

2020-2025 Management Agreement

This Agreement ("Agreement") is effective as of the 1st day of July 2020, by and between: MAGNUM EDUCATIONAL MANAGEMENT SERVICES, a Michigan corporation ("Magnum"), and BARACK OBAMA LEADERSHIP ACADEMY, a Michigan public school academy ("Academy") formed under Part 6A of the Revised School Code (the "Code"), as amended, being Sections 380.501 to 380.507 of Michigan Compiled Laws.

RECITALS

The Academy is a public school academy, organized under the Code. The Academy has entered into a Contract to Charter a Public School Academy and Related Documents (the "Charter") between BARACK OBAMA LEADERSHIP ACADEMY and the Detroit Community School District Board of Education ("Detroit"), as authorizer. The Code permits a public school academy to contract with persons and entities for the operation and management of the public school academy.

The Academy and Magnum have previously enjoyed a contractual relationship whereby Magnum provided certain management services to the Academy. The Parties desire to enter into a further contract certain management services, described below as the Services, and, thus, are entering into this Agreement for the provision of the services described herein.

The Academy and Magnum previously entered into a Management Agreement made and entered into as of January 1, 1998 (the "Management Agreement") for the continuation of the Academy thereafter, and to implement an innovative educational program at the Academy.

The Academy and Magnum wish to continue the arrangement set forth in the Management Agreement, as modified by this Agreement.

THEREFORE, in order to facilitate the continuation of the Academy and the implement an innovative educational program at the Academy, the parties desire to establish this arrangement for the management and operation of the Academy, and mutually agree as follows:

ARTICLE I. CONTRACTUAL RELATIONSHIP

1.1 Authority. The Academy represents that it is authorized by law to contract with a private entity for the provision of educational management services to the Academy. The Academy further represents that it has been granted the Contract by Detroit to organize and operate a public school academy. The Academy is authorized by Detroit and is invested with all powers necessary or desirable for carrying out the educational program contemplated in this Agreement.

1.2 Contract. The Parties hereto, and herewith, agree that Magnum, to the extent permitted by law, shall provide all labor, materials and supervision necessary for the provision of educational services to

students of the Academy, and shall provide for the management, operation and maintenance of the Academy, in accordance with the educational goals, curricula, methods 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 well as human resources services, budgeting, procurement, financial forecasting and curriculum development, all as previously adopted by the Board of Directors of the Academy (the "Board"), submitted in the Academy's application to Detroit, and included in the Contract (the "Educational Program"). Magnum shall be the sole employer of Academy staff, vested with control and responsibility over all terms and conditions of employment of such staff. Collectively, these powers vested in Magnum shall be referred to as the "Services."

- 1.3 Status of the Parties. Magnum is not division or any part of the Academy. The Academy is a body corporate and governmental entity authorized under the Code and is not a division or a part of Magnum. The relationship between the parties hereto was developed and entered into through arms-length negotiations and is based solely on the terms of this Agreement and those of any other agreement may exist from time to time between the parties hereto.
- 1.4 Independent Contractor Status. The parties to this Agreement intend that the relationship between them created by this Agreement is that of an independent contractor, and not employer-employee. No agent or employee of Magnum shall be determined to be the agent or employee of the Academy except as expressly acknowledged in writing by the Academy. Notwithstanding the foregoing, Magnum and its employees are designated as agents of the Academy for the limited purpose of allowing them access to educational records under the Family Educational Rights and Privacy Act, 20 USC 1232g. Magnum shall be solely responsible for its acts and the acts of its agents, employees, and subcontractors.
- 1.5 Access. The Academy hereby grants to Magnum all access and occupancy to the Academy's physical plant building as necessary or convenient to Magnum for purposes of its rights and responsibilities under this Agreement.
- 1.6 Board Responsibilities. No provision of this Agreement shall predetermine the Academy Board's course of action in choosing to assert or not to assert governmental immunity. No provision of this Agreement shall interfere with the Academy Board's duties under the Contract and the Academy's duties under the Contract shall not be limited or rendered impossible by action or inaction of Magnum.

ARTICLE II. TERM

- 2.1 Term. This Agreement shall become effective as of the date of the Agreement first above written and end on the fifth anniversary date of this Agreement, or June 30, 2025.

ARTICLE III. FUNCTION OF MAGNUM

- 3.1 Responsibility. Magnum shall be responsible and accountable to the Board of the Academy (the "Board") for providing the Services, provided, however, that Magnum's responsibility is expressly limited by the budget Magnum and the Academy agree upon pursuant to the terms of this Agreement.

