

EDUCATIONAL SERVICES AGREEMENT

Between

CORNERSTONE CHARTER SCHOOLS: AN EDUCATIONAL PROVIDER

AND

WASHINGTON-PARKS ACADEMY

EDUCATIONAL SERVICES AGREEMENT
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EDUCATIONAL SERVICES AGREEMENT

THIS EDUCATIONAL SERVICES AGREEMENT (the "**Agreement**") is made and entered into as of the ___ of _____, 20__, by and between **CORNERSTONE CHARTER SCHOOLS: AN EDUCATIONAL SERVICES PROVIDER**, a Michigan non-profit corporation ("**CORNERSTONE**"), and **WASHINGTON-PARKS ACADEMY**, a body corporate and Michigan public school academy (the "**ACADEMY**").

RECITALS

A. The ACADEMY is organized and operated under Part 6A of the Michigan Revised School Code (the "**Code**") and pursuant to a charter contract (the "**Contract**") issued by the Board of Trustees of Grand Valley State University (the "**Authoring Body**"). The Contract between the ACADEMY and Authorizing Body, and all amendments is referred to in this Agreement as the "**Charter.**" This Agreement shall be subject to and comply with the terms and conditions of the Charter.

B. The ACADEMY is organized and administered under the direction of a board of directors (the "**Board**") and has the power, authority, and duties established in the Code and the Charter, specifically including the authority to enter into binding legal agreements with persons or entities as necessary for the operation, management, financing, and maintenance of the ACADEMY. Upon issuance of the Charter to the Board by the Authorizing Body, the Board will be vested with all powers and authority necessary to operate a public school academy under the Code.

C. CORNERSTONE offers business, administrative, educational support, and human resource services relative to the operation, management, and maintenance of public school academies. CORNERSTONE has the expertise, training, capacity, and qualifications to perform the services contemplated under this Agreement pursuant to a licensing and contracted services agreement with Cornerstone Schools Association (the "**CSA Licensing Agreement**") and such other subcontracting arrangements as Cornerstone may deem appropriate from time to time.

D. The ACADEMY and CORNERSTONE desire to create an enduring educational alliance through which the ACADEMY and CORNERSTONE will work together to promote educational excellence and innovation, based on CORNERSTONE'S school design, comprehensive educational program and management principles.

E. In order to facilitate the organization and opening of the ACADEMY, and to implement an innovative educational program at the ACADEMY, the parties desire to establish this arrangement for the operation, management, and maintenance of the ACADEMY.

Therefore, in consideration of the mutual promises and benefits contained in this Agreement, the parties agree as follows:

ARTICLE I

DESCRIPTION OF SERVICES AND

RELATIONSHIP OF PARTIES

1.1 Services. Subject to the terms and conditions of this Agreement, the ACADEMY contracts with CORNERSTONE, to the extent permitted by law, for the operation, management, and maintenance of the ACADEMY (the “Services”). The responsibilities of CORNERSTONE under this Agreement are set forth with greater specificity in Article III.

1.2 Licensing Agreement. CORNERSTONE will obtain a CSA Licensing Agreement authorizing CORNERSTONE to use the following in providing Services to the Academy under this Agreement:

- A. All non-religious educational and operational systems that CSA has developed to successfully educate urban youth, and for which CSA has obtained accreditation through the North Central Association Commission on Accreditation and School Improvement (NCA-CASI) and ISACS, as well as ISO 9001:2000 recertification.
- B. The ability to access and develop business, foundation, and personal relationships, including replication of the CSA Partner Program, to enhance the educational opportunities for pupils enrolled in the Academy.
- C. The opportunity to obtain recognition from CORNERSTONE as a school that emulates the non-religious educational and operational systems developed by CSA.

1.3 Status of Parties. CORNERSTONE is a not-for-profit Michigan corporation, and is not a division or a part of the ACADEMY. The ACADEMY is a body corporate and governmental entity authorized by the Code, and is not a division or part of CORNERSTONE. Except as expressly provided in this Agreement, no agent or employee of CORNERSTONE shall be deemed to be the agent or employee of the ACADEMY. Each party shall be solely responsible for its acts and the acts of its agents, employees and subcontractors. The relationship between CORNERSTONE and the ACADEMY is based solely on the terms of this Agreement, and the terms of any other written agreements between CORNERSTONE and the ACADEMY.

1.4 No Related Parties. CORNERSTONE will not have any role or relationship with the ACADEMY that, in effect, substantially limits the ACADEMY’s ability to exercise its rights, including cancellation rights, under this Agreement. The ACADEMY’s Board shall not include any director, officer or employee of CORNERSTONE. None of the voting power of the ACADEMY’s Board will be vested in CORNERSTONE or its directors, members, managers, officers, and employees, and none of the voting power of the Board of Directors of CORNERSTONE will be vested in the ACADEMY or its directors, members, managers, officers and employees (if any). Furthermore, the ACADEMY and CORNERSTONE shall not be members of the same controlled group as defined in Section 1.150-1(1) of the Internal Revenue

Code of 1986, as amended, or be related persons as defined in Section 144(a)(3) of the Internal Revenue Code of 1986, as amended. CORNERSTONE shall disclose in writing to the ACADEMY any interest in property being sold or leased to the ACADEMY.

1.5 Power to Obligate or Bind State of Michigan, University Board or the University.

The Academy has no authority whatsoever to enter into any contract or other agreement that would financially obligate the State of Michigan, University Board or the University, nor does the Academy have any authority whatsoever, to make any representations to lenders or third parties, that the State of Michigan, University Board or the University in any way guarantee, are financially obligated, or are in any way responsible for any contract, mortgage, loan or other instrument of indebtedness entered into by the Academy.

1.6 Personnel Qualifications. Personnel assigned by CORNERSTONE to perform services under this Agreement for the ACADEMY shall be fully certified, licensed, approved and otherwise qualified to perform the functions assigned pursuant to and in conformance with the provisions of the Michigan Revised School Code, and other applicable statutes or regulations, pertinent to the work performed under this Agreement. CORNERSTONE will not furnish any personnel to the ACADEMY who would be ineligible for employment by the ACADEMY if such person(s) were instead employed directly by the ACADEMY under the above statutory and regulatory provisions.

1.7 Background Checks. Pursuant to the requirements of Sections 1230 and 1230a of the Revised School Code, the governing board of the ACADEMY shall request a criminal history check through the Michigan State Police, as well as a criminal records check through the Federal Bureau of Investigation, with regard to all persons assigned by CORNERSTONE under this Agreement to regularly and continuously work in any of the ACADEMY's facilities or at program sites where the ACADEMY delivers educational programs and services.

The ACADEMY hereby engages CORNERSTONE to request the required criminal history check and criminal records check on behalf of the ACADEMY's Board with regard to all persons assigned by CORNERSTONE under this Agreement to regularly and continuously work in any of the ACADEMY's facilities or at a program site where the ACADEMY delivers educational programs and services. CORNERSTONE shall obtain, from each of its employees, agents, or contractors assigned to regularly and continuously work in the Academy's facilities or at a program site where educational programs and services are delivered under this Agreement, written consent for the ACADEMY to provide to CORNERSTONE a copy of the criminal history check and criminal records check pertaining to the consenting employee, agent, or contractor, pursuant to the authorization set forth in Sections 1230(10) and 1230a(8) of the Revised School Code.

