

**MANAGEMENT SERVICES AGREEMENT  
LIGHT OF THE WORLD ACADEMY**

---

**THIS MANAGEMENT SERVICES AGREEMENT** (the "Agreement") is made and entered into on April 10, 2015, 2015 by and between **LIGHT OF THE WORLD ACADEMY**, a Michigan public school academy (the "Academy") formed under Part 6(A) of the Revised School Code, being MCL §380.501 to §380.507, as amended (the "Code") and **GPS Solutions, LLC**, a Michigan limited liability company ("GPS").

**WHEREAS**, the Academy is a charter school organized as a public school academy under the Code. The Academy has been issued a charter contract (the "Contract") by the GRAND VALLEY STATE UNIVERSITY BOARD OF TRUSTEES (the "Authorizer") to organize and operate the Academy. The Authorizer is the statutory 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.

**WHEREAS**, the Academy and GPS desire to create an enduring educational partnership whereby the Academy and GPS shall work together to develop and bring about systems of educational excellence and services to the Academy based on GPS's vision of school design, GPS's management principles, and the Educational Program (defined below).

**THEREFORE**, the parties hereby agree as follows:

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

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

2. **Services; Educational Program.** The parties agree that GPS, to the extent permitted by and in conformity with applicable laws, shall provide all labor, materials, and supervision necessary for the provision of the management and operational services contemplated by this Agreement as specifically set forth on the attached Exhibit A to the Academy (the "Services").

GPS shall provide Services to the Academy so the Academy can carry out the educational goals, Montessori curriculum, method of pupil assessment, admissions, policy and criteria, school calendar and school day schedule, and age and grade range of pupils to be enrolled,

educational goals and methods to be used to monitor compliance with performance of targeted educational outcomes, as adopted by the Academy Board of Directors ("Board") and as incorporated into the Contract through approval of the Terms and Conditions included in the Contract (collectively, the "Educational Program").

3. **Compliance with the Academy's Contract.** GPS agrees to perform its duties and responsibilities under this Agreement in a manner that is consistent with the Academy's obligations under the Academy's Contract issued by the Authorizer. The provisions of the Academy's Contract shall supersede any competing or conflicting provisions contained in this Agreement.

4. **Compliance with Section 503c.** On an annual basis, the ESP agrees to provide the Academy Board with the same information that a school district is required to disclose under section 18(2) of the State School Aid Act of 1979, MCL 388.1618, for the most recent school fiscal year for which the information is available. Within thirty (30) days of receipt of this information, the Academy Board shall make the information available on the Academy's website home page, in a form and manner prescribed by the Michigan Department of Education. The defined terms in section 503c of the Code, MCL 380.503c, shall have the same meaning in this Agreement.

5. **Compliance with Section 11.17 of Contract Terms and Conditions.** GPS 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 of the Contract Terms and Conditions.

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

7. **GPS as Independent Contractor; Agents.** The parties to this Agreement intend that the relationship of GPS to the Academy is that of an independent contractor, and not an employee of the Academy. No agent or employee of GPS shall be determined to be an agent or employee of the Academy, except as expressly acknowledged, in writing, by the Academy. Notwithstanding the foregoing, GPS and its employees, to the extent they have a legitimate educational interest in so doing, are hereby 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 U.S.C. §1232(g), during the Term of this Agreement (defined below).

During the Term of this Agreement, the Academy may disclose confidential data and information to GPS, and its respective officers, directors, employees and designated agents to the extent permitted by applicable law, including without limitation, the Individuals with Disabilities Education Act ("IDEA"), 20 USC §1401 et seq., 34 CFR 300.610-300.626; Section 504 of the

Rehabilitation Act of 1973, 29 USC §794a, 34 CFR 104.36; the Michigan Mandatory Special Education Act, MCL 380.1701 et seq.; the Americans with Disabilities Act, 42 USC §12101 et seq.; the Health Insurance Portability and Accountability Act ("HIPAA"), 42 USC 1320d – 1320d-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.

GPS shall be solely responsible for its acts, the acts of its agents, employees, and those subcontractors who are contracted through GPS.

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

9. **School Leader.** GPS shall identify and appoint a School Leader to administer the Educational Program at the Academy (the "School Leader"). The School Leader shall hold all required certifications as required by the Code. The School Leader shall be an employee of GPS, who may be disciplined and/or terminated by GPS in its sole discretion. GPS shall notify the Board prior to the termination of the School Leader. GPS shall have the authority, consistent with applicable laws, to select and supervise the School Leader and to hold the School Leader accountable for the success of the Academy. GPS shall empower the School Leader with the authority to select and hold accountable the teachers in the Academy. GPS shall consult with the Board concerning the selection of, hiring, duties, and performance of the School Leader prior to the placement and/or removal of the School Leader at the Academy or at any other time at the request of the Academy Board.

