

EDUCATIONAL SERVICE PROVIDER AGREEMENT

This Educational Service Provider Agreement is made and entered into as of the 1st day of July, 2012, by and between The Romine Group, Inc, (hereafter referred to as "TRG") a Michigan corporation located at 7877 Stead Street, Utica, Michigan and Tipton Academy ("Academy") by and through its Board of Trustees ("Academy Board") formed under Part 6A of the Revised School Code (the "Code"), as amended, being Sections 380.501 to 380.507 of the Michigan Compiled Laws located in Michigan.

The following is a recital of facts underlying this Agreement:

The Academy is a public school academy, organized under the Revised School Code (the "Code"). The Academy has been issued a contract (the "Contract") from the Lake Superior State University Board of Trustees ("University Board") to organize and operate a public school academy, with the University Board as the as the authorizing body. The Code permits a public school academy to contract with persons and entities for the operation and management of the public school academy.

TRG specializes in providing educational institutions, vocational schools, businesses, churches and other organizations with a variety of educational services and products, including management, curriculums, educational programs, teacher training, and technology. TRG's products and services are designed to serve the needs of a diverse student population.

The Academy and TRG desire to create an enduring educational partnership, whereby the Academy and TRG will work together to bring educational excellence and innovation to the Garden City, Michigan area, based on TRG's school design, comprehensive educational program, institutional principles and management methodologies.

In order to implement an innovative educational program at the school, the parties, desire to establish this arrangement for the management and operation of certain of the Academy's educational and administrative activities or functions.

Therefore, it is mutually agreed as follows:

ARTICLE I **TERM**

This Agreement shall become effective upon execution and shall run coterminous with the Contract issued to the Academy by the University Board. If the Academy's Contract issued by the University Board is suspended, revoked or terminated, or a new charter contract is not issued to the Academy after expiration of the Contract, this Agreement shall automatically be suspended or terminated, as the case may be, on the same date as the Academy's Contract is suspended, revoked, terminated or expires without further action of the parties.

ARTICLE II **CONTRACTUAL RELATIONSHIP**

A. Authority. The Academy Board represents that it is authorized by law to contract with a private entity and for that entity to provide educational and management services. The Academy Board further represents that it has been issued a Contract by the University Board to organize and operate a public school academy situated in Michigan. The Academy Board is therefore authorized by the University Board to supervise and control the Academy, and is vested with all powers within applicable law for carrying out the educational program contemplated in this Agreement.

B. Contract. Acting under and in the exercise of such authority, the Academy hereby contracts with TRG to the extent permitted by law, to provide all functions relating to the provision of educational services and the management and operation of the Academy in accordance with the terms of this Agreement and the Contract. TRG agrees to perform its duties and responsibilities under this Agreement in a manner that is consistent with the Academy's obligations under the Academy's Contract issued by the University Board. The provisions of the Academy's Contract shall supersede any competing or conflicting provisions contained in the Agreement.

C. Status of the Parties. TRG is a for-profit corporation, and is not a division or a part of the Academy. The Academy is a body corporate and governmental entity authorized by the Code, and is not a division or part of TRG. The relationship between TRG and the Academy is based solely on the terms of this Agreement. No provision of this Agreement shall interfere with the Academy Board's rights under the Contract and the Academy's duties under the Contract shall not be limited or rendered impossible by any action or inaction of TRG.

D. 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 TRG shall be determined to be the agent or employee of the Academy. Notwithstanding the foregoing, TRG and its employees are designated as limited agents of the Academy in the following specific instances only:

1. TRG, its respective officers, directors, employees, and designated agents are hereby authorized to serve as agents of the Academy having a legitimate educational interest such that they are jointly and severally entitled to access to educational records under 20 U.S.C. Section 1232g, the Family Educational Rights and Privacy Act.

2. During the term of this Agreement, the Academy may disclose confidential data and information to TRG, and its respective officers, directors, employees and designated agents to the extent permitted by applicable law, including without limitation, the Individual with Disabilities Education Act ("IDEA"), 20 USC §1401 et seq., 34 CFR 300.610 – 300.626; Section 504 of the Rehabilitation Act of 1973, 29 USC §794a, 34 CFR 104.36; the Michigan Mandatory Special Education Act, MCL 380.1701 et seq.; the Americans with Disabilities Act, 42 USC §12101 et seq.; the Health Insurance Portability and Accountability Act ("HIPAA"), 42 USC 1320d – 13200d-8; 45 CFR 160, 162 and 164; and social security numbers, as protected by the federal Privacy Act of 1974, 5 USC §552a; and the Michigan Social Security Number Privacy Act, MCL 445.84.

