AGREEMENT BETWEEN HOUSTON INDEPENDENT SCHOOL DISTRICT AND FRIENDS OF CHALLENGE EARLY COLLEGE HIGH SCHOOL

This Agreement (the "Agreement") is made and entered into as of July 1, 2026 ("Commencement Date") by and between HOUSTON INDEPENDENT SCHOOL DISTRICT, a public independent school district and political subdivision of the State of Texas, ("District" or "HISD") and Friends of Challenge Early College High School ("Operating Partner" or "OP") (together, the "Parties") to operate [Challenge Early College HS].

The purpose of this Agreement is to set forth the objectives, understandings, and agreements of the Parties in connection with the establishment and operation of Senate Bill No. 1882, adopted by the 85th Texas Legislature in 2017, codified as Texas Education Code ("TEC") §§ 11.174 and 42.2511 ("SB 1882"), which allows this cooperative partnership between a public education institution and an in-district charter authorized under TEC Chapter 12, Subchapter C.

I. RECITALS

1. Houston Independent School District. The District is an independent school district created in accordance with the laws of Texas.

2. Authority to Contract. The Board of Managers, having all powers of an elected Board, is empowered by Texas Education Code ("TEC") §§ 11.157 and 11.174, to contract with a public or private entity for that entity to provide educational services for the District.

3. Operating Partner. Friends of Challenge Early College High School is an organization that is exempt from taxation under Section 501(c)(3), Internal Revenue Code of 1986 (26 U.S.C. Section 501(c)(3)). HISD hereby contracts with OP to operate a charter or charter schools under TEC Chapter 12, Subchapter C, and OP is eligible under TEC §§ 11.174 and 12.101(a) to operate the School.

4. Charter Granted & Term of Charter. The District hereby grants the School a charter in accordance with District Policy and TEC Chapter 12, Subchapter C, specifically §§ 12.0521 or 12.0522 for the campus identified in this Agreement. The District shall ensure that the charter is properly authorized under TEC Chapter 12, Subchapter C. A charter granted herein TEC Chapter 12, Subchapter C begins on the Commencement Date and expires on June 30, 2031, in accordance with TEC § 12.0531.

5. Consideration. In consideration of the mutual agreements set forth in this Agreement, and for other good and valuable consideration, the Parties agree as set forth below.

II. PURPOSE OF AGREEMENT

6. Contract for Services. This Agreement constitutes a contract for services.

7. Premise of Agreement. This Agreement is predicated on an understanding that students benefit when decisions regarding educational programs, operations,

and student services are made at the school level and that autonomy and accountability are mutually reinforcing principles.

8. Student Achievement. The primary purpose of this Agreement is to improve and sustain student outcomes by allowing the District to partner with OP to operate the School as an independent campus subject to transparent accountability requirements, which are set by TEC Chapters 39 and 39A. The provisions of this Agreement shall be construed and applied to achieve this purpose.

9. OP Continuation of School Operations. The Parties intend for OP to continue operations of the School through June 30, 2031, in accordance with Section IV of this Agreement.

III. DEFINED TERMS

10. School. "School" shall have the meaning assigned in the Texas Administrative Code Title 19, § 97.1051(3) and includes all components of the operation of the campus, including, without limitation, the courses taught, the instructional materials, staffing, budgetary allocations, scheduling, transportation, and other services and responsibilities associated with school operation. Herein School shall mean Challenge Early College High School, 5601 West Loop South, Houston Texas 77081 (TEA number: 101912-323).

11. Facilities. "Facilities" are defined as the building(s) located on the School campus and related equipment, furnishings, and property improvements, including any athletic fields and related improvements, and the land on which the building(s) and related improvements are located as more fully defined in Section XIII.

12. Material Breach. A "Material Breach" of this Agreement shall include the failure of a Party to comply with or fulfill any material obligation, condition, term, representation, warranty, provision, or covenant contained in this Agreement, including without limitation any failure by either Party to meet generally accepted fiscal management and government accounting principles, or comply with all Applicable Law under Section VI.

13. Applicable Law. "Applicable Law" means all state and federal laws, rules, regulations, and administrative and judicial determinations and decisions that govern the performance of this Agreement, as they currently exist or as they may be adopted, amended, or issued during the Term of this Agreement.

14. District School Board. The District School Board shall be the Board of Managers for the Houston Independent School District until the end of the State intervention as established by the Texas Education Agency. For the purposes of this Agreement, the "Board of Managers" retains the authority and powers defined by the Texas Education Agency and Texas state law and as such remains the District's signatory to this Agreement. This shall be the case during the transition to the Board of Trustees (elected school board) when the Board of Managers may include members of the elected Board. The District agrees to be bound by this Agreement during the term set forth herein regardless of whether the District has a Board of Managers or a Board of Trustees.

15. Friends of Challenge Early College High School. Friends of Challenge Early College High School ("Friends of CECHS") is the 501(c)(3) non-profit organization into which the District enters a partnership under the provisions of SB 1882. In this Agreement, Friends of CECHS may also be known as Operating Partner or OP. As permitted by Paragraph 119 of this Agreement, Friends of CECHS may assign its rights and responsibilities under this Agreement to a separate 501(c)(3) corporation of which Friends of CECHS will be the sole member.

16. OP Board of Directors. The Board of Directors comprise the members of the Board of the 501(c)(3) non-profit organization entitled Friends of CECHS or the members of the Board of the separate (501)(c)(3) non-profit organization to which Friends of CECHS assigns its rights and responsibilities under this Agreement as permitted by Paragraph 114 of this Agreement.

IV. TERM AND TERMINATION

17. Term. The term of this Agreement shall begin on the Commencement Date and end on June 30, 2031 ("Term"). If OP successfully meets the academic and financial performance and finance goals set forth in Appendix 3, then this Agreement shall be automatically renewed for another 5 year term. This Agreement shall not be terminated except as provided in Paragraphs 18-28 as set forth below.

18. Termination by Mutual Consent. This Agreement may be terminated at any time by mutual written agreement of OP and the District. Termination under this provision shall be effective no sooner than the end of the then-current school year unless otherwise agreed to by the parties in a written termination agreement.

19. Termination for Cause. Either Party may terminate this Agreement if the other Party fails to remedy a Material Breach of this Agreement within 60 days after written notice by the non-breaching Party of such Material Breach; provided, however, that if the breach would affect the safety or well-being of a student or is not reasonably capable of being cured, then no such notice and opportunity to cure shall be required. If the District terminates this Agreement because of the OP's Material Breach that is not cured, then OP shall pay the District for the actual transition costs, such as teacher salaries, all damages and losses pursuant to Service-Level Agreements, and other transition costs to support the transition after this Agreement is terminated under this Paragraph.

20. Termination Related to Performance. The District may terminate this Agreement if the School does not comply with the program requirements and the student outcome goals listed as required performance goals as specified in **Appendix 3**, attached. Termination under this paragraph shall be effective at the end of the then-current school year so long as written notice of such termination is provided no later than thirty (30) days after receipt of the Commissioner of Education's evaluation or the determination of student outcome goals.

21. Termination Right to a Public Hearing. If the School successfully achieves the student outcome goals specified in **Appendix 3**, attached, the District must hold a public hearing at least thirty (30) days prior to any District action to terminate the Agreement. If the School fails to achieve the student outcome goals specified in **Appendix 3**, the District shall not extend this Agreement without a public hearing at least thirty (30) days prior to any District action to extend or renew this Agreement.

22. Termination Related to Closure of the School. If the campus is ordered closed by the Texas Education Agency, this Agreement will immediately cease at the end of the academic year or upon the date of closure, whichever comes first.

23. Termination Related to Defunding. Either Party may terminate this Agreement if the monies necessary to fund the payments required under this Agreement are no longer available. Termination related to defunding shall not be effective before the end of the current school year.