10. **Criminal Background Checks.** GPS agrees that it shall not assign any of its employees, agents or other individuals to perform any services under this Agreement except as permitted under Sections 1230, 1230a, 1230b and related provisions of the Code pertaining to criminal background and criminal conduct checks. GPS shall require that the results of the criminal background check are received, reviewed, and used (subject to a verification process) by the School Leader acting on behalf of the Academy and/or the Board, only as permitted by law to confirm that the individual does not have a criminal history and to evaluate the qualifications of the individual for his/her assignment. Evidence of such background checks and unprofessional conduct checks required by law shall be stored on site, in a secure location and in physical form, at the Academy or be directly accessible at the Academy facility.

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

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

13. **Availability of Funds.** Notwithstanding any other term or provision in this Agreement to the contrary, GPS shall not be, directly or indirectly, liable to any third party for any cost or expense incurred by the Academy, and GPS shall only be required to perform its responsibilities under this Agreement to the extent that GPS has received such revenues from the Academy pursuant to the terms of this Agreement. GPS shall, however, remain solely liable to the Academy for any cost it commits the Academy to without the Board’s approval in the event such cost is beyond the amount anticipated in the Academy’s budget or any amendment thereto.

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

15. **Nondiscrimination.** GPS and any and all subcontractors of GPS shall not discriminate against an employee or applicant for employment, and in this regard shall comply with all applicable federal and state laws. A breach of this covenant shall be a material breach of this Agreement.

## ARTICLE II

### Term

1. **Term.** The Term of this Agreement shall be a five (5) year period, beginning July 1, 2015 and ending June 30, 2020 (the “Term”). This Agreement may be terminated pursuant to Article VII below.

## ARTICLE III

### Obligations of the Academy

1. **Governance.** The Board shall be responsible for the governance and oversight of the Academy.

2. **Good Faith Obligation.** The Board shall exercise good faith in considering GPS’s recommendations relative to the Educational Program, and other issues including, but not limited to, policies, rules, regulations, procedures, curriculum and budgets, subject to the constraints of law and requirements of the Contract.

3. **Academy Funds.** The Board shall determine the depository of all funds received by the Academy. All funds received by the Academy shall be deposited in the Academy's depository account. Signatories on the depository account shall be members of the Board or individuals properly designated annually by Board resolution. All interest or investment earnings on Academy deposits shall accrue to the Academy.

4. **Board Policy Authority.** The Board is responsible for determining the fiscal and academic policies that will govern the operation of the Academy, including but not limited to, policies relative to the conduct of students while in attendance at the Academy or enroute to and from the Academy and regulations governing the procurement of supplies, materials and equipment.

5. **Legal Counsel.** The Board shall select and retain legal counsel to advise it regarding its rights and responsibilities under the Contract, this Agreement and applicable law.

6. **Educational Consultants.** The Board may retain an educational consultant or consultants to review the operations of the Academy and the performance of GPS under this Agreement, and the cost to employ such consultant or consultants shall be paid by the Board. GPS shall cooperate with the educational consultant or consultants and will provide those individuals with reasonable and prompt access to records, facilities, and information as if such requests came from the full Board. Only the Board shall have authority to select, evaluate, assign, supervise, or control any educational consultant employed by the Board.

7. **Academy Employees.** The Board may employ such employees as it deems necessary, and the cost to employ such employees shall be paid by the Board. The Board retains authority to hire its own employees for the purpose of interfacing and working in conjunction with GPS on certain accounting and compliance matters as deemed appropriate by the Board and who may in the future be given responsibility for some tasks given to GPS under this Agreement upon mutual agreement of the parties as to the specific tasks and financial effect on this Agreement.

8. **Audit.** The Board shall select and retain an independent auditor to perform the annual financial audit in accordance with the Contract and applicable state law.

9. **Budget.** The Board is responsible for adopting a budget in accordance with the provisions of the Uniform Budgeting and Accounting Act, MCL 141.421 et seq, that has adequate resources to fulfill its obligations under the Contract, including but not limited to its oversight of GPS, lease payments, the organization of the Academy, negotiation of the Contract and any amendments, payment of employee costs, insurance required under the Contract and this Agreement, the annual financial audit and retention of the Board's legal counsel and consultants. In addition, the 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 when deemed necessary by the Board.

10. **Governmental Immunity.** The Board shall determine when to assert, waive or not waive its governmental immunity.

11. **Rules and Procedures.** The Board shall adopt reasonable rules, regulations and procedures applicable to the Academy. GPS shall assist the Board by recommending reasonable rules, regulations and procedures, and also by enforcing the rules, regulations and procedures approved by the Board.

