

SERVICES AGREEMENT

This Services Agreement (the "Agreement") is made and entered into as of May 25, 2016 by and among **CS PARTNERS, LLC**, a Michigan limited liability company ("CS Partners"), **CSP MANAGEMENT INC.**, a Michigan corporation d/b/a "**MICHIGAN EDUCATIONAL PERSONNEL SERVICES**" ("CSP Management" and together with CS Partners, collectively "CSP"), and **HURON ACADEMY**, a Michigan public school academy (the "Academy") formed under Part 6(A) of the Revised School Code (the "Code"), as amended, being MCL §380.501 to §380.507.

CS Partners and CSP Management are jointly responsible for the providing the Services under this Agreement. Both entities are collectively referred to as CSP solely for drafting simplicity.

The Academy has been issued a contract (the "Contract") by the **FERRIS STATE UNIVERSITY BOARD OF TRUSTEES** (the "Authorizer") to organize and operate a public school academy. The Authorizer is the statutory authorizing body. The Code and the Contract permit a public school academy to contract with persons and entities for the operation and management of the public school academy.

The Academy and CSP desire to create an enduring educational partnership whereby the Academy and CSP will work together to develop and bring about systems of educational excellence and services to the Academy based on CSP's vision of school design, CSP's management principles, the Educational Program (defined below), and the educational goals and curriculum adopted by the Board of Directors of the Academy (the "Board").

THEREFORE, the parties hereby agree as follows:

ARTICLE I **Relationship of the Parties and Other Matters**

Section 1. Authority. The Academy represents that (a) it is authorized by law to contract with a private entity for the provision of management and operational services to the Academy, (b) it has been issued the Contract from the Authorizer to organize and operate a public school academy, (c) it is authorized by the Authorizer to supervise and control the Academy, and (d) it is vested with all powers necessary or desirable for carrying out the Educational Program (defined below) contemplated in this Agreement.

To the extent permitted by law, the Academy hereby authorizes and grants to CSP, the necessary authority and power to perform under this Agreement. No provision of this Agreement shall interfere with the Board's statutory, contractual, and fiduciary responsibilities, nor shall any provisions of this Agreement be construed so as to prohibit the Academy from acting as an independent, self-governing public body.

Section 2. Services; Educational Program. The parties agree that CSP, to the extent permitted by and in conformity with the Contract and applicable laws, shall provide all labor,

materials, and supervision necessary for the provision of the management and operational services to the Academy contemplated by this Agreement as specifically set forth on the attached Exhibit A (the "Services").

CSP shall provide Services to the Academy so the Academy can carry out the educational goals, curriculum, method of pupil assessment, admissions, policy and criteria, school calendar and school day schedule, and age and grade range of pupils to be enrolled, educational goals and methods to be used to monitor compliance with performance of targeted educational outcomes, as previously adopted by the Board and as included in the Contract (collectively, the "Educational Program").

Section 3. Compliance with Academy's Contract. CSP 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 the Authorizer. The provisions of the Academy's Contract shall supersede any competing or conflicting provisions contained in this Agreement.

Section 4. Relationship of the Parties. CSP is not a division or any part of the Academy. The Academy is a corporate and governmental entity authorized under the Code. The Academy is not a division or any part of CSP. The relationship between the parties hereto was developed and entered into through arms-length negotiation and is based solely on the terms of this Agreement.

Section 5. CSP as Independent Contractor; Agency. The parties to this Agreement intend that the relationship of CSP to the Academy is that of an independent contractor, and not that of an employee of the Academy. No agent or employee of CSP shall be determined to be an agent or employee of the Academy, except as expressly acknowledged, in writing, by the Academy. Notwithstanding the foregoing, CSP and its employees are hereby irrevocably designated as "School Officials" under the Family Educational Rights and Privacy Act and its implementing regulations during the Term of this Agreement (defined below). CSP will be solely responsible for its acts, the acts of its agents, employees, and those subcontractors who are contracted through CSP.

During the Term of this Agreement, the Academy may disclose confidential data and information to CSP, and its respective officers, directors, employees and designated agents to the extent permitted by applicable law, including without limitation, the Individual 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 American with Disabilities Act, 42 USC 1320d – 13200d-8; 45 CFR 160, 162 and 164; the Health Insurance Portability and Accountability Act ("HIPAA") and social security numbers, as protected by the federal Privacy Act of 1974, 5 USC §552a; and the Michigan Social Security Number Privacy Act.

Section 6. No Related Parties or Common Control. The parties hereby agree that none of the voting power of the governing body of the Academy or the Board will be vested in CSP or its directors, members, managers, officers, shareholders, or employees. Further, the Academy and CSP are not, and shall not become: (a) members of the same controlled group, as that term is defined in the Internal Revenue Code of 1986, as amended (the "IRS Code"); or (b) related persons, as that term is defined in the IRS Code.

Section 7. Teachers. Teachers employed by CSP shall not be considered teachers for purposes of continuing tenure under MCL §38.71 et seq. If CSP elects to execute contracts with administrative or teaching staff that have a term of longer than one (1) year, the Board has the right to have the School Leader or teachers placed elsewhere by CSP if the Board is reasonably dissatisfied with their performance.