24. Probationary Period; Notice and Opportunity to Cure**:** Prior to any termination of this Agreement for cause or for failure to meet performance requirements, except as expressly provided below, the District shall place the Operating Partner on a probationary status and provide written notice specifying, with reasonable particularity, the grounds for probation, the corrective actions required, and the evidence supporting the District's determination. The probationary period shall be at least sixty (60) calendar days from the date of written notice, unless a longer period is required by applicable law or mutually agreed upon by the Parties.

    During the probationary period, the Operating Partner shall have the opportunity to cure the identified deficiencies to the District's reasonable satisfaction. The Operating Partner shall submit a written corrective action plan within a timeframe specified in the notice, and the District shall monitor progress during the probationary period in a manner reasonably related to the identified deficiencies.

    If the District determines, at the conclusion of the probationary period, that the Operating Partner has substantially cured the deficiencies, the District shall remove the Operating Partner from probation, and the Agreement shall continue in full force and effect. If the District determines that the deficiencies have not been cured, or have recurred, the District may proceed with termination or other remedies available under this Agreement, subject to any required public hearing or notice obligations.

    Notwithstanding the foregoing, no probationary period or opportunity to cure shall be required where: (a) the breach poses an immediate risk to the health, safety, or welfare of students; (b) the breach is not reasonably capable of cure; (c) the breach involves fraud, criminal conduct, or material financial mismanagement; or (d) Applicable Law authorizes immediate termination. In such cases, the District may proceed directly to termination as permitted under this Agreement and Applicable Law.

25. Change in Applicable Law. If any change in Applicable Law that is enacted after the Commencement Date could reasonably be expected to have a material adverse effect on the ability of any Party to carry out its obligations under this Contract, the Parties shall renegotiate the Agreement in good faith to resolve the matter. If the Parties cannot reasonably negotiate the Agreement within sixty (60) days of the change in Applicable Law, then either Party may terminate this Agreement without penalty to either Party to be effective at the end of the then current school year.

26. Partnership Agreement Prevails. To the extent of any conflict between the terms of this Agreement and the District's Board Policy EL (LOCAL) concerning any adverse action to OP, including but not limited to revocation or termination of a district/charter partnership, the terms of this Agreement prevail.

V. RELATIONSHIP OF THE PARTIES

27. Nature of Relationship. The relationship between the Parties hereto shall be that of contracting parties. OP shall operate as an independent contractor to the District and shall be responsible for delivering the services required by this Agreement. The relationship between and among the Parties was developed and entered into through arm's-length negotiations and is based solely on the terms of this Agreement and such contracts and agreements as may be created in the future from time to time between the Parties and reduced to writing.

28. No Agency. Neither Party will be the agent of the other Party except to the extent otherwise specifically provided by this Agreement. Neither Party has the express nor implied authority to bind the other Party to any contractual duty other than what is specifically stated in this Agreement. Furthermore, both Parties shall represent to third parties and shall disclaim to such third parties the extent of that Party's binding authority, which must be approved by the Parties' respective governing boards held in accordance with the Texas Open Meetings Act (appearing in minutes of such meeting) and as agreed to in writing by the Parties.

29. No Common Control. Neither Party is a division, subsidiary, affiliate, or any part of the other Party, nor has the right or authority to exercise any common control of any other Party. Nothing herein shall be construed to create a partnership or joint venture by or between the District and the OP.

30. Assurance of Independence. The School's governing body shall remain independent of the District. Both OP's and the School's governing bodies are not and shall not be comprised of any members of the District's Board of Trustees, the Board of Managers, the District's Superintendent, or any staff member responsible for granting this Agreement. Further, no member of the governing body is or will be related within the first degree of affinity or consanguinity with any members of the District's Board of Managers or Board of Trustees, Superintendent, or any staff member responsible for granting this Agreement or overseeing this Agreement.

VI. APPLICABLE LAWS

31. Compliance with Applicable Law. The Parties shall perform their respective obligations under this Agreement in compliance with Applicable Law, including, but not limited to, federal and state laws and rules governing public schools. The Parties stipulate that Applicable Law includes, but is not limited to, Title VI of the Civil Rights Act of 1964, as amended; Title VII of the Civil Rights Act; Title IX of the Education Amendments of 1974; Section 504 of the Rehabilitation Act of 1973 ("Section 504"); the Age Discrimination Act of 1975; the Americans with Disabilities Act; the Individuals with Disabilities in Education Act ("IDEA"); the Family Educational Rights and Privacy Act of 1974 ("FERPA"); the Every Student Succeeds Act to the extent specified in the Act; the Texas Education Code to the extent the School is not exempt; record retention laws and conflicts of interest laws under the Texas Local Government Code; the Texas Local Government Code, to the extent it applies to school districts; and any amendments, interpretations, and reauthorizations of the foregoing.

32. Scope of Applicable Law. The Parties agree that certain laws and regulations that apply to other schools within the District may not apply to the School or its operation as a consequence of the grant of a campus charter under Texas Education Code, Chapter 12. The Parties further agree that, except as provided in this Agreement or required by Applicable Law, no provision, rule, or guideline of Texas law otherwise applicable to a governing body or school shall apply to the OP or its operation.

33. Immunity. Nothing contained in this Agreement shall be read to waive the immunity granted by TEC, Chapter 22, Subchapter B, and TEC, Chapter 12, Subchapter C or available under common law to either Party or to the School.

VII. GOVERNING POLICIES

34. Limitation on Authority. Any and all services contracted for or performed for the School must be made by each Party in strict accordance with the responsibilities of each Party as detailed in Section IX of this Agreement. An educational or administrative service necessary for operation of the School but not specifically reserved for the District to provide under this Agreement, shall be provided and solely managed by OP insofar as such delegation is permitted by state and federal law. A service is provided by OP if OP performs the service, contracts for its performance, or otherwise ensures and oversees provision of the service. Unless OP agrees in writing, the District has no authority to make purchases or provide services to the School that are not identified as the District's responsibility under Section IX of this Agreement.

    a. Except where required by Applicable Law or expressly stated in this Agreement, the District shall not direct or control the day-to-day educational, operational, or staffing decisions of the School.

35. Policy Election. OP shall operate in accordance with the District's 1882 Partnership Policy, including EL (LOCAL) and Regulations specified in **Appendix 1** and other policies specified in **Appendix 2**, as they currently exist

or as they may be amended, so long as any such amendment does not constitute a Material Breach of this Agreement. If both Parties agree that an amendment amounts to a Material Breach, then the Parties may agree to operate under a prior (non-amended) policy so long as the prior policy is in compliance with the then-current Applicable Laws.

Any amendment to District policy affecting the School shall not apply to the School unless mutually agreed to in writing by both Parties.

36. Adoption and Publication of School Policies. OP's Governing Board (further described in Section X) will adopt policies addressing matters not specified in Appendix 1, attached to this Agreement, at a public meeting held in conformance with requirements of the Texas Open Meetings Law, Chapter 551, Texas Government Code. OP shall have the initial, final, and sole authority for adopting policies applicable to the School, other than the policies specified in **Appendix 1** and **Appendix 2**. All policies adopted by OP shall comply with Applicable Law. OP will publish adopted policies and District Board Policies applicable by law or by election under this Agreement on the School's website.