#### **ARTICLE IV Evaluations of GPS**

1. **Evaluations.** GPS is accountable to the Academy Board for the performance of students in attendance at the Academy and the operation of the Academy in accordance with the Agreement and the Contract. The Academy Board will regularly, and not less than annually by June 30 of each year, evaluate the performance of GPS to provide GPS with an understanding of the Academy Board's view of its performance under this Agreement. The Academy Board, in consultation with GPS, will determine the format to conduct this evaluation. To assist in the evaluation process, the Academy Board may, in writing, request GPS to reasonably provide written reports to the Academy Board on any topic of Academy activity or operations and which are consistent with this Agreement.

#### **ARTICLE V Compensation and Reimbursement of Costs**

1. **Compensation for Services.** During the first, second and third years of the term, the Board shall pay GPS an annual fee (the "Fee") equal to eight percent (8%) of the total aid received from the State of Michigan, pursuant to the State School Aid Act of 1979, as amended, including, but not limited to the foundation allowance and Section 31A funds. During academic years four and five of the term (July 1, 2018 – June 30, 2020), the Fee shall be equal to ten percent (10%). The Fee shall be paid as follows:

a. **Payment of Fee; Fixed Fee Portion.** The Board will pay GPS the Fee, and the Payroll Fee described in Article V, Paragraph 4, in part, by payment of an annual fixed fee for each academic year (the "Fixed Fee Portion") in the amount of Seventy-Five Thousand (\$75,000.00) Dollars.

h. **Variable Fee Portion.** In addition to the Fixed Fee Portion provided for above, for the term of this Agreement, the Academy will pay GPS an annual variable fee for each academic year (the "Variable Fee Portion" and together with the Fixed Fee Portion, the "Fee") equal to the amount, if any, by which (i) an amount equal to eight (8%) percent (ten (10%) percent in years four and five of the term) of state aid funds the Academy receives directly or indirectly under Paragraph 1 of this Article from the State of Michigan for such academic year, together with the Payroll Fee, exceeds (ii) the Fixed Fee Portion for such academic year. Notwithstanding anything contained herein to the contrary, in no event shall the Variable Fee Portion exceed the Fixed Fee Portion for any

academic year. GPS's compensation shall not be based, in whole or in part, on a share of net profits from the operation of the Academy.

In interpreting this Agreement and in the provision of the services required hereunder, GPS shall not have any role or relationship with the Academy that, in effect, substantially limits the Academy's ability to exercise its rights, including cancellation rights, under this Agreement. As required by the Academy's Articles of Incorporation and Bylaws, the Academy Board may not include any director, officer, or employee of a management company that contracts with the Academy. In furtherance of such restriction, it is agreed between the Academy and GPS that none of the voting power of the governing body of the Academy will be vested in GPS or its directors, members, managers, officers, shareholders, and employees, and the Academy and GPS will not be related parties as defined in Treas. Reg. 1.150-1(b).

2. **Reasonable Compensation.** The parties agree that the Fee amount is reasonable compensation for the provision of the Services. As necessary, the Academy and GPS agree to make adjustments to the Fee, in amounts subject to mutual agreement of the parties, as necessary because of factors such as differences in actual and projected enrollments, differences between actual and projected operating expenses and funding changes mandated by federal, state or municipal sources.

3. **Time and Priority of Payment.** The compensation due to GPS pursuant to Paragraph 1 of this Article shall be paid in eleven approximately equal monthly installments beginning in October and ending in August of the following academic year. Such installment amounts shall be due and payable no later than the last day of the month. GPS will cooperate with the Academy to modify the exact date of any monthly installment payment to coordinate with the time of the funds received by the Academy. The compensation due to GPS shall be calculated for each academic year at the same time as the State of Michigan calculates the State School Aid. For each academic year, the installment payments will be based on the approved budget or amended budget until the second Count Day, when adjustments shall be made for the final student count

4. **Reimbursement of Costs.** In addition to the Fee, the Academy shall reimburse GPS for all costs reasonably incurred and paid by GPS in providing the Services specifically related to the Academy. Such costs include, but are not limited to, all employment costs of GPS employees assigned to the Academy, other expenses for equipment, software, supplies, food service, transportation, special education, psychological services, medical services, and other educational services whether provided by GPS employees or pursuant to an independent contractor arrangement. GPS shall invoice the Academy for reimbursement of all employment costs of GPS employees assigned to the Academy. GPS shall invoice the Academy for reimbursement of all other costs with a detailed receipt of goods or services provided. In paying such costs on behalf of the Academy, GPS shall not charge an added fee or mark-up, provided that;