Neither Magnum nor the Academy shall be required to expend Academy funds on services in excess of the amount set forth in the Academy budget. Magnum shall provide the Academy with reports on student performance, upon request, but not less frequently than quarterly.

3.2 Educational Goals and Programs. Magnum agrees to implement the educational goals and programs set forth in the Contract. Should Magnum determine it is necessary to modify the educational goals or progress set forth in the Contract, Magnum will inform the Board of the proposed changes. As required by the Contract, Magnum may implement the new educational goals or program changes only after they have been approved by the Board.

At the end of each semester, Magnum will provide the Board with updated reports on progress towards implementing each of the Academy's educational goals set forth in the Contract.

3.3 Specific Functions. Magnum shall be responsible for all of the management, operation, administration, and education at the Academy. Such functions include, but are not limited to:

- (a) Implementation and administration of the Educational Program, including administration of any and all extra-curricular and co-curricular activities and programs, and the selection and acquisition of instructional materials, equipment and supplies. Assets provided, or caused to be provided, to the Academy by Magnum with funds Magnum has received from sources other than the Academy under Section 5.3 shall remain the property of Magnum or the providing entity unless agreed in writing to the contrary;
- (b) Management of all personnel functions, including professional development for all instructional personnel and the personnel functions outlined in Article VI of this Agreement, including employment of all staff;
- (c) Operation of the school building to the extent consistent with any and all leases pertaining to the Academy site, and the installation of technology integral to the school design;
- (d) All aspects of the business administration of the Academy, including preparation of all budgets and amendments thereto for review by the Board of Directors;
- (e) Any provision of transportation, food service, or providing of food for the Academy as the Board decides to implement pursuant to the Contract; and
- (f) Any other function necessary or expedient for the administration of the Academy or described as Services hereunder.

3.4 Subcontracts. Magnum reserves the right to subcontract any and all aspects of all other services it agrees to provide to the Academy, including, but not limited to transportation and/or food service. Such subcontracting shall not relieve Magnum of the responsibility for such services contracted for hereunder. Magnum shall not subcontract the management, oversight or

operation of the teaching an instructional program, except as specifically permitted in this Agreement or with approval of the Board.

3.5 Place of Performance. Magnum reserves the right to perform functions other than instruction such as purchasing professional development and administrative functions, at other locations, unless prohibited by state or local law.

All financial, education, and student records pertaining to the Academy are Academy property and such records are subject to the provisions of Michigan's Freedom of Information Act. All such records must be stored, in physical form, on-site at the Academy's facility or be directly accessible at the Academy facility. All records pertaining to teacher and administrator evaluation and certification, as well as a copy of the employee handbook, shall be maintained physically on site or be directly accessible at the Academy facility.

3.6 Student Recruitment. The Board shall be responsible for establishing the recruitment and admission policies. Magnum shall implement such policies; Students shall be selected in accordance with the procedures set forth in the Contract and in compliance with the Code and other applicable law.

3.7 Due Process Hearings. Magnum shall provide student due process hearings in conformity with the requirements of state and federal law regarding discipline, special education, confidentiality and access to records, to an extent consistent with the Academy's own obligations as to students only and not as to faculty. The Academy shall retain the right to provide due process as required by law.

3.8 Legal Requirement. Magnum shall provide educational programs that meet federal, state, and local requirements, and the requirements imposed under the Code and the Contract, unless such requirements are or have been waived, but the Academy shall interpret state and local regulations liberally to give Magnum flexibility and freedom to implement its educational and management programs.

3.9 Rules and Procedures. Magnum shall recommend reasonable rules, regulations and procedures applicable to the Academy and is authorized and directed to enforce such rules, regulations and procedures adopted by the Academy.

3.10 School Year and School Day. The school year and the school day shall be as provided in the Contract. The number of days of pupil instruction and the number of hours of pupil instruction shall not be extended beyond the minimum, number of hours and days of pupil instruction required under applicable law unless Magnum consents to such extension.

3.11 Reporting. Magnum shall be responsible for and accountable to the Board for student academic performance and the performance of Magnum's responsibilities as set forth herein. Magnum shall provide information to the Board on a quarterly basis to enable the Board to reasonably monitor the students' academic performance and Magnum's performance under this Agreement.