3. As otherwise expressly designated by written agreement of the parties with consent from anyone whose consent is required by law or contract.

TRG will be solely responsible for its acts and the acts of its agents, employees, and subcontractors. No provision of this Agreement shall predetermine the Academy Board's course of action in choosing to assert or not assert, waive or not waive, governmental immunity.

E. Bankruptcy Notice. TRG shall notify the Academy Board if any principal or officer of TRG, or TRG as a corporate entity (including any related organizations or organizations in which a principal or officer of the TRG served as a principal or officer), has filed for bankruptcy protection in the last six (6) months or within any applicable preference period, whichever is longer.

ARTICLE III

FUNCTIONS TO BE PERFORMED BY THE ROMINE GROUP

In consideration of the management fee paid by the Academy, TRG shall perform the following:

A. Responsibility. TRG shall be responsible, and accountable to the Academy Board, for the management, operation and performance of the Academy.

B. Educational Program. The educational program and the program of instruction shall be implemented by TRG. TRG may recommend changes in the education program contained in the Contract ("Educational Program") to the Academy Board. The Educational Program may be adapted and modified from time to time with prior Academy Board approval and in conjunction with the Contract amendment process, it being understood that an essential principle of a successful, effective educational program is its flexibility, adaptability, and capacity to change in the interest of continuous improvement and efficiency, and that the Academy and TRG are interested in results and not in inflexible prescriptions.

C. Strategic Planning. At the request of the Academy Board, TRG shall help design strategic plans for the continuing educational and financial benefit of the Academy.

D. Public Relations. TRG shall assist the Academy Board with the design and implementation of an ongoing public relations strategy for the development of beneficial and harmonious relationships with other organizations and the community.

E. Special Functions. TRG will provide the following services to the Academy under the direction and supervision of the Academy Board:

Operational Public School Academy Services

1. Financial
 - * Preparation of an annual budget
 - * Develop salary schedules
 - * Select benefit packages
 - * Determine retirement options
 - * Provide Payroll Services
 - * Assist with yearly audit and locating C.P.A. (however, the Academy Board shall have the sole authority to select and retain an independent accounting firm to conduct the annual audit)
 - * Pay Academy Board approved invoices on a timely basis
2. Educational Planning
 - * Curriculum Expansion
 - * Selection of assessments approved by the Academy Board
 - * Assist with development and implementation of School Improvement Plan
 - * Assist with accreditation of Academy from North Central Association
 - * Assist with development and implementation of Technology Plan
3. Staff Development
 - * Offer workshops and seminars
 - * Offer professional Growth activities
 - * Develop and, after Academy Board approval, administer Administrator and Educator evaluation and observation in accordance with Sections 1249 and 1250 of the Code
4. Problem Solving
 - * Personnel issues
 - * Conflict resolution
 - * Student/parent/teacher issues
5. Compliance Issues
 - * Membership reports
 - * Annual reports
 - * Annual audits

6. Purchase equipment/furniture approved by the Academy Board
7. Contracted Services (as needed)
 - * Maintenance (building)
 - * Cleaning supplies/equipment
 - * Snow removal
 - * Lawn service
 - * Painting
 - * Landscaping
 - * Parking lot maintenance
 - * Playground equipment
 - * Athletic equipment

Assets provided, or caused to be provided, to the Academy by TRG with funds TRG has received from sources other than the Academy under Article V shall remain the property of TRG or the providing entity unless agreed in writing to the contrary. All acquisitions made by TRG for the Academy with funds TRG has received pursuant to Article V including, but not limited to, instructional materials, equipment, supplies, furniture, computers and technology, shall be owned by and remain the property of the Academy. The Academy Board shall retain the obligation, as provided in Section 1274 of the Code, to adopt written policies governing the procurement of supplies, materials, and equipment. In the event that TRG purchases supplies, materials, or equipment from third parties as agent for or on behalf of the Academy, TRG shall comply with Section 1274 of the Code as if the Academy were making such purchases directly from a third party. TRG certifies that there shall be no markup of costs for supplies, materials, or equipment procured by TRG on the Academy's behalf and that said supplies, materials and/or equipment shall be inventoried in such a way that it can be clearly established which property belongs to the Academy.

