any out-of-district placements, SBCSC will have final approval for an out-of-district placement, subject to state and federal requirements. Any funding SBEZ receives for students moved out of SBEZ schools under this provision will be returned or the Allocation reduced on a pro rata basis.

Article X ENGLISH LANGUAGE LEARNERS

Section X.1 English Language Learners. SBEZ will comply with all state and federal laws and regulations regarding the provision of services to English Language Learners.

Section X.2 Elimination of ELL Programs. The Transformation Zone will not eliminate any ELL program without the consent of SBCSC. The term "ELL program" means a program listed on Schedule X.2, which the Parties will finalize by June 1, 2019.

Article XI ALTERNATIVE SCHOOL PLACEMENT

Section XI.1 Alternative School Placement. Any SBCSC student assigned to a SBEZ School can be placed in an SBCSC alternative school, if such a school exists in the future, or program through a process similar to the process used for all other students in the district. SBCSC and SBEZ will work in good faith to implement this process fairly and effectively. Any funding SBEZ receives for students moved out of SBEZ schools under this provision will be returned or the Allocation reduced on a pro rata basis.

Article XII CURRICULUM

Section XII.1 Curriculum. SBEZ will have the opportunity to perform an inventory of all curriculum materials and associated equipment located in facilities used by SBEZ Schools. SBEZ will have the right to retain possession of any curriculum materials and associated equipment located in the SBEZ Schools. SBCSC will remove, at no cost to SBEZ, any curriculum materials SBEZ does not identify to be retained. SBEZ will pay a fair share of curriculum adoption costs for curriculum previously purchased for SBEZ Schools. However, moving forward SBEZ Schools will not be required to participate in district-wide curriculum adoption.

Article XIII FACILITIES

Section XIII.1 Facilities.

(a) Adequate Facilities. In the same way it does for every school in the district, SBCSC will work to ensure that an adequate facility is available for each SBEZ School and SBCSC will maintain an adequate facility for each SBEZ School. No changes will be made to the location of the SBEZ Schools without the consent of SBEZ and SBCSC. All facilities remain the property of SBCSC.

(b) Legal Compliance. SBCSC will ensure that the site and facilities for SBEZ Schools comply with all Applicable Law and will be responsible for all costs associated therewith, including utility charges, and will be responsible for performing building maintenance, and when appropriate promptly complete any capital repairs requested by SBEZ.

(c) Prioritization of Maintenance and Capital Requests. SBCSC has processes in place to prioritize maintenance and capital requests from SBCSC schools. Facilities work requests from SBEZ will be considered promptly and prioritized according to need, using the same criteria as with any other SBCSC-owned facility. SBCSC and SBEZ will meet each school year no later than December 31 to review any capital and other facilities improvement requests for the SBEZ Schools.

(d) Capital Improvement Requests. Capital and other facilities improvement requests from SBEZ will be prioritized according to need, using the same criteria applied to any other SBCSC-owned facility. SBCSC agrees to complete all mutually agreed upon facilities improvements within a reasonable timeline, subject to available funding.

(e) Moving Schools and Programs. SBCSC will obtain SBEZ's written permission before moving an SBCSC School which is not a SBEZ School or school program into or out of a facility used by SBEZ and before moving an SBEZ School or SBEZ School program to another facility. At all times, SBCSC will provide the SBEZ Schools with sufficient facilities to support the full enrollment of all students assigned to SBEZ Schools. SBCSC will provide appropriate substitute facility(ies) during the renovation of any facility housing any SBEZ School and SBEZ School students. Following renovation of its original facility, an SBEZ School and its students will be returned to the appropriate renovated facilities.

Article XIV PROGRAM COORDINATION

Section XIV.1 Program Coordination with SBCSC.

(a) Operations. SBEZ and SBCSC will coordinate in the development of operational guidelines relating to SBEZ School staffing (including, among others, adherence to civil service requirements and fair labor practices); budgeting (including, among others, timely submission of annual operating budget in order for it to be approved at the same time that SBCSC budget is approved by the School Board); student assignment; technology and IT services; facilities; transportation; business purchasing; and such other operational guidelines as reasonably determined by SBCSC and SBEZ. Such coordination will be conducted on an on-going basis, as reasonably determined by SBCSC and the Transformation Zone.

