

## 2022-2025 "Management Agreement"

This agreement ("Agreement") is effective as of the 1<sup>st</sup> day of July 2022, by and between: Magnum educational services, a Michigan non-profit 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 "Contract") between Barack Obama Leadership Academy and the Detroit Public School Community 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 service, 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 for the 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.

#### CONTRACUTUAL RELATIONSHIP

Authority. The Academy represents that it is authorized by law to contact 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 vested with all powers necessary or desirable for carrying out the educational program contemplated in this Agreement.

Contract. The Parties hereto, and herewith, agree that Magnum, to the 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, human resources services, budgeting, procurement, financial forecasting and curriculum development, all as previously adopted by the Board of Directors of the Academy (the "Board"). 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 and the performance under such powers shall be referred to as the "Services."

Staff 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 arm's length negotiations and is based solely on the terms of the agreement and those of any other agreement may exist from time to time between parties hereto.

Independent Contractor Status. The parties to this Agreement intend that the relationship between them created by the Agreement is that if 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.

Access. The Academy hereby grants to Magnum all access and occupancy to the Academy's physical building as necessary or convenient to Magnum for purposes of its rights and responsibilities under this Agreement.

#### Board responsibilities.

- A. 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.
- B. No provision of this Agreement shall interfere with the Academy Board's duties under the Charter, and the Academy's duties under Charter should not be limited or rendered impossible by action or inaction of Magnum.
- C. No employee of Magnum shall be designated as the Chief Administrative Officer, as that term is defined in Section 2(b)(3) of the Uniform Budgeting and Accounting Act, MCL 141.1421.
- D. Magnum shall notify the Academy Board if any principal or officer of Magnum, or Magnum (including any related organization or organizations in which a principal or officer of Magnum served as a principal or officer) as a corporate entity, has filed for bankruptcy protection in the last six (6) months or within any applicable preference period, whichever is longer.

E. Magnum understands that DPSCD shall review any and all proposed Management Agreements, and no Management Agreement shall be effective until the Academy is notified in writing that DPSCD does not disapprove of such Management Agreement.

## 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 earlier of: (1) the THIRD anniversary date of this Agreement (June 30, 2025) or the termination date of the Academy's Contract with Detroit.

## 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 Academy are required to expend Academy funds on services in excess of the amount set fourth and 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; if Magnum determines it is necessary to modify the educational goals or programs set for the 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 and Detroit with updated reports on progress towards implanting each of the Academy's educational goals set forth in the Contract.

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:

Implementation or administration of the Educational Program, including administration of any and all extracurricular and co-curricular actives 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 of the Academy shall remain the property of the Academy unless agreed in writing to the contrary;

Management of all personnel functions, including professional development for all instructions personnel and the personnel functions outlined in Article VI of the Agreement, including employment of all staff;

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.

All aspects of the business administration of the Academy, including preparation of all budgets and amendments thereto for review by the Academy Board of Directors;

Any provision of transportation, food service, or providing of food for the Academy as the Board decides to implement pursuant to the Contract; and

Any other function necessary or expedient for the administration of the Academy or described as Services hereunder.

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

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 of 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 facility or be directly assessable at the Academy's 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.

Financial records. All of the Academy financial and other Magnum- related records will be made available to the Academy's independent auditor and Magnum staff will cooperate with said auditor, and Magnum shall not select or retain the Academy's Auditor.

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.

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.

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 by the Academy shall interpret state and local regulations liberally to give Magnum flexibility and freedom to implement its educational and management programs.

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.

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.

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 student's economic performance and Magnum's performance under this Agreement.

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. Any delegation of any delegable authority shall require the approval of the Academy Board.

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.

Pupil Performance Standards and Evaluation. Magnum shall implement pupil performance evaluations which permit evaluation of education 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 in school performance, including but not limited to parent satisfaction.

Services to Students and Special Education. Magnum shall provide special education services to students who attend 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. Search services shall be provided in a manner that complies with local, state and federal laws and applicable regulations and policies.

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

Disclosure of Records. Magnum shall make information available to the Academy as deemed necessary by Academy Board in order to enable the Academy to fully satisfy its Transparency Reporting under Contract and also at least the information that a school district is required to disclose 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 considering policies, rules and 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 policies or regulations relative to anything necessary for the proper establishment, maintenance, management, and carrying on the Academy, including policies or regulations relative to conduct of pupils while in attendance at the Academy or in 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. 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

#### ARTICAL V. Financial arrangements

##### Compensation for services.

For the term of this Agreement, the Board shall pay Magnum an annual fee, based on state's certified student count. Magnum shall receive as compensation for its services a fee of 10% of revenues received from the State of Michigan, net the Authorizer fee of 3%, .

Reasonable Compensation. Magnum's compensation under this Agreement is reasonable compensation for services rendered based upon the fees charged by other service providers in the industry. 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 operation of the Academy. The Academy will compensate Magnum at the rate of 10% of all funds raise thru grants or fund raiser not to exceed 50,000 per event/grant.