Section 8. School Leader. CSP shall identify and appoint a School Leader, with advisory input from the Board, to administer the Educational Program at the Academy (the "School Leader"). The School Leader will hold all certifications as required by the Code. The School Leader will be an employee of CSP Management, who may be disciplined and/or terminated by CSP in its sole discretion. CSP shall notify the Board prior to the termination of the School Leader. CSP will have the authority, consistent with applicable laws, to select and supervise the School Leader and to hold the School Leader accountable for the success of the Academy. CSP will empower the School Leader with the authority to select and hold accountable the teachers in the Academy.

Section 9. Criminal Background Checks. CSP agrees that it shall not assign any of its employees, agents or other individuals to perform any services under this Agreement except as permitted under Sections 1230, 1230a, 1230b and related provisions of the Code pertaining to criminal background and criminal conduct checks. The Academy shall require that the results of the criminal background check are received, reviewed, and used (subject to a verification process) by the Academy's Authorized User acting on behalf of the Academy and/or the Board, only as permitted by law to confirm that the individual does not have a criminal history and to evaluate the qualifications of the individual for his/her assignment.

Section 10. The Board. The Board is the governing body with oversight responsibilities over the Academy. The parties acknowledge that throughout this Agreement the term "Board" and the term "Academy" are sometimes used interchangeably in some sections for the sole purpose of readability based on the nature and subject-matter of the article/section. This Agreement must be approved by the Board and executed by a duly authorized member of the Board (on behalf of the Academy), and by so executing this Agreement the Board acknowledges and accepts all obligations and responsibilities related to the Board as set forth in this Agreement.

Section 11. Availability of Funds. Notwithstanding any other term or provision in this Agreement to the contrary, CSP shall not be, directly or indirectly, liable to any third party for any cost or expense incurred by the Academy, and CSP shall only be required to perform its responsibilities under this Agreement to the extent that CSP has received such revenues from the

Academy pursuant to the terms of this Agreement. CSP shall, however, remain liable to the Academy for any cost it commits the Academy to without the Board's approval in the event such cost is beyond the amount anticipated in the Academy's budget or any amendment thereto. CSP shall only be required to perform its responsibilities under this Agreement to the extent the Academy has funds to do so.

Section 12 Information Available to the Public. On an annual basis, CSP agrees to provide the Board with the same information that a public school is required to disclose under section 18(2) of the State School Aid Act of 1979 for the most recent school fiscal year for which the information is available. Within thirty (30) days of receipt of this information, the 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, shall have the same meaning in this Agreement.

Section 13. Non-Compete Agreement. CSP agrees that it shall not impose any contractual requirement or contractual obligation on any of its employees assigned to the Academy to enter into a non-compete provision or agreement.

Section 14. Lease and Loans. If the Academy and CSP enter into a lease, execute promissory notes or other negotiable instruments, or enter into a lease-purchase agreement or other financing relationship, then such agreements must be separately documented and separately approved. In addition, all such agreements must comply with the Charter Contract, as well as any applicable College Board and CSO policies.

ARTICLE II

Term

Section 1. This Agreement shall be effective for the duration of the Academy's current authorizing Contract with the Authorizer, subject to earlier termination under Article VI. The Term will be for a seven (7) year period beginning July 1, 2016 and ending June 30, 2023(the "Term").

ARTICLE III

Obligations of the Academy

Section 1. Good Faith Obligation. The Academy shall exercise good faith in considering CSP's recommendations relative to the Educational Program and/or the Services. However, CSP shall not adopt or implement any recommendations without obtaining prior Board approval. The Board retains its authority to make reasonable regulations relative to anything necessary for the proper establishment, maintenance, managements, and operation of the Academy, including regulations relative to the conduct of pupils while in attendance at the Academy or traveling to and from the Academy, consistent with applicable laws.

Section 2. Academy Funds. The Board shall determine the depository of all funds received by the Academy including, but not limited to, the State School Aid Grants (referenced in Article IV) and any Additional Revenue (as defined in Exhibit A). All funds received by the

Academy shall be deposited in the Academy's depository account. Signatories on the Academy Board accounts shall solely be members of the Board or properly designated Academy employees. All interest or investment earnings on Academy accounts shall accrue to the Academy.

ARTICLE IV

Compensation and Reimbursement of Costs

Section 1. Compensation for Services. Commencing July 1, 2016 for the term of this Agreement, the Academy will pay CSP an annual fee determined as follows:

- (a) Fixed Fee Portion. For the term of this Agreement, the Board will pay CSP an annual fixed fee for each academic year (the "Fixed Fee Portion"). For the 2016/2017 academic year the Fixed Fee Portion shall be \$300,000. The Fixed Fee Portion payable for each academic year subsequent to the 2016/2017 academic year may be revisited by the Academy and CSP at an amount that complies with Section 5.03() of Revenue Procedure 97-13. This determination shall be made by the Academy and CSP on or before October 1 of each academic year.
- (b) Variable Fee Portion. In addition to the Fixed Fee Portion provided for in subsection (a) above, for the term of this Agreement, the Academy will pay CSP an annual variable fee for each academic year (the "Variable Fee Portion" and, together with the Fixed Fee Portion, the "Fee") equal to the amount, if any, by which (i) an amount equal to Nine (9%) percent of the per pupil State Aid of the Academy for such academic year exceeds (ii) the Fixed Fee Portion for such academic year. Notwithstanding anything contained herein to the contrary, in no event shall the Variable Fee Portion exceed the Fixed Fee Portion for any academic year. [The "State Aid" of the Academy shall mean all unrestricted state aid based on a per pupil allocation.]
- (c) In interpreting this Agreement and in the provision of the services required hereunder, CSP shall 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. As required by the Academy's Article of Incorporation and Bylaws, the Academy Board may not include any director, officer or employee of a management company that contracts with the Academy. In furtherance of such restriction, it is agreed between the Academy and CSP that none of the voting power of the governing body of the Academy will be vested in CSP or its directors, members, managers, officers, shareholders and employees, and the Academy and CSP will not be related parties as defined in Treas. Reg. 1.150-1(b).