CORNERSTONE agrees that it shall not assign any of its employees, agents or other individuals to perform any services under this Agreement where such individuals would regularly and continuously work in the ACADEMY's facilities or program sites if such person has been convicted of any of the following offenses:

- A. Any “listed offense” as defined under Section 2 of the Sex Offenders Registration Act, MCL 28.722; or
- B. Any offense enumerated in Sections MCL 380.1535a or 380.1539b of the Revised School Code, MCL 380.1535a; 380.1539b; or
- C. Any felony. Provided, that with prior written approval of the Chief Administrator of the ACADEMY and of its Board an individual who has been convicted of a felony (other than a “listed offense” as defined above) and who is regularly and continuously providing services under this Agreement at the ACADEMY’s facilities or program sites may be permitted to perform such services when, in the judgment of the Chief Administrator and the Board, that individual’s presence will not pose a danger to the safety or security of the ACADEMY’s students or personnel assigned to the ACADEMY; or
- D. Any misdemeanor conviction involving sexual or physical abuse as those terms are defined in Sections 1230(10) and 1230a(8) of the Revised School Code.
- E. Any offense of a substantially similar enactment (to those enumerated in A-D, above) of the United States or another State; or
- F. Any other offense that would, in the judgment of the ACADEMY, create a potential risk to the safety and security of students serviced by the ACADEMY or personnel assigned to the ACADEMY.

The ACADEMY reserves the right to refuse CORNERSTONE’S assignment of any individual, agent, contractor, or employee of CORNERSTONE to render Services under this Agreement where the criminal record history of that individual (including any pending criminal charges) indicate, in the ACADEMY’s judgment, unfitness to perform Services under this Agreement. In the event that, after assigning an individual, agent, contractor, or employee to perform Services under this Agreement, CORNERSTONE discovers previously unknown criminal record history or subsequently arising criminal charges or convictions regarding that individual, CORNERSTONE shall disclose this criminal record history or development to the ACADEMY’s Board to permit the Academy’s Board to determine, in its judgment, the continuing fitness of the individual to perform Services under this Agreement.

The parties agree that the ACADEMY shall be responsible for the costs associated with the criminal history checks and criminal records checks required pursuant to the terms of this Agreement and which are accomplished in order to comply with Sections 1230 and 1230a of the Revised School Code with respect to CORNERSTONE’S employees, agents, and contractors.

1.8 Independent Contractors. In the performance of services under this Agreement, CORNERSTONE (its employees, agents, and contractors) shall be regarded at all times as performing services as independent contractors of the ACADEMY. Consistent with that status, CORNERSTONE reserves to itself the right to designate the means and methods of accomplishing the objectives and purposes of this Agreement and the ACADEMY shall not

exercise (or have the right to exercise) control or direction over the means and methods utilized by CORNERSTONE in providing Services under this Agreement. Notwithstanding the foregoing, during the term of this Agreement, the ACADEMY may disclose Confidential Data and Information (as defined in Article VI of this Agreement) to CORNERSTONE (its employees, agents or contractors) to the extent permitted by applicable law, including without limitation, the Family Educational Rights and Privacy Act (FERPA), 20 USC §1232(g), 34 CFR Part 99; the Individuals with Disabilities Education Act (IDEA), 20 USC §1401 *et seq*, 34 CFR 300.610 – 300.626; Section 504 of the Rehabilitation Act of 1973, 29 USC §794a, 34 CFR 104.36; the Michigan Mandatory Special Education Act, MCL 380.1701 *et seq*; the Americans with Disabilities Act, 42 USC §12101 *et seq*; the Health Insurance Portability and Accountability Act (HIPAA), 42 USC 1320d – 13200d-8; 45 CFR 160, 162 and 164; and social security numbers, as protected by the federal Privacy Act of 1974, 5 USC §552a; and the Michigan Social Security Number Privacy Act, MCL 445.84.

1.9 CORNERSTONE'S Employment Responsibilities.

1.9.1 Discretion and Control. CORNERSTONE shall be regarded, designated and considered to be the employer with respect to all individuals whom CORNERSTONE may select, employ and assign to provide Services under this Agreement. CORNERSTONE shall be exclusively and solely responsible for selecting, compensating, hiring, retaining, evaluating, disciplining, dismissing and otherwise regulating the employment conditions, employment rights, compensation and other similar matters relative to all individuals whom CORNERSTONE employs in connection with providing Services under this Agreement. To the extent that CORNERSTONE may subcontract any or all aspects of the Services it agrees to provide to the Academy under this Agreement, CORNERSTONE represents that it shall include in any subcontracted services agreement provisions comparable to those contained in this Article I to identify the employer of any person providing services under a contracted services agreement or, in the absence of an employer and in the case of an independent contractor, to expressly provide that the service provider is an independent contractor, and is not intended to be, and shall not be regarded as, an employee of the Academy.

1.9.1.a.Constraints of Budget and Educational Program. All decisions made by CORNERSTONE, and any discretion exercised by CORNERSTONE, in its selection, evaluation, assignment, discipline, and transfer of personnel under this Agreement, shall be consistent with the Budget (Section 3.4), the parameters adopted and included in the Educational Program (Section 3.2), and applicable law.

1.9.1.b.Administrator. Because the accountability of CORNERSTONE to the ACADEMY is an essential foundation of this Agreement and because the ACADEMY administrator (the "**Administrator**") is critical to the ACADEMY's success, CORNERSTONE shall have the authority, consistent with Subsection 1.9.1 above, to select, supervise and discipline

the Administrator, and to hold the Administrator accountable for the performance of the ACADEMY. However, CORNERSTONE shall consult with the Board with respect to the hiring and termination of the Administrator and CORNERSTONE shall remove the Administrator from the ACADEMY at any time if the Board is reasonably dissatisfied with his or her performance. This provision is not intended, and shall not be construed, to affect the right of CORNERSTONE, in its sole discretion as employer, to hire, assign, reassign, discipline and/or terminate its own employees.

1.9.1.c. Teachers. At the ACADEMY's request, CORNERSTONE will remove a teacher assigned to provide services under this Agreement at the end of the school year if the Board is dissatisfied with his or her performance. This provision is not intended, and shall not be construed to affect the right, and will in no way affect the right, of CORNERSTONE, in its sole discretion as employer, to hire, assign, reassign, discipline and/or terminate its own employees.

1.9.2 Payment of Salaries and Benefits. CORNERSTONE shall pay all salaries, wages, benefits, payroll and other taxes to or on account of its employees. To the extent that CORNERSTONE may subcontract any or all aspects of the Services it agrees to provide to the Academy under this Agreement, CORNERSTONE represents that it shall include comparable language in any subcontractor agreement between itself and a subcontractor to provide for the payment of salaries, wages, benefits, payroll and other taxes, and expressly providing that the ACADEMY is not intended, and shall not be construed to be the employer of any subcontractor. The ACADEMY shall not be liable for the payment of any such salaries, wages, benefits, payroll or taxes thereon for or on behalf of any CORNERSTONE employee, contractor or agent. CORNERSTONE employees, contractors, and agents are not entitled to receive any compensation, benefits or other amenities in any form from the ACADEMY, including, but not limited to, mileage, conference fees and other expenses. However, the compensation of all employees working at the ACADEMY shall be included in the Budget (Section 3.4). And, to permit the Board to fulfill its fiduciary duties in reviewing and adopting the ACADEMY's budget and to perform its due diligence in evaluating the reasonableness of fees paid to CORNERSTONE under this Agreement, CORNERSTONE shall disclose to the Board, upon request, the level of compensation and fringe benefits provided by CORNERSTONE to CORNERSTONE'S employees providing instructional services at the ACADEMY.

1.9.3 Payroll Taxes and Deductions. CORNERSTONE acknowledges and agrees that it is the sole and exclusive responsibility of CORNERSTONE to make the requisite tax filings, deductions and payments to the appropriate federal, state and local tax authorities for and on behalf of all persons employed by CORNERSTONE to provide Services under this Agreement. No part of CORNERSTONE'S invoiced fees (nor the invoiced fees of any subcontractors) shall be subject to withholding

by the ACADEMY for payment of social security, unemployment or disability insurance or any other similar state or federal tax obligations. CORNERSTONE (its agents or subcontractors) shall be solely and exclusively responsible for any taxation consequences to it or its employees as a result of CORNERSTONE'S engagement under this Agreement. CORNERSTONE (or its agents or subcontractors) agrees to defend, indemnify and hold the ACADEMY harmless from any and all such claims.