37. Future Waivers and Exemptions. Pursuant to 19 TAC § 97.1075(d)(6), the School is exempt from laws and rules to the fullest extent allowed by TEC, Chapter 12, Subchapter C, and is exempt from all District policies except for laws, rules, and policies that are specifically identified as applicable to the School in this Agreement and/or incorporated by reference herein. The Parties will collaborate in applying for waivers from any restrictions imposed by Applicable Law when it is jointly determined that such waiver would expand opportunities for students enrolled in the School. If the District is relieved from compliance from certain state or federal law or regulation through a waiver, adoption, or amendment of a local innovation plan under Chapter 12A, Texas Education Code, the School is automatically relieved from compliance regardless of whether such relief is addressed in this Agreement. Further, if a waiver from a local policy, procedure, protocol, or other requirement is granted to another school in the District that serves students at the same grade levels offered at the School, and the policy is not waived by this Agreement, the waiver applies to the School unless the District notifies the School otherwise in writing within 60 days of the waiver's application to the other school(s).

VIII. PERFORMANCE REQUIREMENTS

38. Student Outcome Goals. The primary responsibility of OP under this Agreement is to ensure that the annual student outcome goals specified in **Appendix 3**, or as amended, are achieved. If the State accountability system, rating methodology, or required assessments materially change, the Parties shall mutually revise performance goals in Appendix 3 prior to enforcement of performance consequences.

39. Measurement, Methods, and Timeline. The Parties agree that the achievement of annual student academic and financial performance targets agreed upon by the Parties and specified in **Appendix 3** will be determined using the methods, indicators, and timelines specified in that Appendix.

40. Performance Consequences. The Parties agree to specific, material consequences described in **Appendix 3** in the event that the OP does or does not meet the annual academic or financial performance expectations and goals described in **Appendix 3.**

41. Responsibilities of OP Governing Board. The governing board of OP agrees that it is responsible for ensuring that OP achieves performance goals specified in **Appendix 3** and is obligated to oversee management of the School and intervene as required to ensure that performance goals are achieved.

42. Monitoring Performance. The District shall retain the right to monitor the performance of the School and OP under Appendix 3 to the extent necessary to fulfill its oversight responsibilities. The District shall provide reasonable advanced notice by no later than 5:00 PM the prior business day via email, with confirmation of receipt, to the School Administrator of any formal performance monitoring visit to OP's campus leader. The District shall share the results or findings/observations of any formal performance monitoring with OP as soon as any report or documentation is completed. The Operating Partner shall have the right to dispute performance determinations using mutually agreed independent data verification prior to enforcement of any consequences. OP shall bear the cost of the independent data verification, and the District retains the right to enforce the performance determination if data is not the sole basis for performance determinations.

43. Performance Evaluation. The District will cooperate with OP to exchange student and campus information in order to facilitate program evaluation. OP will submit a program evaluation plan detailing methodology and analysis procedures to the District. The plan will be reviewed and approved by the District prior to implementation. Before any student data is shared, OP will enter into a Data Sharing Agreement with the District, outlining access, storage, use, and destruction of protected student information.

44. Performance Reporting. The OP will submit a report to the Superintendent on a bi-yearly basis (mid-year and end of the year) that includes results on performance and financial outcomes under **Appendix 3** and responses and plan to address any deficiencies noticed in the performance outcomes or identified by District staff as part of performance monitoring as outlined herein. The mid-year and end of the year report will both provide updates on any previously noted deficiencies. The end of the yearly report will detail program implementation and participation as well as available short- and long-term outcomes. The end of the year report should also provide an overview of campus expenditures, staffing overview, and any other data the OP believes would be necessary to understand the current progress of this partnership.

IX. RESPONSIBILITIES

45. OP Responsibilities: The OP will have full autonomy and sole authority over school operations, the instructional program, academic curriculum, and programs. OP shall be responsible for all actions not explicitly purchased from the district pursuant to the Menu of Services or otherwise agreed upon in this

Agreement. Any action not specifically prohibited by this contract will be deemed permitted by the OP as long as such action or actions do not violate local, state, or federal law, or the policies of the Board of Directors. OP shall have sole authority to select, reassign at the OP, or request removal by the District of any District employee or contractor. OP shall have sole authority regarding the employment of OP employees, including hiring, assignment, evaluation, compensation, advancement, and other terms of employment.

a. *Administration.* OP shall employ at least one employee responsible for the operation of the School. The District acknowledges that OP has elected to identify this individual as a Chief School Officer. OP shall select and manage any other role designated as an administrator, who may be employed by either the District or OP.

b. *Teaching Staff.* OP shall select, supervise, and manage the School's teachers, teaching assistants, teacher apprentices, paraprofessionals, curriculum specialists, program coordinators, and any other academic instructional role, who shall be employed by the District.

c. *Miscellaneous.* OP shall select, supervise, and manage the School's guidance counselors, librarians, extracurricular activity instructors, physical education instructors, and any other personnel assigned to the School who shall be employees of the District. The OP will be involved in any decision regarding the placement of any unit or role deemed necessary for the service of the students at the campus.

d. *Staffing Plan.* OP shall have sole non-delegable authority to determine the staffing plan and positions at the School, provided funds subject to OP's control under the terms of this Agreement are sufficient to discharge all obligations associated with the staffing plan and positions.

    i. Compensation Parity; Salary Controls: Compensation paid for any position that is substantially similar to a District position shall not exceed one hundred twenty percent (120%) of the applicable District salary range for a comparable position. In determining whether a position is substantially similar and whether compensation complies with this limitation, the District shall conduct a like-for-like comparison and shall meaningfully consider, with input from the OP, the totality of relevant factors, including but not limited to, job duties and scope of responsibility, required credentials, specialized skills, years and type of relevant experience; instructional or professional expertise unique to the performing arts, including industry experience; market comparables of public school districts and similar early college high school programs in the region and the District's internal compensation practices. The OP will participate in the compensation review process, including the opportunity to present

documentation and justification regarding role design, qualifications, experience, and market consideration. OP shall not restructure job titles, duties, stipends, bonuses, allowances, or other forms of remuneration for the purpose or effect of circumventing this limitation.

OP shall provide the District, upon request and at least annually, a detailed compensation report for all School personnel, including base salary, stipends, bonuses, and any other cash or non-cash compensation. The District shall have the right to review such information to confirm compliance with this Agreement.

ii. OP further acknowledges that the only position to be designated as Superintendent or Superintendent of Schools is the HISD Superintendent.

e. *Special Programs.* OP shall provide Special Education and inclusion services with support from the District. OP agrees to comply with best practices for Special Education services in compliance with guidance from TEA. The Parties shall share all information necessary to coordinate Special Education services. OP shall identify and provide all Section 504 related services to students as required by Applicable Law. OP shall provide all Dual Language Education, English as a Second Language, and Special Language Programs at the School in accordance with Applicable Law. Each party shall comply with Applicable Laws, including but not limited to, IDEA and Section 504, as necessary to carry out its responsibilities under this Agreement.

f. *Specialized Learning Environments.* The Parties shall collaborate regarding the placement of students in other District Special Education programs and facilities as determined by the Admission, Review, and Dismissal ("ARD") committee. Special Education funds shall follow the student and be allocated to the campus implementing the student's Individualized Education Plan ("IEP") and related services.

g. *Record Keeping.* District and OP will coordinate record keeping in order to comply with state law. The District will be responsible for maintaining necessary School records, which shall include, but not be limited to, student attendance, student grades, accounting for all Federal and State Funds used at the School, and any and all records required to be entered into TEA's Public Education Information Management System ("PEIMS"). OP agrees to submit information upon reasonable request from the District; both parties agree to cooperate to ensure the timely submission of PEIMS data in accordance with the requirements of TEA.

h. *Health Services.* OP shall be responsible for selecting and supervising the School's nurse and/or any other health care provider

located on the campus. Upon OP's request, the District may agree to supply nurses or other health care providers to OP for services at the School. In such cases, OP shall bear full financial responsibility for all related costs, including, but not limited to, salary, benefits, and any additional expenses incurred in providing such personnel

46. District Responsibilities. The Parties acknowledge that the OP has elected the state funding calculation budget ("1882 Budget"). The preliminary budget allocation is set forth in Appendix 10. The District agrees to provide services to the OP in three distinct categories, as set forth in the Menu of Services attached as Appendix 9: (1) services subject to OP's annual election of individual services designated on the Menu of Services as optional (Optional Services), (2) services designated on the Menu of Services as Required (Required Services), (3) services designated as the District's Administrative Fee (Administrative Fee Services). OP's election of services is required no later than May 1, 2026.

    a. Required Services. Required Services are listed in the Menu of Services as those that the OP cannot decline to receive from the District.

    b. Optional Services. Elected Services are services that the District agrees to provide at the OP's option. Optional Services are labeled in the Menu of Services as "Opt-in."

    c. Non-Elected Services. Non-Elected Services are those services the OP declines to receive from the District. The District has no obligation to provide optional services that the OP does not select. The District agrees to provide OP with the corresponding value of each service it designates as "opt-out."

    d. Administrative Fee. The Administrative Fee compensates the District for core services necessary for the operation of schools within the District.

    e. The District is responsible for clearly setting forth what is contained in each fee category to allow the OP to make a well-informed choice.