3.12 Authority. Magnum shall have all authority and power necessary to undertake its responsibilities described in this Agreement, except in cases wherein such power may not be delegated by law.

3.13 Student and Financial Records. Notwithstanding anything in Section 3 to the contrary, all student and financial records relating to the Academy shall be kept at the Academy site and available for public inspection upon reasonable request.

3.14 Pupil Performance Standards and Evaluation. Magnum shall implement pupil performance evaluations which permit evaluation of the educational progress of each Academy student. Magnum shall be responsible for and accountable to the Board for the performance of students who attend the Academy. At a Minimum, Magnum will utilize assessment strategies required by the Contract. The Board and Magnum will cooperate in good faith to identify other measures of and goals for students and school performance, including but not limited to parent satisfaction.

3.15 Services to Students and Special Education. Magnum shall provide special education services to students who attend the Academy in conformity with the requirements of state and federal law. Magnum may subcontract as necessary and appropriate for the provision of services to students whose special needs cannot be met within the Academy's program, subject to Board approval. Such services shall be provided in a manner that complies with local, state, and federal laws and applicable regulations and policies.

3.16 Contract between the Academy and Detroit. Magnum will not act in a manner which will cause the Academy to be in breach of its Contract.

3.17 Disclosure of Records. Magnum shall make information available to the Academy as deemed necessary by the Academy Board in order to enable the Academy to fully satisfy its Transparency Reporting under the Contract and also at least the information that a school district is required to disclosure under MCLA 388.1618 for the most recent fiscal year for which the information is available.

ARTICLE IV. OBLIGATIONS OF THE BOARD

4.1 Good Faith Obligation. Subject to constraints of applicable law, requirements of the Contract, and its fiduciary obligations to the Academy, the Board shall exercise good faith in considering the recommendations of Magnum, including but not limited to, Magnum's recommendations concerning policies, rules, regulations, procedures, curriculum, and budgets; subject to constraints of law and requirements of the Contract. Magnum shall not adopt or implement such recommendations without obtaining prior Board approval. The Board shall retain any authority it may possess to make reasonable regulations relative to anything necessary for the proper establishment, maintenance, management, and carrying on of the Academy, including regulations relative to the conduct of pupils while in attendance at the Academy or en route to and from the Academy. The Board shall further retain the obligation, as provided in Section 1274 of the Code, to adopt written policies governing the procurement of supplies, materials, and equipment; nevertheless, unless otherwise prohibited by law, all procurement of supplies, materials and equipment shall be through Magnum provided that Magnum complies with section 1274 of the Code and the Board's policies promulgated pursuant to Section 1274. There shall be no markup on such procurement of supplies, materials or equipment by Magnum for the Academy. All supplies, materials and equipment at the Academy shall be inventoried by an acceptable method of inventory; an inventory of the Academy's supplies, materials and equipment shall be maintained.

ARTICLE V.
FINANCIAL ARRANGEMENTS

5.1 Compensation for Services.

(a) For the term of this Agreement, the Board shall pay Magnum an annual fee, based upon the state's certified student count. Magnum shall receive as compensation for its services a fee of \$250,000, if enrollment is greater than 350 students for a school year. If less than 350 students the fee will be reduced proportionally.

(b) Reasonable Compensation. Magnum's compensation under this Agreement is reasonable compensation for services rendered. Magnum's compensation for services under this Agreement will not be based, in the whole or in part, on a share of net profits from the operation of the Academy.

5.2 No Related Parties or Common Control. Magnum 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 Board may not include any director, officer or employee of Magnum. It is agreed between the Academy and Magnum that none of the voting power of the governing body of the Academy will be vested in Magnum or its directors, members, managers, officers, shareholders, and employees, and none of the voting power of the governing body of Magnum will be vested in the Academy or its directors, members, managers, officers, shareholders, and employees. Further, the Academy and Magnum will not be members of the same controlled group, as defined in section 1.150-1 (f) of the regulations under the Internal Revenue Code of 1986, as amended, or related persons, as defined in Section 144(Ax3) of the Internal Revenue Code of 1986, as amended.