1.9.4 Training. CORNERSTONE shall provide (and/or contract to provide) training in its methods, curriculum, program, and technology to all teaching personnel on a regular basis. Instructional personnel shall receive at least the minimum hours of professional development as required by the Code. Non-instructional personnel shall receive training as CORNERSTONE determines reasonable and necessary under the circumstances.

1.9.5 Non-Compete Contracts. CORNERSTONE represents and warrants that it shall not require its administrative, supervisory, and instructional employees who provide services to the ACADEMY under this Agreement to sign, as a condition of employment or hire, a non-compete, no hire, or similar contract provision which would preclude such an employee from being employed by the ACADEMY or another educational service provider at, or for the benefit of, the ACADEMY, in the event that CORNERSTONE is no longer an educational services provider to the ACADEMY.

1.10 Claims Relating to CORNERSTONE Employees/Subcontractors/Agents. CORNERSTONE shall be responsible for answering, defending and/or resolving any and all claims arising from the assignment and performance of its employees or agents to carry out the services under this Agreement. However, nothing in this Section is intended, nor shall be construed, to prohibit CORNERSTONE from including provisions in any subcontracted services agreement that it may execute with a subcontractor assigning responsibility to the subcontractor to answer defend and/or resolve any and all claims arising from the assignment and performance of the subcontractor (or its employees or agents) to carry out services for the ACADEMY.

These claims shall include, but shall not be limited to: proceedings before the Michigan Employment Relations Commission; the National Labor Relations Board; proceedings for unemployment compensation benefits; claims for workers' compensation disability benefits; claims of unlawful discrimination brought before any state or federal agency or court; claims or grievances for breach of contract; and any other claims of whatsoever kind or character arising from or which are attributable to the performance of Services by employees or agents of CORNERSTONE in connection with this Agreement.

All costs (including legal fees) incurred in connection with the defense of the foregoing matters and any resulting judgments shall be the sole and exclusive responsibility of CORNERSTONE.

1.11 Compliance with ACADEMY Policies. CORNERSTONE agrees that the individuals it assigns to the ACADEMY under this Agreement will abide by those policies of the ACADEMY which are applicable to performance of Services under this Agreement including, but not limited to, policies pertinent to:

- A. Corporal punishment/physical contact with students;
- B. Non-discrimination;
- C. Child abuse and neglect reporting;
- D. Sexual harassment;
- E. Confidentiality of student records and student record information;
- F. Bloodborne pathogens exposure control;
- G. Administration of medication to pupils;
- H. Communicable diseases;
- I. Alcohol/controlled substance possession and use;
- J. Copyright; and
- K. Emergency Procedures (Fire Drills, evacuations)

CORNERSTONE and the ACADEMY will cooperate in orientation of CORNERSTONE'S employees to the above policies.

1.12 Professional Standards. CORNERSTONE agrees that the individuals it assigns to the ACADEMY under this Agreement will adhere to professional standards and will perform all services required under this Agreement in a manner consistent with generally accepted proficiency and competency for the type and nature of services rendered. CORNERSTONE represents that it has secured or will secure the necessary licenses, approvals, permits and regulatory authorizations to provide the services contemplated in this Agreement.

ARTICLE II

TERM OF AGREEMENT AND TERMINATION DURING TERM

2.1 Term. Each ACADEMY fiscal year shall commence on July 1 and end on June 30 of the following year. This Agreement shall commence on July 1, 2015 ("Effective Date") and, unless otherwise terminated pursuant to this Agreement, shall continue for an initial three (3) year term ending June 30, 2018. Thereafter, this Agreement will automatically renew annually for a new one-year term ("Renewal Term") ending June 30th ("Expiration Date"), unless either party provides written notice to the other party, at least 90 calendar days in advance of the next upcoming Expiration Date, of its intent not to renew this Agreement. Either party may terminate this Agreement at the end of any Renewal Term by providing the other party with written notice of termination at least 90 calendar days in advance of the Expiration Date.

2.2 Pro-Rata Payment. In the event that this Agreement is terminated during its term as provided in this Agreement, the ACADEMY will pay CORNERSTONE for its services performed under this Agreement up to and including the Effective Date of termination. Any funds remitted by the ACADEMY to CORNERSTONE in excess of the pro-rata charges for services performed by CORNERSTONE up to and including the Effective Date of termination

will be returned to the ACADEMY by CORNERSTONE. Any such amounts owed by either party to the other shall be paid within thirty (30) days of the effective date of termination of this Agreement.

2.3 Surviving Provisions. Sections 1.10, 6.4, 7.1 and 8.1 of this Agreement survive the expiration or termination of this Agreement for any reason.

2.4 Termination by CORNERSTONE. CORNERSTONE may, at its option, terminate this Agreement prior to the end of the terms specified in Section 2.1 of this Agreement in the event the Board fails to remedy a material breach within 60 days after notice from CORNERSTONE. A material breach includes, but is not limited to: (1) CORNERSTONE'S failure to receive for any reason compensation or reimbursement as required by the terms of this Agreement; or (2) the ACADEMY's loss or suspension of its Charter.

2.5 Termination by ACADEMY. The ACADEMY may terminate this Agreement prior to the end of the terms specified in Section 2.1 of the Agreement in the event that CORNERSTONE shall fail to remedy a material breach within 60 days after notice from the Board. A material breach includes, but is not limited to: (1) failure to account for its expenditures or to pay ACADEMY operating costs in accordance with the terms of the Budget (provided funds are available to do so); (2) failure to substantially follow policies, procedures, rules, regulations or curriculum duly adopted by the Board that are not in violation of the Charter, this Agreement, or law; (3) failure to abide by and meet the Educational Goals as set forth in the Contract; (4) assignment of employees or subcontractors to perform Services under this Agreement in violation of law or the Agreement; or (5) if this Agreement or its implementation would serve as grounds for revocation of the ACADEMY's Charter or would otherwise jeopardize tax exemptions or non profit tax status of the ACADEMY.

2.6 Revocation or Termination of Contract. If the ACADEMY'S Contract issued by the Grand Valley State University Board of Trustees is revoked or terminated, this Agreement shall automatically terminate on the same date as the ACADEMY'S Contract is revoked or termination without further action of the parties.

2.7 Effective Date of Termination. In the event this Agreement is terminated by either party as specified in Section 2.1, absent a material breach or unusual and compelling circumstances, the termination will not become effective until the end of the then current fiscal year in which the notice of termination is issued.

2.8 Removal of Personal Property. Upon termination or expiration of this Agreement, CORNERSTONE shall have the right to remove equipment and other assets owned or leased by CORNERSTONE (or its agents). Equipment and other assets owned by the ACADEMY or leased by the ACADEMY from third parties outside the scope of this Agreement shall remain the property of the ACADEMY (or the respective third party).

2.9 Advances/Out-of-Pocket Expenses. Except as otherwise provided in this Agreement, upon termination or expiration of this Agreement for any reason, all advances or out-

of-pocket expenses paid by CORNERSTONE in accordance with the Budget shall be immediately repaid by the ACADEMY unless otherwise agreed in writing by CORNERSTONE.

2.10 Transition. In the event of termination of this Agreement for any reason by either party prior to the end of the Agreement's term, CORNERSTONE shall provide the ACADEMY reasonable assistance for up to 90 days to assist in the transition to another administrative or structural arrangement, although CORNERSTONE need not provide any assistance to another management company or service provider.

ARTICLE III

OBLIGATIONS OF CORNERSTONE

3.1 Responsibility. CORNERSTONE shall be responsible and accountable to the Board for the management, operation, administration and performance of the ACADEMY in accordance with the Charter and this Agreement. CORNERSTONE'S responsibility is expressly limited by: (i) the ACADEMY's budget which is to be submitted and approved by the Board as provided in this Agreement ("**Budget**"), and (ii) the availability of state funding to pay for the Services. Subject to Section 3.6 (Expenditures), neither CORNERSTONE nor the ACADEMY shall be allowed to expend ACADEMY funds on Services in excess of the amount set forth in the Budget.