47. Notwithstanding the foregoing, the Board of Friends of Challenge Early College High School, acting through the OP, shall have the authority to review the quality, timeliness, effectiveness, and cost-efficiency of any District-provided service. If the OP and its governing board determine in good faith that a District-provided service is not meeting the needs of the School, is not being delivered in a timely or effective manner, or can be improved through alternative management or provision, the OP may request modification of the service, replacement of the service model, or assumption of responsibility for that service, in whole or in part, to the extent permitted by law and this Agreement.

X. SCHOOL OPERATIONS

48. OP's Governing Board. OP represents that a true and accurate list of its current directors ("Directors") is attached to this Agreement as **Appendix 4**. If there is any change to the Directors during the Term of this Agreement, OP shall provide written notice to the District of the change within thirty (30) days. No District Board of Trustees member, Superintendent, or any staff member responsible for granting this Agreement shall be appointed to OP's Governing Board. No District staff member may be on the OP's Governing Board.

49. Budgetary Authority of OP. OP has sole authority to approve or amend the budget for the School and to make expenditures thereunder relating to any matter involving academic curriculum, the instructional program, or other matters related to OP's responsibilities and obligations under this Agreement.

50. OP Leadership: OP shall hire at least one employee, including, but not limited to, the Chief School Officer. OP shall have sole responsibility for hiring, supervising, managing, evaluating, assigning developing, advancing, and compensating the Chief School Officer, and setting all terms and conditions of the Chief School Officer employment with OP. The Chief School Officer shall be the assigned agent of the OP, who will monitor, direct, and supervise OP's staff. The School's overall educational framework, mission, budgetary approval, and policies shall be developed and adopted by OP. The School and its subcontractors shall be subject to the direction, control, policies, practices, and procedures of the OP subject to the requirements of this Agreement.

51. Grade Levels. The School will provide educational services to students enrolled in grades nine through twelve.

52. Attendance Area. The School's attendance area ("Attendance Area") shall be defined as the area designated by the District at the execution date of this Agreement and may not change during the term of this Agreement except by mutual consent of the two Parties and subject to TEC § 12.065.

53. Enrollment Policies. Any student who resides in the Attendance Area specific to the School may attend the School unless it is a "choice school," as defined by the District's policy. The Parties will collaborate and agree on a process for enrollment of students into the Schools by no later than September 1, 2026. If no new agreement is reached, OP agrees to participate in the school choice process.

    a. *Discrimination Prohibited.* OP is prohibited from discriminatory admission, suspension, or expulsion of a student on the basis of a student's national origin, ethnicity, race, religion, disability, gender, or academic achievement.

    b. *Enrolled Students.* All students attending the School shall be enrolled in their school. For purposes of state accounting and records, the student is also considered enrolled in the District.

54. Discipline and Expulsion Policies. OP shall implement student discipline, suspension, and expulsion policies in compliance with Applicable Law, including, but not limited to, TEC Chapter 37. OP will utilize the District's Disciplinary Alternative Education Program ("DAEP") in alignment with standard District practices. OP shall re-admit students placed in the District's DAEP after completion of their disciplinary assignment. OP shall abide by all Applicable Laws concerning due process and concerning the discipline of students with disabilities.

55. Schedule. OP will have sole authority in determining the school day, school year, bell schedule, schedule for before and after-school services and for extra-curricular activities. OP shall collaborate with the District in reviewing the District's policies and schedules and making a good faith effort to align the School's schedule to the extent necessary to enable the District to provide transportation for students enrolled in the School in an efficient manner. OP will not expect the same level of transportation service as currently provided if it significantly changes the start and end times of the School. OP's schedule shall comply with the State of Texas' required minutes of instruction. OP agrees to provide this information to the District no later than sixty (60) days before start of school.

56. Contractor Criminal History Background Checks. The District shall conduct criminal history background checks for all vendors and contractors selected by the District as well as for all District employees, including employees assigned to Opportunity Schools. OP shall conduct criminal history background checks for all vendors and contractors selected by OP as well as for all OP employees, or OP may contract with the District for such checks. The District and OP shall adhere to reporting requirements, definitions, and laws. Party's failure to comply with this Paragraph's reporting requirements shall amount to a Material Breach of this Agreement.

57. Technology Infrastructure; Network Services. The District shall be responsible for providing, repairing, and maintaining technology infrastructure, including, but not limited to network services at the School of a standard reasonably comparable to other District schools. OP shall provide the District with a list of additional equipment purchased and collaborate with the District to ensure consistency between the standard equipment and the needs of the School and to ensure that any technology does not negatively interfere with the District's existing technology infrastructure or safety systems.

58. Media Requests. The Parties agree to collaborate on responses to any media requests or press releases related to the School. The Parties shall collaborate prior to responding to any media request or making a press release and further agree that any statement made will have prior approval by each Party, which shall be reasonably and timely granted. This requirement does not apply to: (a) general communications regarding OP or the District that may include references to the School, or (b) crisis communications regarding the School.

59. Communications. The Parties agree to jointly approve a protocol for communications within sixty (60) days of the execution of this Agreement.

XI. STAFFING

60. Employment. At the time this Agreement is executed, any employee in good standing shall continue to be employed by the District at the School. However, the OP shall have the authority to request removal or reassignment of employees working at the School based on current evaluation protocols and regulations and in accordance with this Agreement. The OP will work with the District to ensure this provision is implemented with minimal disruption to staffing and maximum support for current staff. All employees working at the School, except Chief School Officer and any other employee working directly for the OP, will remain employees of the District without changes to insurance benefits, workers' compensation eligibility, or other employment benefits to which the employee is otherwise eligible. The District agrees to cooperate with OP to ensure no change to benefits is occasioned solely by this Agreement. Both Parties agree to cooperate to ensure that students in the school receive high quality instruction and agree this is best accomplished by ensuring an effective teacher in each classroom. The responsibility for effectiveness of the OP rests with the Chief School Officer of the OP. The Chief School Officer designated by the Operating Partner shall serve as the final decision-maker for campus personnel assignments and instructional practices subject to paragraph 67 below requiring participation in the file review process.

61. Supervision. The OP has sole authority over hiring/selection, supervision, assignment, evaluation, development, advancement, compensation, continuation, and all other terms of employment with respect to OP's responsibilities detailed in this Agreement and in accordance with any of the OP's personnel policies that are not in conflict with local, state, or federal law. For the purposes of this Agreement, and except for individuals required to be employees of OP under this Agreement or Applicable Law, the term "hiring" as it relates to the School shall mean the selection of an HISD employee to work in the School, and such employees shall remain employed by the District.

