

INDEPENDENT CONTRACTOR AGREEMENT

This Independent Contractor Agreement (“Agreement”) is made and entered into as of the ___ day of October, 2012, by and between **Henry Ford Learning Institute**, a Michigan nonprofit corporation (“HFLI”), and the **Public School Academies of Detroit**, a Michigan nonprofit corporation (“PSAD”).

The following is a recital of facts underlying this Agreement:

PSAD is organized to operate urban high school academies pursuant to the Michigan Revised School Code, Part 6C, MCL 380.521 to 380.529 being part of the Revised School Code, Public Act 451 of 1976, as amended (the “Code”). PSAD has been issued a contract, as defined in the Code (the “Contract”), by the Board of Trustees of Grand Valley State University (the “Authorizer Board”) on December 14, 2007, as amended, to organize and operate one or more urban high school academies.

HFLI is a Michigan nonprofit corporation organized for educational purposes under section 501(c)(3) of the Internal Revenue Code of 1986, as amended.

PSAD and HFLI desire to enter into an agreement, as defined by MCL 380.523c(2)(c), where by PSAD and HFLI will work together to deliver systems of educational excellence and services to PSAD and its Henry Ford Academy: School for Creative Studies, Elementary 1 (“HFA:SCS E1”), based on the vision for the PSAD’s urban high school academies as described in the Contract and HFLI’s school design, management principles, and the comprehensive “Educational Program” (defined below). For purposes of this Agreement, the Academy consists of HFA:SCS E1.

Therefore, the parties agree as follows:

ARTICLE I **CONTRACTING RELATIONSHIP**

A. **Authority.** PSAD represents that (a) it is authorized by law to contract with an educational management organization for the provision of management and operational services to PSAD, and (b) PSAD has been issued the Contract from the Authorizer to organize and operate one or more urban high school academies. To the extent permitted by law, PSAD authorizes and grants to HFLI, the necessary authority and power to perform under this Agreement.

B. **Services; Educational Program.** The parties agree that HFLI, to the extent permitted by, and in conformity with, applicable laws, shall provide all labor, materials, and supervision necessary for the provision of comprehensive educational, administrative, management, and instructional services contemplated by this Agreement to PSAD (the “Services”) as set forth below and as further set forth in **Exhibit A**. HFLI shall provide Services to PSAD so PSAD can meet its obligations under the Contract and all other applicable law and to carry out the educational goals, curriculum, method of pupil assessment, admissions, policy and criteria, school calendar and school day schedule, and age and grade range of pupils to be

enrolled, educational goals and methods to be used to monitor compliance with performance of targeted educational outcomes, as previously adopted by the PSAD Board of Directors (“Board”) and as included in the Contract (collectively, the “Educational Program”).

C. Compliance with the Contract. HFLI agrees to perform its duties and responsibilities under this Agreement in a manner that is consistent with PSAD’s obligations under the Contract issued by the Authorizer. The provisions of the Contract shall supersede any competing or conflicting provisions in this Agreement.

D. HFLI as Independent Contractor; Agency. In the performance of Services under this Agreement, HFLI (its officers, directors, employees, and designated agents) shall be regarded at all times as performing services as independent contractors of PSAD. No agent or employee of HFLI shall be determined to be an agent or employee of PSAD, except as expressly acknowledged, if at all, in writing, by PSAD. Notwithstanding the foregoing, HFLI and its staff are designated as agents of PSAD for the limited purpose of allowing them access to educational records under the Family Educational Rights and Privacy Act (“FERPA”), 20 U.S.C. §1232(g), during the Term of this Agreement (defined below). During the Term of this Agreement, PSAD may disclose confidential data and information to HFLI, and its respective officers, directors, employees and designated agents to the extent permitted by applicable law, including without limitation, the Individual with Disabilities Education Act (“IDEA”), 20 USC §1401 et seq., 34 CFR 300.610 -300.626; Section 504 of the Rehabilitation Act of 1973, 29 USC §794a, 34 CFR 104.36; the Michigan Mandatory Special Education Act, MCL 380.1701 et seq.; the American with Disabilities Act, 42 USC §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. HFLI will be solely responsible for its acts, the acts of its agents, employees, and those subcontractors who are contracted through HFLI.