3.2 Educational Goals and Program. Subject to the oversight of the Board, CORNERSTONE agrees to implement the educational goals and program as set forth in the ACADEMY's Charter (the "**Educational Program**"). In the event CORNERSTONE reasonably determines that it is necessary to make material modifications to the Educational Program, CORNERSTONE shall inform the Board of the proposed changes and obtain Board approval, and if required under the Charter, approval of the Authorizing Body. The parties acknowledge that an essential principle of the Educational Program is its flexibility, adaptability and capacity to change in the interest of continuous improvement and efficiency. The ACADEMY and CORNERSTONE each agree that they are interested in results and not in inflexible prescriptions. Not less than annually, and otherwise as requested, CORNERSTONE will provide the Board with updated reports on progress towards implementing each of the ACADEMY's educational goals set forth in the Educational Program.

3.3 Specific Functions. Subject to the oversight and authority of the Board, CORNERSTONE shall be responsible for implementing the Educational Program and the management, operation, accounting and administration of the ACADEMY. Such functions include, but are not limited to:

A. Implementation and administration of the Educational Program, including, without limitation, the acquisition of instructional materials and equipment and supplies necessary to implement the Educational Program, as well as administration of any and all extra-curricular and co-curricular activities and programs approved by the Board.

B. Selection, hiring, management and supervision of all CORNERSTONE employees assigned to perform Services at the ACADEMY and management of all personnel functions.

C. All aspects of the ACADEMY's business administration.

D. Operation and maintenance of the school building to the extent consistent with any and all leases pertaining to the Academy site.

E. All aspects of the accounting operation, including general ledger management, financial reporting, payroll, employee benefits and payroll tax compliance.

F. Transportation and food service to the extent such services are authorized by the Board and to the extent CORNERSTONE agrees to provide such services.

G. Marketing and development costs in the Budget.

3.4 Budget

3.4.1 Projected Budget. CORNERSTONE shall provide the Board with an annual projected Budget. For the ACADEMY's first academic year, the Budget shall be submitted on a timeline acceptable to the Board and Authorizing Body. Thereafter, the Budget shall be submitted to the Board prior to June 1st for the next fiscal year.

3.4.2 Budget Detail. The Budget shall contain detail as required by the Charter and applicable law, including without limitation the Uniform Budgeting and Accounting Act. The Budget shall include all projected expenses and costs including, but not limited to, the projected cost of all Services to be provided by CORNERSTONE and/or subcontractors pursuant to the terms of this Agreement.

3.4.3 Approval. The Budget shall be prepared by CORNERSTONE and presented to the Board for approval. The Budget shall be amended from time to time as deemed necessary by the Board or CORNERSTONE or to comply with the Uniform Budgeting and Accounting Act.

3.5 Revenues. Except as otherwise provided, all monies received by the ACADEMY Board shall be deposited, within three (3) business days of receipt, in the Board's depository account with a financial institution acceptable to the Board, provided however, upon receipt of a notice from CORNERSTONE, the ACADEMY agrees to pay all such funds owing under this Agreement directly to the account or party specified in such notice. Interest income earned on ACADEMY depository accounts shall accrue to the ACADEMY. Except as specifically excluded by the terms of this Agreement, the term "**Revenues**" shall include all funds received by or on behalf of the ACADEMY (collectively referred to as "the Revenues"), including but not limited to:

- A. Funding for public school pupils enrolled at the ACADEMY.
- B. Special education funding provided by federal and/or state government that is directly allocable to special education students enrolled at the ACADEMY.
- C. Talent Development funding (f/k/a/ gifted and talented funding) provided by federal and/or state governments that is directly allocable to gifted and talented students enrolled at the ACADEMY.
- D. At-risk funding provided by federal and/or state governments that is directly allocable to at-risk students enrolled at the ACADEMY.
- E. Funding provided by federal and/or state governments that is directly allocable to students enrolled at the ACADEMY with limited English proficiency.
- F. All other federal and/or state grant sources, including, but not limited to, Title I and any start up funding allocable to the ACADEMY.
- G. All other funding, grants and donations received by the ACADEMY to support or carry out programs at the ACADEMY (except to the extent CORNERSTONE is not required or involved in soliciting, administering or managing the contribution and/or donation).
- H. Fees charged to students as permitted by law for extra services approved by the Board.

3.6 Expenditures. The Revenues shall be expended by CORNERSTONE in accordance with the Budget and as otherwise authorized by the Board (except in emergencies, or if such expenditure is within the parameters established by the Michigan Department of Education Guidelines, as amended from time to time, or where the deviation is less than the amount budgeted). The expenditure of Revenues received from governmental entities shall be consistent with all applicable regulations and policies, and in the case of private donations, according to applicable, lawful directives of the donor. Revenues received from non-governmental grants, contributions and donations shall be expended consistent with the provisions of Article VIII.

3.7 Accurate Financial Records. CORNERSTONE shall keep accurate financial records pertaining to its operation of the ACADEMY, together with all ACADEMY financial records prepared by or in possession of CORNERSTONE (the “**Financial Records**”), and shall retain all of the Financial Records according to the Charter and applicable law to which such books, accounts, and records relate. CORNERSTONE and the Board shall maintain the proper confidentiality of personnel, students, and other records as required by law.

3.8 Availability of Funds. CORNERSTONE shall only be required to perform its responsibilities under this Agreement to the extent that there are sufficient Revenues to make payments in accordance with the terms of the Budget.

3.9 Other Public School Academies. The ACADEMY acknowledges that CORNERSTONE has entered, or may enter, into similar educational and/or personnel services agreements with other public school academies. CORNERSTONE shall maintain separate accounts for expenses incurred by and on behalf of the ACADEMY and other public school academies, and shall reflect in the ACADEMY's financial records only those expenses incurred by or on behalf of the ACADEMY. If CORNERSTONE incurs authorized expenses on behalf of the ACADEMY and other public school academies, then CORNERSTONE shall allocate, to the extent permitted by law, such expenses among all such affected academies, including the ACADEMY, on a prorated basis based upon the number of pupils enrolled at such affected academies, or such other equitable basis.

3.10 Financial Reporting. CORNERSTONE shall provide the Board with:

- A. The projected annual Budget as required by the terms of this Agreement.
- B. Statements of Revenues, Expenditures and Changes in Fund Balance detailing all revenues received, and all expenditures for services rendered or expenses incurred on behalf of the ACADEMY, whether incurred on-site or off-site, on a frequency determined by the Board.
- C. Reports on ACADEMY operations and student performance, which shall be provided to the Board quarterly, unless otherwise reasonably requested by the Board.
- D. Such other information as the Board may reasonably request to enable the Board to (i) evaluate the quality of the services provided by CORNERSTONE to the ACADEMY, and (ii) timely provide all reports and information that the ACADEMY is required to provide pursuant to the Charter and applicable law.

3.11 Purchases. Purchases made by CORNERSTONE for the ACADEMY with the ACADEMY's funds, such as non-proprietary instructional and/or curriculum materials, books, supplies, and equipment, will be the property of the ACADEMY (exclusive of items leased, financed or purchased by CORNERSTONE with CORNERSTONE'S management fee received under this Agreement). CORNERSTONE shall disclose in writing to the ACADEMY if CORNERSTONE acts as purchasing agent for any materials and supplies. CORNERSTONE represents and warrants that any markups on the price of such materials and supplies shall be mutually agreed upon with the ACADEMY.

3.12 Procurement Policy. In the event that CORNERSTONE makes purchases on behalf of the ACADEMY with the ACADEMY's funds, CORNERSTONE, acting on behalf of the ACADEMY, shall comply with Section 1274 of the Code, MCL 380.1274, as if the ACADEMY were making such purchases directly from a third party.

3.13 Subcontracts. CORNERSTONE reserves the right to subcontract any and all aspects of the Services it agrees to provide to the ACADEMY under this Agreement, including, but not limited to transportation and/or food service.

3.14 Place of Performance. CORNERSTONE reserves the right to perform functions other than instruction, such as purchasing, professional development, and administrative functions, off-site, unless prohibited by the Charter or applicable law.