5.3 Payment of Costs. In addition to the fee described in section 5.1, the Academy shall reimburse Magnum for all costs incurred and paid by Magnum in providing the Educational Program and the other goods and services pursuant to Articles III, V (section 5.4 and 5.8 only), VI, and XI of this Agreement at the Academy. Such costs include but are not limited to salaries of Magnum employees, curriculum and instructional materials, textbooks, library books, computer and other equipment, software supplies, food service, transportation, special education, psychological services and medical services. In paying costs on behalf of the Academy, Magnum shall not charge an added fee unless such fee is approved in advance by the Board. The Academy shall not reimburse Magnum for any costs incurred or paid by Magnum as a result of services provided or actions taken pursuant to Articles I, II, IV, VII, VIII (except as otherwise specifically indicated), IX, X, XII, XIII, and XIV of this Agreement. All acquisitions made by Magnum for the Academy versus the funds Magnum received pursuant to Section 5.3 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.

5.4 Magnum Personnel. In addition to the services provided by Magnum to the Academy, Magnum shall provide the Academy with services of Magnum professional and curriculum development. Such professional staff shall be employees of Magnum, shall be compensated by Magnum, and shall perform services to the Academy on a part-time basis.

5.5 Time and Priority of Payments. The fee due to Magnum pursuant to Section 5.1

shall be calculated for each school year at the same time as the State of Michigan calculates the SSA, and adjustments to such calculation shall occur at the same time as the State

Of Michigan makes adjustments to the SSA, Magnum shall receive its fee under Section 5.1, as - calculated pursuant to the preceding sentence, in eleven (11) monthly installments beginning on October of each school year and ending in August of each school year. For the first year of the term of this Agreement only, Magnum shall receive its fee under Section 5.1 in equal monthly installments), beginning the month following the effective date of this Agreement and ending in June 2025. Installments amounts shall be due and payable within ten (10) days of receipt by the Academy of its monthly SSA.

Payments due and owing to Magnum pursuant to Section 5.3 shall be made by the Academy to Magnum on the last day of each month.

The Academy shall satisfy its payment obligations under this Article to Magnum in the following order or priority: (1) to reimburse Magnum pursuant to Section 5.3 for sums due and owing for previous months; (2) to reimburse Magnum pursuant to Section 5.3 for sums due and owing for the current month; (3) to pay Magnum for installment payments due and owing pursuant to Section 5.1 for previous months; and (4) to pay Magnum for installment payments due and owing pursuant to Section 5.1 for the current month.

5.6 Other Revenue Sources. 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, the Board and Magnum shall endeavor to obtain revenue from other sources in this regard:

(a) The Academy and/or Magnum shall solicit and receive grants and donations consistent with the mission of the Academy.

(b) Academy and/or Magnum may apply for and receive grant money, in the name Magnum or the Academy;

(c) To the extent permitted under the Code, Magnum 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

(d) All funds received by the Academy or by Magnum on behalf of the Academy, from such other revenue sources shall insure to and be deemed the property of the Academy,

5.7 Other Institutions. The Academy acknowledges that Magnum may enter into similar management agreements with other public or private educational schools or institutions ('Institutions') Magnum shall maintain separate accounts for reimbursable expenses incurred on behalf of the Academy and other Institutions, and only charge the Academy for expenses incurred on behalf of the Academy. If Magnum incurs authorized reimbursable expenses on behalf of Academy and other Institutions which are incapable of precise allocation between the Academy and such Institutions, then Magnum shall allocate such expenses among all such Institutions, and the Academy, on a pro-rata basis based upon the number of students enrolled at the Academy and the Institutions, or upon such other equitable basis as is acceptable to the parties. All grants or donations received by the Academy, or by Magnum for the specific benefit of the Academy, shall be maintained in separate accounts and used solely for the Academy.

5.8 Financial Reporting. Magnum shall provide the Board with:

(a) A projected annual budget for the Academy prior to each school year in accordance with the terms of the Contract.

(b) Detailed statements of all revenues received, from whatever source, with respect to the Academy, and detailed statements of all direct expenditures for services rendered to or on behalf of the Academy, whether incurred on-site or off-site, upon request.

(c) Reports on Academy operations, finances and student performance, upon the request of the Academy, Detroit or the State of Michigan, but not less frequently than four (4) times per year.

(d) Other information on a periodic basis to enable the Board to monitor Magnum's educational performance and the efficiency of its operations of the Academy.

5.9 Access to Records. Magnum shall keep accurate financial records pertaining to its operation of the Academy, together with all Academy financial records prepared by or in the possession of Magnum, and retain all of said records for the period required under Michigan's Record Retention guidelines. Magnum and the Academy shall maintain the proper confidentiality of personnel, students and other records as required by law. All Academy financial records retained by Magnum pertaining to the Academy shall be available to either the Academy or Detroit for inspection and copying upon reasonable request.