a. GPS shall be paid a fee (the "Payroll Fee") in the amount of three (3%) percent of the total gross salary and wages (exclusive of benefits) paid to staff employed by GPS and assigned to the Academy; and

b. GPS may charge the Academy for special education services on the same basis as they charge other schools for which they do not provide management services; however, the Payroll Fee shall not be payable for special education personnel assigned to 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 costs for general marketing and development of GPS. Costs or expenses of the management and operation of GPS, including its rent, shall not be charged to or reimbursed by, the Academy. The Academy shall not reimburse the costs for the time of GPS's principals, directors, officers or shareholders in providing Services to the Academy other than services provided directly to students at the Academy; such costs shall be separately broken out on applicable invoices. Any costs reimbursed to GPS that are determined by the independent audit not to be reasonably incurred on behalf of the Academy for Services specially related to the Academy shall be promptly returned to the Academy by GPS.

When possible and desired, the Board may advance funds to GPS for such costs before such costs are incurred (rather than reimburse GPS after the expense is incurred). GPS shall provide to the Academy or the Board proper documentation and accounting of all advanced funds or reimbursements, and such accounting shall be periodically ratified by the Board. All items acquired with Academy funds including, but not limited to, instructional materials, equipment, supplies, furniture, computers, and other technology, shall be owned by and remain the property of the Academy.

5. **Start-Up Costs.** The Academy shall reimburse GPS for insurance, legal, and other Academy costs, with documented invoices, paid by GPS on behalf of the Academy prior to execution of this Agreement.

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

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

7. **Review of Budget.** GPS shall assist the accountant hired by the Academy with preparing and proposing an annual budget for the Academy, and the Board shall review, revise, and timely approve the annual budget all as more fully described in Exhibit A.



8. **Procurement Policies.** The Board hereby retains the obligation, as provided in Section 1274 of the Code, to adopt written policies governing the procurement of supplies, materials, and equipment to the Academy. Unless otherwise prohibited by law, GPS shall directly procure all supplies, materials, and equipment provided that GPS complies with Section 1274 of the Code, and the Board's written policies promulgated thereunder related to such items. In paying for supplies, materials, and equipment on behalf of the Academy, GPS shall not charge an added fee or mark up.

## **ARTICLE VI**

### **Proprietary Information**

1. **Academy's Rights to Curriculum and Educational Materials.** The Academy shall own, without restriction, all proprietary rights to curriculum and educational materials that: (a) are or were directly developed by the Academy and paid for with Academy funds; or (b) are or were developed by GPS at the direction of the Board using Academy funds for the specific purpose of developing such curriculum or educational materials. However, the Academy shall not obtain proprietary rights in any proprietary or licensed education models which the Academy has been granted a license to use by third parties.

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

3. **Non-Disclosure of Proprietary Information; Remedy for Breach.** Except as required by applicable law, this Agreement, or the Contract, during the Term of this Agreement and continuing for three (3) years after the expiration or earlier termination of this Agreement, both parties hereby agree that they shall not use or disclose to any third-party, directly or indirectly, for any purpose whatsoever, any proprietary information or materials without the prior written consent of the other party.

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

## **ARTICLE VII**

### **Termination**

1. **Termination by GPS.** GPS may terminate this Agreement prior to the end of the Term in the event the Academy fails to remedy a material breach within the required time frames below. A "material breach" in this context includes, but is not limited to, (a) the Academy's failure to timely remit the Fee, all payroll costs, or any reimbursement due to GPS, and/or (b) the

Academy's action or decision-making that is reasonably deemed by GPS to be substantially inconsistent with the recommendations of GPS relative to the Educational Program or the Services. In the event of a breach that involves the failure by the Academy to advance all funds required for payroll, the Academy shall have ten (10) days after notice from GPS to either (i) remit the funds, or (ii) reach a mutually acceptable agreement with GPS related to the payment of the funds. The Academy shall have thirty (30) days after notice from GPS to remedy all other material breaches.

Failure by GPS to (a) declare a breach, (b) place the Academy on notice thereof, or (c) exercise or exert any remedy available to GPS under this Agreement or applicable laws, shall not be deemed a waiver of GPS's right and remedies whatsoever.

2. **Termination by the Academy.** The Academy may terminate this Agreement prior to the end of the Term in the event that GPS fails to remedy a material breach within the required time frames below. A "material breach" in this context includes, but is not limited to: (a) failure by GPS to reasonably account for its expenditures; (b) failure by GPS to pay the Academy operating expenses as required under this Agreement (provided funds are available); (c) failure by GPS to substantially follow policies, procedures, rules, regulations, or curriculum duly adopted by the Board which are not in violation of the Contract, applicable laws or this Agreement; (d) failure by GPS to provide the Services as required by this Agreement; and/or (e) any action or inaction by GPS that places the Contract in jeopardy of revocation, suspension or termination, as evidenced by written notification from the Authorizer, University Board, Superintendent of Public Instruction, or other authorized body or official.