3.15 Student Recruitment. CORNERSTONE and the Board shall be jointly responsible for the recruitment of students. Students shall be selected in accordance with the procedures set forth in the Charter and in compliance with the Code and applicable law.

3.16 Due Process and Student Discipline Hearings. CORNERSTONE shall provide due process to students and student discipline hearings in conformity with the requirements of the ACADEMY's Charter and applicable law regarding discipline, special education, confidentiality and access to records. The Board shall retain the right to provide due process as required by law.

3.17 Legal Requirements. CORNERSTONE shall implement the Educational Program in accordance with the Charter and applicable law.

3.18 Rules and Procedures. CORNERSTONE shall recommend to the Board reasonable rules, regulations and procedures applicable to the ACADEMY and is authorized and directed by the Board to enforce such rules, regulations and procedures adopted by the Board.

3.19 School Year and School Day. The school year and the school day schedule shall be approved by the Board as required under the Charter.

3.20 Pupil Performance Standards and Evaluation. CORNERSTONE shall implement pupil performance evaluations that permit evaluation of the academic progress of each ACADEMY student. CORNERSTONE shall be responsible and accountable to the Board for the academic performance of students who are enrolled at the ACADEMY. CORNERSTONE will utilize assessment strategies required by the terms of the Charter and applicable law. The Board and CORNERSTONE will cooperate in good faith to identify academic goals and methods to assess the pupils' academic performance.

3.21 Services to Students with Disabilities and Special Education. CORNERSTONE shall provide special education programs and services to eligible students with disabilities who attend the ACADEMY in conformity with the requirements of applicable law. CORNERSTONE may subcontract as necessary and appropriate for the provision of programs and services to students with disabilities. Such services shall be provided in a manner that complies with applicable law.

3.22 Compliance with ACADEMY'S Contract. CORNERSTONE agrees to perform its duties and responsibilities under this Agreement in a manner that is consistent with the

ACADEMY'S obligations under the ACADEMY'S Contract issued by Grand Valley State University Board of Trustees.

3.23 Unusual Events. CORNERSTONE agrees to timely notify the Board and Administrator of any anticipated or known: (i) material health or safety issues; (ii) labor, employee or funding problems; or (iii) problems of any other type that could reasonably be expected to adversely affect the ACADEMY in complying with the ACADEMY's responsibilities under the Charter, this Agreement or applicable law.

3.24 ACADEMY Records. The financial, educational and student records pertaining to the ACADEMY ("**ACADEMY Records**") are ACADEMY records and are subject to inspection and copying to the same extent that records of a public school are subject to inspection and copying pursuant to the Michigan Freedom of Information Act. All ACADEMY records shall be physically or electronically available, upon request, at the ACADEMY. Except as prohibited under the Charter and applicable law, the Authorizing Body and the public shall have access to the ACADEMY's records.

3.25 Facility. CORNERSTONE shall use reasonable efforts to identify a facility to be leased or otherwise provided to the Board on terms mutually agreeable to the Lessor and the Board. The facility shall comply with the requirements of the Charter and applicable law.

3.26 Additional Services. If the ACADEMY so requests, CORNERSTONE may provide additional services for the ACADEMY by specific agreement. The details and cost of such services shall be incorporated as addenda to this Agreement, as appropriate.

3.27 Compliance with Section 503c. On an annual basis, the ESP agrees to provide the ACADEMY Board with the same information that a school district is required to disclose under section 18(2) of the State School Aid Act of 1979, MCL 380.1618, for the most recent school fiscal year for which the information is available. Within thirty (30) days of receipt of this information, the ACADEMY Board shall make the information available on the ACADEMY'S website home page, in a form and manner prescribed by the Michigan Department of Education. The defined terms in section 503c of the Code, MCL 380.503c, shall have the same meaning in this Agreement."

ARTICLE IV

OBLIGATIONS OF THE BOARD

4.1 Good Faith Obligation. The Board shall be responsible for its fiscal and academic policies. The Board shall exercise good faith in considering the recommendations of CORNERSTONE, including but not limited to, CORNERSTONE'S recommendations concerning policies, rules, regulations and budgets.

4.2 Assistance to CORNERSTONE. The Board shall cooperate with CORNERSTONE and, to the extent consistent with applicable law, shall timely furnish CORNERSTONE all documents and information necessary for CORNERSTONE to properly perform its responsibilities under this Agreement.

4.3 Review of Operational Budget. The Board shall be responsible for reviewing, revising and approving the annual Budget in accordance with the Charter and applicable law.

4.4 Annual Audit. The Board shall select and retain an independent auditor to conduct an annual audit of the ACADEMY's financial matters in accordance with the ACADEMY's Charter and applicable law. Subject to applicable law, all records in the possession or control of CORNERSTONE that relate to the ACADEMY, including, but not limited to, Financial Records, shall be made available to the ACADEMY's independent auditor.

4.5 Unusual Events. The Board agrees to timely notify CORNERSTONE of any anticipated or known: (i) material health or safety issues, (ii) labor, employee or funding problems, or (iii) problems of any other type that could reasonably be expected to adversely affect CORNERSTONE in complying with its responsibilities under this Agreement.

4.6 CORNERSTONE Office Space. Upon request by CORNERSTONE, the Board shall provide CORNERSTONE with suitable space at the ACADEMY, provided: (i) the requested space is available and can be provided without materially prejudicing the Educational Program, and (ii) the requested space is used only for education-related activities. The space shall be provided at no cost to CORNERSTONE.

4.7 Retained Authority. The Board shall retain the authority to make reasonable regulations relative to anything necessary for the proper establishment, maintenance, management, and operation of the ACADEMY, including, without limitation, regulations relative to the conduct of students while in attendance at the ACADEMY or en route to and from the ACADEMY.

ARTICLE V

FEES, INVOICE AND PAYMENT

5.1 Compensation. The ACADEMY shall pay CORNERSTONE the management fee detailed in Section 5.2 and reimbursement of expenses detailed in Section 5.3 as reasonable compensation for the Services CORNERSTONE will provide to the Academy during the term of this Agreement. No portion of the compensation paid by the ACADEMY to CORNERSTONE under this Agreement is based on a share of the net profits of the ACADEMY. If the provisions of this Agreement regarding service fees and reimbursement are determined to result in private business use of the ACADEMY's facilities under Rev. Proc. 97-13 as amended by Rev. Proc. 2001-39 (and as may be further amended), the parties agree to renegotiate the management fee and reimbursement provisions of this Agreement as necessary to maintain the qualified use and tax-exempt nature of any ACADEMY bond funded property. The Academy may request a reduction in CORNERSTONE'S net service fees and reimbursement. However, CORNERSTONE need not agree to a reduction in net service fees and reimbursement without a corresponding reduction in services to the ACADEMY.

5.2 Management Fee. Throughout the term of this Agreement, the ACADEMY will pay to CORNERSTONE an annual capitation fee (the "Management Fee") in the amount of

twelve (12%) percent of the per pupil revenue (“PPR”) that the ACADEMY receives from all sources for the particular students enrolled in the ACADEMY. The PPR may change during the term of this Agreement according to overall changes in the state school aid payment, monies or services provided by other state agencies, and the extent of other revenue sources. The Management Fee shall be paid by the ACADEMY to CORNERSTONE in 12 monthly installments per year, as and when state school aid payments, or funds from other agencies or other revenue sources, are received by the ACADEMY. In order to induce CORNERSTONE to vigorously seek additional revenue sources, and in recognition of CORNERSTONE’S obligation to manage such revenue, upon receipt, the PPR shall include all of the other revenue sources identified in Section 3.5 and Article IX, and any and all other funds received by the ACADEMY of any kind or nature. In addition, the PPR includes the full gross amount of state school aid payments, and not the net amount after retention of a portion of such payments by the Authorizing Body. The PPR shall not include school lunch revenue or funds raised by students, or parents/guardians of students, in specific student fund-raising projects, or in class or student operated business enterprises.