62. Criminal History Background Checks. Unless contracted to be provided by the District , OP shall perform all criminal history background checks required by Applicable Law, including without limitation those required for Opportunity School personnel, applicants, vendors, contractors, and volunteers and OP shall take action required by law upon completing the background check. As permitted by law, OP shall notify the District of any unlawful conduct or criminal misconduct discovered by or reported to the School's staff or other OP official within 24 hours. OP shall comply with any subsequent investigation by the District. Additionally, OP also understands that the District's Superintendent or designee may investigate and report any educator misconduct of any District employee as required by law.

63. Child Abuse Reporting. All District and OP employees working at Challenge Early College HS shall comply with all Applicable Laws governing mandatory child abuse and neglect reporting which requires a report within 24 hours to law enforcement, Department of Family and Protective Services – CPS. The OP also agrees to report such conduct to HISD Employee Relations within 24 hours so that the requirement to report to TEA within 48 hours can be met.

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

65. Employment Records. The District will remain responsible for employment records for all District employees and the OP agrees to cooperate as necessary to ensure the accuracy of such records.

66. Employee Complaints and Grievances. The Parties agree that the District's policies will govern employee grievances and complaints filed pursuant to HISD Board Policies DGBA, DIA, and CAA, as they may be amended from time to time. OP policies will govern all other employment terms. OP agrees to give a copy of its policy manual to the District within 30 days of execution of this Agreement.

67. Non-Solicitation. Each Party agrees not to hire any employee from the other Party without first conducting a reference check with the employee's current supervisor (or Human Resources Department, if preferred by supervisor), and until it receives written confirmation that the employee has been released from any contractual obligations with the other Party. Both parties agree to provide such confirmation as soon as reasonably possible. For lateral hires, each Party agrees to make a good faith effort to hire any staff members making a lateral (same/similar position) transfer across organizations within a mutually agreed upon transfer window. This window will be set together annually for the coming school year before June 30; if no alternate schedule is selected, the Parties will utilize the District's transfer window for all District's employees. If a lateral transfer opportunity falls outside of the transfer window, then the current employer must determine whether to release the employee's contractual obligation. If the transfer occurs after the penalty-free resignation period, the Parties agree that the subject employee's salary cannot be reduced as part of the transfer. For promotions, the Parties agree to make every good faith effort to hire staff applying for a promotion across organizations within the mutually agreed upon transfer window. If a promotion opportunity falls outside of the transfer window, the Parties agree to work together to ensure that the transition does not unnecessarily negatively affect student learning. Each Party agrees to work together to share recommendations regarding former employees who may be suitable for employment by the other Party.

68. Teacher Retirement System. An employee of the OP is eligible for membership in and benefits from the Teacher Retirement System of Texas if the employee would be eligible for membership and benefits if holding the same position at the District.

69. Removal of District Personnel. OP shall have the sole authority to request the removal of any District employee or District contractor assigned to work at the School. Prior to the removal of any District employee from School, OP shall provide to the District documentation sufficient to meet the standard of termination applicable to said employee. For example, OP agrees to furnish documentation for a Chapter 21 employee requested to be removed during the year that is sufficient to establish good cause for termination of the employee's

employment contract. The threshold of evidence needed to move forward with a good cause termination shall ultimately rest with the Superintendent of HISD. Provided that the documentation satisfies the threshold standard for termination, the District shall grant the request within (20) working days.

70. File Review/End of Year Termination. If OP intends to exit an employee from the School for the upcoming year, OP agrees to participate in the District's annual file review process, which occurs from February through April each year. OP also acknowledges that notice to a Chapter 21 employee must be given at least 10 days before the last day of instruction and that approval from the HISD Board is required to authorize such notice. OP agrees to cooperate with the process and to submit any necessary documentation to District Legal Services for review and evaluation.

71. Reassignment. The OP will have final authority to determine when a Chapter 21 employee is subject to reassignment, provided that such reassignment is subject to Applicable Law. If such an assignment is a result of a pending proposal to terminate the employee's contract with the District and the case results in an adverse finding against the District, the Operator agrees to return the employee to an assignment within the same professional capacity that the Chapter 21 employee occupied prior to the proposal to terminate the Chapter 21 employee's contract. A Chapter 21 employee is defined as an employee who is certified pursuant to Chapter 21 of the Texas Education Code. If reassignment is a result of investigation, the District agrees that such investigation shall be conducted expeditiously so that a final determination of employee's status can be accomplished.

72. Employee Documentation. Each Party shall be responsible for the formal documentation of the work performance of its respective employees. OP shall collaborate with the District to provide information to the District's Human Resources Department, Legal Services, or other designee regarding the work performance of District employees assigned to work at the School.

73. Investigations. The OP acknowledges that certain situations trigger the District's legal obligation to investigate, including Title IX and discrimination complaints. The OP agrees to fully cooperate with such investigations, including, when necessary, conducting said investigation at the request of the District. The District will remain responsible for conducting investigations required by Board Policy DIA and CAA. Employee Relations will continue to serve as the clearinghouse for such investigations and will coordinate with the OP as necessary.

74. Nepotism Restrictions. The School shall comply with all nepotism restrictions. All persons employed by OP prior to the Commencement Date of this Agreement will not trigger a violation of the restriction on nepotism and are exempt from nepotism restrictions.

XII. ACADEMIC PLAN

75. Curriculum and Program. OP will have sole authority to approve all curriculum decisions beyond the minimum requirements outlined in 19 Texas Administrative

Code §74.2 (relating to Description of a Required Elementary Curriculum), lesson plans, instructional strategies, and instructional materials, as defined in TEC, §31.002(1), to be used at the School. This authority includes sole authority over educational programs for specific, identified student groups, such as gifted and talented students, students of limited English proficiency, students at risk of dropping out of school, and other statutorily defined student populations. The District acknowledges and agrees that the District's field trip policy does not apply to the School and "Health" is not a required course for high school graduation from the School.

76. Educational Plan or Academic Model. OP will implement the education plan described in its proposal to operate the School, attached as **Appendix 8**. The OP will include in the plan the vision for the School, including its culture, curriculum, assessment program, instructional strategies, talent recruitment and management strategies, professional development activities or programs, evidence that the aforementioned strategies and programs can be effective with the student population served at the School, and the management routine and practices to be implemented by the OP in managing the staff and academic programs at the School. OP will ensure that the curriculum satisfies the minimum requirements outlined in 19 TAC §74.2. OP agrees to notify the District of any significant alteration of this plan within ten (10) business days.

77. Early College Program. The School operates as an early college high school designed to provide students with the opportunity to earn substantial college credit or an associate degree while completing high school requirements. The District acknowledges and supports this model and agrees to cooperate with the Operating Partner in maintaining the structures necessary for early college implementation, including scheduling flexibility, dual credit enrollment, and coordination with partner institutions of higher education. Dual Credit Access.

    Students enrolled at the School shall have access to dual credit courses offered through Houston City College or other institutions of higher education as determined by the Operating Partner. The District agrees to support enrollment processes, data sharing, and scheduling coordination necessary to facilitate student participation in dual credit coursework.

78. Selection of Instructional Materials. OP has sole authority to select instructional materials (as defined in TEC, §31.002(1)) for the School and represents that selected materials will align with the Texas Essential Knowledge and Skills ("TEKS"), or its successor, and any other standards that may be required under Applicable Law.

79. Assessments. OP shall be required to take assessments required by the Texas Education Agency or federal government. OP will have sole authority over the selection and administration of student assessments not required by federal or state law.

80. Extracurricular Programming and Participation. Students enrolled at the School may join any extra-curricular activity offered by OP for its enrolled students. Students enrolled at the School may not participate in extra-curricular activities

offered at other campuses within the District except as agreed to by a District campus or campuses.