In the event of a breach that involves the failure by the GPS to pay all funds required for payroll, GPS shall have ten (10) days after notice from the Academy to either (i) pay the funds, or (ii) reach a mutually acceptable agreement with the Academy related to the payment of the funds. GPS shall have thirty (30) days after notice from the Academy to remedy all other material breaches.

Upon expiration or any termination of this Agreement, all advances or billable costs incurred consistent with this Agreement and the Contract, if any, paid by GPS shall be immediately repaid by the Academy, unless otherwise agreed in writing by GPS and the Academy.

Failure by the Academy to (a) declare a breach, (b) place GPS on notice thereof, or (c) exercise or exert any remedy available to the Academy under this Agreement or applicable laws, shall not be deemed a waiver of the Academy's right and remedies whatsoever.

Notwithstanding the foregoing, the Academy may terminate this Agreement, without cause and without penalty, at the end of the third academic year of the Term provided that the Academy delivers written notice to GPS at least ninety (90) days prior to the end of the then-current academic year.

3. **Agreement Coterminous with the Academy's Contract.** If the Academy's Contract issued by the Authorizer 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.

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

5. **Transition.** In the event of the expiration of or any termination prior to the end of the Term of this Agreement, GPS shall provide the Academy "reasonable assistance" for up to ninety (90) days to assist in the orderly transition to another service provider or to a regular school. For the purposes of this section, the term "reasonable assistance" shall mean that GPS shall reasonably assist the Academy to:

a. Close the books on the final year of operations as of June 30 and prepare financial records necessary for the audit of the final year of the Agreement in audit-ready form, and hand said records off to the Board or successor management company. In the event that the school calendar runs past June 30 in the year in which the contract terminates, GPS shall have the business and financial records through the end of the school calendar year complete and ready to hand off to the Board or successor management company in a timely manner;

b. Complete student records for the final year of the Agreement and hand them off to the Board or successor management company in a timely manner;

c. Complete and organize all Academy documents, including, without limitation, Board minutes, third party contracts, correspondence relating to Academy business, notices, and so forth, by facilitating the depositing of the same in the Academy's designated central depository location in a timely manner; and

d. Complete all reporting and compliance requirements attributable to final year of operation in a timely manner.

The parties may agree upon other transition services to be provided by GPS, at a mutually agreed upon fee and documented in a separate contract for services.

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

7. **Obligations Upon Termination or Expiration.** Upon the expiration or termination of this Agreement, the parties shall remain obligated for all financial or other obligations due at the time of the expiration or termination; once all such obligations are satisfied, the parties shall have no further obligations to each other under this Agreement whatsoever except for the continuing obligations under Article VI and Article VIII.

8. **Effective Date of Termination.** In the event this Agreement is terminated by either party prior to the end of the Term, absent unusual and compelling circumstances the termination will not become effective until the end of the same academic year as the notice of termination, provided that the notice is provided to the other party on or before March 31<sup>st</sup> in such academic year. For purposes of this paragraph, the term "unusual and compelling circumstances" shall include but not necessarily be limited to the occurrence of a "material breach" as defined above in Section 1(a) of this Article VII.

## **ARTICLE VIII**

### **Indemnification and Cooperation**

1. **Indemnification of GPS.** To the extent permitted by law and subject to Section 3 of this Article VIII, the Academy shall indemnify and save and hold GPS and all of its employees, officers, directors, subcontractors and agents, harmless against any and all claims, demands, suits or other forms of liability that may arise out of, or by reason of: (a) any non-compliance by the Academy with any agreements, covenants, warranties or undertakings of the Academy contained in or made pursuant to this Agreement; (b) any misrepresentation or any breach of the representations and warranties of the Academy contained in or made pursuant to this Agreement; and/or (c) the negligence or intentionally wrongful acts of the Academy's directors, officers, employees, agents or representatives.

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

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

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

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

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

5. **Mutual Duty to Cooperate.** The parties acknowledge that each party has a duty and obligation to cooperate with the other party, and further that such duty to cooperate is a material part of this Agreement. The purpose of the duty to cooperate is to enable each party to perform its obligations as efficiently as possible. The duty to cooperate shall include all areas of the business of the Academy and the Services, including but not limited to potential and actual issues related to employees or teachers as they arise. The duty to cooperate also includes reasonable assistance in the event of litigation or a dispute involving a party related to the Academy or the Services, such as provision of testimony, records and/or documents reasonably related to the litigation or dispute (which are not otherwise protected from disclosure).