Section 2. Reimbursement of Costs. In addition to the Fee, the Academy shall reimburse CSP for all costs reasonably incurred and paid by CSP in providing the Services specifically related to the Academy. Such costs include, but are not limited to, all employment costs of CSP employees assigned to the Academy, other expenses for equipment, software,

supplies, food service, transportation, special education, psychological services, and medical services. CSP Management will invoice the Academy for reimbursement of all employment costs of CSP employees assigned to the Academy. CS Partners will invoice the Academy for reimbursement of all other costs with a detailed receipt of material or services provided. The Academy shall only reimburse for costs included in an annual operating budget approved by the Board or as amended during the academic year. In paying such costs on behalf of the Academy, CSP shall not charge an added fee (or mark-up). Marketing and development costs paid by or charged to the Academy shall be limited to those costs specific to the Academy program, and shall not include any costs for the marketing and development of CSP. No corporate costs of CSP shall be charged to, or reimbursed by, the Academy.

If desired, the Board may advance funds to CSP for such costs before such costs are incurred (rather than reimburse CSP after the expense is incurred).

CSP shall provide to the Academy or the Board proper documentation and accounting of any advanced funds or reimbursement, and such accounting shall be periodically ratified by the Board.

All items acquired with Academy funds including, but not limited to, instructional materials, equipment, supplies, furniture, computers, and other technology, shall be owned by and remain the property of the Academy.

Section 3. Other Institutions. The Academy acknowledges that CSP may enter into agreements similar to this Agreement with other public or private educational schools or institutions (the "Institutions"). CSP shall maintain separate accounts for reimbursable expenses incurred on behalf of the Academy and for reimbursable expenses incurred on behalf of the Institutions. CSP shall only charge the Academy for expenses incurred on behalf of the Academy.

If CSP incurs reimbursable expenses on behalf of the Academy and the Institutions which are incapable of precise allocation between the Academy and the Institutions, then CSP shall allocate such expenses among the Institutions and the Academy, on a pro-rata basis, based on the number of students enrolled at the Academy and the Institutions, or upon such other equitable basis as agreed by the parties.

Section 4. Review of Budget. CSP shall propose an annual budget for the Academy to the Academy's Chief Administrative Officer ("CAO") and the Board. The Board shall review, revise, and approve the annual budget in a timely fashion. The Academy's CAO shall not be an employee of CSP but shall be a member of the Academy Board.

Section 5. Procurement Policies. The Board hereby retains the obligation, as provided in the Code, to adopt written policies governing the procurement of supplies, materials, and equipment for the Academy. Unless otherwise prohibited by law, CSP shall directly procure all supplies, materials, and equipment provided that CSP complies with the Code including, but not limited to, Sections 1267 and 1274 as if the Academy were making these purchases directly from a third party supplier and the Board's written policies promulgated thereunder related to such

items. CSP shall not include any added fees or charges with the cost of equipment, materials and supplies purchased from third parties.

ARTICLE V

Proprietary Information

Section 1. Academy's Rights to Curriculum and Educational Materials. The Academy shall own, without restriction, all proprietary rights to curriculum and educational materials that: (a) are or were directly developed by the Academy and paid for with Academy funds; or (b) are or were developed by CSP at the direction of the Board using Academy funds for the specific purpose of developing such curriculum or educational materials.

Section 2. CSP's Rights to Curriculum and Educational Materials. CSP shall own, without restriction, all curriculum, and educational materials, and all other proprietary information owned by, developed by or otherwise in the possession of CSP, except as set forth in this Article V.

Section 3. Non-Disclosure of Proprietary Information; Remedy for Breach. Except as specifically required by the Code, the Michigan Freedom of Information Act or court order, the proprietary information and materials of either Party shall be held in strict confidence by the other party to this agreement.

During the Term of this Agreement, and continuing for three (3) years thereafter, both parties hereby agree that they will not use or disclose to anyone, directly or indirectly, for any purpose whatsoever, any such proprietary information without the prior written consent of the other party.

If a party uses or discloses such proprietary information in violation of this Section 3, the disclosing party shall (a) be liable to the other party for all damages, including, but not limited to, lost profits resulting from the breach, and (b) be obligated to reimburse the non-disclosing party for its legal costs and reasonable attorney fees related to the enforcement of this Section 3.

ARTICLE VI

Termination

Section 1. Termination by CSP. CSP may terminate this Agreement prior to the end of the Term in the event the Academy fails to remedy a material breach within the required time frames below. A material breach includes, but is not limited to: (a) the Academy's failure to timely remit any fee or reimbursements due under Article IV; (b) the Academy's action or decision-making that is deemed by CSP, in CSP's sole discretion, to be substantially inconsistent with the recommendations of CSP relative to the Educational Program or the Services; and/or (c) substantial and unforeseen increase in the cost of administering services of this Agreement. The Academy has ten (10) days after notice from CSP to remedy a breach that involves the advancement of funds for all "compensation" required for payroll or to reach an agreement with CSP on the payment of those funds. The Academy has thirty (30) days after notice from CSP to remedy all other material breaches.