The Parties agree that the Management Fee amount is reasonable compensation for the provision of the Services. However, total compensation to CORNERSTONE, not including reimbursable costs, for all services under this agreement during a fiscal year shall be no less than \$_____ or greater than \$_____.

5.3 Reimbursement. In addition to the Service Fee, the ACADEMY will reimburse CORNERSTONE in an amount not to exceed budgeted amounts approved by the ACADEMY’s Board, equal to the sum of the following:

- A. The cost of salaries, fringe benefits and local, state and federal taxes attributable to personnel employed by CORNERSTONE as teachers, administrators, aides, assistants, support and custodial staff, and other required personnel, and assigned by CORNERSTONE to perform services under this Agreement; plus
- B. The cost of insurance premiums paid by CORNERSTONE when said insurance relates directly to the Services provided to the ACADEMY by CORNERSTONE under this Agreement; plus
- C. Any direct costs associated with the employment of staff assigned to provide Services at the ACADEMY including, without limitation, costs associated with the criminal history checks and criminal records checks.

Reimbursement will be payable monthly on the first business day of each month. All documentation relating to the payment of fees and expenses will be provided to the ACADEMY’s Board for ratification at the Board’s next regularly scheduled meeting following such payments; provided, however, that in no event shall the payment be made on the first business day of each month exceed Board-approved budget limits. The ACADEMY acknowledges and agrees that under no circumstances will CORNERSTONE be required to provide personnel or services if the cost of same exceeds Board-approved budget limits.

ARTICLE VI

CONFIDENTIALITY AND DATA SECURITY

6.1 Commitment to Preserve. CORNERSTONE agrees that it shall observe the policies and directives of the ACADEMY to preserve the confidentiality of Covered Data and Information (defined in Subsection 6.2 below) to the extent that CORNERSTONE (its employees or agents) are permitted to access Covered Data and Information in the course of performing Services under this Agreement.

6.2 Covered Data and Information (CDI) includes paper and electronic student education and/or medical record information supplied by the ACADEMY and/or its students or parents/guardians to CORNERSTONE and includes, without limitation, “education records” and “education record information” as defined under FERPA and IDEA; “protected health information” as defined under HIPAA; “relevant records” as defined under Section 504; and social security numbers. CDI also includes any new records created and maintained by CORNERSTONE under this Agreement using CDI.

6.3 Acknowledgment of Access to CDI. CORNERSTONE acknowledges that this Agreement allows CORNERSTONE (its employees and agents) access to CDI, which the ACADEMY may have the ultimate legal responsibility to maintain in a confidential and secure fashion. Accordingly, CORNERSTONE (its employees and agents) shall provide the ACADEMY with control over the CDI sufficient to satisfy all applicable legal and regulatory standards. In any event, CORNERSTONE (its employees and agents) shall at all times make CDI available to the ACADEMY within a reasonable time of receiving a request for same.

6.4 Prohibition on Unauthorized Use or Disclosure of CDI. CORNERSTONE (its employees and agents) agrees to hold CDI in strict confidence. CORNERSTONE (its employees and agents) shall not use or disclose CDI received from or on behalf of the ACADEMY except as permitted or required by this Agreement, as required or authorized by law, or as otherwise authorized in writing by the ACADEMY, a parent/guardian, or eligible student. CORNERSTONE agrees that it will protect the CDI it receives from or on behalf of the ACADEMY according to commercially acceptable standards and no less rigorously than it protects its own confidential information. CORNERSTONE shall ensure that any employee or agent, including a subcontractor or Business Associate (as defined in HIPAA), to whom it provides CDI under this Agreement, understands and agrees to the same restrictions and conditions pertaining to use and disclosure of CDI that apply to CORNERSTONE under this Agreement.

6.5 Return or Destruction of CDI. Upon termination or other conclusion of this Agreement, CORNERSTONE (its employees and agents) shall return all CDI to the ACADEMY.

6.6 Maintenance of the Security of Electronic Information. CORNERSTONE (its employees and agents) shall develop, implement, maintain and use appropriate administrative,

technical and physical security measures to preserve the confidentiality, integrity and availability of all CDI received from, or on behalf of, the ACADEMY or its students. These measures will be extended by contract to all agents, including subcontractors or Business Associates, used by CORNERSTONE.

6.7 Reporting of Unauthorized Disclosures or Misuse of Covered Data and Information. CORNERSTONE, within two business days of discovery, shall report to the ACADEMY any use or disclosure of CDI not authorized by this Agreement or in a writing by the ACADEMY. CORNERSTONE'S report shall identify: (i) the nature of the unauthorized use or disclosure, (ii) the CDI used or disclosed, (iii) who made the unauthorized use or received the unauthorized disclosure, (iv) what CORNERSTONE has done or shall do to mitigate any deleterious effect of the unauthorized use or disclosure, and (v) what corrective action CORNERSTONE has taken or shall take to prevent future similar unauthorized use or disclosure. CORNERSTONE shall provide such other information, including a written report, as reasonably requested by the ACADEMY.

6.8 Remedies.

6.8.1 Notice and Opportunity to Cure. If the ACADEMY reasonably determines in good faith that CORNERSTONE has materially breached any of its obligations under the data security provisions of this Agreement, the ACADEMY, in its sole discretion, shall have the right to require CORNERSTONE to submit to a plan of monitoring and reporting; provide CORNERSTONE with a fifteen (15) day period to cure the breach; or terminate the Agreement immediately if cure is not possible. Before exercising any of these options, the ACADEMY shall provide written notice to CORNERSTONE describing the violation and the action it intends to take.

6.8.2 Statutory/Regulatory Penalties. In addition, the parties understand and agree that CORNERSTONE is subject to any penalties for unauthorized disclosures or misuse of CDI that are or may be imposed, from time to time, under applicable law including, without limitation, that CORNERSTONE may be prohibited by law from accessing CDI for defined periods of time following any unauthorized disclosure or misuse of CDI, which shall constitute a material breach of this Agreement.

6.9 Amendment for Compliance. If the ACADEMY believes in good faith that any data security provision of this Agreement fails to comply with applicable laws or regulations, the ACADEMY shall notify CORNERSTONE in writing. Within thirty (30) business days of receipt of such notice by THREE PILLARS, the parties shall address in good faith the expressed concern(s) and shall amend the terms of this Agreement, if the ACADEMY deems an amendment necessary to bring the Agreement into compliance with applicable laws and regulations. If after such thirty (30) business day period this Agreement remains non-compliant with applicable laws or regulations with respect to the concern(s) raised under this Section, the

ACADEMY shall have the right to immediately terminate this Agreement upon written notice to CORNERSTONE.

ARTICLE VII

INTELLECTUAL PROPERTY

7.1 Intellectual Property. The ACADEMY acknowledges and agrees that in the course of the performance of the Agreement, the ACADEMY may be exposed to certain confidential information or trade secrets of CORNERSTONE (or of one or more of CORNERSTONE'S licensors, subcontractors or agents), including but not limited to, know-how, technical information, systems, processes, computer software, training materials, training methods and practices, courseware and related information, all of which shall be considered to be confidential in nature (the "Intellectual Property"). The ACADEMY agrees, subject to the limitations of MCL 380.1137 (the powers of parents and legal guardians to review curriculum, textbooks, and teaching materials); MCL 380.505(3) (the obligation of public school academies to report on and make available to the public teaching techniques and methods); MCL 15.231, *et seq* (the Freedom of Information Act); other applicable law, and the Charter, that any Intellectual Property communicated to, or received or observed by, the ACADEMY shall at all times remain the property of CORNERSTONE (or of the licensor, subcontractor or agent holding the proprietary rights) and all such Intellectual Property, together with all copies or excerpts of such Intellectual Property, shall be promptly returned to CORNERSTONE (or the applicable licensor, subcontractor or agent) upon request. The provisions of this Section 7.1 shall survive the termination or expiration of this Agreement. The provisions of this Section 7.1 shall not apply to curriculum or other materials developed and paid for by the ACADEMY, or developed by CORNERSTONE at the direction of the ACADEMY or its Board with ACADEMY funds, or to any information subject to disclosure under the law. The ACADEMY shall own all proprietary rights to curriculum or educational materials that (1) are both directly developed and paid for by the ACADEMY; or (2) were developed by CORNERSTONE at the direction of the ACADEMY's Board with ACADEMY funds dedicated for the specific purpose of developing such curriculum or materials.