6. **Indemnification of Grand Valley State University.** The parties acknowledge and agree that the Grand Valley State University Board of Trustees, Grand Valley State University and its members, officers, employees, agents or representatives are deemed to be third party beneficiaries for purposes of this Agreement. As third party beneficiaries, the parties hereby promise to indemnify and hold harmless Grand Valley State University Board of

Trustees, Grand Valley State University and its members, officers, employees, agents or representatives from all claims, demands, or liability, including attorney fees, and related expenses, on account of injury, loss or damage, including, without limitation, claims arising from bodily injury, personal injury, sickness, disease, death, property loss or damage or any other losses of any kind whatsoever and not caused by the sole negligence of Grand Valley State University, which arise out of or are in any manner connected with Grand Valley State University Board's approval of the application, the University Board's consideration of or issuance of a Contract, the Academy's preparation for and operation of a public school, or which are incurred as a result of the reliance by Grand Valley State University and its Board of Trustees members, officers, employees, agents or representatives upon information supplied by the Academy or the ESP, or which arise out of the failure of the Academy to perform its obligations under the Contract issued to the Academy by Grand Valley State University Board of Trustees. The parties expressly acknowledge and agree that Grand Valley State University and its Board of Trustee members, officers, employees, agents or representatives may commence legal action against either party to enforce its rights as set forth in this Agreement."

## **ARTICLE IX**

### **Insurance**

1. **Academy Insurance.** The Academy shall maintain such policies of insurance coverage in the amounts as required by the Contract. GPS shall comply with any reasonable information or recording requirements under the Academy's policies of insurance.
2. **GPS Insurance.** GPS shall maintain separate general liability and umbrella insurance coverage, with the Academy listed as an additional insured on all policies. GPS shall maintain such policies of insurance in the amounts as required by the Contract.
3. **Evidence and Notices.** Each party shall, upon request, present evidence to the other that it maintains the requisite insurance as required in this Article IX. The policies of insurance of each party shall also provide that the other party receive from the insurer(s) a minimum thirty (30) day written notice of any termination of said policies.
4. **Workers' Compensation Coverage.** Additionally, each party shall maintain workers' compensation insurance, as required by state law, covering their respective employees.

## **ARTICLE X**

### **Warranties and Representations**

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

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

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

## **ARTICLE XI**

### **Alternative Dispute Resolution**

1. **Mediation.** Any and all disputes between the parties concerning any alleged breach of this Agreement or arising out of or relating to the interpretation of this Agreement or the parties' performance of their respective obligations under this Agreement shall first be submitted to mediation for resolution in Livingston County. Both parties must mutually agree upon the mediator selected and shall participate in all meetings in good faith. The mediation shall be conducted in accordance with the rules of the American Arbitration Association seated in Livingston County, Michigan, with such variations as the parties and arbitrators unanimously accept. The parties shall share equally in the costs of the mediation including forum fees, expenses and charges of the mediator.

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

## **ARTICLE XII**

### **Pupil Performance Standards**

1. **Pupil Performance Standards.** GPS is responsible for and accountable to the Board for the performance of students who attend the Academy. GPS shall cause the Academy to implement pupil performance evaluations which permit evaluation of the educational progress of each Academy student, using measures of student and school performance required by the Contract and such additional measures as shall be mutually agreed between the Board and GPS and that are consistent with the Contract.



**ARTICLE XIII**  
**Miscellaneous**

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

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

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

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

If to the Academy:

Light of the World Academy  
Attention: Board President  
1740 E. M-36  
Pinckney, MI 48169

With a copy to:

Shifman & Carlson, P.C.  
John A. Carlson  
31700 Middlebelt, Suite 126  
Farmington Hills, MI 48334

If to GPS:

GPS Solutions, LLC  
Attention: Anthony Pendleton  
30777 Northwestern Highway, Suite 104  
Farmington Hills, MI 48334

With a copy to:

Lewis & Munday, P.C.  
Reginald G. Dozier  
660 Woodward Avenue, Suite 2490  
Detroit, MI 48226

5. **Assignment.** This Agreement shall not be assigned by GPS without prior written consent of the Board. The Academy shall not assign this Agreement without prior written consent of GPS, which consent shall not be unreasonably withheld or delayed. All such consents shall be in accordance with the Authorizer's educational service provider policies.

6. **Amendment; Effect of Headings.** This Agreement may only be amended in writing, signed by a duly authorized representative of each party and in a manner consistent with the Authorizer's educational service provider policies. The underlined headings are included for convenience of the reader, and if the underlined headings are inconsistent with the other text the underlined text shall be disregarded.

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

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

9. **Binding Effect.** This Agreement shall be binding upon and inure to the benefit of the parties and their respective successors and permitted assigns.