Termination prior to the end of the Term shall not relieve the Academy of any financial or other obligations to CSP outstanding as of the date of termination. Failure by CSP to (a) declare a breach, (b) place the Academy on notice thereof, or (c) fail to exercise or exert any remedy available to CSP under this Agreement or applicable laws, shall not be deemed a waiver of CSP's right and remedies whatsoever.

Notwithstanding the foregoing, CSP may terminate this Agreement without cause and without penalty to be effective upon completion of an academic year provided that CSP delivers written notice of intention to terminate to the Academy at least ninety (90) days prior to the end of the then-current academic year.

Section 2. Termination by Academy. The Academy may terminate this Agreement prior to the end of the Term in the event that CSP fails to remedy a material breach within the required time frames below. A material breach includes, but is not limited to: (a) failure by CSP to reasonably account for its expenditures; (b) failure by CSP to pay Academy operating expenses as required under this Agreement (provided funds are available); (c) failure by CSP to substantially follow policies, procedures, rules, regulations, or curriculum duly adopted by the Board which are not in violation of the Contract, applicable laws or this Agreement; (d) failure by CSP to provide the services as required by this Agreement; and/or (e) any action or inaction by CSP that causes the Contract to be revoked, terminated, suspended or which causes the Contract to be put in jeopardy of revocation, suspension, or termination, as evidenced by written notification from the Authorizer and is not cured within 60 days of that notice.

CSP has ten (10) days after notice from the Academy to remedy a breach that involves the non-payment of funds for all "compensation" required for payroll (provided that CSP has received such funds from the Academy to do so) or to reach an agreement with the Academy on the payment of those funds. CSP has thirty (30) days after written notice from the Academy to remedy all other material breaches.

Upon expiration of this Agreement, or termination for any reason, all advances or billable costs, if any, paid by CSP shall be immediately repaid by the Academy, unless otherwise agreed in writing by CSP and the Academy.

Notwithstanding the foregoing, the Academy may terminate this Agreement without cause and without penalty to be effective upon completion of an academic year provided that the Academy delivers written notice of intention to terminate to CSP at least ninety (90) days prior to the end of the then-current academic year.

Section 3. Revocation or Termination of Contract. If the Academy's Contract issued by the Authorizer is revoked or terminated or a new charter contract is not issued, this Agreement shall automatically terminate on the same date as the Academy's Contract is revoked, expired or terminated without further action of the parties, provided, however, that this Agreement will continue to remain in effect until the termination date set forth in Article II if (i) the Academy has entered into a subsequent Contract with a public school academy authorizing body, and (ii) this Agreement has not been terminated pursuant to Article VI.

Section 4. Change in Law. If any federal, State or local law or regulation, or court or administrative decision, or attorney general's opinion (collectively referred to in this Agreement as the "applicable laws") has a substantial and material adverse impact (as reasonably determined by the party suffering the impact) on the ability of the impacted party to carry out its obligations under this Agreement, then the impacted party, upon written notice, may request a renegotiation of this Agreement. If the parties are unable or unwilling to successfully renegotiate the terms of this Agreement within ninety (90) days after the notice, and after making good faith efforts which shall include, but not be limited to, the use of a third party arbitrator and/or alternative dispute resolution process, the impacted party may terminate this Agreement as of the end of the then-current academic year.

Section 5. Transition. In the event of any termination prior to the end of the Term of this Agreement, CSP shall provide the Academy reasonable assistance for up to ninety (90) days to assist in the orderly transition to another service provider or to a self-managed school.

Notwithstanding the foregoing, CSP shall not be obligated to provide such reasonable assistance if the reason for the termination was the documented willful misconduct of the Academy which resulted in financial damages to CSP exceeding \$10,000.00, as reasonably determined by CSP.

Section 6. Personal Property upon Termination or Expiration. Upon any termination or the expiration of this Agreement, the Academy may elect (a) to purchase any personal property which has been purchased or leased from a third party solely with CSP funds, provided such purchase or lease is permitted under the purchase or lease documents relating thereto, at the fair market, depreciated value of such personal property or (b) to return same to CSP. All personal property purchased or leased by CSP using Academy funds is and shall remain the personal property of the Academy.

Section 7. Obligations Upon Termination or Expiration. Upon any termination or the expiration of this Agreement, the parties shall remain obligated for all financial or other obligations due at the time of the termination or expiration.

After any termination or the expiration of this Agreement, and once all such obligations referenced above are satisfied, the parties shall have no further obligations to each other under this Agreement whatsoever except for the continuing obligations under (a) Article V (confidentiality and non-use/non-disclosure of proprietary information) and (b) Article VII (indemnification).

ARTICLE VII

Indemnification and Cooperation

Section 1. Indemnification of CSP. To the extent permitted by law, the Academy shall indemnify and save and hold CSP and all of its employees, officers, directors, subcontractors, and agents, harmless against any and all claims, demands, suits, or other forms of liability that may arise out of, or by reason of: (a) any willful non-compliance by the Academy

with any agreements, covenants, warranties or undertakings of the Academy contained in or made pursuant to this Agreement; (b) any misrepresentation or any breach of the representations and warranties of the Academy contained in or made pursuant to this Agreement; and/or (c) the gross negligence of the Academy's directors, officers, employees, agents or representatives.