E. Status of the Parties. The relationship between HFLI and PSAD is based solely on the terms of this Agreement, and the terms of any other agreements between them. In performing its duties under this Agreement, it is mutually understood and agreed that HFLI shall at all times be acting and performing as an independent contractor. Nothing in this Agreement is intended to create an employer/employee relationship, partnership or joint venture relationship between the parties. The parties agree that none of the voting power of the governing body of PSAD or the Board will be vested in HFLI or its directors, members, managers, officers, shareholders, or employees. Further, PSAD and HFLI 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.

F. Teachers. Teachers or staff employed or retained by HFLI shall not be considered employees or teachers of PSAD for purposes of tenure or continuing tenure under Teachers’ Tenure Act, PA 4 of 1937, as amended, MCL 38.71 et seq.

G. Chief Executive Officer and Executive Director. PSAD and HFLI understand that PSAD has entered into a similar educational management agreement with Creative Urban

Education, Inc. ("CUE") respecting the operation of the PSAD Henry Ford Academy: School For Creative Studies High School and Middle School ("HFA:SCS High School") urban high school academy. CUE has retained a chief executive officer ("CEO") through HFLI to serve as the CEO for the HFA:SCS School district. HFA:SCS E1 is a part of the HFA:SCS School District. HFLI shall identify and retain an Executive Director ("ED") to service the HFA:SCS E1. The ED may be the same person as the CEO. HFLI shall not retain a new ED to which the Contract Administrator or PSAD objects. HFLI shall provide thirty (30) days prior written notice to PSAD before it removes the ED, unless the reason for removal relates to a crime for which the ED has been charged or an act of moral turpitude. The parties acknowledge that the initial ED meets the requirements of section 380.1246(1)(a) of the Code. Any successor ED shall hold a valid Michigan school administrator's certificate or be enrolled in a program leading to certification as a school administrator in addition to meeting the continuing education requirements. HFLI will have the authority, consistent with all applicable laws, to supervise the ED and to hold the ED accountable for the success of HFA:SCS E1.

H. Criminal Background Checks. HFLI 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. HFLI shall require that the results of the criminal background check are received, reviewed, and used (subject to a verification process) by the CEO acting on behalf of PSAD 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.

I. Unprofessional Conduct Checks. HFLI agrees that it will conduct unprofessional conduct checks, in accordance with MCL 380.1230b, before hiring an employee assigned to work at the HFA:SCS E1 worksite.

J. Compliance with Section 523c. On an annual basis, HFLI agrees to provide the PSAD Board, in coordination with CUE and the CEO, 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, PSAD shall make the information available on HFA:SCS website home page, in a form and manner prescribed by the Michigan Department of Education. The defined terms in section 523c of the Code, MCL 380.523c shall have the same meaning in this Agreement.

K. The Board. The Board is the governing body with oversight responsibilities over PSAD. The parties acknowledge that throughout this Agreement the term "Board" and the term "PSAD" are sometimes used interchangeably in some sections for the sole purpose of readability based on the nature and subject-matter of the article/section.

L. Availability of Funds. HFLI shall be liable to PSAD for any cost it commits PSAD to without the Board's approval in the event such cost is beyond the amount in PSAD's budget or any amendment thereto. HFLI shall only be required to perform its responsibilities under this Agreement to the extent PSAD has appropriated funds in its budget, as amended.

M. Non-Compete Agreement. HFLI agrees that it shall not impose any non-compete contractual requirement or obligation on its ED, or any of its teachers, support staff, principals, agents or others under its employ, and who work at or provide services for HFA:SCS E1, which precludes any such person from working at, or providing services for HFA:SCS or any other PSAD school.

