

STUDENT ALTERNATIVE PROGRAMS, INC. CENTRAL OFFICE SHARED SERVICES AGREEMENT

WHEREAS, the Student Alternatives Programs, Inc. (“SAPI”), as the charter holder, maintains a central office for the general administration and oversight of its charters: Gateway Academy Charter District (CDN 240-801) (“GWA”), MidValley Academy Charter District (CDN 108-804) (“MVA”), Paso Del Norte Academy Charter District (CDN 071-803) (“PDNA”), and South Plains Academy Charter District (CDN 152-803) (“SPA”); and

WHEREAS, SAPI has analyzed current costs and efficiencies of the central administrative office to determine that its charters would administratively and economically benefit were the central administrative office to operate under one of the charters as the fiscal agent for administrative services; and

WHEREAS, the interest of the students of each charter would best be served by such an arrangement; and

WHEREAS, SAPI and its charters agree to recognize GWA as the “Fiscal Agent” of the Shared Services Arrangement (“SSA”); and

WHEREAS, SAPI and its charters agree to recognize “MVA”, “PDNA” and “SPA” as “Member Districts”; and

NOW, THEREFORE, effective beginning with the 2015-16 school year, SAPI and its charters do hereby resolve and agree to operate the central administrative office under the Fiscal Agent in accordance with the shared services agreement (“Agreement”) set forth herein as authorized by Section 100.1011(24) of Title 19 of the Texas Administrative Code.

I. General Covenants and Provisions.

1. The purpose of this Agreement is to create an SSA (“Cooperative”) whereby the Fiscal Agent and Member District(s) may provide for the efficient operation of charter school administrative office functions to promote administrative efficiency and reduce unnecessary duplication of effort between the Member District(s).
2. By this Agreement or otherwise, the Fiscal Agent and Member District(s) do not intend, to create a separate or additional legal entity.
3. The Cooperative’s central administrative office will be located in Bexar County, Texas and Hidalgo County, Texas.
4. The Cooperative and its services will be operated in compliance with applicable state and federal law.
5. The Member Districts(s) agree to comply with any and all applicable laws, as well as any Cooperative policy.
6. The laws of the State of Texas shall govern the Cooperative. If any provision becomes, or is held to violate law or be unenforceable, the same shall be stricken and the remaining provisions shall remain in full force and effect.

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II. Management Board.

1. Management and control of the Cooperative shall be vested in the SAPI Board of Directors, hereinafter the “Board,” which shall have authority to act as necessary to ensure that the Cooperative’s purposes are appropriately served.
2. The Superintendent/CEO for dba SAPI Charter Schools (“Superintendent/CEO”) shall keep the Board advised and informed of Cooperative action and activities, as may be required by law, or as directed by the Board. The Superintendent/CEO, or designee, shall schedule meetings, gather agenda items, publish agendas and ensure minutes of each meeting are recorded and disseminated, as required by law.
3. The Board shall meet on a regular basis as necessary to conduct the affairs of the Cooperative. The meetings shall be conducted in accordance with the Texas Open Meetings Act.
4. The Board has the following specific powers and duties:
 - (a) Adopt and amend the Agreement;
 - (b) Adopt policies, procedures, and guidelines on an “as needed” basis for the Cooperative’s operation;
 - (c) Annually estimate the funds available for Cooperative staffing and activities in the following school year, and allocate resources and approve an annual budget based on the needs of the Fiscal Agent and Member District(s) and available resources;
 - (d) Approve the method by which Member District(s) share Cooperative operational funding and resources;
 - (e) Approve the SSA, and any subsequent configuration changes or amendments revisions to this Agreement, on behalf of the Member District(s); and
 - (f) Exercise any other powers to effectuate the Cooperative purposes, provided those powers are consistent with applicable state and federal laws, regulations, rules and guidelines.

III. Membership.

1. The Cooperative is limited in membership, at this time, to those charters operated by the Board.
2. The Board shall ensure that all prerequisites to Cooperative membership have been satisfied prior to approval, including, but not limited to, appropriate authorizations and supporting resolutions from the applicant Member District(s).