In addition, to the extent permitted by law, the Academy shall indemnify and reimburse CSP for all legal costs and reasonable attorney fees associated with the defense of any such claim, demand or suit. If desired, all or part of the indemnification obligations set forth in this Section 1, may be met by the purchase of insurance by the Academy. The indemnification in this Section shall also specifically apply, without limitation, to any current claims or litigation at the time this Agreement is executed, as well as any future or additional claims or litigation regarding any prior activities of the Academy.

Section 2. Indemnification of the Academy. During the Term and continuing forever after any termination or the expiration of this Agreement, CSP shall indemnify and save and hold the Academy and all of its employees, officers, directors, subcontractors and agents harmless against any and all claims, demands, suits or other forms of liability that may arise out of, or by reason of: (a) non-compliance by CSP with any agreements, covenants, warranties or undertakings of CSP contained in or made pursuant to this Agreement; (b) CSP's breach of the Agreement; and/or (c) the negligence of CSP's directors, officers, employees, agents or representatives.

In addition, CSP shall reimburse the Academy for all legal costs and reasonable attorney fees associated with the defense of any such claim, demand, or suit. If desired, all or part of the indemnification obligations set forth in this section may be met by the purchase of insurance by CSP. The indemnification in this Section shall also specifically apply, without limitation, to any current claims or litigation at the time this Agreement is executed, as well as any future or additional claims or litigation regarding any prior activities of CSP.

Section 3. Immunities and Limitations. The Academy may assert all immunities and statutory limitations of liability in connection with any claims arising under this Agreement.

Section 4. Responsibility of Academy. The Academy will 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 will 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 Act 170, Public Acts of Michigan, 1964, as amended, MCL 691.1407. If CSP is made a party to any litigation involving claims arising out of or relating in any way to any alleged acts and/or omissions of the Academy or its directors, agents, or employees, the Academy will provide any reasonable assistance requested by CSP in the defense against such claims as long as such assistance does not adversely affect the Academy's ability to defend against such claims.

Section 5. Mutual Duty to Cooperate. The parties acknowledge that each party has a duty and obligation to cooperate with the other party, and further that such duty to cooperate is a

material part of this Agreement. The purpose of the duty to cooperate is to enable each party to perform its obligations as efficiently and as timely as possible. The duty to cooperate shall include all areas of the business of the Academy and the Services, including but not limited to potential and actual issues related to employees or teachers as they arise, following the procedures outlined in the employee handbook. The duty to cooperate also includes reasonable assistance in the event of litigation or a dispute involving a party related to the Academy of the Services, such as providing testimony, records and/or documents reasonably related to the litigation or dispute (which are not otherwise protected from disclosure pursuant to applicable law).

Section 6. Indemnification of Authorizer. The parties acknowledge and agree that the Authorizer, its Board of Trustees, and its members, officers, employees, agents or representatives (collectively "Authorizer") are deemed to be third party beneficiaries for purposes of this Agreement. As third party beneficiaries, the parties hereby promise to indemnify, defend and hold harmless the Authorizer 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 of any kind whatsoever, including costs and expenses (not limited to reasonable attorney fees, expert and other professional fees) of settlement and prosecution imposed upon or incurred by the Authorizer, and not caused by the sole negligence of the Authorizer, which arise out of or are in any manner connected with the Authorizer Board's approval of the Academy's application, the Authorizer Board's consideration of or issuance of a Contract, the Academy Board's or CSP's preparation for or operation of the Academy, or which are incurred as a result of the reliance by the Authorizer upon information supplied by the Academy Board or CSP, or which arise out of the Academy Board or CSP's failure to comply with the contract or applicable law. The parties expressly acknowledge and agree that the Authorizer may commence legal action against either party to enforce its rights as set forth in this section of the Agreement.

ARTICLE VIII

Insurance

Section 1. Academy Insurance. The Academy shall maintain such policies of insurance coverage in the amounts as required by the Contract. CSP shall comply with any reasonable information or recording requirements under the Academy's policies of insurance.

Section 2. CSP Insurance. CSP shall maintain separate general liability and umbrella insurance coverage, with the Academy listed as an additional insured on all policies. CSP shall maintain such policies of insurance in the amounts as required by the Contract and M.U.S.I.C. In the event that M.U.S.I.C. requests any change in coverage by CSP, CSP agrees to comply with any changes in the type and amount of coverage as requested by M.U.S.I.C within thirty (30) days after written notice of any termination of said policies.

Section 3. Evidence and Notices. Each party shall, upon request, present evidence to the other that it maintains the requisite insurance as required in this Article VIII. The policies of insurance of each party shall also provide that the other party receive from the insurer(s) a minimum thirty (30) day written notice of any termination of said policies.

Section 4. Workers' Compensation Coverage. Additionally, each party shall maintain workers' compensation insurance, as required by State law, covering their respective employees.

ARTICLE IX

Warranties and Representations

Section 1. Warranties and Representations of the Academy. The Academy represents to CSP that (a) it has the authority under law to execute, deliver, and perform this Agreement and to incur the obligations provided for under this Agreement, (b) its actions have been duly and validly authorized, and (c) it will adopt the necessary resolutions or expenditure approvals required for execution of this Agreement.

Section 2. Warranties and Representations of CS Partners. CS Partners represents and warrants to the Academy that (a) it is a Michigan limited liability company in good standing duly authorized to conduct business in the State of Michigan, (b) it has the authority under applicable laws to execute, deliver and perform this Agreement and to incur the obligations provided for under this Agreement, (c) its actions have been duly and validly authorized, and (d) it will adopt any and all resolutions required for execution of this Agreement.