- F. **Subcontracts**. TRG 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, food service, payroll and/or any computer services with the prior approval of the Academy Board. TRG shall not subcontract the management, oversight, staffing, or operation of the teaching and instructional program, except as specifically permitted herein or with the prior approval of the Academy Board.
- G. **Place of Performance**. TRG reserves the right to perform functions other than instruction, such as purchasing, professional development and administrative functions, off site, unless prohibited by the Contract or applicable law.
- H. **Student Recruitment**. TRG and the Academy shall be jointly responsible for the recruitment of students subject to agreement on general recruitment and admission policies approved by the Academy Board. Application by or for students shall be voluntary, and shall be in writing. Students shall be selected in accordance with the procedures set forth in the Academy's Contract and in compliance with the Code and other applicable law.
- I. **Legal Requirements**. TRG shall assist the Academy in providing Educational Programs that meet the requirements imposed under the Academy's Contract and applicable law, unless such requirements are, or have been waived by the appropriate State or Federal government authorities.
- J. **Rules and Procedures**. TRG shall recommend reasonable rules, regulations and procedures applicable to the Academy, and TRG is authorized and directed to enforce such rules, regulations and procedures adopted by the Academy Board.
- K. **School Years and School Day**. The school year and the school day shall be scheduled as required by law and the Academy's Contract.

- L. **Additional Grades and Student Population.** If requested by the Academy Board, TRG, in connection with the Academy Principal, shall make the recommendation to the Academy Board concerning limiting, increasing, or decreasing the number of grades offered and the number of students served per grade or in total, within the limits provided for by the Academy's Contract.

ARTICLE IV
OBLIGATIONS OF THE BOARD

The Academy Board shall exercise good faith in considering the recommendations of TRG and the Academy Principal including, but not limited to their recommendations concerning policies, rules, regulations, procedures, curriculum, budgets, fund raising, public relations and school entrepreneurial affairs. TRG does understand all of these decisions remain the responsibility of the Academy Board and may not be delegated directly to TRG.

ARTICLE V
FINANCIAL ARRANGEMENTS

- A. **Compensation for Services.** During the term of this Agreement, the Academy shall pay TRG a capitation fee of an amount equal to ten (10%) percent, based upon all of the funds received by the Academy that the State of Michigan determines the Academy is entitled to receive pursuant to the State School Aid Act of 1979, as amended, for the particular students enrolled in the Academy ("SSA") and the 31A –At Risk, Title I, IIA, IID and V program funds. The SSA may change according to overall changes in the student allocations by the State of Michigan. Such fee shall not be less than \$175,000 nor exceed \$350,000 in any one academic year of the Academy. The SSA may change according to overall changes in the student allocations by the State of Michigan.
- B. **No Related Parties or Common Control.** TRG will not have any role or relationship with the Academy that, in effect, substantially limits the Academy Board's ability to exercise its rights, including cancellation rights, under this Agreement. The Academy Board may not include any director, officer or employee of a management company that contracts with the Academy. In furtherance of such restriction, it is agreed between the Academy and TRG that none of the voting power of the Academy Board will be vested in TRG or its directors, members, managers, officers, shareholders, and employees, and none of the voting power of the governing body of TRG will be vested in the Academy or its directors, members, managers, officers, shareholders, and employees. The Academy and TRG will not employ the same individuals. Further, the Academy and TRG 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(a)(3) of the Internal Revenue Code of 1986, as amended. The Chief Administrative Officer of the Academy is an Academy Board Member, and not an employee of TRG.
- C. **Payment of Costs.** In addition to the fee described in this Article V(A), the Academy shall reimburse TRG for all costs incurred and paid by TRG in providing the Educational Program and other goods and services, at the Academy pursuant to Articles III, V, VI, and XI of this Agreement, provided such costs are consistent with the Academy budget approved by the Academy Board. Such costs include, but are not limited to, advertising, typing, printing, duplicating, postage, application fees, curriculum materials, textbooks, library books, furniture and equipment, computers, supplies, salaries and related expenses of TRG employees assigned to the Academy to provide goods and services to the Academy (but excluding any corporate costs of

TRG), building payments, maintenance, capital improvements (if not paid directly by the Academy) and subcontractor fees. In paying costs on behalf of the Academy, TRG shall not charge an added fee. The Academy shall not reimburse TRG for any costs incurred or paid by TRG 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. The Academy Board may pay or reimburse TRG for approved fees or expenses upon properly presented documentation and approval by the Academy Board, or the Academy Board may advance funds to TRG for the fees or expenses associated with the Academy's operation provided that documentation for the fees and expenses are provided for Academy Board ratification within thirty (30) days after the expense is incurred. Any costs reimbursed to TRG that are determined by the independent audit not to be reasonably incurred on behalf of the Educational Program of the Academy shall be promptly returned to the Academy by TRG.

