

insurance policy paid for by the indemnitor before withholding funds otherwise due to the indemnitor.

- 2.4 Procedures for Articles of Incorporation and Bylaws Amendments. The School shall follow any requirements of the Colorado Revised Non-Profit Corporations Act in amending its articles of incorporation and bylaws and shall provide the District with notice of any such change. The bylaws or policies of the School shall include a requirement that each Board member annually sign a conflict of interest disclosure, which shall at a minimum meet the requirements set forth in Attachment 2.

- 2.5 District-School Dispute Resolution Procedures. All disputes arising out of the implementation of this Contract, and not subject to immediate appeal to the State Board of Education ("State Board"), shall be subject to the dispute resolution process set forth in this Section; unless specifically otherwise provided, all timelines in this Section may be extended by mutual agreement:

- A. The School and the District agree that the existence and details of a dispute notwithstanding, both parties shall continue without delay their performance hereunder, except for any performance which may be directly affected by such dispute.
- B. Either party shall notify the other party that a dispute exists between them within thirty (30) days from the date the dispute arises. Such notification shall be in writing and shall identify the article and section of the Contract that is in dispute and the grounds for the position that such article and section is in dispute. The matter shall be immediately submitted to the President of the Board of the School and the President of the Board of the District, or their respective designees, for further consideration and discussions to attempt to resolve the dispute.
- C. In the event these representatives are unable to resolve the dispute informally pursuant to this procedure within thirty (30) days after the date of notification by one to the other of the existence of such dispute, then either party may elect to submit the matter to the Boards of the School and the District for their consideration. The submission to the Boards shall be made in writing to the other party and to the Board Presidents for delivery to the Boards, no later than forty (40) days after the initial date of notification by one party to the other of the existence of the dispute. The Presidents of both Boards are required to place the item on the agenda at the earliest meetings for discussion by the respective Boards. The Board Presidents are required to inform each other in writing of any resolution proposed by their respective Boards within ten (10) days after the meeting at which the item is discussed by the Boards. The Board Presidents may elect to meet to identify possible solutions.
- D. In the event that the matter is not resolved by the Boards, then the matter shall be submitted to non-binding mediation by notice in writing to the other party within thirty (30) days following the Board meetings. The thirty (30) days shall be

determined by the date of the last Board meetings at which the matter is discussed.

- E. Any and all disputes which cannot be resolved informally shall be settled by mediation to the extent not inconsistent with the requirements of state law. The Parties expressly agree that the mediator shall be required to render a written opinion concerning the matter(s) in controversy.
- F. Each party shall pay one-half of the reasonable fees and expenses of the neutral mediator. All other fees and expenses of each party, including without limitation the fees and expenses of its counsel, witnesses and others acting for it, mediators not jointly appointed, shall be paid by the party incurring such costs.
- G. The mediator shall have no authority to add to, delete from, or otherwise modify any provision of this Contract or to issue a finding having such effect.
- H. Either party may appeal to the State Board within thirty (30) days of the written release of the mediation opinion.

2.6 Other Remedies. If the School is subject to nonrenewal or revocation pursuant to C.R.S. § 22-30.5-110(3), state or federal laws or regulations, or if the School materially breaches the Contract, the District may, but is not required to, impose other remedies prior to initiating revocation procedures in accordance with Section 11.3. Remedies include, but are not limited to, those listed below. These remedies may be applied individually, in succession, or simultaneously.

Prior to applying a remedy other than Section 2.6.B, the District shall send a notice of breach and provide the School an opportunity to cure. The notice shall state the deficiency and the basis (evidence), an opportunity for the School to contest the deficiency, the time frame for remedying the deficiency, and the expected results. Unless extraordinary circumstances dictate a different period, the School shall have thirty (30) days from receipt of notice to cure any perceived deficiency.

- A. Withholding up to Eight Percent (8%) of Funds Due to the School. This remedy may be applied in situations where the School could reasonably take actions to remedy the breach prior to the withholding of funds. These situations include, but are not limited to, failure to submit reports listed in Section 2.2D. by the established deadlines, failure to submit other required information or records by the date required or requested, and failure to submit a budget to the District that meets the requirements of Section 7.3. Any action taken pursuant to this subsection is subject to review as provided in C.R.S. § 22-30.5-112.
- B. Taking Immediate Control of the School. Notwithstanding any other provision of this Contract, in the case of any breach which the District reasonably determines poses a serious and imminent threat to the School or District students, the