No Related Parties or Common Control. Magnum will not have any role or relationship with the Academy that, in effects, 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 is 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 is directors, members, managers officers' shareholders and employees. Further, the Academy in Magnum will not be members of the same controlled group, as defined in section 1.150-1 (f) of the regulations under Internal Revenue Code of 1986, as amended or related persons as defined in section 144 (Ax3) of Internal Revenue Code of 1986, as amended.

Payment of Costs. In addition to the fee described in section 5.1, the Academy shall reimburse Magnum for all reasonable costs incurred and pay by Magnum in providing the Educational Program and 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's employee's 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 cost on behalf of Academy, Magnum shall not charge an added fee or markup unless such fee is approved in advance by the Board. The Academy shall not reimburse Magnum for any costs incurred or pay by Magnum as a result of services provided or actions taken pursuant two articles I, II, IV, VII (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.

Magnum Personnel. In addition to services provided by Magnum to the Academy, Magnum shall provide the Academy with services of Magnum professional and curriculum development.

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 State of Michigan calculates the SSA, and adjustments to such calculation shall occur at the same time as the State of Michigan adjusts the SSA, Magnum shall receive its fee under section 5.1 as calculated pursuant to the preceding sentence, in (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 of the month following the effective date of this Agreement ending in June 2025. Installment amounts still be due and payable within ten (10) days of receipt by Academy in 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.

After Detroit withholds its 3% oversight fee, the Academy shall satisfy its payment obligations under this Article of 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 karma; (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 always pursuant to section 5.1 for the current month.

5.5 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 the regard:

The Academy and /or Magnum shall solicit and receive grants and donations consistent with the mission of Academy. Academy and/or Magnum may apply for an receive grant money, in the name Magnum or the Academy; 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 all funds received by the Academy or by Magnum on behalf of the Academy, from such other revenue sources shall inure to and be deemed the property of the Academy. Other Institutions. The Academy acknowledges that Magnum may enter into similar management agreements with other public or provide educational schools or institutions which are incapable of precise allocation between 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 projected annual budget for the Academy prior to each school year in accordance with the terms of the Contract.

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-side or off-side upon request.

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.

Other information on a periodic basic to enable the Board and Detroit to monitor Magnum's educational performance and the efficiency of its operations of the Academy.

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.



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

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

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.

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 authority, consistent with state law, to select and supervise 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 position for the schools 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 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 c current school year

#### 6.3 Teachers.

Magnum shall determine the number of teachers, and the applicable levels and subjects, require for the operation of the Academy. Magnum shall provide the Academy with such teachers, qualified in the gray levels and subjects required, as are required by the Academy. The curriculum taught by such teacher's shall be the curriculums prescribed by the Academy. Such teachers may, in the discretion of Magnum, work at the Academy on a full or part-time basis. It's a sign 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 so hold a valid teaching certificate issued by state board of education under the code, to the extent require under the Code, and have undergone a criminal background check and unprofessional conduct check as required. Under the Code.

Support staff. Magnum shall determine the number and functions of support staff require for the option of the Academy. The parties anticipate that such support staff may include clerical staff, administrative assistance to the Principal, book keeping staff maintenance personnel, and the like. Magnum shall provide the Academy with such support staff, qualified in areas required, as are required by the Academy. Search support staff may, in the discretion of Magnum, work at academy

on a full or part-time basis. If aside to the Academy in a part-time basis, search support staff may also work at other schools manage or operated by Magnum.

Employer of Personnel. Except as specified in this Agreement, our teaching, support staff, and 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 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 his 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 and 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. 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 lay.

Training. Magnums shall provide training and its methods, curriculum, program, and technology, to our 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 provide in service training to each other. Non-instructional personnel shall receive such training as Magnum determines as reasonable and necessary under the circumstances.

6.4 Education Consultant. The Board may appoint an education consultant to review the operations of the Academy and the performance of Magnum under the Agreement such educational consultant shall be selected by the board and it may be a member of the Board. Magnum shall cooperate with such educational consultant and the performance of his or her responsibility to the Board. Notwithstanding anything contained in this Article or elsewhere in Agreement to the contrary, Magnum shall have no authority to select, evaluate, assign or 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 educational program during the school year, school day, and age and gray 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, magna may retain the full amount of any and all revenue collected from or for such additional programs, Magnum shall be responsible for the full cost of providing such additional programs.

## Article VIII Termination of agreement

### Termination

8.1 By Magnum. Magnum may terminate this agreement prior to the end of the term specified the 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 does not relieve the Academy of any obligations for payments for rendered services outstanding to Magnum as of date of termination.