- D. **Time and Priority of Payments.** The fee due to TRG 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. TRG shall receive its fee as calculated pursuant to the preceding sentence in eleven (11) installments beginning in October of each school year and ending in August of each school year. Such installment amounts shall be due and payable within five (5) days of receipt by the Academy of its monthly SSA. Payments due and owing to TRG shall be made by the Academy to TRG on or before the last day of each month.
- E. **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, the Academy and TRG shall endeavor to obtain revenue from other sources. In this regard:
- (1) With prior approval of the Academy Board, the Academy and/or TRG shall solicit and receive grants and donations consistent with the mission of the Academy.
 - (2) With prior approval of the Academy Board, the Academy and/or TRG may apply for and receive grant money, in the name of the Academy.
 - (3) To the extent permitted under the Code and with prior approval of the Academy Board, TRG may charge fees to students for Additional Programs (as defined in Article VII, Section A) and charge non-Academy students who participate in such Additional Programs. TRG and the Academy will split all revenue collected from the Additional Programs, in a proportion agreed upon by the parties in advance of TRG conducting such programs, less expenses to the Academy caused by such Additional Programs, if not prohibited by law.
- F. **Other Institutions.** The Academy acknowledges that TRG may enter into similar management agreements with other public or private educational schools or institutions ("Institutions"). TRG 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 TRG incurs authorized reimbursable expenses on behalf of Academy and other Institutions which are incapable of precise allocation between the Academy and such Institutions, to the extent permitted under applicable law, then TRG, 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 TRG for the specific benefit of the Academy shall be used solely for the

Academy. Marketing and development costs paid by or charged to the Academy shall be limited to those costs specific to the Academy program, and shall not include any costs for the marketing and development of TRG, or other schools managed by TRG.

G. Reporting. TRG shall provide the Academy Board with:

1. All information the Academy's auditors reasonably request.
2. Reports on Academy operations, finances, and student performance, upon request of the Academy Board, the University Board or the State of Michigan.
3. Level of compensation and fringe benefits of employees assigned to the Academy.
4. On not less than a monthly basis, a written report detailing the status of the budget to actual revenues and a detailed schedule of expenditures at an object level detail for review and approval by the Academy Board. This report shall explain any variances from the approved budget and shall contain recommendations for necessary budget corrections. The foregoing presentation shall be in a form and format acceptable to the Academy Board and shall be provided to the Academy Board members not less than three (3) business days prior to the Academy Board meeting at which the information will be considered in the Academy Board packets sent to Academy Board members in preparation for Academy Board meetings. TRG shall provide special reports as necessary to keep the Board informed of changing conditions
5. Other information on a periodic basis to enable the Academy Board to monitor TRG's educational performance and the efficiency of its operations of the Academy.

H. Access to Records. TRG shall keep accurate records pertaining to its operation of the Academy, together with all Academy records prepared by or in the possession of TRG, and, retain all of said records to which such books, accounts and records relating to the Academy shall be retained in accordance with the Michigan Department of Education's record retention policy. All financial, educational and student records pertaining to the Academy are Academy property. Such records are subject to the Michigan Freedom of Information Act and shall be physically stored at the Academy's physical facilities or directly accessible at the Academy facility. All records pertaining to teacher and administrator certification, as well as a copy of the employee handbook shall be maintained physically on site or directly assessable at the Academy facility. TRG and the Academy shall maintain the proper confidentiality of personnel, student and other records as required by law. All records pertaining to teacher and administrator certification, as well as a copy of the employee handbook shall be maintained physically on site or directly assessable at the Academy facility. TRG shall make all Academy records available to the Academy's independent auditor upon request.