81. Extracurricular Activities / UIL Exception. Students enrolled at the School may join any extracurricular activity offered by OP for its enrolled students. Except as otherwise agreed to by a District campus or campuses, students enrolled at the School may not participate in extracurricular activities offered at other District campuses; provided, however, that if Challenge Early College High School does not offer a UIL activity within a particular division, including athletics, the student may petition to participate in that division at the student's home attendance zone campus, subject to UIL rules, District approval, and approval by both schools.

For purposes of this section, the Chief School Officer, may approve such participation when it is consistent with the School's program and student interests.

Any such participation shall remain subject to applicable UIL eligibility requirements, including that: (a) the home attendance zone campus approves the student's participation; (b) the student remains a full-time student at Challenge Early College High School; (c) grades are reported as needed to ensure compliance with no-pass/no-play requirements; (d) the student complies with all applicable age, attendance, residence, and four-year eligibility rules; and (e) the student may not represent both schools in the same UIL division. If Challenge Early College High School offers UIL activities in that same division, then the student must represent Challenge Early College High School in that division rather than another campus.

82. Student Behavior. Students enrolled at the School will be required to follow the OP's Student Code of Conduct as presented in its proposal to operate the School and attached as Appendix 8. OP agrees to notify the District of any modification of its Student Code of Conduct in writing at least sixty (60) days in advance of implementation. OP agrees that it will not modify DAEP or expulsion provisions without consent of the District; provided, however, that such consent shall not be unreasonably withheld or delayed. OP agrees that a student shall not be suspended or expelled from the School for attendance or academic performance reasons.

83. Due Process. OP will cooperate with the District to ensure that all required due process is afforded with respect to student removals and expulsions.

XIII. FACILITIES

84. Facilities. The District shall provide Facilities, in the form and condition such facilities were dedicated to use by the School prior to the Commencement Date of this Agreement, including classrooms, office furniture, equipment, and storage areas for the School. Facilities do not include classroom materials (e.g., books, notepads, pencils, etc.) or any other resources needed to deliver the School's academic curriculum. OP shall maintain all portions of the School in a neat and orderly manner.

85. Ownership. The Parties acknowledge that all Facilities utilized by the OP are owned or leased by the District, as the case may be. In the case of OP operating a Facility leased by HISD from another party, OP shall comply with all lessee/tenant requirements under such leases that fall within OP's responsibilities under this Agreement.

86. Permitted Use. During the Term of this Agreement, OP may use and occupy the Facilities solely for the operation of the School as permitted by this Agreement and Applicable Law. To the extent OP wishes to use the Facilities for educational activities, separate from the School but associated with its educational purposes, OP shall seek approval from the District, and such approval shall not be unreasonably withheld; provided, however, that OP will remain responsible for all damages or costs incurred by the District for such other use of the Facilities. Any use of the Facilities by any other individual, group, or organization shall be governed by the District's facilities use policies, provided that such use does not conflict with OP's use of the Facilities.

87. Furniture and Equipment for Classrooms and Instructional Areas. In consultation with OP regarding the furniture and equipment needs of the OP classrooms, the District will supply existing chairs, desks, bookcases, bookshelves, file cabinets, computer tables, conference tables, and other furniture as reasonably required for the School. Such furniture and equipment will be substantially the same as furniture and equipment provided in other classrooms for the same grade level and/or same subject at other District schools. OP also may furnish other furniture, fixtures, and equipment, at its cost and expense, as OP determined is required to implement OP's instructional program. The title to all furniture and equipment supplied by the District for use by OP remains vested in the District. The title to all furniture and equipment provided by the OP, without respect to source of funds, remains vested in OP. The District shall tag and identify its property so that ownership is clear. Each Party shall maintain an inventory list of all of its assets located at the school according to its own inventory control policies.

88. Existing furniture and equipment. Furniture and equipment in the identified School at the time of the execution of this Agreement shall owned by the District and shall remain in the School unless through mutual agreement the parties decide otherwise.

89. Fixtures and Alterations. OP may attach non-permanent materials and fixtures to the walls of the School's classrooms but may not make any other alterations (including adding or removing fixtures) in or to the School's classrooms or any other part of the District's facilities used by OP that would alter the walls, floors, or any other permanent structure of the District's premises without written consent of the District.

90. Maintenance. OP shall maintain the School's classrooms and any other portion of the Facilities, such as office space and storage areas used exclusively by the OP, in a neat and orderly manner. Both Parties shall comply with Applicable Laws regarding standards of safety and health of students. The OP will make a good faith effort to maintain the schools and facilities at the same level of care in which the building is received.

91. Surrender of the Facilities. On the termination of this Agreement, OP shall leave the Facilities in the same condition in which they were received unless otherwise agreed

upon in writing. Reasonable wear and tear from use will be accepted. OP shall return and surrender to the District all exterior and interior door keys, security access cards, mailbox keys, tangible personal property, equipment, furniture, technology, and any other improvements that were provided to OP by the District. The obligations under this Paragraph shall survive the termination of this Agreement.

XIV. FINANCIAL MATTERS

92. Payment Sources & Structure. The Parties understand that this Agreement allows for OP to direct the use of the funds generated by students enrolled at the School and staff working at the school from all sources, including the State's Foundation School Program ("FSP Funds"), other state and local sources, and federal funding sources including Title, IDEA, and Perkins funds, and to receive additional Senate Bill 1882 funds ("SB 1882 Funds") for eligible students due to this partnership Agreement as described in this Section. For purposes of this Agreement, FSP funds are based primarily on the weighted average-daily-attendance ("WADA") allocation received by the District under TEC Chapter 48, Tiers I and II for eligible students enrolled in the District and in actual attendance at the School. OP has elected to its budget calculation as if it were receiving it from the state without the District's weights and subsidies. OP understands that under this election, all District services will be provided at a fee pursuant to the Menu of Services.

93. Payment for services. It is the intent of this Agreement to ensure the OP can operate the School throughout the term of this Agreement with at least the same amount of per pupil operating revenue that they currently enjoy.

94. Service Delivery Accountability. The District agrees to provide the services described in this Agreement and any services purchased through the District's Menu of Services in a timely and professional manner and at a level reasonably comparable to the services provided to other District schools receiving similar services.

    If a required service or purchased service is not delivered, is materially delayed, or is provided at a level that substantially interferes with the operation of the School, the Operating Partner may notify the District in writing of the service deficiency. Upon receipt of such notice, the District shall have a reasonable opportunity to cure the deficiency. If the deficiency is not remedied within a reasonable time period, the Parties shall collaborate in good faith to determine an appropriate remedy. Such remedies may include, but are not limited to:

    a. reimbursement to the Operating Partner for the cost of the undelivered or deficient service;

    b. reduction or adjustment of future service charges; or

    c. authorization for the Operating Partner to procure the service independently using funds that would otherwise have been retained by the District for that service.

Nothing in this section shall prevent the Parties from mutually agreeing to alternative solutions that ensure continuity of services for students.

95. Menu of Services. The District may annually publish a service menu and price list for educational and support services other than or in addition to what the District is required to provide under this Agreement. If the District opts to publish a service menu and price list, the District must do so no later than April 1 for the following school year. The District's pricing for services shall not increase more than 5% per school year. Such services may include, but are not limited to: professional development; participation of School students in extracurricular activities; transportation for field trips; and transportation or food services needed on days in which the District is not operating. Prices will be stated in a per-pupil, per-square-foot, or per-day/hour basis format. Prices will be the at-cost prices for District schools. Should OP utilize a service on the menu, the District will reduce OP's monthly payment for the services provided in the month following performance of the service. The District's initial service menu and price list is attached to this Agreement as Appendix 6. Funds generated through Senate Bill 1882 shall be used to support instructional programming, staffing, and student services and shall not be required to subsidize deferred capital maintenance of District facilities.