ARTICLE II

TERM

Term. The term of this Agreement (the "Term") shall be effective as of July 1, 2012 or the corresponding commencement date of the term for HFA:SCS E1 identified in the Contract, whichever is earlier ("Commencement Date"), and end on June 30, 2014, unless earlier terminated or further extended in accordance with this Agreement.

ARTICLE III

OBLIGATIONS OF THE ACADEMY

A. Good Faith Obligation. PSAD shall exercise good faith in considering recommendations by HFLI relative to the Educational Program.

B. PSAD Funds. The Board shall determine the depository of all funds received by PSAD including, but not limited to, the State School Aid and any Additional Revenue. All funds received by PSAD shall be deposited in PSAD's depository account. Signatories on the depository account shall be members of the Board or properly designated Board agents, which may include employees or agents of HFLI. All interest or investment earnings on PSAD deposits shall accrue to PSAD.

C. Building Facilities. PSAD shall provide reasonable access, at no cost to HFLI, to the Building Facilities as described in the Contract to HFLI for the provision of Services and the Educational Program. PSAD shall not be considered in breach or default of its obligations under this Agreement to provide the Building Facilities in the event that PSAD is served with a default notice under its lease for the Building Facilities.

ARTICLE IV

COMPENSATION FOR SERVICES AND REIMBURSEMENT OF COSTS

A. Compensation for Services. PSAD agrees that HFLI shall be entitled to an annual fee for services provided each academic year under this Agreement, in accordance with the fee schedule set forth on the attached **Exhibit B** ("Annual Management Fee"). During any academic year, HFLI may irrevocably waive any or all of the Annual Management Fee at its sole option. Payment or waiver of the Annual Management Fee will not preclude the payment of Additional Compensation by PSAD if additional compensation is permitted or specified elsewhere in this Agreement or in any other agreements between the parties. "Additional Compensation" means additional funds paid by PSAD to HFLI, or funds collected by PSAD and remitted to HFLI, for services or programs conducted by HFLI for HFA:SCS E1. Additional Compensation does not include funds to cover HFLI's costs or expenses in conducting such services or programs, nor does it include the amount of funds collected directly by HFLI from users of, or participants in,

such services or programs. In no event will the Additional Compensation paid by PSAD to HFLI in an academic year exceed 25% of the Annual Management Fee for that same academic year.

B. Reasonable Compensation. PSAD acknowledges and agrees that compensation payable to HFLI under this Agreement is reasonable compensation for the services to be rendered by HFLI to PSAD under this Agreement

C. Payment of Costs. HFLI will be solely responsible for preparing the annual budget and budget amendments thereto for HFLI's operation of HFA:SCS E1 and timely submit the annual budget and amendments to the PSAD Board for consideration and approval. Except as otherwise provided in this Agreement, PSAD shall fully fund the budget, as may be amended, that the PSAD Board approves for HFLI's operation of HFA:SCS E1. In addition to the compensation described in Paragraph A of this Article, HFLI shall receive reimbursement from PSAD for all costs and expenses incurred and paid by HFLI in providing the Services and other goods and services pursuant to this Agreement. Such costs include, but are not limited to, salaries for all personnel, curriculum materials, instructional materials, textbooks, library books, computer and other equipment, software, supplies, transportation, special education, building, maintenance, psychological services and medical services, rent and other sums, and the cost of maintaining, repairing and operating the HFA:SCS E1 building and facility. In paying costs and expenses on PSAD's behalf, HFLI shall not charge an added fee unless such fee is approved in advance by the PSAD Board and, provided further, that such fees shall be considered Additional Compensation as defined in Paragraph A of this Article. In the event that HFLI requests reimbursement under this Agreement for expenses that are not identified in the approved budget, HFLI shall timely present invoices to the PSAD Board. Until the PSAD Board approves a HFLI reimbursement request under this Agreement for expenses that are not identified in the approved budget, PSAD will have no obligation to pay such reimbursement. The PSAD Board retains the obligation, as provided in Section 1274 of the Code, to adopt written policies governing the procurement of supplies, materials, and equipment to PSAD. Unless otherwise prohibited by law, HFLI shall directly procure all supplies, materials, and equipment provided that HFLI complies with Section 1274 of the Code, and the PSAD Board's written policies promulgated thereunder related to such items.