Section 3. Warranties and Representations of CSP Management. CSP Management represents and warrants to the Academy that: (a) it is a Michigan corporation in good standing duly authorized to conduct business in the State of Michigan; (b) it has the authority under applicable laws to execute, deliver and perform this Agreement and to incur the obligations provided for under this Agreement; (c) its actions have been duly and validly authorized; and (d) it will adopt any and all resolutions required for execution of this Agreement.

Section 4. Mutual Representations and Warranties. Each party represents and warrants to the other party that except as disclosed in writing to the other party, to its knowledge, there are no pending actions, claims, suits, or proceedings, whether threatened or reasonably anticipated, against or effecting it, which if adversely determined would have a material adverse effect (as might be reasonably determined by the non-affected party if disclosed) on its ability to perform its obligations under this Agreement.

ARTICLE X

Alternative Dispute Resolution

Section 1. Mediation. 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 first be communicated in writing to the other party and mutually discussed between the parties with an opportunity to cure. If no resolution can be ascertained through that mutual discussion, then the matter will be submitted to mediation for resolution in Macomb County. Both parties must mutually agree upon the mediator selected and shall participate in all meetings in good faith. The mediation shall be conducted in accordance with the rules of the American Arbitration

Association seated in Macomb County, Michigan, with such variations as the parties and arbitrators unanimously accept. The final decision shall be a cause decision (written explanation). The Authorizer shall be notified of said decision, and upon the Authorizer's request, the cause opinion shall be made available. The parties will share equally in the costs of the mediation including forum fees, expenses, and charges of the mediator.

Section 2. Arbitration. If the mediation does not result in a mutually satisfactory compromise, then the matter shall be resolved by arbitration, and such procedure shall be the sole and exclusive remedy for such matters. Unless the parties agree upon a single arbitrator, the arbitration panel shall consist of three (3) persons. The arbitration shall be conducted in accordance with the rules of the American Arbitration Association seated in Macomb County, Michigan, with such variations as the parties and arbitrators unanimously accept. The final decision shall be a cause decision (written explanation). The Authorizer shall be notified of said decision, and upon the Authorizer's request, the cause opinion shall be made available. The arbitrators' award shall be final and binding. A judgment on the award rendered by the arbitrators may be entered in any court having appropriate jurisdiction, by any party, without the consent of the other party. The losing party shall pay the cost of arbitration, not including attorney fees. It shall be within the discretion and purview of the arbitrator or arbitration panel to award reasonable attorney fees to the prevailing party.

ARTICLE XI

Miscellaneous

Section 1. Entire Agreement. This Agreement supersedes and replaces any and all prior written or oral agreements and understandings between the Academy and CSP regarding the subject matter hereof. This Agreement, including Exhibit A, constitutes the entire agreement of the parties.

Section 2. Force Majeure. Notwithstanding any other sections of this Agreement, neither party shall be liable for any delay in performance or inability to perform due to acts of God or due to war, riot, embargo, fire, explosion, sabotage, accident, labor strike, flood, terrorism, or other acts beyond its reasonable control.

Section 3. Governing Law. This Agreement and the rights of the parties hereto shall be interpreted according to the laws of the State of Michigan (the "State").

Section 4. Official Notices. All notices or other communications required by the terms of this Agreement shall be in writing and sent to the parties at the addresses set forth below. Notice may be given by certified or registered mail, postage prepaid, return receipt requested, traceable carrier or personal delivery. Notices shall be deemed to have been given on the date of personal delivery, or, if given by mail, the postmark date. Unless amended or updated in writing, the addresses of the parties hereto for the purposes of this Agreement shall be:

The Academy:	Board President
	Huron Academy
	11401 Metropolitan Parkway

Sterling Heights, MI 48312

CSP:

CS Partners, LLC
Michigan Educational Personnel Services
c/o Maria Dockins
869 S. Old US 23, Suite 500
Brighton, Michigan 48114

Section 5. Assignment. This Agreement shall not be assigned (a) by CSP, without prior consent of the Board, in writing, which consent shall not be unreasonably withheld; or (b) by the Academy, without the prior consent of CSP, in writing, which consent shall not be unreasonably withheld. This Agreement shall not be assignable without prior notification to the Authorizer and any assignment must be done in a manner consistent with the Authorizer's Educational Service Provider Policies.

Section 6. Amendment; Effect of Headings. This Agreement may only be amended in writing, signed by a duly authorized representative of each party and in a manner consistent with the Authorizer's Educational Service Provider Policies.

The underlined headings are included for convenience of the reader, and if the underlined headings are inconsistent with the other text, the underlined text shall be disregarded.

Section 7. Tax Exempt Financing. If at any time the Academy determines that it is in the best interests of the Academy to obtain financing from the Michigan Public Educational Facilities Authority or any other type of financing that is tax-exempt pursuant to the IRS Code, then the parties hereby agree that this Agreement if necessary shall be automatically amended for the sole and limited purpose of compliance with Revenue Procedure 9-13, and/or its progeny. Any such automatic amendment shall be as limited as practicable, and the parties shall promptly execute a written agreement reflecting such amendment, but the failure of the parties to do so shall not affect the effectiveness of the automatic amendment referenced above.

Section 8. Waiver. No waiver of any portion of this Agreement shall be deemed or shall constitute a waiver of any other provision, nor shall such waiver constitute a continuing waiver unless otherwise expressly stated in writing.