96. District Administrative Expenses. Required administrative services are outlined in the Menu of Services. OP may not opt out of required administrative expenses. The costs of the required administrative services are included in the supports and services outlined in Paragraph 89 above. The District will retain 5% of all FSP funds for required administrative services, including mandatory state and federal reporting, data system administration, and authorizing oversight. Both Parties acknowledge and agree that the goal of this Agreement is to focus effort, money, assistance, and aid to the School's students. The Parties agree that after two years of operation of this Agreement, they will evaluate the finances and enrollment of the School and may reasonably consider redistributing funds under this Agreement.

97. Determination Funding Allocation. In consideration of operation of the School, the District shall pay the OP an annual amount defined above as "the OP's Fee." The Parties recognize that the Fee is earned by OP as contractual fees for services rendered and that, as such, is discretionary and unrestricted in nature to the extent permitted by law. Funding estimates of OP's Fee will be re-calculated at mid- year based on PEIMS snapshot enrollment data for the appropriate grade levels.

98. Settle up. The budget is an estimated financial plan that is available prior to the beginning of the school year. The estimated ADA and weights will be adjusted to actual amounts based on October PEIMS. The actual amounts earned and expenditures charged are not fully known until November of the year following the start of the school year. Settle-up will be completed by December 15th of the school year. The District shall provide a detailed monthly financial statement itemizing all revenues, retained funds, and service charges related to the School.

99. Distribution of Funding Allocation. Payments of the funding allocation set forth above shall be made in monthly installments on the 15th day of each month during the Term, beginning on July 15, 2026. At the conclusion of the 12th month of the first year, and the 11th month for each year of the Term thereafter, the estimated ADA will be adjusted to actual ADA for purposes of determining the amount owed by

either Party according to a settle-up process the following month. In the event that the 15th shall fall on a Saturday or Sunday, payment shall be made on the following Monday. In the event that the 15th shall fall on a holiday, payment shall be made on the preceding day or preceding Friday as applicable. For all years following the first year, the first annual payment will occur in August.

100. Limitations. Notwithstanding any terms herein to the contrary, the District's obligation to compensate OP is expressly subject to the receipt, adjustment, or modification of funds by the District from the State of Texas specifically allocated for those eligible students in attendance at the School. In the event that such funding is not received or reduced, the District shall not be obligated to OP in any amount, and any prior payments made by the District shall be retained by OP in consideration of and as payment for educational services provided to the date of such termination. This section shall not be construed to relieve the District of any responsibility or obligation to OP if the District fails to receive funding as a result of a failure by the District or its agents or contractors to fulfill requirements necessary for securing funding from the State of Texas.

101. Federal and State Grants. Federal and state funding must be spent as approved and designated by Federal and State agencies. OP admits knowledge of and agrees that the District's obligation hereunder for payment of Federal and/or State grants is limited to and expressly subject to receipt of any such grant funds from TEA. In the event the District is ever required to refund any funds received from TEA specifically designated for any Federal or State grant program at the School, then it is understood and agreed that OP shall be liable for and shall refund such amounts received. The District may apply for District and/or School-specific grants, and the School shall receive funds from any grants awarded the District based on a per-student allocation, provided the District shall only apply for School-specific grants in coordination with OP and with OP's written approval. Should OP fail to respond to a written request for approval within seven (7) calendar days, the District may proceed in applying for School-specific grants without OP's written approval. If the District is successful in its application and receives such grant funds, the District shall retain up to 5% for indirect cost. Grant funds attributable to the School and OP shall receive 95% of such grant funds, unless the grant's purpose relates to the District's charter partnership development and start-up. The District shall not be entitled to retain any portion of grant funds awarded directly to OP and managed solely by OP. Both the District and OP agree to use any such grant funds in accordance with and for the purposes specified in the grant's application and in the grant award.

102. Contracting, Purchasing, and Procurement. The District shall be responsible for procuring, purchasing, and contracting for any and all support services that the District is obligated to provide to OP under this Agreement and for which the District elects to utilize third-party contractors or vendors. Excluding such administrative and support services, OP may establish school-level systems for obtaining, contracting with, and paying its vendors for goods it acquires, and services OP provides under this Agreement. In such cases, OP will ensure compliance with state and federal contracting and payment laws applicable to OP or any funding source utilized by OP, including the required procurement method for the use of such funds. OP will follow the state's accounting guide, FASRG for tracking all expenses and

developing end of fiscal year financial reports. OP reserves the right to contract for any services it deems beneficial in the operation of the School.

103. Financial Accountability. The OP shall have full control over the expenditures of the "Fee." OP acknowledges and understands that such control is subject to state and federal law, including Chapters 45 and 48 of the Texas Education Code, as well as the Financial Accountability System Resource Guide (FASRG), promulgated by TEA. OP agrees to comply with all rules, regulations, ordinances, statutes, and other laws, whether local, state, or federal, including, but not limited to, all audit and other requirements of the Single Audit Act of 1984, as amended. Further, the OP agrees to provide monthly financial reports and any other reports, including ad hoc reports, to the District to comply with state and federal financial and reporting requirements. The District's requests will not be overly burdensome and will not unreasonably require the OP to expend funds that are not specifically related to the provision of financial information to the District. The Parties shall comply with the financial performance goals detailed in **Appendix 3**, which shall include, but is not limited to, a completion of OP's annual financial report with respect to operation of the School, receipt of a satisfactory audit opinion (unmodified opinion) with respect to the operation of the School, the Op will score at least a 70 on the Financial Integrity Rating System of Texas (FIRST).If the OP fails to meet the financial goals, the District may at its option place the OP on probation, set up a remediation timeline or in the case of material breach revoke the charter pursuant to the termination process outlined above. The District shall also retain the right to conduct its own audits of the School, including an annual audit of OP's management of funds received for operation of the School, as it deems necessary. In the event an audit occurs and any expenditures relating to this Agreement are disallowed, OP agrees to reimburse the District immediately for the requisite full amount.

104. Refund upon Termination; Over Allocation. In the event of termination during the Term of this Agreement, or an overallocation determined under TEC § 48.272 or otherwise, OP agrees to refund to the District, within ninety (90) days of the date of termination or overallocation determination, all advanced but unearned funds.

XV. RECORDS AND REPORTING

105. Records Management System. The District shall maintain a records management system that conforms to the system required of school districts under the Local Government Records Act, § 201.001 et seq., Local Government Code, and rules adopted thereunder; provided, however, that records subject to audit shall be retained and available for audit for a period of not less than five (5) years from the latter of the date of termination or renewal of this Agreement.

106. State and Federal Reporting. OP shall report timely and accurate information to the District as necessary for the District to comply with all applicable state and federal requirements. The District shall provide OP with a schedule of reporting requirements and deadline for OP's compliance. The schedule shall be provided on an annual basis. OP shall report information in the manner requested by the District and correct any demonstrable errors as requested by the District, provided that the manner of reporting or correction requested is not unduly burdensome to OP. The

OP shall use the same student information system and other information platforms used by the District to support accurate data collection and sharing.

107. Lawful Disclosure. To the extent that the OP or the District will come into possession of student records and information, and to the extent that OP or the District will be involved in the survey, analysis, or evaluation of students incidental to this Agreement, both Parties agree to comply with all requirements of the FERPA and the Texas Public Information Act ("TPIA"). In the event that the District is required to furnish information or records of the School pursuant to the TPIA, OP shall furnish such information and records to the District, and the District shall have the right to release such information and records. Either OP or the District may object to disclosure of information and records under FERPA or the TPIA.