I. Review of Budget. TRG shall be responsible for preparing the annual budget. The Academy Board shall be responsible for reviewing, revising, and approving the annual budget of the Academy. TRG may not make expenditures or commitments which deviate from the amounts or purposes of appropriations contained in the approved budget without the prior approval of the Academy Board in the form of an approved amendment of the budget in accordance with applicable law and the Contract. In addition, the Academy Board is responsible for determining the budget reserve amount included as part of the Academy's annual budget, for implementing fiscal policies that will assist the Academy in attaining the stated budget reserve amount and for approving necessary amendments to the budget to reflect necessary

deviations from the adopted budget. The budget may be amended from time to time as deemed necessary by the Academy Board.

- J. **Annual Audit.** The Academy Board shall select, retain, and pay an independent auditor for an annual financial audit in accordance with the Contract and applicable state law. TRG shall cooperate with said auditor and will make sure that all Academy's financial records and TRG records related to the Academy will be made available to the independent auditor.
- K. **Payment of Academy Funds.** The Academy Board shall determine the depository of all funds received by the Academy. All funds received by the Academy shall be initially deposited in the Academy's depository account. Signatories on the depository account shall be current Academy Board members properly designated annually by Academy Board resolution. All interest or investment earnings on Academy deposits shall accrue to the Academy. The Academy Board shall provide Academy funding on a consistent and timely basis to TRG to fulfill its obligations under this Agreement.
- L. **Compliance with Section 11.17 of Contract Terms and Conditions.** TRG shall make information concerning the operation and management of the Academy, including without limitation the information described in Schedule 6 of the Contract, available to the Academy as deemed necessary by the Academy Board in order to enable the Academy to fully satisfy its obligations under Section 11.17(a) of the Contract Terms and Conditions.
- M. **Compliance with Section 503c.** On an annual basis, TRG agrees to provide the Academy Board with the same information that a school district is required to disclose under section 18(2) of the State Aid Act of 1979, MCL.388.1618, for the most recent school fiscal year for which the information is available. Within thirty (30) day of receipt of this information, the Academy Board shall make the information available on the Academy's website home page, in a form and manner prescribed by the Michigan Department of Education. The defined terms in section 503c of the Revised School Code, MCL 380.503c, shall have the same meaning in this Agreement

ARTICLE VI

PERSONNEL & TRAINING

- A. **Personnel Responsibility.** Subject to Academy Board policies, TRG shall, in cooperation with the Academy, recommend to the Academy Board staffing levels, and select, evaluate, assign, discipline and transfer personnel, consistent with state and federal law, and consistent with the parameters adopted and included within the Contract. The Academy and TRG agree that TRG has all the rights, discretion and authority required by law to constitute an "employer" as defined in 29 U.S.C. §152(2) of the National Labor Relations Act and is subject to the jurisdiction of the National Labor Relations Board. The Academy Board reserves the right to have TRG personnel placed elsewhere by TRG if the Academy is dissatisfied with their performance. TRG shall not have contracts with staff assigned to the Academy (including by way of example and not limitation, teachers, administrators, counselors and the like) which contain non-compete agreements of any nature.
- B. **Principal.** Because the accountability of TRG 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 TRG and TRG 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. The employment contract with the Principal, and the duties and compensation of the

Principal shall be determined by TRG consistent with the Contract and the Academy Board's approved budget. The Principal and TRG, in turn, will have similar authority to select and hold accountable the teachers in the Academy.