D. Time of Payment. HFLI shall receive its compensation pursuant to Paragraph A of this Article in eleven (11) installments beginning in October of each academic year and ending in August of such academic year. Such installment amounts shall be due and payable within ten (10) days of receipt by PSAD of each of its state school aid payments. Payments due and owing to HFLI for invoices submitted pursuant to Paragraph C of this Article and approved by the PSAD Board shall be made by PSAD to HFLI within ten (10) days of the PSAD Board's approval.

E. Other Revenue Sources. To supplement and enhance the state school aid payments, and improve the quality of education at HFA:SCS E1, PSAD and HFLI shall endeavor to obtain revenue from other sources. In this regard:

1. PSAD may solicit and receive grants, and donations consistent with HFA:SCS E1's mission;

2. PSAD and/or HFLI may apply for and receive grant money, in the name of HFLI or PSAD;
3. To the extent permitted under the Code and the Contract, HFLI may, with the prior approval of the PSAD Board, charge and retain fees from (a) HFA:SCS E1 students for extra services such as summer programs and (b) non-HFA:SCS E1 students and others who participate in programs or services provided by HFLI. To the extent any such fees are paid directly to PSAD, PSAD will promptly remit such fees to HFLI. The amount of such fees remitted by PSAD to HFLI, less HFLI's costs and expenses in providing the additional programs or services, will be considered Additional Compensation as defined in Paragraph A of this Article; and
4. Except for fees described in paragraph 3 above, all funds received by PSAD or by HFLI on PSAD's behalf from such other revenue sources shall inure to and be deemed PSAD's property.

F. Other Public School Academies. PSAD acknowledges that HFLI may enter into similar management agreements with other public school academies. HFLI shall separately account for reimbursable expenses incurred on HFA:SCS E1's behalf and other public school academies, and only charge PSAD for expenses incurred on HFA:SCS E1's behalf. If HFLI incurs reimbursable expenses on HFA:SCS E1's behalf and other public school academies which are incapable of precise allocation between such academies, the HFLI shall allocate such expenses among all such academies, including HFA:SCS E1, on a pro rata basis based upon the number of students enrolled at such academies, or upon such other equitable basis as is acceptable to the parties. HFLI shall timely, and no less than quarterly, provide to the Contract Administrator and the Board HFLI's internal budget and financial information relating to the HFA:SCS which shall include non-reimbursable expenses.

G. Other HFA:SCS Academies

1. *Cooperative Operational Structure.* HFLI agrees to engage in cooperative coordinated efforts to the extent necessary and as requested by PSAD to assist and promote CUE's objectives in its operation of HFA:SCS, High School, as set forth in the Contract, as amended, and the Management Agreement entered into between PSAD and CUE, if operative.
2. *Cooperative Administrative Structure.* HFLI agrees to engage in cooperative coordinated efforts to the extent necessary and as requested by PSAD to assist and promote CUE's objectives in its administration of HFA:SCS, High School, as set forth in the Contract, as amended, and the Management Agreement entered into between PSAD and CUE, if operative.
3. *Transparency of Procedures.* HFLI shall maintain the level of transparency regarding HFA:SCS E1's operating procedures as necessary to promote the successful operation and administration of all HFA:SCS

academies, including providing requested information to CUE and/or PSAD.

4. *Coordinated Reporting.* HFLI agrees to assess, compile and provide all school information and student data required by PSAD, the Authorizer Board, the state of Michigan, the state or federal Department of Education, or any other funding or grant funding sources or administrative agencies, for the purposes of compiling singular reporting data as directed and for review by PSAD. The collection, compilation and presentment of student data shall be conducted in accordance with all Applicable Law including but not limited to the Family Educational Rights and Privacy Act ("FERPA"), 20 U.S.C. §1232g; 34 C.F.R. Part 99.