(b) Technology. SBEZ may purchase from SBCSC technology services and equipment. SBEZ and SBEZ Schools can access SBCSC internet services, WAN, wireless capacity, and be part of the SBCSC network. All technology equipment that currently is at facilities used by SBEZ Schools – such equipment including fiber wiring, classroom wiring, racks in closets, copiers, printers, classroom computers, and projectors - will remain where it is and can be used by SBEZ, and SBEZ will maintain computers and similar equipment in the same manner as other SBCSC schools. SBCSC will support SBEZ in removing any technology or other equipment at an SBEZ School that SBEZ does not want to use, as SBCSC would for any other SBCSC school.

(c) District-wide Activities. Students at SBEZ schools will be eligible to participate in district-wide programming and activities, including intramural and interscholastic activities, provided that SBEZ coordinates with SBCSC and that SBEZ pays appropriately for access if there are associated costs.

Section XIV.2 Policy Coordination with SBCSC.

(a) Compliance with Laws. SBEZ and SBEZ Schools will comply with all federal and state laws and regulations but are not bound by any SBCSC policies unless explicitly stated otherwise in this Agreement or as set forth in the Transformation Plan. SBEZ may adopt SBCSC policies on matters such as student discipline, school safety, bullying prevention, and staff conduct, or may create separate protocols that meet all legal requirements (including requirements imposed under any orders or stipulations in the Desegregation Case) and SBEZ is responsible for all legal and other fees associated with the development of appropriate alternate policies.

(b) Communication. SBEZ agrees to submit to SBCSC a final and approved copy of SBEZ School policies regarding student conduct prior to the start of each school year. SBEZ will communicate with SBCSC regarding any situations that might lead to expulsion of a student.

Article XV APPLICABLE LAW

Section XV.1 Compliance with Law.

(a) Applicable Law. The Parties agree that the SBEZ Schools are subject to and must be operated in compliance with certain laws and regulations, that certain laws and regulations that apply to a governing body or school corporation may not apply to the School or its operation, and that both Parties shall perform their obligations under this Agreement in compliance with all laws and regulations that do apply to the Schools or its operation (collectively, “Applicable Law”), as may be amended from time-to-time.

(b) No Discrimination. The Parties agree that the School is subject to, and shall be operated by the Parties in compliance with, all federal and state laws and constitutional provisions that prohibit discrimination, including without limitation all such laws and provisions that prohibit discrimination on the basis of disability, race, color, gender, national origin, religion, or ancestry.

(c) Student Records. For purposes of applicable privacy laws governing student and family privacy, SBEZ will be deemed an educational agency or institution subject to Family Educational Rights and Privacy Act, 20 USC s. 1232g and 34 CFR Part 99. Further, SBEZ will be deemed a “school board” and its employees as “authorized representatives” for purposes of the Indiana Student Records Law.

Article XVI INFORMATION REQUIREMENTS

Section XVI.1 Information Requirements.

(a) Timely Submission of Information. SBEZ agrees to timely submit any information or data relative to the Schools’ operations and academic success, as reasonably requested and required by SBCSC.

(b) Student Information System. SBEZ agrees to utilize the SBCSC Student Information System to report student attendance on a daily basis. SBEZ also agrees to utilize the SBCSC Student Information System to report discipline incidences and to update this information on a regular basis.

(c) Access to Data Systems. SBCSC will provide SBEZ staff with access to SBCSC data systems and will respond to requests for changes in permission levels in a timely manner. SBCSC will also generally distribute all relevant information to SBEZ staff and to SBCSC personnel serving at SBEZ schools in a manner similar to how information is disseminated to all SBCSC employees.

(d) District-Wide Assessments. SBEZ is not required to implement district-wide predictive assessments that SBCSC requires of other schools serving the same grade levels. SBEZ has the option of accessing these and any other district-wide assessments (including, but not limited to, mid-year and end-of-year course assessments) but is not required to do so.

(e) Reporting to IDOE. SBEZ data that is required to be reported to the Indiana Department of Education will be reported as part of SBCSC's data. Therefore, SBEZ will report its data to SBCSC, not directly to the IDOE.

Section XVI.2 Insurance.