- C. **Teachers.** Subject to the Contract and Academy Board policies, and from time to time thereafter, TRG shall recommend to the Academy Board the number of teachers, and the applicable grade levels and subjects, required for the operation of the Academy. Thereafter, the Academy Board shall determine the number and applicable grade levels and subjects of the Academy. TRG shall provide the Academy with such teachers, qualified in the grade levels and subjects, as are required by the Academy Board and the Contract. The curriculum taught by such teachers shall be the curriculum prescribed by the Academy and set forth by the Contract. Such teachers may, in the discretion of TRG, work at the Academy on a full or part time basis, provided that if teachers work at the Academy on a part time basis, such teachers' salaries and benefits shall be pro-rated in the Academy's budget. If assigned to the Academy on a part time basis, such teachers may also work at other schools managed or operated by TRG. Each teacher assigned or retained to the Academy shall hold a valid teaching certificate issued by the State Board of Education under the Code and shall have undergone a criminal background and record check and unprofessional conduct check, as required under the Code for teachers who are employees of the Academy.
- D. **Support Staff.** TRG shall recommend, and the Academy Board 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, a bookkeeping staff, maintenance personnel, and the like.
- E. **Employer of Personnel.** Except as specified in this Agreement, all teaching and instructional personnel performing functions on behalf of the Academy shall be employees of TRG. Compensation of all employees of TRG shall be paid by TRG. For purposes of this Agreement, "Compensation" shall include salary, fringe benefits, and state and federal tax withholdings. TRG 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, TRG shall not make payments to the Michigan Public School Employees' Retirement System or any other public retirement system on behalf of its employees. TRG 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 and evidence of the same shall be stored, in physical form, at the Academy or directly accessible at the Academy facility. Teachers employed by TRG shall not be considered teachers for purposes of continuing tenure under MCLA § 38.71 *et seq.*
- F. **Training.** TRG 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 TRG's teaching staff to utilize their own professional abilities to provide in-service training to each other. Instructional personnel will receive at least the minimum number of professional development hours as required under the Code. Non-instructional personnel shall receive such training as TRG determines as reasonable and necessary under the circumstances consistent with the Code.
- G. **Other Financial Relationships.** Any lease, promissory notes or other negotiable instruments, lease-purchase agreements or other financing agreements between the Academy and TRG shall be contained in a document separate from this Agreement,

and shall be separately approved by the University Board, and shall comply with all applicable law, the Contract issued by the University Board, and any applicable policies created by the University Board and/or the Lake Superior State University Charter Schools Office.

ARTICLE VII
ADDITIONAL PROGRAMS

- A. **Additional Programs.** The services provided by TRG to the Academy under this Agreement consist of the Educational Program during the school year and school day as set forth in the Contract. With prior approval of the Academy Board, TRG may provide extra services such as summer and after school programs, athletics, adult and community education and other special programs (“Additional Programs”).
- B. **Food Service and Transportation.** TRG will not initially provide transportation services to students at the Academy. If approved by the Academy Board, the students will be provided a catered lunch program under the normal school lunch program.

ARTICLE VIII
TERMINATION OF AGREEMENT

- A. **Termination By TRG.** TRG may terminate the Agreement with cause prior to the end of the term specified in Article I in the event the Academy fails to remedy a material breach with sixty (60) days after notice from TRG. A material breach may include, but is not limited to, failure to make payments to TRG as required by this Agreement, or unreasonable failure to adhere to the personnel, curriculum, program, or similar material recommendations of TRG not in violation of the Contract or applicable law.
- B. **Termination by the Academy.** The Academy may terminate this Agreement with cause prior to the end of the term in the event that TRG should fail to remedy a material breach within sixty (60) days after notice from the Academy. Material breach may include, but is not limited to, violation of this Agreement, violation of Academy’s Contract with the University Board, failure to account for its expenditures or to pay operating costs (providing funds are available to do so), or unreasonable failure to meet performance standards.
- C. **Change in Law.** If any federal, state, or local law or regulation, or court decision 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 renegotiating of the Agreement; and if the parties are unable or unwilling to renegotiate the terms within thirty (30) days after the notice, the party requiring the renegotiation may terminate this Agreement on thirty (30) days further written notice.
- D. **Effective Date of Termination.** In the event that this Agreement is terminated by either party prior to the end of the term specified in Article I, absent unusual and compelling circumstances, the termination will become effective at the end of the current fiscal year following the notice of termination.
- E. **Expiration.** Upon expiration of this Agreement at the completion of the Contract term and where there is no renewal, or upon the termination of this Agreement, whether with or without cause, TRG shall have the right to (a) reclaim any usable property or equipment (e.g., copy machines, personal computers) it provided to the Academy at TRG’s expense and not paid for by the Academy, or (b) to make payment for any such property, at the sole option of the Academy Board. If the Academy Board chooses to purchase such property, the purchase price shall be either fair market value of such property determined as of the effective date of the termination or expiration of this

Agreement or the depreciated cost of such property, whichever is less. Fixtures and building alterations shall become the property of the building owner.

- F. **Transition and Termination.** Upon termination, TRG shall work for a period up to ninety (90) days if deemed necessary by the Academy to transition to a new Educational Service Provider. The fee shall be in accordance with the compensation stated herein. However, upon termination, TRG 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.
- G. **No Penalty Early Termination.** If the Academy's authorizer, Lake Superior State University, determines to exercise its prerogative under MCLA 380.507(7) and/ or the Contract to reconstitute the Academy by requiring the termination or amendment to the Agreement there shall be no cost or penalty to the Academy.