7.2 CSA Licensing Agreement. The ACADEMY acknowledges and agrees that the rights and privileges that CORNERSTONE acquires under the CSA Licensing Agreement are vested solely in CORNERSTONE and are non-transferable and non-sublicensable. It is understood that CORNERSTONE will be authorized under the CSA Licensing Agreement to use the rights and privileges that it acquires under the CSA Licensing Agreement in its delivery of Services to the ACADEMY. However, the ACADEMY understands and agrees that the ACADEMY does not acquire any independent right under this ESP Agreement to use the Cornerstone name, marks, systems, processes, or other proprietary information subject to that CSA Licensing Agreement.

ARTICLE VIII

LIABILITY, INSURANCE and INDEMNITY

8.1 Indemnity. CORNERSTONE will indemnify, defend and hold harmless the ACADEMY (and its officer and Board) from and against all demands, claims, actions, suits, causes of action, losses, judgments, liabilities, damages, fines, penalties, demands, forfeitures, or any other liabilities or losses, including costs and expenses (not limited to reasonable attorney fees, expert and other professional fees) settlement and prosecution (collectively “Damages”) imposed upon or incurred by the ACADEMY to the extent that they arise out of any of the following and are within the limits of Cornerstone’s insurance policy (Section 8.2), which coverage shall be determinative of the scope of defense and indemnity provided by CORNERSTONE to the ACADEMY:

- A. The failure of CORNERSTONE or any of its employees or others for whom CORNERSTONE is responsible to comply with its/their obligations under any applicable laws, regulations or orders;
- B. Breach by CORNERSTONE of any obligation under this Agreement;
- C. Any direct claim for workers' compensation benefits for job-related bodily injury or death asserted against the ACADEMY by CORNERSTONE’S employees or, in the event of death, by their personal representatives; or
- D. Any negligent or intentional tortious act or omission of CORNERSTONE or any of its employees, acting within the scope of their employment, that results in bodily injury (including death) or property damage.

The above promise of indemnity and defense shall not apply to the extent such liability results from the negligence, wrongful act or breach of this Agreement by the ACADEMY (or its officers, Board, or agents). To obtain indemnification, the ACADEMY must promptly notify CORNERSTONE in the event of a claim, and cooperate in resolving the claim.

8.2 Indemnification of Grand Valley State University. The parties acknowledge and agree that the Grand Valley State University Board of Trustees, Grand Valley State University and its members, officers, employees, agents or representatives are deemed to be third party beneficiaries for purposes of this Agreement. As third party beneficiaries, the parties hereby promise to indemnify and hold harmless Grand Valley State University Board of Trustees, Grand Valley State University and its members, officers, employees, agents or representatives from all claims, demands, or liability, including attorney fees, and related expenses, on account of injury, loss or damage, including, without limitation, claims arising from bodily injury, personal injury, sickness, disease, death, property loss or damage or any other losses of any kind whatsoever and not caused by the sole negligence of Grand Valley State University, which arise out of or are in any manner connected with Grand Valley State University Board’s approval of the School of Excellence application, the University Board’s consideration of or issuance of a Contract, the Academy’s preparation for and operation of a public school, or which are incurred as a result of

the reliance by Grand Valley State University and its Board of Trustees members, officers, employees, agents or representatives upon information supplied by the ACADEMY or the Educational Management Organization, or which arise out of the failure of the ACADEMY to perform its obligations under the Contract issued to the ACADEMY by Grand Valley State University Board of Trustees. The parties expressly acknowledge and agree that Grand Valley State University and its Board of Trustee members, officers, employees, agents or representatives may commence legal action against either party to enforce its rights as set forth in this Agreement.

8.3 General Liability Insurance. CORNERSTONE shall procure and maintain such policies of insurance as required by law, the Charter and, if applicable, the Michigan Universities Self Insurance Corporation (MUSIC), and that, in any event, shall provide no less protection than comprehensive general liability and employment practices liability insurance with limits of not less than One Million Dollars (\$1,000,000) per occurrence, and Two Million Dollars (\$2,000,000) combined single limit for bodily injury and property damage, in a form acceptable to both parties, to protect CORNERSTONE and the ACADEMY against liability or claims of liability which may arise out of CORNERSTONE'S (including CORNERSTONE'S employees, subcontractors and agents) performance under this Agreement. In addition, CORNERSTONE agrees that such policy shall provide an endorsement stating that such insurance shall be primary and that insurance carried by the ACADEMY shall be excess and non-contributory. Not later than ten (10) business days from the date both parties have executed this Agreement, CORNERSTONE shall provide the ACADEMY with certificates of insurance evidencing all required coverages and endorsements. CORNERSTONE agrees to name the ACADEMY (including its Board, officers, agents and employees), as an additional insured under said policy.

8.4 Workers' Compensation Insurance. CORNERSTONE agrees to procure and maintain in full force and effect Workers' Compensation Insurance covering its employees, and to require that its subcontractors similarly maintain such insurance, for any employees assigned by CORNERSTONE to perform Services for the ACADEMY under this Agreement, while those persons are engaged in performing Services under this Agreement. If a claim is filed under the provisions of the Michigan Workers' Compensation Disability Act against the ACADEMY by an employee of CORNERSTONE or of any of its subcontractors relating to performance of Services under this Agreement, CORNERSTONE agrees to defend and hold harmless the ACADEMY from such claims(s). CORNERSTONE agrees to provide the ACADEMY, upon request of the ACADEMY, with certifications evidencing the required coverage.

8.5 Responsibility of Academy. The ACADEMY shall be solely and entirely responsible for its acts and omissions and for the acts and omissions of the ACADEMY's agents and employees (if any) in connection with the performance of the ACADEMY's responsibilities under this Agreement; provided, however, that nothing in this Agreement is intended, nor shall be construed, as a waiver of the governmental immunity provided to the ACADEMY and its incorporators, board members, officers, employees, and volunteers under section 7 of 1964 PA 170, MCL 691.1407. If CORNERSTONE is made a party to any litigation involving claims arising out of the acts and/or omissions of the ACADEMY or its directors, agents, or employees, the ACADEMY will provide any reasonable assistance requested by CORNERSTONE in the defense against such claims.

8.6 ACADEMY Insurance. The ACADEMY agrees to procure and maintain in full force and effect comprehensive general liability insurance, on which CORNERSTONE is named as an additional insured, with limits of not less than One Million Dollars (\$1,000,000) per occurrence, combined single limit for bodily injury and property damage, to protect the ACADEMY and CORNERSTONE against liability or claims of liability which may arise out of an act or omission by the ACADEMY within the scope of coverage of the comprehensive general liability insurance policy, which coverage shall be determinative of the scope of defense and indemnity herein provided by the ACADEMY to CORNERSTONE.

The purpose of this provision is to name CORNERSTONE as an additional insured in the event that CORNERSTONE is sued as a result of acts or omissions committed by the ACADEMY and not solely as a result of the acts or omissions of CORNERSTONE (or its employees and/or agents). Insurance coverage shall not apply to claims or liability which result from the sole negligence, wrongful act or breach of this Agreement by CORNERSTONE or its employees or agents. CORNERSTONE must promptly notify the ACADEMY consistent with the terms of any applicable policy, and cooperate in resolving the claim. Not later than ten (10) business days from the date both parties have executed this Agreement, the ACADEMY shall provide CORNERSTONE with certificates of insurance evidencing all required coverages and endorsements. The ACADEMY agrees to name CORNERSTONE (including its Board, officers, agents and employees), as an additional insured under said policy.