ARTICLE V

TERMINATION

A. Termination by HFLI. HFLI may terminate this Agreement before the end of the Term in the event PSAD fails to remedy a material breach within the required time frames below. A material breach includes, but is not limited to, PSAD's failure to timely remit the Fee, all payroll costs, or any reimbursement due to HFLI. PSAD has ten (10) days after notice from HFLI to remedy a breach that involves the advancement of funds for all compensation required for payroll or to reach an agreement with HFLI on the payment of those funds. Termination before the end of the Term shall not relieve PSAD of any financial or other obligations to HFLI outstanding as of the date of termination. The failure by HFLI to (a) declare a breach, (b) place PSAD on notice thereof, or (c) exercise or exert any remedy available to HFLI under this Agreement or applicable laws, shall not be deemed a waiver of HFLI's right and remedies whatsoever.

B. Termination by PSAD. PSAD may terminate this Agreement before the end of the Term in the event that HFLI fails to remedy a material breach within the required time frames below. A material breach includes, but is not limited to:

1. Failure by HFLI to reasonably account for its expenditures;
2. Failure by HFLI to pay PSAD operating expenses as required under this Agreement (provided funds are available);
3. Failure by HFLI to substantially follow policies, procedures, rules, regulations, or curriculum duly adopted by the Board which are not in violation of applicable laws or this Agreement;
4. Failure by HFLI to provide the Services as required by this Agreement; and/or
5. Any action or inaction by HFLI that places the Contract in jeopardy of revocation, suspension or termination, as evidenced by written notification from the Authorizer.

6. Failure to meet the educational performance requirements in the Contract, or in Exhibit C to this Agreement.

HFLI has ten (10) days after notice from PSAD to remedy a breach that involves the non-payment of funds for all “compensation” required for payroll (provided that HFLI has received such funds from PSAD to do so) or to reach an agreement with PSAD on the payment of those funds. HFLI has thirty (30) days after written notice from PSAD to remedy all other material breaches. Either party may also terminate this Agreement without cause before the end of the Term by giving written notice of termination to the other party by December 1 of a particular year, and unless otherwise agreed to by the parties, the termination shall be effective as of June 30 of the following year. Notice of termination provided after December 1 shall not be effective until one year after June 30 of the following year.

C. Revocation or Termination of Contract. If the Contract, as it relates to HFA:SCS only, issued by the Authorizer is revoked or terminated or a new charter contract is not issued or obtained, this Agreement shall automatically terminate on the same date as the Contract is revoked or terminated without further action of the parties, provided, however, that this Agreement will continue to remain in effect until the termination date set forth in Article II if (i) PSAD has entered into a subsequent contract with an authorizing body, and (ii) this Agreement has not been terminated in accordance with this Article V.

D. 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.

E. Transition. In the event of any termination or expiration of this Agreement, HFLI shall provide PSAD reasonable assistance for up to ninety (90) days to assist in the orderly transition away from HFLI as the educational management company, or to another educational management company, in whole or in part. Such reasonable assistance shall include but is not limited to the following: HFLI shall make staff reasonably available to provide PSAD or HFLI’s successor as educational management company with all information and access to such records and information necessary for the ongoing operation of HFA:SCS E1. Until the expiration of the transition period, HFLI shall ensure that PSAD will have timely, reasonable access to all information, systems, electronic databases (including passcodes and electronic keys) necessary to ensure orderly transition including but not limited to the following, to the extent reasonably accessible by HFLI: all student records; school database and information systems; all free and reduced lunch records/reports; financial and facilities information, vendor subcontracts and other administrative records necessary for school management and operations.

Moreover, during the term of this Agreement, after its expiration, or after any notice of termination is provided by either party, HFLI shall not initiate contact with (i) the parents and legal guardians or students of PSAD directly or indirectly to promote or recruit enrollment for other schools other than PSAD; or (ii) any employee or independent contractor who currently works at or for the educational or administrative operation or management of HFA:SCS E1 to hire or retain any employee or independent contractor of a person who currently works at or for the educational or administrative operation or management of HFA:SCS E1.