IV. Fiscal Agent.

1. GWA shall serve as the Fiscal Agent for the Cooperative (“Fiscal Agent”).
2. The Fiscal Agent has the following responsibilities:

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- (a) The Fiscal Agent shall ensure the Cooperative and Member Districts are adequately staffed to meet Cooperative and Member District responsibilities, and employ or contract with such persons as may be deemed necessary for Cooperative and Member District operations;
- (b) The Fiscal Agent shall purchase, lease, contract for or otherwise secure materials, equipment, supplies, and facilities necessary to support Cooperative and Member District functions;
- (c) The Fiscal Agent shall direct, manage and supervise the general administrative operations of the Cooperative, including, but not limited to, the operation of the departments for business, human resources and the Superintendent/CEO;
- (d) The Fiscal Agent shall operate in accordance with the budget adopted by the Board and with applicable law;
- (e) The Fiscal Agent shall provide administrative, accounting, grant, personnel and other records and reports, for the Cooperative and Member District(s) as may be required by law;
- (f) The Fiscal Agent shall obtain an independent audit of all Cooperative and Member District accounts annually, and provide a copy of all audits to the Board;
- (g) The Fiscal Agent shall cooperate with any audits by regulatory agencies required of the Member District(s);
- (h) The Fiscal Agent shall serve as custodian of all Cooperative administrative, financial, grant, personnel, taxation and other records, in accordance with applicable law, and in cooperation with the Member District(s), and retain those records on behalf of the Member District(s) until the Cooperative dissolves. The Fiscal Agent shall provide such records upon request to the Member District(s) and the Board;
- (i) The Fiscal Agent shall function as agent for and on behalf of all the Member Districts(s) for matters pertaining to the Cooperative;
- (j) The Fiscal Agent shall maintain separate and distinct administrative, accounting, auditing, budgeting, reporting and recordkeeping systems for the management and operation of the Member District(s) to the extent required by law;
- (k) The Fiscal Agent shall report on a *pro rata* basis all personnel costs and units for Cooperative Personnel in the respective records submitted on behalf of the Fiscal Agent and Member Districts to the Public Education Information Management System ("PEIMS");
- (l) As the employer of Cooperative Personnel, the Fiscal Agent shall report all Cooperative Personnel payroll costs in the applicable reports of the Fiscal Agent submitted to the Teacher Retirement System of Texas ("TRS"); and
- (m) The Fiscal Agent shall perform all other duties as directed by the Board.

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3. Except as otherwise provided, administrative cost overruns and uncontrollable costs shall be allocated among the Member District(s), as determined by the Board.¹

V. Member District Responsibilities.

1. The Member Districts have the following responsibilities:
 - (a) Individual responsibility for compliance with state and federal law; and
 - (b) Providing the Fiscal Agent with access to information and documentation necessary for the Cooperative to meet its responsibilities.
2. The Member District(s) shall authorize the *pro rata* allocation of all personnel costs and units for Cooperative Personnel in the respective records submitted on their behalf by the Fiscal Agent to the PEIMS.
3. The Member District(s) shall agree and require that the Fiscal Agent report Cooperative Personnel in the applicable reports of the Fiscal Agent submitted to the TRS.
4. Nothing contained in this Agreement shall be construed as a waiver of any immunity or legal defense held by any individual Member District(s) or the Fiscal Agent.

VI. Cooperative Director.

1. The Superintendent/CEO for dba SAPI Charter Schools, or designee, shall serve as Cooperative Director, and is responsible for the administration of the Cooperative, and may delegate responsibilities to Cooperative Personnel or to the Member District(s) in order to effectuate Cooperative purposes. Specific responsibilities of the Cooperative Director may include:
 - (a) Recommend any policies, rules or regulations, which may be necessary for the Cooperative, and ensure that the policies are carried out;
 - (b) Through the Fiscal Agent, administer, direct and manage the procurement of goods and services, the receipt and disbursement of local, state and federal funds, the disposition, inventory and use of real and personal property, and the preparation, disposition and maintenance of records for any and all transactions;
 - (c) Through the Fiscal Agent, acquire real and personal property necessary to support the Cooperative's and Member Districts' activities and functions;
 - (d) Through the Fiscal Agent, recruit, screen, employ, supervise and discipline personnel or procure contractors as needed to ensure that Cooperative activities and functions are adequately addressed;

¹ Prior to allocating a cost overrun or an uncontrollable cost that exceeds \$5,000.00 (beyond what was budgeted for in a fiscal year), the Board shall convene a meeting to discuss the nature and extent of the cost overrun and/or uncontrollable cost.

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- (e) Through the Member District(s), recruit, screen, employ, supervise and discipline personnel or procure contractors as needed to ensure that Member District activities and functions are adequately addressed;
- (f) Plan, coordinate and offer in-service training for the Cooperative program; and
- (g) Perform such other duties as directed by the Board and, if applicable, the Superintendent/CEO for dba SAPI Charter Schools.