5.10 Review of Budget. The Board Shall be responsible for reviewing, revising, and approving the annual budget of the Academy as proposed by Magnum.

5.11 Independent Auditor. The Board shall retain an independent auditor to audit the books of the Academy. Magnum shall make all records relevant to such independent audit available to the independent auditor. Magnum's staff shall cooperate with the Academy's auditor.

ARTICLE VI. PERSONNEL AND TRAINING

61 Personnel Responsibility. Subject to the Contract and Board policies, Magnum shall have the sole responsibility and authority to determine staffing levels, and to select, evaluate, assign, discipline and transfer personnel, consistent with state and federal law, and consistent with the parameters adopted and included within the Educational Program.

62 Principal. Because the accountability of Magnum to the Academy is an essential foundation of this partnership, and because the responsibility of a principal ("Principal") is critical to its success, the Principal will be an employee of Magnum and Magnum will have the authority, consistent with state law, to select and supervise the Principal and to hold him or her accountable for the success of the Academy. Any employment contract with the Principal, and the duties and Compensation of the Principal shall be determined by Magnum. Magnum will have similar authority to select and hold accountable the teachers in the Academy. Although the

Principal will be a Magnum employee, Magnum agrees to advise the Board whenever a vacancy exists in the position for the school's principalship, and provide the Board with an opportunity to interview and examine the credentials of the candidate selected by Magnum to be assigned to the position. Such candidate shall not be assigned to the position without the approval of the Board. If at any time, the Board is dissatisfied with the performance of the Principal Magnum will remove the Principal from the position at the end of the current school year.

.. 6.3 Teachers. Magnum shall determine the number of teachers, and the applicable grade levels and subjects, required for the operation of the Academy. Magnum shall provide the Academy with such teachers, qualified in the grade levels and subjects required, as are required by the Academy. The curriculum taught by such teachers shall be the curriculum prescribed by the Academy. Such teachers may, in the discretion of Magnum, work at the Academy on a full or part time basis. If assigned to the Academy on a part time basis, such teachers may also work at other schools managed or operated by Magnum. 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 have undergone a criminal background check and unprofessional conduct check, as required, under the Code.

6.4 Support Staff. Magnum shall determine the number and functions of support staff required for the operation of the Academy. The parties anticipate that such support staff may include clerical staff, administrative assistants to the Principal, bookkeeping staff maintenance personnel, and the like. Magnum shall provide the Academy with such support staff, qualified in the areas required, as are required by the Academy. Such support staff may, in the discretion of Magnum, work at the Academy on a full or part time basis. If assigned to the Academy in a part time basis, such support staff may also work at other schools managed or operated by Magnum.

6.5 Employer of Personnel. 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 Magnum. Compensation of all employees of Magnum shall be paid by Magnum. For purposes of this Agreement, "Compensation" shall include salary, fringe benefits, and state federal, local, and social security tax withholdings. Magnum shall be responsible for paying social security, unemployment, and any other taxes required by law to be paid on behalf of its employees. Unless required by applicable statute, court or administrative decision, or Attorney General's opinion, Magnum shall not make payments to the Michigan Public School Employees' Retirement System or any other public retirement system on behalf of its employees. Magnum shall be responsible for conducting criminal background checks and unprofessional conduct checks on its employees, as if it were a public school academy under the Code.

Teachers employed by Magnum shall not be considered teachers for purposes of continuing tenure under MCLA §38.71 et seq. If Magnum chooses to execute contracts with administrative or teaching staff that have a term of longer than one year, the Board reserves the right to have the Principal or teacher placed elsewhere by Magnum if the Board is dissatisfied with their performance at the end of a fiscal year. No individual contract between Magnum and a staff member assigned to the Academy shall contain a noncompete agreement of any nature. All staff hired by Magnum to work regularly or continuously at the Academy shall be subject, by Magnum, to criminal and unprofessional conduct checks required by applicable law.

6.6 Training. Magnum shall provide training in its methods, curriculum, program, and technology, to all teaching personnel, on a regular and continuous basis. Such methodology shall at a minimum utilize Magnum's teaching staff to utilize their own professional abilities to

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provide in-service training to each other. Non-instructional personnel shall receive such training as Magnum determines as reasonable and necessary under the circumstances.