ARTICLE IX

PROPRIETARY INFORMATION

- A. **Proprietary Information.** The Academy owns all proprietary rights to curriculum or educational materials that: (i) are both directly developed and paid for by the Academy; or (ii) were developed by TRG at the direction of the Academy Board with Academy funds dedicated to the purpose of developing such curriculum or materials. TRG owns all proprietary rights to curriculum and educational materials previously developed or copyrighted by TRG, curriculum and educational materials developed by TRG not using funds from the Academy, and curriculum and educational materials not dedicated to the specific purpose of developing Academy curriculum or educational materials. TRG and the Academy shall each have the sole and exclusive right to license materials for which they own proprietary rights for use by other school districts, public schools and customers or to modify and/or sell material to other schools and customers. The Academy and TRG each shall use reasonable efforts to ensure that its personnel and agents refrain from disclosing, publishing, copying, transmitting, modifying, altering or utilizing proprietary information owned by the other party. TRG's educational materials and teaching techniques used by the Academy are subject to disclosure under the Code and the Freedom of Information Act.
- B. **Required Disclosure.** The Academy Principal shall be permitted to report any new teaching techniques or methods of revisions to known teaching techniques or methods to the Academy Board and to the State Board of Education, which techniques or methods may thereafter be made available to the public, as provided in Sections 505(3) of the Code, notwithstanding anything contained in this Article IX to the contrary.

ARTICLE X

INDEMNIFICATION

- A. **Indemnification.** To the extent permitted by applicable law, the Academy shall indemnify and save and hold TRG and all of its employees, officers, directors, subcontractors, and agents (collectively "TRG Employees") harmless against any and all claims, demands, suits, or other forms of liability that may arise out of, or by reason of, any action taken or not taken by Academy or any of its Academy employees in the event of any claim that this Agreement or any part thereof is in violation of law; 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 misrepresentation or breach of the representations and warranties of the Academy contained in or made pursuant to this Agreement. In addition, the Academy shall reimburse TRG for any and all legal expenses and costs associated with the defense of any such claim, demand, or suit.

TRG shall indemnify and save and hold the Academy and all if its employees, officers, directors, subcontractors, and agents (collectively "Academy Employees") harmless against any and all claims, demands, suits, or other forms of liability that may arise out of, or by reason of, any action taken or not taken by the TRG or any of its TRG Employees in the event of any claim that this Agreement or any part thereof is in violation of law; any noncompliance by TRG with any agreements, covenants, warranties, or undertakings of TRG contained in or made pursuant to this Agreement; and any misrepresentation or breach of the representations and warranties of TRG contained in or made pursuant to this Agreement. In addition, TRG shall reimburse the Academy for any and all legal expenses and costs associated with the defense of any such claim, demand, or suit.

B. Indemnification of Lake Superior State University. The parties acknowledge and agree that the Lake Superior State University Board of Trustees, Lake Superior State University and its members, officers, employees, agents or representatives are deemed to be third party beneficiaries for purposes of this Agreement pursuant to the Contract. As third party beneficiaries, the parties hereby promise to indemnify and hold harmless Lake Superior State University Board of Trustees, Lake Superior State University and its members, and their respective 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 Lake Superior State University, which arise out of or are in any manner connected with University Board's approval of the Academy's application, the University Board's consideration of or issuance of a Contract, the Academy's or TRG's preparation for and operation of a public school, or which are incurred as a result of the reliance by Lake Superior State University, the University Board, or its members, and their respective officers, employees, agents or representatives upon information supplied by the Academy Board or TRG, or which arise out of the failure of the Academy Board or TRG to perform its obligations under the Contract or applicable law. The parties expressly acknowledge and agree that Lake Superior State University and the University Board, and its members, and their respective officers, employees, agents or representatives, or any of them may commence legal action against either party to enforce its rights as set forth in this Agreement.

ARTICLE XI INSURANCE

A. Insurance of the Academy. The Academy shall maintain insurance coverage in the amounts required by the Contract, including the indemnification of TRG provided by this Agreement. In the event that the insurance carrier for the Academy's Authorizer, Lake Superior State University, requests changes in the coverage identified in the Contract, the Academy agrees to comply within thirty (30) days after written notice of the insurance coverage change. The Academy shall, upon request, present evidence to TRG that it maintains the requisite insurance in compliance with the provisions of this paragraph. TRG shall comply with any information or reporting requirements applicable to the Academy under the Academy's policy with its insurer(s) or the Contract.