Moreover, after any notice of termination is provided by either party and until the effective date of termination of this Agreement, HFLI shall undertake the following:

1. carry out its obligations under this Agreement in the ordinary course of business;
2. use its best efforts to maintain its relations and good will with suppliers, customers, landlords, creditors, employees, agents and others having business relationships with it.
3. make no material changes in administrative, operational, or management personnel, including the chief administrative officer, superintendent for HFA:SCS, principals for each of the HFA:SCS schools, or teaching staff without prior written approval of PSAD.
4. use its best efforts not to disturb HFA:SCS's relations and good will with parents, students and the educational community relating to the operation and management of HFA:SCS and otherwise comply with this Agreement;
5. comply with all legal requirements and contractual obligations assigned to it applicable to the operations of HFA:SCS E1;
6. continue in full force and effect all required insurance coverages;
7. cooperate with PSAD in identifying the governmental authorizations or other approvals including but not limited to those regarding HFA:SCS E1 facilities, required by PSAD to operate HFA:SCS E1; and
8. prepare and provide to PSAD before the end of the transition period but no sooner than thirty (30) days of the provision of notice of termination, at HFLI's own expense, a draft transition agreement which shall specifically detail transition issues and provide a timeline for addressing each issue.

F. Personal Property upon Termination or Expiration. Upon any termination or the expiration of this Agreement, PSAD may elect (a) to purchase any personal property which has been purchased or leased from a third party solely with HFLI 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 HFLI. All personal property purchased or leased by HFLI using PSAD funds shall remain the personal property of PSAD. PSAD shall own, without restriction, all property, tangible and intangible, purchased, licensed, or acquired in any fashion by or for PSAD, or by or with PSAD funds.

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

ARTICLE VI **PROPRIETARY INFORMATION**

A. PSAD's Rights to Curriculum and Educational Materials. PSAD shall own, without restriction or additional cost, all proprietary rights to curriculum and educational materials PSAD paid to have developed or created for HFA:SCS E1, under a separate agreement, provided that PSAD's ownership specifically excludes HFLI curriculum, educational materials, and other works developed as a matter of course under this Agreement. PSAD shall have the right to the continued use of HFLI curriculum and educational materials used during the Term without restriction or cost, for a period of five years after the termination or expiration of this Agreement.

B. HFLI's Rights to Curriculum and Educational Materials. HFLI shall own, without restriction, all copyrights and other rights in all curriculum, educational materials, and all other works owned by, developed by, or otherwise in the possession of HFLI, including HFLI curriculum and educational materials developed as a matter of course under this Agreement, subject to PSAD's rights per Sub-Section A, above.

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

ARTICLE VII **INDEMNIFICATION**

A. Indemnification of HFLI. To the extent permitted by law and without waiving any privilege or immunity, PSAD shall indemnify and save and hold HFLI 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 be caused by any negligent or intentional misconduct by PSAD, its officers, directors, employees, subcontractors and agents, or by any failure to act or any omission that causes harm to HFLI arising out of this Agreement. In addition, to the extent permitted by law, PSAD shall reimburse HFLI 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 Paragraph A, may be met by the purchase of insurance by PSAD.

B. Immunities and Limitations. PSAD may assert all privileges; immunities and statutory limitations of liability in connection with any claims arising under this Agreement.

C. Indemnification of PSAD. To the extent permitted by law and without waiving any privilege or immunity, HFLI shall indemnify and save and hold PSAD 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 be caused by any negligent or intentional misconduct by HFLI, its officers, directors, employees, subcontractors and agents, or by any failure to act or omission by HFLI that causes harm to PSAD arising out of this Agreement. In addition, HFLI shall reimburse PSAD 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 HFLI.

D. Immunities and Limitations. HFLI may assert all privileges; immunities and statutory limitations of liability in connection with any claims arising under this Agreement.