6.7 Educational Consultant. The Board may appoint an educational consultant to review the operations of the Academy and the performance of Magnum under this Agreement. Such educational consultant shall be selected by the Board and may be a member of the Board. Magnum shall cooperate with such educational consultant in the performance of his or her responsibilities to the Board. Notwithstanding anything contained in this Article VI or elsewhere in this Agreement to the contrary, Magnum shall have no authority to select, evaluate, assign, supervise or control any educational consultant selected by the Board.

ARTICLE VII. ADDITIONAL PROGRAMS

The services provided by Magnum to the Academy under this Agreement consist of the Educational Program during the school year, school day, and age and grade level may change from time to time. Magnum may in its discretion, provide additional programs, including, but not limited to, pre-kindergarten, summer school, academic camps and latchkey programs. In such event, Magnum may retain the full amount of any and all revenue collected from or for such additional programs, and Magnum shall be responsible for the full cost of providing such additional programs.

ARTICLE VIII. TERMINATION OF AGREEMENT

8.1 Termination.

(a) By Magnum. Magnum may terminate this Agreement prior to the end of the terms specified in Article in the event the Board fails to remedy a material breach within 60 days after notice from Magnum. A material breach includes, but is not limited to, Magnum's failure to receive for any reasonable fee or reimbursement as required by the terms of this Agreement. Magnum may also terminate this Agreement if the Academy makes decisions regarding the personnel, curriculum, or program substantially inconsistent with the recommendations of Magnum. Termination shall not relieve the Academy of any obligations for payments outstanding to Magnum as of the date of termination.

(b) By Academy. The Academy may terminate this Agreement prior to the end of the terms specified in Article II in the event that Magnum shall fail to remedy a material breach within 60 days after notice from the Board. Material breach includes, but is not limited to: (1) failure to account for its expenditures or to pay Academy operating costs as required under this Agreement (provided funds are available to do so), (2) failure to substantially follow policies, procedures, rules, regulations or curriculum duly adopted by the Board which are not in violation of the Contract, this Agreement, on law or (3) failure to abide by and meet educational goals set forth in the Contract.

(c) Termination by Either Party. If Magnum and the Board are unable to agree on educational programs, curriculum or other educational policies that affect the

Academy in a significant way, either party may elect to terminate this Agreement at the end of a fiscal year, provided the terminating party gives the other party at least ninety (90) days' notice prior to termination and the opportunity within the ninety (90) days to negotiate an agreement on the educational policies at issue.

8.2 Termination by Either Party. If Magnum and the Board are unable to agree on educational programs, curriculum or other educational policies that affect the Academy in a significant way, either party may elect to terminate this Agreement at the end of a fiscal year, provided the terminating party gives the other party at least ninety (90) days' notice prior to termination and the opportunity within the ninety (90) days to negotiate an agreement on the educational policies at issue.

8.3 Termination Due to Reconstitution. In the event Detroit exercises its prerogative under the Contract to reconstitute the Academy by requiring the termination or amendment of the Agreement, Magnum and its employees, agents, subcontractors and contractors shall hold the Academy, Detroit and all other third parties harmless and without recourse for such termination or amendment.

8.3 Change in Law. If any federal, state or local law or regulation, or court or administrative decision or Attorney General's opinion has a material adverse impact on the ability of either party to carry out its obligations under this Agreement, then either party, upon written notice, may request renegotiations of this Agreement and if the parties are unable or unwilling to renegotiate the terms within 90 days after the notice and after making good faith efforts which shall include the use of a third party arbitrator for alternative dispute resolution pursuant to Article the party requiring the renegotiation may terminate this Agreement as of the end of the academic year.

8.4 Termination/Expiration.

(a) Effective Date of Termination. In the event this Agreement is terminated by either party prior to the end of the term specified in Article II, absent unusual and compelling circumstances, the termination will become effective at the end of the academic year following the notice of termination.

(b) Personal Property. Upon termination or expiration of this Agreement, for any reason, Magnum shall have the option to reclaim any personal property which has been purchased, or leased from a party other than the Academy, with Magnum funds, provided Magnum did not receive such funds from the Academy pursuant to Section 5.3. All personal property purchased or leased by Magnum with funds Magnum received pursuant to Section 5.3 shall remain the personal property of the Academy:

(c) Future Advances/Out-of-Pocket Expenses. Upon termination or expiration of this Agreement, for any reason, all future advances or out-of-pocket expenses paid by Magnum with Magnum's own funds, shall be immediately repaid by the Academy unless otherwise agreed in writing by Magnum, provided such advances and expenses relate to Magnum's services and performance under this Agreement, as specified in Section 5.3.