10. **No Third Party Rights.** This Agreement is made for the sole benefit of the Academy and GPS. Except as otherwise expressly provided herein, nothing in this Agreement shall create or be deemed to create a relationship between the parties, or either of them individually with any third person, third party beneficiary, fiduciary, or the Authorizer.

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

12. **Delegation of Authority; Compliance with Laws.** Nothing in this Agreement shall be construed as delegating to GPS any of the powers or authority of the Board which are not subject to delegation by the Board in accordance with all applicable laws. The parties agree to comply with all applicable laws. No provision of this Agreement shall interfere with the Board's exercise of its statutory, contractual and fiduciary responsibilities governing the operation of the Academy. Further, no provision of this Agreement shall prohibit the Board from acting as an independent, self-governing public body, or allow public decisions to be made other than in compliance with the Open Meetings Act.

13. **Execution.** The parties may execute this Agreement by facsimile or in counterparts. A facsimile or photographic copy of this Agreement may be relied upon by either party, or any third party, as if it were an original signature copy. If this Agreement is executed in

counterparts, the separate counterpart signature pages shall be combined and treated by the parties, or any third party, as if the separate counterpart signature pages were part of one original signature copy.

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

15. **Modification to Conform to Changed Authorizer's Policies.** The parties intend that this Agreement shall comply with Authorizer's Educational Service Provider Policies, as the same may be changed from time to time. In the event that changes in the Authorizer's Educational Service Provider Policies implemented after the date of execution of this Agreement cause any provision of this Agreement to be in conflict the revised Policies, the parties agree to amend this Agreement to eliminate the conflict within thirty (30) days after being advised by the Authorizer of the changes to its policies.

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

**Academy:**

**LIGHT OF THE WORLD ACADEMY,** a  
Michigan public school academy

By:   
**Laura Burwell**  
Its: Board President

**GPS:**

**GPS SOLUTIONS, LLC**  
a Michigan limited liability company

By:   
Its: Member

## **EXHIBIT A**

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

### **PART ONE**

#### **EDUCATIONAL MANAGEMENT SERVICES**

Except as otherwise provided in this Agreement, GPS shall be responsible for all of the management, operation, administration and education at the Academy, which includes, but is not limited to, all of the following obligations:

1. GPS shall implement and administer the Educational Program (defined in Article I, Section 2 of the Agreement), including administration of any and all extra-curricular and co-curricular activities and programs, and shall be responsible for recommending and acquiring instructional materials approved by the Board, equipment and supplies. Modification of the Educational Program may only occur with the prior written consent of the Board and, if required, an amendment to the Contract which requires Authorizer approval.

2. GPS may perform functions other than instruction, including but not limited to purchasing, professional development, and administrative functions off-site (i.e., not on the Academy property), unless prohibited by the Contract or applicable laws. Student records, which are the property of the Academy, shall be maintained by GPS at the Academy's site.

3. Although the Board shall be responsible for establishing and implementing recruitment admission policies in accordance with the Educational Program and the Contract, GPS shall enroll students for the Academy in accordance with such policies provided that said policies are in compliance with the Contract and applicable laws.

4. GPS shall provide student due process hearings in compliance with all applicable laws, to an extent consistent with the Academy's own obligations as to students only (and not as to faculty). The Board hereby retains the right to provide due process, as required by law.

5. GPS shall administer and provide the Educational Program in a manner which shall meet the requirements imposed under the Contract and applicable law, unless such requirements are waived.

6. GPS shall implement pupil performance evaluations consistent with the Educational Program and the Contract. GPS shall be responsible for and accountable to the Board for the performance of students who attend the Academy. At a minimum, GPS shall utilize assessment strategies required by the Contract. The Academy and GPS shall cooperate in good faith to identify other measures of and goals for students and school performance.

7. GPS shall plan and supervise special education services to students who attend the Academy. GPS may subcontract these services if it determines that it is necessary and appropriate for the provision of services to students with special needs. Such services shall be provided in a manner that complies with the Contract and all applicable laws.

8. GPS shall perform any function necessary or expedient for the administration of the Academy consistent with the Educational Program, the Contract, and Authorizer Policies regarding Educational Service Providers.

9. GPS may subcontract any and all aspects of the Services it agrees to provide to the Academy. However, GPS shall not subcontract the management or oversight of the Educational Program, except as specifically permitted in this Agreement and the Contract.

10. GPS shall not act in a manner which shall cause the Academy to be in breach of its Contract with the Authorizer.

11. GPS shall provide information to the Board on a regular basis, or upon the Board's reasonable request, to enable the Board to monitor GPS's performance under this Agreement.