E. 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.

F. Indemnification of the Authorizer. The parties acknowledge and agree that the Grand Valley State University Board of Trustees, Grand Valley State University and its members, offices, 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, offices, 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 of Trustees' approval of PSAD's public school academy application, the University Board's consideration of or issuance of a Contract, PSAD'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 PSAD or HFLI, or which arises out of the failure of PSAD to perform its obligations under the Contract. 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.

G. Indemnification of The Henry Ford, Ford Motor Company Fund, and The Ford Motor Company. To the extent permitted by law and without waiving any privilege or immunity, PSAD shall defend, indemnify and hold harmless THF, Ford Motor Company Fund, and The Ford Motor Company ("Indemnitees"), from and against any and all claims, damages, judgments, costs, fees and expenses (including reasonable attorney fees) awarded or assessed against Indemnitees, or incurred by Indemnitees, as a result of a third party claim against Indemnitees arising out of or related to conduct of the Academy's operations, its actions relating to this Agreement, the Academy's breach of any representation or warranty, the Academy's failure to perform under this Agreement, acts of omission or commission by the Academy, and acts or events taking place at or in connection with the Academy. Such indemnification includes, without limitation, claims by the Academy and its students, parents, teachers, employees, staff, and contractors.

ARTICLE VIII
INSURANCE

A. Academy Insurance. PSAD shall maintain such policies of insurance coverage in the amounts as required by the Contract. PSAD agrees to add HFLI as an additional insured on all policies.

B. HFLI Insurance. HFLI shall maintain separate general liability and umbrella insurance coverage, with PSAD listed as an additional insured on all policies. HFLI shall maintain such policies of insurance in the amounts as required by the Contract and any lease agreement entered into by PSAD for the operation of HFA:SCS E1.

C. Evidence and Notices. Each party shall, upon written request, present evidence to the other that it maintains the requisite insurance.

D. Workers' Compensation Coverage. Additionally, each party shall maintain workers' compensation insurance, as required by state law, covering their respective employees, if any.

ARTICLE IX
WARRANTIES AND REPRESENTATIONS

A. Warranties and Representations of PSAD. PSAD represents to HFLI that it has the authority under law to execute, deliver and perform this Agreement and to incur the obligations provided for under this Agreement, and its actions have been duly and validly authorized.

B. Good Standing. HFLI represents and warrants to PSAD that (a) it is a Michigan nonprofit corporation in good standing duly authorized to conduct business in the state of Michigan, (b) it has the authority under applicable laws to execute, deliver and perform this Agreement and to incur the obligations provided for under this Agreement, (c) its actions have been duly and validly authorized, and (d) it will adopt any and all resolutions required for execution of this Agreement.

C. Contract Administrator. HFLI represents and warrants that it has a thorough understanding of the Contract Administration Agreement entered into by PSAD and the Contract Administrator dated August 28, 2008 as provided by the Contract and the Code and that HFLI shall cooperate in such a manner so as to allow PSAD and the Contract Administrator to comply with their respective obligations and exercise their respective rights under the Contract Administration Agreement.

D. Facilities. HFLI represents and warrants that it has a thorough understanding of the facilities that are provided by PSAD, and all applicable documentation including lease agreements, certificate of occupancy, and all other permits, to operate HFA:SCS E1 and that such facilities allow HFLI to undertake and meet its obligations herein.

E. Change in Control. HFLI represents and warrants that it will give PSAD thirty (30) days prior written notice of any amendments to its Articles of Incorporation that would

materially affect HFLI's obligations under this Agreement, or changes in elected members of the HFLI Board of Directors. HFLI represents and warrants that it will provide reasonable prior written notice (and in any event be not less than five (5) days) of changes in appointed members of the HFLI Board of Directors. HFLI represents and warrants that it will give PSAD thirty (30) days prior written notice of any amendments to its bylaws that would materially affect HFLI's obligations under this Agreement.