Section 9. Severability. The invalidity of any portion or term of this Agreement shall not affect the remaining portions or terms of this Agreement. In the event a portion or a term of this Agreement is deemed invalid, the parties shall cooperatively work together to modify the invalid portion or term as minimally as possible to cure the invalidity, while at all times preserving the spirit and purpose of the applicable portion or term.

Section 10. Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the parties and their respective successors and permitted assigns.

Section 11. No Third Party Rights. This Agreement is made for the sole benefit of the Academy and CSP. Except as otherwise expressly provided herein, nothing in this Agreement

shall create or be deemed to create a relationship between the parties, or either of them individually with any third person, third party beneficiary, fiduciary, or the Authorizer.

Section 12. Survival of Termination. All representations, warranties, indemnities, and non-disclosures/confidentiality obligations made in this Agreement shall survive any termination or expiration of this Agreement without limitation.

Section 13. Delegation of Authority; Compliance with Laws. Nothing in this Agreement shall be construed as delegating to CSP any of the powers or authority of the Board which are not subject to delegation by the Board in accordance with the Contract and all applicable laws. The parties agree to comply with all applicable laws.

Section 14. Execution. The parties may execute this Agreement by facsimile or in counterparts. A facsimile or photographic copy of this Agreement may be relied upon by either party, or any third party, as if it were an original signature copy. If this Agreement is executed in counterparts, the separate counterpart signature pages shall be combined and treated by the parties, or any third party, as if the separate counterpart signature pages were part of one original signature copy.

Section 15. 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.

[Signature Page Follows]

The undersigned hereby execute this Agreement as of the date set forth first above.

The Academy:

ACADEMY, a Michigan public school
academy

By: 
Jeffrey Duchene

Its: Board President

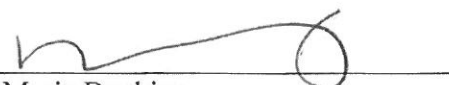
CSP:

CS PARTNERS, LLC, a Michigan
limited liability company

By: 
Maria Dockins

Its: CEO

CSP MANAGEMENT INC., a Michigan
Corporation d/b/a **MICHIGAN EDUCATIONAL
PERSONNEL SERVICES**, a Michigan
corporation

By: 
Maria Dockins

Its: CEO

Exhibit A
to
SERVICES AGREEMENT

The purpose of this Exhibit A is to set forth and define the Services to be provided by CSP pursuant to the Agreement.

**EDUCATIONAL MANAGEMENT SERVICES
TO BE PROVIDED BY CS PARTNERS, LLC**

- A. CSP shall implement the Educational Program (defined in Article I, Section 2 of the Agreement). Modification of the Educational Program as provided in the Contract may only occur with the prior written consent of the Board and, if required, an amendment to the Contract which requires Authorizer approval.
- B. CSP may perform functions other than instruction, including but not limited to purchasing, professional development and administrative functions off-site (i.e., not on the Academy property), unless prohibited by applicable laws. Student records, which are the property of the Academy, and books and records of the Academy, shall be maintained by CSP at the Academy's site.
- C. Although the Board shall be responsible for establishing and implementing recruitment admission policies in accordance with the Educational Program and the Contract, CSP shall enroll students for the Academy in accordance with such policies provided that said policies are in compliance with the Contract and applicable laws.
- D. CSP shall provide student due process hearings in compliance with all applicable laws, to an extent consistent with the Academy's own obligations as to students only (and not as to faculty). The Board hereby retains the right to provide due process, as required by law, if desired.
- E. CSP shall administer and provide the Educational Program in a manner which shall meet the requirements imposed under the Contract and applicable laws, unless such requirements are waived. The Academy hereby agrees to interpret State and local regulations within the confines of applicable law in order to give CSP flexibility and freedom to implement the Educational Program in CSP's desired manner.
- F. In order to supplement and enhance the School Aid payments received from the State of Michigan, and improve the quality of education at the Academy, CSP may assist the Academy's efforts to obtain revenue from other sources (the "Funding Sources"), and in this regard:
1. the Academy and/or CSP with prior approval of the Board may solicit and receive grants and donations in the name of the Academy from various funding sources consistent with the mission of the Academy;

2. the Academy and/or CSP with prior Board approval may apply for and receive grant money in the name of the Academy from various funding sources;
3. to the extent permitted under the Code and Contract, and with the approval of the Board, CSP or the Academy may charge fees to students for extra services, such as summer and after-school programs, athletics, etc., and charge non-Academy students who participate in such programs; and
4. all funds received by the Academy from such other revenue sources (generally, the "Additional Revenue") shall inure to and be the deemed property of the Academy (however, as provided in the Article IV, Section 1 of the Agreement, the Fee may apply against all such Additional Revenue).

G. CSP may subcontract any and all aspects of the Services, including, but not limited to, food service. However, CSP shall not subcontract the management, oversight, or operation of the teaching and instructional aspects of the Services (the "Instruction"), except as specifically permitted in this Agreement, or with prior written approval of the Board.

H. CSP shall not act in a manner which will cause the Academy to be in breach of its Contract with the Authorizer.

I. CSP shall provide reasonably requested or expected information to the Board on a monthly basis, or upon the Board's reasonable request, to enable the Board to monitor CSP's performance under this Agreement.

BUSINESS/FINANCE SERVICES TO BE PROVIDED BY CS PARTNERS, LLC

J. CSP shall be directly accountable to the Board for the administration, operation, and performance of the Academy in accordance with the Contract. CSP's obligation to provide the Services is expressly limited by the budget approved by the Board pursuant to the terms of this Agreement. The Services shall be funded by the Academy budget, and neither CSP nor the Academy shall be permitted to expend Academy funds on the Services in excess of the amount set forth in the Academy Budget.