8.7 No Special Damages. Neither CORNERSTONE nor the ACADEMY will be liable for special, indirect, or consequential damages, or loss of profits, revenues, or goodwill arising out of this Agreement regardless of the basis of the claim.

ARTICLE IX

SOLICITATION OF NON-GOVERNMENTAL FUNDS

CORNERSTONE must seek the Board's approval prior to soliciting any non-governmental grants, donations or contributions on behalf of the ACADEMY; provided, however, that execution of this Agreement by the ACADEMY's Board President constitutes approval for CORNERSTONE to act under the CSA Licensing Agreement to replicate, and/or to work to generate revenue through, the CSA Partner Program. Any such funds so received shall be used solely in accordance with the purpose(s) for which they were solicited, applicable donor restrictions, or as otherwise approved by the Board. Subject to applicable donor restrictions, the Board shall determine the allocation of any funds subject to this Article IX that remain unexpended following completion of the project or purpose for which they were originally designated.

ARTICLE X

WARRANTIES AND REPRESENTATIONS

10.1 ACADEMY Warranties and Representations. The Board warrants and represents that, on behalf of and in the name of the ACADEMY, it has the authority under law to execute,

deliver and perform this Agreement and to incur the obligations provided for under this Agreement. The Board warrants that its actions have been duly and validly authorized, and that it will adopt any and all resolutions or expenditure approvals required for execution of this Agreement.

10.2 CORNERSTONE Warranties and Representations. CORNERSTONE warrants and represents that it is a corporation in good standing and is authorized to conduct business in the State of Michigan. CORNERSTONE will comply with all registration and licensing requirements relating to conducting business under this Agreement. The Board agrees to assist CORNERSTONE in applying for such licenses and permits and in obtaining such approvals and consents.

10.3 Mutual Warranties. The Board, on behalf of the ACADEMY, and CORNERSTONE mutually warrant to the other that there are no pending actions, claims, suits or proceedings, to its knowledge, threatened or reasonably anticipated against or affecting it, which if adversely determined, would have a material adverse effect on its ability to perform its obligations under this Agreement.

ARTICLE XI

MISCELLANEOUS

11.1 Choice of Law. This Agreement shall be governed by and enforced in accordance with the laws of the State of Michigan, without reference to any conflict of laws provisions.

11.2 Alternative Dispute Resolution Procedure. Any and all disputes between the parties, concerning any alleged breach of this Agreement, or arising out of or relating to the interpretation of this Agreement or the parties' performance of their respective obligations under this Agreement, shall be resolved by arbitration, and such procedure shall be the sole and exclusive remedy for such matters, except that the parties reserve the right to pursue equitable and injunctive relief. Unless the parties agree upon a single arbitrator, the arbitration panel shall consist of three persons, with each party selecting one arbitrator and the two arbitrators selecting the third arbitrator.

The arbitration shall be conducted in accordance with the rules of the American Arbitration Association ("AAA") and be conducted at a location mutually agreeable to the parties, with such variations as the parties and arbitrators unanimously accept. A judgment on the award rendered by the arbitrators may be entered in any court having appropriate jurisdiction. The losing party shall pay the cost of arbitration, not including attorney fees. The arbitration panel shall have the discretion to award reasonable attorney fees to the prevailing party to be paid by the losing party.

11.3 Severability. In the event that any provision of this Agreement is found to be invalid, illegal or unenforceable by a court of competent jurisdiction, all other provisions of this Agreement shall remain in full force and effect, and such invalidity, illegality or unenforceability shall not affect the validity, legality and enforceability of all other provisions.

11.4 No Modification or Waiver. There shall be no amendment, modification or waiver of any provision of this Agreement unless made in writing by both parties. No provision of this Agreement shall be varied, contradicted or explained by any oral agreement, course of dealing or performance; provided, however, that as a matter of law, course of dealing may be relied upon to resolve any contract ambiguity by evidencing the intent and understanding of the parties. No failure on the part of either party to exercise any right under this Agreement, or any right provided by state law or equity or otherwise, shall impair, prejudice or constitute a waiver of any such right.

11.5 No Third Party Rights. Nothing in this Agreement shall be intended to confer third party beneficiary status or rights, pursuant to MCL 600.1405 or under the common law, to any person or entity that is not a party to this Agreement.

11.6 Counterparts. This Agreement may be executed in one or more counterparts, all of which taken together will constitute one single agreement between the parties.

11.7 Section Headings. The section headings are used in this Agreement for reference and convenience only and shall not enter into the interpretation of this Agreement.

11.8 Time of Essence. The parties understand and agree that time is of the essence in performing their respective responsibilities under this Agreement.

11.9 Force Majeure. Any delay or failure of any party (the “affected party”) in the performance of its required obligations under this Agreement shall be excused if and to the extent caused by war, rebellion or insurrection; an act of God; fire; government statute, order or regulation prohibiting the performance of this Agreement; riots; strikes, labor stoppages, lockouts or labor disputes to the extent such occurrences are not caused by the actions of the party seeking relief under this Section, provided that (i) written notice of such delay or suspension is given by the affected party to the other party within 72 hours of such event, which notice shall set forth in detail the nature of each delay; (ii) the affected party shall use all commercially reasonable efforts to minimize the extent of such force majeure delay; and (iii) additional expense or other adverse financial conditions shall not be deemed force majeure. Upon receipt of a notice of force majeure, the time for the affected party’s performance shall be extended for a period of time reasonably necessary to overcome the effect of such delays and the other party’s sole remedy shall be reimbursement for the additional cost of such delays; provided, further, that if such delay by CORNERSTONE would materially impair the value of the Services to be provided under this Agreement, CORNERSTONE may terminate this Agreement by written notice to CORNERSTONE within fifteen (15) calendar days of receiving CORNERSTONE’S notice of force majeure, in which event CORNERSTONE shall receive a refund of all monies paid under this Agreement for Services which CORNERSTONE has failed to deliver.

11.10 Delegation of Authority. Nothing in this Agreement shall be construed as delegating to CORNERSTONE powers or authority of the Board which are not subject to delegation by the Board under the Charter or applicable law.

11.11 Compliance with Law. The parties to this Agreement agree to comply with all applicable laws and regulations.

11.12 Review by Independent Counsel. The parties agree that each has reviewed, or had the opportunity to review, this Agreement with its own independent legal counsel prior to the execution of this Agreement.

ARTICLE XII

NOTICES

All notices and other communications required by the terms of this Agreement shall be in writing and sent to the parties hereto at the facsimile number or address set forth below. Notice may be given by (i) by facsimile with written evidence of confirmed receipt by the receiving party of the entire notice, (ii) certified or registered mail, postage prepaid, return receipt requested, or (iii) personal delivery. Notice shall be deemed to have been given on the date of transmittal if given by facsimile, or upon the date of delivery if given by personal delivery, or upon the date of postmark if sent by certified or registered mail. Notices to the ACADEMY shall be sent to the current address of the then current Board President, with a copy to the then current Board attorney. Notices to CORNERSTONE shall be sent to the current address of the then current CEO, with a copy to the then current CORNERSTONE attorney. The addresses of the parties for purpose of notice, inclusive of the address of the initial Board President and CORNERSTONE CEO and respective counsel, are as follows:

To: ACADEMY
Washington-Parks Academy
Jamie Ryder
Board President

To: CORNERSTONE
Thomas Willis,
Chief Executive Officer

To: ACADEMY Counsel
John C. Kava
Collins & Blaha, P.C.
31700 Middlebelt Road, Suite 125
Farmington Hills, Michigan 48834
Fax: 248-406-8416

AUTHORIZATION

Each Person placing his or her signature below represents and warrants that s/he is the signatory duly authorized to execute this Agreement on behalf of the respective party represented.

IN WITNESS WHEREOF, the ACADEMY and CORNERSTONE have caused this Agreement to be entered into as of the date first written above.

WASHINGTON PARKS ACADEMY

By: 
Its: Board President

CORNERSTONE CHARTER SCHOOLS:
An Educational Services Provider

By: _____
Its: Board President