VII. Cooperative Personnel.

1. Itinerant personnel ("Cooperative Personnel") shall be employees or independent contractors of the Fiscal Agent, subject to the policies, procedures, and compensation and benefit plans of the Fiscal Agent, or in the case of independent contractors, subject to their respective agreements. "Itinerant personnel" may include professionals and support staff necessary in furtherance of Cooperative purposes.
2. Cooperative Personnel may be assigned extra duties in accordance with their respective employment agreements (if any), job descriptions, state and federal law, as well as the Fiscal Agent's policies and procedures.
3. Generally, all Cooperative Personnel shall adhere to the Fiscal Agent's academic and fiscal calendar. The Fiscal Agent will make reasonable efforts to schedule Cooperative Personnel to meet the needs of the Member District(s).
4. Any hearing on an employee grievance or termination is the responsibility of and shall be held in accordance with the policies of the Member District(s) that employs such person, or if for Cooperative Personnel, in accordance with the policies and procedures of the Fiscal Agent.

VIII. Funding.

The Board shall meet annually, in its capacity as the Board of Directors of each of the respective Member District(s), and as the Board of the Cooperative, to review and approve the Cooperative's budget, and to determine the allocation of funds necessary from the Member District(s) for the Cooperative to properly and efficiently function. All payments by Member District(s) shall be made from current revenues available to the Member District(s). Funding amounts and the Cooperative budget may be amended from time to time as determined necessary by the Board. All funds transferred from Member District(s) to the Cooperative shall be made in accordance with federal and state law and applicable financial accounting standards.

IX. Cost of Cooperative Operation.

1. Costs of operation include, without limitation:
 - (a) Administrative costs, including but not limited to, the salaries and benefits, including workers' compensation coverage, of all Cooperative Personnel that are considered full- and part-time employees of the Fiscal Agent, costs of any contractors and other administrative overhead costs;
 - (b) Liability insurance coverage for Cooperative Personnel, volunteers or agents;

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- (c) Costs of audits, accounting, administrative, business and human resource services;
 - (d) Legal costs, damages, court costs and attorney's fees incurred by the Cooperative that are not otherwise attributable to a Member District;
 - (e) Any losses due to audit exceptions arising from operation of the Cooperative, excluding exceptions arising from an individual Member District's use of funds other than as allowed by federal and state regulations, which shall solely be the responsibility of the individual Member District; and
 - (f) Any other costs as determined by the Board.
- 2. All funds and personal property allocated or contributed to the Cooperative are Cooperative funds and property owned by the Fiscal Agent for the benefit of the Cooperative.
 - 3. Each Member District(s) shall be individually responsible for all legal costs, damages, court costs and attorney's fees relating to personnel employed by the Member District(s), and use or operation of a motor vehicle owned or leased by the Member District(s).
 - 4. Losses to Cooperative property due to vandalism, fire, theft, or Act of God, shall be insured against or remain a loss to the Cooperative and not be charged to the Member District(s) for reimbursement.

X. Withdrawal or Expulsion of a Member District.

- 1. A Member District's withdrawal from the Cooperative shall dissolve the Cooperative. The Board shall notify the TEA of the dissolution of the Cooperative, if required by law.
- 2. In winding down following a withdrawal from the Cooperative, the assets and liabilities shall be distributed in the manner described in Section XI (Dissolution).

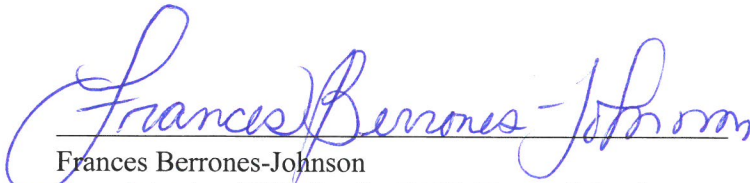
XI. Dissolution.

- 1. The Cooperative may be dissolved by the majority vote of the Board, which shall report the proposed dissolution to TEA, if required by law, upon affirmative vote to dissolve the Cooperative consistent with TEA guidelines and timelines, if any.
- 2. Upon dissolution, funds remaining after all Cooperative liabilities have been satisfied shall be distributed to the Member District(s) on a pro-rata basis according to contributions made by each Member District for the school year in which dissolution occurs.
- 3. Upon dissolution, Cooperative equipment and supplies shall be distributed to the remaining Member District(s) by making a reasonable estimate of the market value of the items and allocating them, to the greatest extent necessary and reasonable, on a *pro rata* basis according to the contributions made by each Member District for the school year in which dissolution occurs. As feasible, the Member District(s)' preference for particular items shall be considered in making this division and distribution.

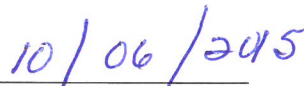
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XII. Legal Responsibilities.

1. Except as otherwise provided herein, each Member District bears its own risk of loss for costs of administrative hearings, litigation expenses, awards of actual damages, court costs, attorney's fees, and settlement costs relating to the individual Member District's programs or acts.
2. The legal responsibilities stated herein shall survive the expiration of this Agreement should litigation arise from events that occurred during the term of the Agreement.



Frances Berrones-Johnson
Superintendent/CEO for dba SAPI Charter Schools



Date of Approval