B. Insurance of TRG. TRG shall secure and maintain general liability insurance with the Academy listed as an additional insured. TRG shall maintain insurance coverage in an amount and on such terms as are reasonably acceptable to the Academy Board and as

required by the Contract, including the indemnification of the Academy provided by this Agreement and including coverage for sexual molestation or abuse. TRG shall, upon request, present evidence to the Academy that it maintains the requisite insurance in compliance with the provisions of this paragraph. The Academy shall comply with any information or reporting requirements applicable to TRG under TRG's policy with its insurer(s).

C. Worker's Compensation Insurance. Each party shall maintain workers' compensation insurance when and as required by law, covering their respective employees.

ARTICLE XII
WARRANTIES AND REPRESENTATIONS

The Academy and TRG each represent that it has the authority under law to execute, deliver, and perform this Agreement, and to incur the obligations provided for under this Agreement, that its actions have been duly and validly authorized, and that it will take all steps reasonably required to implement this Agreement. The Academy and TRG mutually warrant to the other that there are no pending actions, claims, suits, or proceedings, to its knowledge, threatened or reasonably anticipated against or affecting it, which if adversely determined, would have a material adverse affect on its ability to perform its obligations under this Agreement.

ARTICLE XIII
MISCELLANEOUS

- A. **Sole Agreement.** This Agreement supersedes and replaces any and all prior agreements and understanding between the Academy and TRG.
- B. **Force Majeure.** Neither party shall be liable if the performance of any part or all of this contract is prevented, delayed, hindered, or other wise made impracticable, or impossible by reason of any strike, flood, riot, fire, explosion, war, act of God, sabotage, accident, or any other casualty, or cause beyond either part's control, and which cannot be overcome by reasonable diligence and without unusual expense.
- C. **Notices.** All notices, demands, requests, and consents under this Agreement shall be in writing, shall be delivered to each party, and shall be effective when received by the parties or mailed to the parties at their respective addresses set forth below, or at such other address as may be furnished by a part to the other party:

With a copy to:

Tipton Academy
1615 Belton
Garden City, MI 48315
Attn. President, Board of Directors

The Romine Group, Inc.
Corporate Headquarters
7877 Stead Street
Utica, Michigan 48317
Attention: Paul C. Romine

Davis Burket Savage Listman Brennan
10 S. Main Street
Suite 401
Mt. Clemens, MI 480430
Attention: John L. Burket

- D. **Severability.** The invalidity of any of the covenants, phases, or clauses in this Agreement shall not affect the remaining portions of this Agreement, and this Agreement shall be construed as if such invalid covenant, phase, or clause had not been contained in this Agreement.

- E. **Successors and Assigns.** This Agreement shall be binding upon, and inure to the benefit of the parties and their respective successors and assigns.
- F. **Entire Agreement.** This Agreement is the entire agreement between the parties relating to the services provided, and the compensation for such services. The Academy Board and TRG may not substantially amend this Agreement without notification to the University Board. Said amendment shall not be contrary to this Section and it must be accompanied by a Legal Opinion. The Academy is responsible for submitting any and all amendments in final draft form to the University Board for review under the Contract.
- G. **Non-Waiver.** No failure of either party in exercising any right, power, or privilege under this Agreement shall affect such right, power, or privileges, nor shall any single or partial exercise thereof preclude any further exercise thereof or the exercise of any other right, power, or privilege. The rights and remedies of the parties under this Agreement are cumulative and not exclusive of any rights or remedies which any of them may otherwise have.
- H. **Assignment.** This Agreement shall not be assigned by either party without the prior written consent of the other party.
- I. **Survival of Termination.** All representations, warranties, and indemnities made herein shall survive termination of this Agreement.
- J. **Governing Law.** This Agreement shall be governed by and enforced in accordance with the law of the State of Michigan. Nothing in this Agreement shall be construed as delegating to TRG any powers of the Academy Board that are not subject to delegation by the Board under Michigan law or the Contract.

The parties have executed this Agreement as of the day and year first above written.

THE ROMINE GROUP, INC.



BY: GREG LATHROP
ITS: DIRECTOR
DATE: 9-27-12

TIPTON ACADEMY



BY: DAN GRIVICKI
ITS: President
DATE: 9-27-12