(a) Insurance Coverage. SBCSC shall secure and keep in force during the Term of this Agreement insurance coverage in a manner required by Applicable Law. SBEZ shall be named as additional insured under such coverage for any liability arising, directly or indirectly, under or in connection with this Agreement, or with regard to the operations of the School or any event arising therefrom. SBCSC shall maintain insurance coverage applicable to any services it provides at the School in substantially the same manner as it maintains such insurance with respect to other SBCSC schools and personnel. Notwithstanding the foregoing requirement regarding insurance coverage, SBCSC shall have the right to self-insure part or all of said insurance coverage in SBCSC's sole discretion. In the event SBCSC elects to self-insure all or any part of any risk that would be insured under the coverage described above, and an event occurs where insurance proceeds would have been available but for the election to self-insure, SBCSC shall make funds available to the same extent that they would have been available had such insurance policy been carried. SBCSC may apportion to SBEZ insurance premiums in a manner sensitive to claims incurred at SBEZ Schools, the cost of deductibles on claims caused in whole or in part by activities under SBEZ's operational control, and the cost of worker's compensation claims of SBCSC employees working at SBEZ Schools under SBEZ's operational control. The parties will negotiate a method for such apportionment that is consistent with the equitable intent of this Agreement.

(b) SBEZ Insurance. SBEZ must maintain the following types and amounts of insurance:

(i) Worker's compensation insurance on its employees as required by law endorsed with a waiver-of-subrogation in SBCSC's favor.

(ii) Employer's liability insurance with limits of at least \$500,000/\$500,000/\$500,000.

(iii) A Commercial General Liability insurance policy with limits of at least \$1,000,000 per occurrence, \$1,000,000 personal and advertising injury per occurrence, and \$2,000,000 general aggregate. The policy must name SBCSC as an additional insured for claims caused in whole or in part by SBEZ's operations.

(iv) Abuse and molestation coverage (to the extent it is excluded under the CGL policy) of at least \$1,000,000 per occurrence. The policy must name SBCSC as an additional insured for claims caused in whole or in part by SBEZ's operations.

(v) Cyber liability and data breach insurance with limits of at least \$1,000,000 for expenses and liability.

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(c) Forms of Policies. All of the Parties' insurance policies shall be issued by insurance companies qualified to operate in Indiana and otherwise reasonably acceptable to SBCSC. Evidence of insurance shall be delivered to either Party within 30 days of the Party's written request.

(d) Indemnification. Subject to the policy limits of the insurance coverage required by this Agreement, SBCSC will protect, defend, indemnify, and save harmless SBEZ from and against all claims and suits, including court costs, attorneys' fees, and other expenses, caused by the acts or omissions of SBCSC, its employees, officers, directors, trustees, subcontractors or agents in relation to the SBEZ Schools or the performance of its obligations under this Agreement. SBCSC's obligations under this provision are further limited to the tort-cap limits under Indiana law applicable to public entities. Subject to the policy limits of the insurance coverage required by this Agreement, SBEZ will protect, defend, indemnify, and save harmless SBCSC from and against all claims and suits, including court costs, attorneys' fees, and other expenses, caused by the acts or omissions of SBEZ, its employees, officers, directors, trustees, subcontractors or agents in relation to the School or the performance of its obligations under this Agreement.

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

(f) Insurance Companies. All insurance coverage described in this Article shall be obtained from companies that are authorized to do business in the State of Indiana that have an A.M. Best Rating of "A" or better.

(g) Transportation Insurance. SBCSC will name SBEZ as an additional insured under its insurance policy applicable to its provision of transportation services under this Agreement and, if SBCSC contracts with a third party to provide such transportation services, SBCSC will use its best efforts to have SBEZ named as an additional insured under such third party's applicable insurance policy.

Article XVII SAFETY OF STUDENTS

Section XVII.1 Health and Well-Being of Students. The Parties agree to use their best efforts to reasonably cooperate to the extent it is necessary to protect the safety and well-being of students enrolled in the SBEZ Schools pursuant to the terms of this Agreement and Applicable Law.

Article XVIII IMMUNITY

Section XVIII.1 No Waiver of Immunity. Nothing in this Agreement shall be construed to waive any immunity to which SBCSC, SBEZ or any individual or entity is entitled under Applicable Law.

Article XIX TERM OF THE AGREEMENT; TERMINATION

Section XIX.1 Contract Term and Renewal Processes.

(a) Initial Term. The initial term of this Agreement is the period from the Effective Date through June 30, 2024, unless earlier terminated in accordance with Section XIX of this Agreement. Thereafter, and in accordance with SBOE authority under Ind. Code § 20-31-9, this Agreement will renew automatically for terms of five (5) years unless terminated in accordance with Section XIX of this Agreement, at least four (4) months prior to the expiration of this Agreement.

(b) Collective-Bargaining Agreement. SBCSC agrees not to enter into any collective bargaining agreement that affects personnel serving at any SBEZ School without the consent of SBEZ.