8.5 Transition. In the event of termination of this Agreement for any reason by either party prior to the end of this Agreement's term, Magnum shall provide the Academy reasonable assistance, for up to 90 days to assist in the transition back to a regular school program.

Upon termination, Magnum shall, without charge, (i) close the books on the then-current fiscal quarter; (ii) organize and prepare the Academy's records for transition to the new ESP; (iii) organize and prepare student records for transition to the new ESP; and (iv) provide for the orderly transition of employee compensation and benefits to the new ESP without disruption to staffing.

ARTICLE IX.
PROPRIETARY INFORMATION

9.1 Required Disclosure. The Academy shall be permitted to report any new teaching techniques or methods or significant revisions to known teaching techniques or methods to Detroit and to the State Board of Education, which teaching techniques or methods may thereafter be made available to the public, as provided in Sections 505(3) and 515 (3) of the code. To the extent required under the Code and the Freedom of Information Act MCLA 15.231 et seq., Magnum's educational materials and teaching techniques used at the Academy are subject to public disclosure.

9.2 Ownership. Curriculum or other educational materials designed or developed by Magnum with funds Magnum received pursuant to Section 5.3 shall be considered property of the Academy.

ARTICLE X.
INDEMNIFICATION

101 Indemnification of Magnum. The Academy shall indemnify and save and hold Magnum 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 any noncompliance by the Academy with any agreements, covenants, warranties or undertakings of the Academy contained in or made pursuant to this Agreement, and any misrepresentations or breach of the representations and warranties of the Academy contained in or made pursuant to this Agreement. In addition, the Academy shall reimburse Magnum for any and all legal expenses and costs associated with the defense of any such claim, demand or suit. The indemnification requirements of this section may be met by the purchase of insurance pursuant to Article.

102 Limitations of Liabilities. The Academy shall assert all immunities and statutory limitations of liability in connection with any claims arising under this Agreement, and shall not waive any immunities or limitations without the prior written consent of Magnum. Notwithstanding the foregoing, the Academy shall solely determine whether to waive or assert governmental immunity.

103 Indemnification of Academy. Magnum 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, any noncompliance by Magnum with any agreements, covenants, warranties or undertakings of

Magnum contained in or made pursuant to this Agreement, and any misrepresentation or breach of the representations and warranties of the Magnum contained in or made pursuant to this Agreement. In addition, Magnum shall reimburse the Academy for any and all legal expenses and costs associated with the defense of any such claim, demand or suit. The indemnification requirements of this section may be met by the purchase of insurance pursuant to Article XI.

10.4 Indemnification of Detroit . In consideration for the grant of this Contract to the Academy, which is of material value to Magnum and the Academy, the parties hereby promise to indemnify and hold harmless the DETROIT Board, DETROIT and its Board 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 DETROIT, which arise out of or are in any manner connected with DETROIT's approval of the Application, DETROIT 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 DETROIT and its Board members, officers, employees, agents or representatives upon information supplied by

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6

the Academy or the Education Service Provider, or which arise out of the failure of the Academy to perform its obligations under the Contract issued to the Academy by DPSCD Board of Control. [The ESP] expressly acknowledges and agrees that DPSCD and its Board members, officers, employees, agents or representatives may commence legal action against [the ESP] to enforce its rights as set forth in this Agreement.

ARTICLE XI. INSURANCE

11.1 Insurance Coverage. The Academy shall maintain general liability insurance and umbrella insurance coverage in the amounts required by the Contract, with Magnum listed as an additional insured. Magnum shall comply with any information or reporting requirements applicable to the Academy under the Academy's policy with its insurer(s), to the extent practicable. Each party shall, upon request, present evidence to the other that it maintains the requisite insurance in compliance with the provisions of this Article I. Each party shall comply with any information or reporting requirements required by the other party's insurer(s), to the extent reasonably practicable.

11.2 Workers' Compensation Insurance. Each party shall maintain workers' compensation insurance as required by law, covering their respective employees.

11.3 Magnum Insurance. Magnum shall maintain such insurance as Detroit shall require.

ARTICLE XII. WARRANTIES AND REPRESENTATIONS

12.1 Academy Warranties and Representations. The Academy represents that 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.