K. CSP shall implement pupil performance evaluations consistent with the Educational Program, which permit evaluation of the educational progress of each Academy student. CSP shall be responsible for and accountable to the Board for the performance of students who attend the Academy. At a minimum, CSP shall utilize assessment strategies required by the Educational Program. The Academy and CSP will cooperate in good faith to identify other measures of and goals for students and school performance.

L. CSP shall plan and supervise special education services to students who attend the Academy. CSP or the Academy may subcontract these services if it determines that it is necessary and appropriate for the provision of services to students with special needs, or if

instruction cannot be met within the Academy's program. Such services shall be provided in a manner that complies with applicable laws.

M. CSP shall be responsible for all of the management, operation, administration, and education at the Academy which includes, but is not limited to:

1. implementation and administration of the Educational Program and the selection and acquisition of instructional materials, equipment and supplies;
2. management of all personnel functions, including professional development for all instructional personnel and the personnel functions outlined in this Agreement;
3. aspects of the business administration (as determined and as generally understood in the industry) of the Academy as agreed between CSP and the Board;
4. any function necessary or expedient for the administration of the Academy consistent with the Educational Program, or otherwise approved by the Board.

N. Except as otherwise provided in this Agreement, CSP shall keep all student and financial records relating to the Academy available at the Academy site, and the same shall be available for public inspection upon reasonable request consistent with applicable laws. All student, educational and financial records pertaining to the Academy will remain the property of the Academy and such records are subject to the provisions of the Michigan Freedom of Information Act. All Academy records shall be physically or electronically available, upon request, at the Academy's physical facilities. Except as permitted under the Contract and applicable law, CSP shall not restrict the Authorizer's or the public's access to the Academy's records. All records shall be kept in accordance with applicable state and federal requirements.

O. CSP shall provide the Board with:

1. a projected annual budget prior to July 1st of each school year, related to the Services in accordance with the Contract and the Educational Program;
2. detailed monthly statements (or as requested by the Board) no more than thirty (30) days after month's end. Financial statements will be provided as directed by the Board within reason prior to each Board meeting to allow time for all Board members to review the information prior to the meeting. These financial statements shall include: a balance sheet, a statement of revenues, expenditures and changes in fund balance at object level detail with comparison of budget-to-actual and explanations of variance, and a cash flow statement. These statements shall include all revenues received, from whatever source, with respect to the Academy, and detailed budgets with statements of all direct expenditures (with details) for the Services rendered to or on behalf of the Academy, whether incurred on-site or off-site;
3. facilitation of the annual audit in compliance with applicable laws showing the manner in which funds are spent at the Academy, however, it is acknowledged that only the Academy shall select and retain independent auditors and the Academy shall contract directly with any auditor of its choice, and CSP will cooperate with the production of any and all documents necessary for the audit. Any such audit shall be the property of the Academy; and

4. other information as reasonably requested by the Board to enable the Board to monitor CSP's performance under the Agreement.

**HUMAN RESOURCES SERVICES
TO BE PROVIDED BY
MICHIGAN EDUCATIONAL PERSONNEL SERVICES**

P. CSP shall work with the School Leader to recommend staffing levels to the Board, and select, evaluate, assign, discipline and transfer personnel, consistent with applicable laws, and consistent with the parameters adopted and included within the Academy's budget and the Educational Program.

Q. As set forth in the Agreement, CSP shall identify and appoint a School Leader to administer the Educational Program at the Academy (the "School Leader"). The School Leader will be an employee of CSP.

R. CSP shall work with the School Leader to provide the Academy with such teachers, qualified in the applicable grade levels and subjects approved by the Board and consistent with the Contract and applicable law. CSP shall ensure that the curriculum taught by the Academy's teachers is the curriculum set forth in the Contract. Such teachers may also provide instruction at the Academy on a full or part time basis. If assigned to the Academy on a part-time basis, such teachers may also provide instruction at another institution, or other locations approved by CSP. Each teacher assigned or retained to the Academy shall hold a valid teaching certificate issued by the State Board of Education under the Code, to the extent required under the Code and all other requirements as established by the Michigan Department of Education, the Authorizer, and State and federal law.

S. CSP shall work with the School Leader to provide the Academy with such support staff, qualified in the areas required. The parties anticipate that such support staff may include clerical staff, administrative assistants, bookkeeping staff, maintenance personnel, and the like. Such support staff may, in the discretion of CSP, provide services at the Academy on a full or part time basis. If assigned to the Academy on a part-time basis, said support staff may also provide services at another institution, or other locations approved by CSP.

T. Since, except as specified in this Agreement, all teaching, support staff and other non-teaching personnel performing functions on behalf of the Academy, shall be employees of CSP, compensation of all employees of CSP shall be paid by CSP. For purposes of the Agreement and this Exhibit, "compensation" shall include salary and benefits. Evaluation and compensation systems administered by CSP shall comply with all applicable laws. CSP shall pay its portion of social security, unemployment, and any other taxes required by law to be paid on behalf of its employees assigned to the Academy. Unless required by applicable laws, CSP shall not make payments to the Michigan Public School Employees' Retirement System or any other public retirement system on behalf of its employees.

U. CSP Management will complete and sign all necessary 401K regulatory and plan documents as required by law and duties as fiduciary agent of the plan.