(c) Preliminary Work. During the period from the Effective Date through June 30, 2019, the Parties agree that SBEZ is authorized to undertake planning and other preliminary work to enable to begin operations hereunder as of July 1. During the period from the Effective Date through June 30, 2019, SBEZ will have the ability to exercise final authority on evaluation of teachers, principals and other staff of the SBEZ Schools, will have final authority for solicitation, interview, promotion, and selection of SBCSC staff that will serve at SBEZ Schools, and will evaluate the current SBEZ School facilities. In addition, SBEZ will have full access to visit the SBEZ Schools, meet upon request with principals, teachers and staff, and review all records pertaining to SBEZ Schools and students at the SBEZ Schools, including such documents as student achievement data and Individualized Education Plans, to enable planning and preliminary activities to begin.

Section XIX.2 Termination.

(a) Mutual Termination. This Agreement may be terminated upon written agreement of all the Parties. From the date of final termination, SBCSC will have full control of all SBCSC-owned or -leased facilities housing SBEZ Schools.

(b) Failure to Pay. In the event that SBCSC fails to make payment as required hereunder, SBEZ may terminate this Agreement upon thirty (30) days' written notice to SBCSC, if SBCSC does not cure the nonpayment within the thirty (30) day period.

(c) Termination for Cause. SBCSC may terminate this Agreement for cause subject to the provisions of subparagraph (d) below. For purposes of this provision, "for cause" will mean:

- i. SBEZ has materially and substantially failed to meet the stated goals in the Transformation Zone Plan;
- ii. SBEZ has failed to manage the SBEZ Schools on a financially prudent basis by operating within the constraints of SBEZ funding;

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- iii. SBEZ has violated any material provision of law with respect to the SBEZ Schools from which SBEZ was not specifically exempted and which resulted in material adverse consequences to a SBEZ School; or
- iv. SBEZ has materially breached any of the material terms and conditions of this Agreement.

(d) Termination due to SBOE Action. As the Transformation Zone is established pursuant to the SBOE's authority in Ind. Code § 20-31-9 and Ind. Code §20-31-9.5, the SBOE retains authority to amend or end the school improvement option for any or all SBEZ Schools subject to the SBOE's authority. If the SBOE determines that action is necessary that would result in the amendment or termination of this Transformation Zone Plan, the Parties will be given thirty (30) days' notice before such action taken and any such action will not be effective until the end of the current school year unless earlier termination is necessary to protect the health, safety, or welfare of the affected SBEZ Schools' student populations.

(e) Bankruptcy; Dissolution. This Agreement will terminate immediately upon the (i) filing by any Party of a voluntary petition in bankruptcy; (ii) adjudication of such Party as bankrupt; (iii) the filing of any petition or other pleading in any action seeking reorganization, rearrangement, adjustment, or composition of, or in respect of such Party under the United States Bankruptcy Code or any other similar state or federal law dealing with creditors' rights generally; (iv) appointment of a receiver, trustee or other similar official of such Party or its property; or (v) the dissolution of its corporate entity.

(f) Change in Applicable Law. If any change in Applicable Law is enacted after the Effective Date of this Agreement that will have a material adverse effect on the ability of any Party to carry out its obligations under this Agreement, such Party may, at its election and upon written notice to the other Party, terminate this Agreement or request renegotiation of this Agreement for purposes of complying with such changes in Applicable Law, with any such renegotiation to be undertaken in good faith. If the Party elects renegotiation and the Parties are unable to renegotiate and agree upon revised terms within 30 days after such renegotiations, then the materially adversely affected Party may terminate the Agreement. A termination under this Section shall be effective (i) at the end of the then current school year so long as notice of such termination is provided by no later than 180 days prior to the end of the then current school year, or (ii) at the end of the following school year if notice of such termination is provided fewer than 180 days prior to the end of the then current school year.

(g) Notification to SBOE. Prior to exercising its right to terminate this Agreement, SBCSC will give SBEZ and Indiana SBOE written notice of its basis for terminating the Agreement. The written notice will specify the section of the Agreement that SBCSC is relying on for termination and the requirements for correction of the breach. Upon receipt of the written notice, SBEZ will have sixty (60) business days to remedy the breach.

(h) Disputing Termination. SBCSC and SBEZ will have the right to dispute the existence of the grounds for termination of this Agreement and will have the right to dispute

whether any asserted breach has been cured, in each case through the dispute resolution processes described in Section 19.