XVI. INTELLECTUAL PROPERTIES

108. Proprietary Materials. Each of the Parties shall own its own intellectual property including without limitation all trade secrets, know-how, proprietary data, documents, and written materials in any format. Any materials created exclusively by the District for the School shall be owned by the District, including all the materials and documents created before the Agreement. Any materials created exclusively by OP for the School shall be OP's proprietary material, regardless of the funding source used to create such materials. The Parties acknowledge and agree that neither has any intellectual property interest nor claims in the other Party's proprietary materials. Notwithstanding the foregoing, materials and work product jointly created by the Parties shall be jointly owned by the Parties and may be used by the individual Party as may be agreed upon by both Parties from time to time.

109. Name. The Parties understand that the names and terms associated with School and the practices and strategies used by the District during the period of the intervention may be used by either Party to conduct the work of the District or of the School.

XVII. INSURANCE

110. Insurance Coverage. The District shall provide all property insurance coverage for all District-owned or leased facilities, properties, vehicles, and equipment utilized for Opportunity Schools as required by HISD Board policy. The District shall also pay for comprehensive and commercial general liability insurance, Workers Compensation, and any other insurance applicable for the entire District, District operations and District employees, officers, and directors.

a. Each Party may elect to carry and pay for what other insurance that Party decides is necessary or advisable for its obligations under this Agreement. The District shall have no responsibility to insure, and shall not insure, OP vehicles, OP personal property, OP employees, directors, or officers.

b. Each Party may elect to carry insurance to insure its own personal property located at the Opportunity Schools.

c. Neither Party will be responsible for the negligence or liability of the other Party, and neither Party waives its rights to subrogation under any policies of insurance.

111. Insurance Coverage. The District shall insure all property, vehicles, and appropriate equipment for the OP in accordance with District policy and in substantially the same manner as it maintains such insurance with respect to other District schools. The OP must receive District approval for the purchase of any additional property, vehicles, or equipment that requires insurance. The District shall also maintain all insurance coverage it currently has in other areas such as workers compensation for both the District and OP in accordance with District policy. The District shall provide all insurance coverage to the OP in substantially the same manner as it maintains such insurance with respect to other District schools.

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

113. 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.

XVIII. INDEMNIFICATION

114. Indemnification. To the extent permitted by applicable state or federal law, OP and the District agree to comply with the following indemnity provision: each party (the "indemnifying party") covenants and agrees to fully indemnify, defend and hold harmless, the other party and the elected officials, employees, officers, directors, volunteers and representatives of the other party, individually and collectively (the "indemnified party"), from and against any and all costs, claims, liens, damages, losses, expenses, fees, fines, penalties, proceedings, actions, demands, causes of action, liability and suits of any kind and nature, including but not limited to, personal or bodily injury, death and property damage, made upon the indemnified party directly or indirectly arising out of, resulting from or related to the indemnifying party's activities under this agreement, including any acts or omissions of either party, any agent, officer, director, representative, employee, consultant or subcontractor of either party, and their respective officers, agents employees, directors and representatives while in the exercise of the rights or performance of the duties under this agreement. The indemnity provided for in this paragraph shall not apply to any liability resulting from the negligence of the indemnifying party, its officers or employees, in instances where such negligence causes personal injury, death, or property damage. In the event OP and the District are found jointly liable by a court of competent jurisdiction, liability shall be apportioned comparatively in accordance with the laws of the state of Texas, without, however, waiving any governmental immunity available to the parties under Texas law and without waiving any defenses of the parties under Texas law. The provisions of this mutual indemnification are solely for the benefit of the parties hereto and not

intended to create or grant any rights, contractual or otherwise, to any other person or entity. Each party shall advise the other party in writing within 24 hours of any claim or demand against either party related to or arising out of the activities under this agreement.

XIX. GENERAL AND MISCELLANEOUS

115. Entire Agreement; Order of Precedence. This Agreement, including all referenced attachments and terms incorporated by reference contains the entire agreement of the Parties. All prior representations, understandings, and discussions are merged into, superseded by, and canceled by this contract. In case of conflict, the order of precedence of the documents constituting this Agreement is as follows, each listed document superseding in the event of any conflicting provision in a later listed document: (1) this Agreement; (2) Appendix 1; (3) Appendix 7; and (4) all other appendices to this Agreement. Any future amendment of this Agreement shall be in writing and shall be signed by both Parties. Any modification of this Agreement must be approved by the governing boards of both Parties in a public meeting.

116. Severability. The Parties intend that each provision hereof constitute a separate agreement between or among them. Accordingly, the provisions hereof are severable and in the event that any provision of this Agreement shall be deemed invalid or unenforceable in any respect by a court of competent jurisdiction, the remaining provisions hereof will not be affected, but will, subject to the discretion of such court, remain in full force and effect, and any invalid or unenforceable provision will be deemed, without further action on the part of the Parties, amended and limited to the extent necessary to render the same valid and enforceable and reflect the intent of the Parties.

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

118. Venue and Jurisdiction. OP and the District agree that this Agreement shall be governed by and construed in accordance with the laws of the State of Texas, and all obligations of the Parties created hereunder are performable in Harris County, Texas. Any action or proceeding to enforce the terms of this Agreement or adjudicate any dispute arising out of this Agreement shall be brought in a court of competent jurisdiction in Harris County or in the United States District Court for the Western District of Texas, HOUSTON Division.

119. Governing Law. The laws of the State of Texas, without regard to its conflict of laws 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.

120. Assignment. Except as otherwise provided in this Agreement, neither Party may assign or delegate any rights or obligations under this Agreement without the prior written consent of the other Party.

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

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

123. Competition. OP, its subsidiaries, and/or its related entities shall not fund or operate any educational institution in the District's Attendance Area during the Term of this Agreement unless such educational institution is authorized by the District.

124. Days. Any timeline in this Agreement referencing "days" shall mean calendar days unless otherwise clearly stated.

125. Notice. Any notice or communication required or permitted hereunder shall be given in writing, sent by (a) personal delivery, or (b) expedited delivery service with proof of delivery, (c) United States mail, postage prepaid, registered, or certified mail, or (d) via facsimile, telegram or e-mail, address as follows:

F. Mike Miles, Superintendent of Schools
Houston Independent School District
4400 West 18th Street, 3rd Floor
Houston, Texas 77584

Copy to: Catosha Woods, General Counsel
Houston Independent School District
4400 West 18th Street, 3rd Floor
Houston, Texas 77584

126. Force Majeure. If the performance of this Agreement or any obligations hereunder is prevented by reason of epidemic, pandemic, earthquake, hurricane, fire, flood or other casualty, or due to strikes, riot, storms, explosions, acts of God, war, terrorism, or a similar occurrence or condition beyond the reasonable control of the Parties, the Party so affected shall, upon giving prompt written notice to the other Party, be excused from such performance during the period of prevention. Notice must specifically reference this section and identify the start date and predicted or known end date of the Force Majeure preventing performance.

127. Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

[SIGNATURES TO FOLLOW]

Entered into this 31st day of March, 2026

HOUSTON INDEPENDENT SCHOOL DISTRICT

03-31-2026

Richard Campo — Date
President, HISD Board of Managers

03-31-2026

Angela Flowers — Date
Vice President, HISD Board of Managers

31 MAR 2026

F. Mike Miles — Date
Superintendent of Schools

APPROVED AS TO FORM

Catosha Woods — Date
General Counsel for HISD

FRIENDS OF CHALLENGE EARLY COLLEGE

3/29/26

Date

Anne McClellan,
President, Friends of Challenge Early College

Date

Date

XX. APPENDIX REFERENCE

Appendix 1: District 1882 Partnership Policy and Regulations

Appendix 2: Adopted School Policies

Appendix 3: Student Outcome and Financial Performance Goals

Appendix 4: OP Governing Board members

Appendix 5: OP Governing Board bylaws

Appendix 6: HISD Menu of Services

Appendix 7: First Year Budget for OP

Appendix 8: OP Local Campus Application