12.2 Magnum Warranties and Representations. Magnum warrants and represents that it is a corporation in good standing and is authorized to conduct business in the State of Michigan. Magnum represents that it has the authority under law to execute, deliver and perform this Agreement and to incur the obligations provided for under this Agreement. Magnum 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.

12.3 Mutual Warranties. Each party to the Agreement warrants 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 XIII.
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. A single arbitrator shall be engaged. The Arbitration shall be conducted in accordance with the rules of the American Arbitration

Association, with such variations as the arbitrator shall require. The arbitrator's award shall be a "cause award," with a written opinion and shall be final and binding. A judgment on the award rendered by the arbitrators may be entered in any court having appropriate jurisdiction. Each party shall pay its own costs for arbitration.

ARTICLE XIV.
MISCELLANEOUS

14.1 Sole Agreement. This Agreement supersedes and replaces any and all prior agreements and understandings between the Academy and Magnum.

14.2 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, flood, embargo, fire explosion sabotage, accident labor strike, or accident or other acts beyond its reasonable control; provided either party may terminate this Agreement under article VIII if sufficient grounds exist as required by said Article VIII.

14.3 State Governing Law. The rights of all parties hereto shall be subject to the jurisdiction of and be construed according to the laws of the State of Michigan.

14.4 Agreement in Entirety. This agreement (including any attachments) constitutes the entire agreement of the parties.

14.5 Official 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 address set forth below. Notice may be given by: (1) certified or registered mail, postage prepaid; return receipt requested, or (2) personal delivery. Notice shall be deemed to have been given on the date of personal delivery. Notice shall be deemed to have been given on the date of personal delivery if given by mail. The address of the parties hereto for the purpose foresaid shall

Barack Obama Leadership Academy
10800 E. Canfield
Detroit Michigan 48214

Magnum Educational Services
490 New Town
Detroit, MI 48215

14.6 Assignment. This agreement shall not be assigned by Magnum without the prior consent in writing of the Academy (which consent shall not be reasonable withheld), provided that Magnum may, without the consent of the Academy, delegate the performance of but not responsibility for any duties and obligations of Magnum hereunder to any independent contractor, expert or professional advisor.

14.7 Amendment. This agreement shall not be altered, modified or supplemented except by memorandum approved by the Board and Signed by both the President of the Academy and authorized officer of Magnum. The Academy shall submit any such requested amendment to Detroit for review prior to implementation. No amendment shall be contrary to the Contract and shall be accompanied by an opinion of counsel.

14.8 Compliance with Rev. Proc. 2017-13. The Academy has entered into one or more transactions in which the Academy has warranted to comply with Section 103 of the Internal Revenue Code of 1986, as amended, and to take all necessary actions in order to maintain the federal tax exemption of the interest component of payments under such transactions, to this end, the Academy and Magnum make the following representations regarding this Agreement:

- (A) HES' compensation under the Agreement is reasonable and is not based, in whole or in part, on a share of the net profits and/or a share of the net losses from the operation of the Academy or upon the disposition, damage or destruction of the Academy's property;
- (B) The Agreement does not pass along to Magnum the burden of bearing any share of the net losses from the operation of the Academy or upon the disposition, damage or destruction of the Academy's property;
- (C) The term of the Agreement is not greater than 30 years or 80 percent of the useful life of the Academy's tax-exempt bond-financed school facility (if shorter) including all renewal options;
- (D) The Academy bears the risk of loss upon the disposition, damage or destruction of the Academy's property; and
- (E) HES is not entitled to and will not take any federal tax position that is inconsistent with being a service provider under this Agreement to the Academy.

Further, with regard to governance;

- (A) None of the voting power of the governing body of the Academy is vested in the directors, officers, shareholders, partners, members, and employees of the service provider, as such an arrangement would be contrary to Michigan law;
- (B) The governing body of the Academy does not include the chief executive officer of the service provider or the chairperson (or equivalent executive) of the service provider's governing body; and
- (C) The chief executive officer of the service provider is not the chief executive officer of the PSA or any of the PSA's related parties (as defined in §1.150-1(b)).

1835666.03 In Witness Whereof, the undersigned have executed this agreement as of the date and year first above written.

Magnum Educational Services

By:  _____

Its: President

Edna Bell

Barack Obama Leadership Academy,
a Michigan Public School Academy

By:  _____

Its: President

Oluwa Davis, Ph.D