(i) Effective Date of Termination. Unless expressly provided otherwise, any termination pursuant to this Article XIX will not be effective until the end of the current school year unless earlier termination is necessary to protect the health, safety, or welfare of SBEZ Schools' student populations.

(j) Effect of Termination. In the event of termination under this Agreement, each Party's obligations that are imposed by Applicable Law, contemplated as surviving termination or reasonably necessary to wind down the Parties' relationship created by this Agreement, including without limitation finalizing any reporting requirements imposed by Applicable Law or this Agreement, record retention requirements, reimbursement for damaged furniture or equipment, and payment owed from time periods prior to termination but not yet paid, shall survive termination. Termination of this Agreement shall not amount to a waiver of any cause of action, for breach of this Agreement or otherwise, that either Party may have against the other.

Article XX GOOD FAITH RESOLUTION OF DISPUTES

Section XX.1 Good Faith Resolution of Disputes.

(a) Commitment to Cooperate. SBCSC and SBEZ agree to work cooperatively in all actions relating to this Agreement, and generally to attempt to avoid disputes. Nevertheless, SBCSC and SBEZ recognize that concerns may arise from time to time relating to the implementation of this Agreement. SBCSC, at any time, may document any serious concerns that may arise about SBEZ actions that may be limiting progress towards the goals set forth in the SBEZ Transformation Zone Plan. SBEZ will have thirty (30) days to submit a response in writing to SBCSC. SBEZ, at any time, may document any serious concerns about SBCSC's actions that may be limiting progress towards the goals set forth in the SBEZ Schools' Improvement Plans, if such concerns have arisen. SBCSC will have thirty (30) days to submit a response in writing to SBEZ. SBCSC and SBEZ agree to use their best efforts to resolve such disputes in a fair and equitable manner.

(b) Mediation. The Parties recognize the importance of promptly resolving disputes. In the event that any dispute arising out of or relating to this Agreement is unable to be resolved by the Parties, then either Party may give written notice to the other of a demand for non-binding and confidential mediation. If the Parties cannot agree on a mediator, then the American Arbitration Association will designate a mediator. If the dispute has not been resolved within sixty (60) days after the effective date of the written notice beginning the mediation process (or longer period, if the Parties so agree in writing), the mediation will terminate. Written notice of mediation will toll any action or timeframe otherwise applicable to dispute resolution.

(c) Appeal to Indiana SBOE. After the mediation process or, by written agreement of both SBCSC and SBEZ without first undergoing the mediation process, SBCSC or SBEZ may submit an unresolved dispute to the SBOE for resolution, with written notice to all Parties. Written notice

of submission of an unresolved dispute to the SBOE shall toll any action or timeframe described in Section 19. SBCSC and SBEZ may present their positions to the SBOE through witnesses, and documentary and other evidence. If the Parties are unable to resolve their dispute with the SBOE's involvement, either party may bring suit under Section XXI.2.

Article XXI GENERAL AND MISCELLANEOUS PROVISIONS

Section XXI.1 Entire Agreement. The terms and conditions of this Agreement, including any Exhibits, which are incorporated herein, constitute the entire agreement between the Parties with respect to the School and all other matters addressed herein, and this Agreement supersedes all prior discussions and agreements, whether oral or written, regarding the subject matter of this Agreement.

Section XXI.2 Jurisdiction and Venue. Each Party consents and submits to the jurisdiction of the state and federal courts located in the State of Indiana for purposes of any action, suit, or proceeding arising out of or relating to this Agreement and agrees that exclusive venue for any action, suit, or proceeding arising out of or relating to this Agreement shall be in the state and federal courts located in St. Joseph County, Indiana.

Section XXI.3 Governing Law. The laws of the State of Indiana, without regard to its conflict of law's provisions, will govern this Agreement, its construction, and the determination of any rights, duties, obligations, and remedies of the Parties arising out of or relating to this Agreement.