8.2 By Academy. The Academy may terminate this Agreement prior to the end of the term specified in Article 2 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 (i) failure to account for its expenditures or to pay academy operating costs as required under this Agreement provided funds are available to do so, (ii) failure to substantially follow policies, procedures, rules, regulations for curriculum duly adopted by the Board which are not in violation of the Contract, this Agreement or law, or (iii) failure to abide by or meet educational goals fourth in the Contract.

Termination by either party. If Magnum and the Board are unable to agree on education 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 the fiscal year, provided the terminating party gives the other party at least 90 days' notice prior to termination and the opportunity within 90 days to negotiate in agreement on the education 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 indemnify and hold the Academy, Detroit and all other third parties harmless and without recourse for such termination or amendment.

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 is obligations under this Agreement, then either party, upon written notice, may request renegotiations of this Agreement and if the patties 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.

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.

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.

Future Advances/Out-of-Pocket Expenses. Upon termination or expiration of this Agreement, for any reason, all reasonable future advances or reasonable out-of-pocket expenses paid by Magnum with Magnum's own funds, shall be immediately repaid by the Academy otherwise agreed in writing by Magnum, provided such advances and expenses relate to Magnum's services and performance under this Agreement, as specified in this Section 8.4.

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 and its new educational service provider, if any, 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

10.1 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.

10.2 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.

10.3 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 Detroit authorizing the Academy to operate as a public school academy pursuant to the terms of the Contract, the Academy shall indemnify, defend, and hold harmless Detroit and Detroit Board of Education, Detroit's officers, employees, agents, attorneys and those acting on behalf of their officers, employees, attorneys and agents from any and all claims (actual and threatened), disputes, demands, actions, expenses, liabilities, complaints, causes of action, rights, debts, rights of contribution and indemnification, contractual obligations, expenses, damages, and liabilities, including without limitation, investigative costs, reasonable attorney's fees, court costs, accountings, and expenses related to any defense arising, directly or indirectly, from bodily injury, demands, losses, liabilities or claims of any kind whatsoever, except to the extent of the gross negligence or willful misconduct Detroit and the Detroit Board of Education, which arises out of or is in any manner connected with (i) Detroit's approval of the application for a public school academy, (ii) Detroit Board of Education and Detroit's consideration of or issuance of the Contract and notice to the Academy that Detroit will not 'disallow' the Management Agreement and ancillary instruments related to Academy operations, (iii) the Academy's preparation for and operation of a public school or public school

academy, (iv) the reliance by Detroit Board of Education, Detroit, and Detroit's officers, employees, agents, or representatives upon information supplied by the Academy, (v) the failure of Academy to perform duties and obligations pursuant to the terms of the Contract, and the Management Agreement, (vii) the Academy's violation, directly or indirectly, of any and all lease terms, (if applicable) in connection with Academy's occupancy of and/or operations at the Site, (viii) the infringement of patent or other proprietary rights in any material, process, machine, or appliance used in the operation of the PSA, and (ix) any other matter related to operation of the public school academy pursuant to the terms of the Contract, Management Agreement and all ancillary instruments between the Academy, Detroit, the ESP and/or third parties..

#### ARTICLE XI. INSURANCE

11.1 Insurance Coverage. The Academy shall maintain all insurances and coverages in the types and amounts required by the Contract, with Magnum listed as an additional insured. Magnum shall maintain identical coverage, with the Academy listed as an additional insured and loss payee. Magnum shall comply with any information or reporting requirements applicable to the Academy under the Academy's policy with its insurer(s). 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).

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

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.

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.

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.

Magnum shall comply with the requirements under the Charter to the extent Magnum is performing services on behalf of the Academy.

#### 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 the Agreement or 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 14.2. 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.

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

14.3 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 be:

Barack Obama Leadership Academy 10800 E. Canfield Detroit, Michigan 48214

Magnum Educational Services 269 WALKER ST. Suite 441 Detroit, Michigan 48207

Detroit Public Schools Community District. 3011 W. Grand Boulevard, Detroit, Michigan 48202.  
Attention Charter School Department and Attention Office of the General Counsel.

14.4 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.

14.5 Amendment. This agreement shall not be altered, mortified 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 to the Academy.

14.6 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:

The compensation under the Agreement is reasonable based upon compensation charged by other service providers in the industry and is not based, in whole or in, 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. 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. 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. The Academy bears the risk of loss upon the disposition, damage or destruction of the Academy's property; and Magnum 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. 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;

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 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 150-1 (b)).

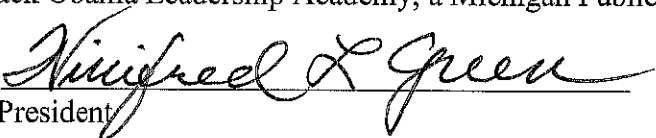


In Witness Whereof, the undersigned have executed this agreement as of the date and year first above written.

Magnum Educational Services

By:   
Its: President  
Edna Bell

Barack Obama Leadership Academy, a Michigan Public School Academy

By:   
Its: President  
Dr. Winifred Green