12. GPS shall provide all necessary staff to record and distribute the meeting minutes of the Board's meetings.

## **PART TWO**

### **BUSINESS/FINANCE SERVICES**

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

2. 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, GPS shall assist the Academy's endeavors to obtain revenue from other sources (the "Funding Sources"), and in this regard:

a. The Academy and/or GPS may solicit and receive grants and donations in the name of the Academy from various Funding Sources consistent with the mission of the Academy;

b. The Academy and/or GPS may apply for and receive grant money in the name of the Academy from various Funding Sources;

c. To the extent permitted under the Code and Contract, GPS or the Academy may charge fees to students for extra services, such as summer and after-school programs, athletics, etc., and charge non-Academy students who participate in such programs.

3. GPS shall assist the accountant hired by the Board in providing the Board with:

a. A proposed annual budget that shall conform to the State accounting manual and the Uniform Budgeting and Accounting Act, MCL 141.421 et seq. and in a form reasonably satisfactory to the Board and to Ferris State University Charter Schools Office. The budget shall comply with public accounting standards applicable to public schools and public school academies in Michigan. The budget shall include anticipated revenues and projected expenses and costs reasonably associated with operating the Academy and the Educational Program including, but not limited to, the projected cost of all services and educational programs provided to the Academy, rent and lease payments, debt service, maintenance and repairs to Academy facilities, supplies and furnishings necessary to operate the Academy, taxes, insurance premiums, utilities, professional fees, and other costs and expenses connected to the operation of the Academy. The proposed budget shall be submitted to the Board for consideration not later than 60 days prior to the date of the scheduled hearing on the budget, and will continue to assist the Board through the approval process;

b. Detailed monthly statements (or as requested by the Board) not more than forty-five (45) days in arrears. Financial statements shall include a balance sheet, cash flow statement and statement of revenue, expenditures and changes in fund balance, detailing the status of the budget to actual revenues and a detailed schedule of expenditures for review and approval by the Board, and if requested by the Board, an aged report of accounts payable and bank reconciliations. The Board must be presented a balance sheet and statement of revenues, expenditures and changes in fund balance at each regularly scheduled meeting. This report shall explain any variances from the approved budget and shall contain recommendations for necessary budget corrections and shall be prepared at least seven days in advance of the Board meeting to be included in the Board packets sent to Board members, and its designees, in preparation for Board

meetings. GPS shall provide special reports as necessary to keep the Board informed of changing conditions;

c. Assistance in facilitating the annual audit in compliance with applicable laws showing the manner in which funds are spent at the Academy, however, it is acknowledged that only the Academy Board shall select and retain independent auditors and the Board shall contract directly with any auditor of its choice, and GPS shall cooperate with the production of any and all documents necessary for the audit; any such audit shall be the property of the Academy;

d. Assistance with other aspects of the business administration (as determined and as generally understood in the industry) of the Academy as agreed between GPS and the Board.

### **PART THREE**

#### **HUMAN RESOURCES SERVICES**

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

GPS shall be responsible for all personnel functions, including professional development for all instructional personnel and the personnel functions outlined in this Agreement;

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

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

4. GPS shall work with the School Leader to provide the Academy with qualified and necessary support staff as required. The parties anticipate that such support staff may

include clerical staff, administrative assistants and director, bookkeeping staff, maintenance personnel, and the like. Such support staff may, in the discretion of GPS, provide services at the Academy on a full or part time basis. If assigned to the Academy on a part-time basis, said support staff may also provide services at another institution, or other locations approved by GPS.

5. Since, except as specified in this Agreement, all teaching, support staff and other non-teaching personnel performing functions on behalf of the Academy, shall be employees of GPS, compensation of all employees of GPS shall be paid by GPS. For purposes of the Agreement and this Exhibit, "compensation" shall include salary and benefits. Evaluation and compensation systems administered by GPS shall comply with all applicable laws, including Sections 1249 and 1250 of the Code. GPS shall pay its portion of social security, unemployment, and any other taxes required by law to be paid on behalf of its employees assigned to the Academy. Unless required by applicable laws, GPS shall not make payments to the Michigan Public School Employees' Retirement System or any other public retirement system on behalf of its employees.

6. GPS agrees that it shall not assign any of its employees, agents, or other individuals to perform any services except as provided for under Article 1, Paragraph 10. GPS shall require that the results of the criminal background check are received, reviewed, and used by the School Leader acting on behalf of the Academy and/or Board, only as permitted by law to confirm that the individual does not have a criminal history and to and to evaluate the qualifications of the individual for his/her assignment. Evidence of such background checks and unprofessional conduct checks required by law shall be stored on site, in a secure location and in physical form, at the Academy or be directly accessible at the Academy facility.