Section XXI.4 Official Notices. All notices and other communications required by the terms of this Agreement must be in writing and sent to the Parties hereto at the addresses set forth below. Unless otherwise agreed in writing by the receiving Party, notice may be given by: (i) certified or registered mail, postage prepaid, return receipt requested; (ii) reputable overnight carrier, postage prepaid; (iii) electronic mail if sent to the email address set forth below; or (iv) personal delivery (with written receipt confirming such delivery). Notice will be deemed to have been given two school days after mailing as described in clauses (i) and (ii) above, on the date of personal delivery, or on the date of email transmission if on a business or school day during normal business hours (or, if not, the next succeeding business day). The addresses of the Parties are:

In the case of SBCSC:

Superintendent of South Bend Community School Corporation
South Bend School Community School Corporation
215 South Dr. Martin Luther King Jr. Blvd.
South Bend, IN 46601

CC: General Counsel
South Bend School Community School Corporation
215 South Dr. Martin Luther King Jr. Blvd.
South Bend, IN 46601

In the case of SBEZ:

SBEZ Board Chair South Bend Empowerment Zone
4702 Ford Street
South Bend, IN 46619

CC: Heather Willey
Barnes & Thornburg LLP
11 S. Meridian Street
Indianapolis, IN 46204

Section XXI.5 Counterparts, Facsimile Transmissions. This Agreement may be executed in identical counterparts, all of which will be deemed an original, but all of which will constitute one Agreement.

Section XXI.6 Severability. So long as the economic and legal substance of this Agreement is not materially affected, the Parties agree that if any provision of this Agreement or any construction or application of any provision of this Agreement is held to be unenforceable or invalid for any reason by a court of competent jurisdiction, then such provision shall be deemed stricken, the validity of all the remaining provisions of this Agreement shall not be affected, and the rights and obligations of each of the Parties shall be construed and enforced as if the Agreement did not contain the stricken provision.

Section XXI.7 Assignment. Except as expressly 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, which may be withheld at each Party's sole discretion.

Section XXI.8 Amendments. This Agreement, and the appendices hereto, or any part of the foregoing, may be amended from time to time hereinafter only in writing and executed SBCSC, and SPEZ following good faith negotiation.

Section XXI.9 Waiver. No waiver of any provision of this Agreement will be effective unless made in writing, no waiver of any breach of any provision of this Agreement shall be held as a waiver of any other or subsequent breach, and no waiver shall constitute a waiver of any other provision of this Agreement unless otherwise expressly stated.

Section XXI.10 Successors and Assigns. This Agreement will be binding upon, and insure to the benefit of, the Parties and their respective successors and permitted assigns.

Section XXI.11 No Third-Party Rights. This Agreement is made for the sole benefit of the Parties and their respective successors and permitted assigns. No person or entity who is not a Party to this Agreement shall have, or be deemed to have, any rights under this Agreement or any relationship with either of the Parties by virtue of this Agreement, including without limitation any relationship in the nature of the third-party beneficiary or fiduciary.

Section XXI.12 Headings and Captions. The heading 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.

Appendix A

Section XXI.13 Remedies Cumulative. The remedies of SBCSC and SBEZ provided herein shall be cumulative, and no one of them shall be construed as exclusive of any other or of any remedy provided herein.

Section XXI.14 Construction. Whenever a word appears herein in its singular form, such word shall include the plural and vice versa; and the neuter gender shall include the masculine and feminine genders. Use of the words “including,” “such as,” or words of similar import, when following any general term, statement or matter shall not be construed to limit such statement, term or matter to specific items, whether or not language of non-limitation, such as “without limitation,” or “but not limited to,” are used with reference thereto, but rather shall be deemed to refer to all other items or matters that could reasonably fall within the broadest scope of such statement, terms or matters. This Agreement shall be construed without reference of titles of Articles or Sections, which are inserted for reference only.

Section XXI.15 Due Authorization. The persons executing this Agreement on behalf of SBEZ covenant and represent that SBEZ is authorized to conduct business in the State of Indiana. SBEZ and SBCSC covenant and represent that the person, partner or member executing this Agreement on behalf of such party is duly authorized to sign and deliver this Agreement.

Section XXI.16 Agreement Review. SBCSC, and SBEZ agree to a semi-annual review process of this Agreement to identify issues that need to be addressed and determine whether amendments need to be made to this Agreement.

Section XXI.17 Cooperation. For any grant opportunity identified by SBCSC or SBEZ for itself or a SBEZ School, SBEZ will prepare the grant application and SBCSC will provide any requested information or data to help support the application. For any grant for which SBCSC must submit the application, SBCSC will submit the grant application upon the request of SBEZ.

Section XXI.18 Indiana State Board of Education. Nothing in this Agreement may be construed as limiting the SBOE’s statutory or regulatory authority. This includes, but is not limited to, SBOE’s authority to implement Ind. Code § 20-31-9 and § 20-31-9.5 to any qualifying school(s).