F. Naming Rights and Intellectual Property. Except as provided below, HFLI represents and warrants that it shall not, use or apply for federal trademark status, for the names "Henry Ford Academy: School for Creative Studies, Elementary 1," "HFA:SCS E1," "HFA:SCS Elementary School," "HFA:SCS," "Henry Ford Academy: School for Creative Studies High School," "HFA:SCS HS," "HFA:SCS High School," "Henry Ford Academy: School for Creative Studies Middle School," "HFA:SCS MS," "HFA:SCS Middle School," including the use in any email domains or web addresses.

The foregoing notwithstanding, HFLI may use the names stated above, in connection with performance of the Services, in connection with any school operated under the Contract, or with the prior written approval of PSAD. The undersigned acknowledge that the trademark "HENRY FORD ACADEMY" (the "Mark") is owned by The Henry Ford, and that any use of said Mark is subject to a license agreement between The Henry Ford and HFLI, dated on or about October 5, 2007. The undersigned further acknowledge that The Henry Ford has the right to enforce its trademark rights in the Mark should HFLI fail to do so after written notice by The Henry Ford. The undersigned further acknowledge that any use of the Mark shall be subject to the terms stated in Exhibit D, and that PSAD's rights to use the names "Henry Ford," "HFA," or "Henry Ford Academy" under this Agreement, shall terminate if HFLI's rights under this Agreement are terminated or if HFLI is no longer involved with HFA:SCS E1.

ARTICLE X

ALTERNATIVE DISPUTE RESOLUTION PROCEDURE

A. 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 discussed informally between the parties. In the event that the parties cannot resolve their dispute, the matter shall be submitted to mediation for resolution in Wayne or Oakland 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 Wayne or Oakland County, Michigan, with such variations as the parties and arbitrators unanimously accept. The parties will share equally in the costs of the mediation including forum fees, expenses and charges of the mediator.

B. 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, except for the pursuit of injunctive or equitable relief. Any dispute, difference, or disagreement arising under or related to this Agreement shall be referred to a single arbitrator, mutually agreed upon by the parties, or if no single arbitrator can be agreed upon, an arbitrator shall be selected in accordance with the rules of the American

Arbitration Association and such dispute, difference, or disagreement shall be settled by arbitration in accordance with the then prevailing Commercial Rules of the American Arbitration Association, and judgment upon the award rendered may be entered in any court having jurisdiction thereof. All arbitration proceedings shall take place exclusively in the State of Michigan in Wayne or Oakland County, Michigan. If the parties are unable to agree on a mutual location for the arbitration, the arbitration shall take place at the Southfield Office of the American Arbitration Association. The arbitrator's award shall be final and binding. The arbitrator's decision shall include a cause opinion as to the final decision. Each party shall be responsible for their own costs and attorneys' fees.

ARTICLE XI
MISCELLANEOUS

A. Force Majeure. Neither party shall be liable if the performance of any part or all of this Agreement is prevented, delayed, hindered or otherwise made impracticable or impossible by reason of any strike, flood, riot, fire, explosion, war or act of God.

B. 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 party to the other party:

If to HFLI: Henry Ford Learning Institute
P.O. Box 1935
20900 Oakwood Blvd.
Dearborn, MI 48121-1935

With a copy to: Lawrence R. Jordan
Jaffe Raitt Heuer & Weiss PC
201 S. Main St., Suite 300
Ann Arbor, MI 48104

If to PSAD: Public School Academies of Detroit Board
600 Antoinette
Detroit, MI 48202

With a copy to: Public School Academies of Detroit
Contract Administrator
P.O. Box 6349
Plymouth, MI 48170

C. Severability. The invalidity of any of the covenants, phrases 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, phrase or clause had not been contained in this Agreement.

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

E. Entire Agreement. This Agreement is the entire agreement between the parties relating to the Services provided and the compensation to be paid for such Services. This Agreement supersedes and replaces any and all prior written or oral agreements and understandings between PSAD and HFLI on the subject matter hereof.

F. Assignment. This Agreement shall not be assigned (a) by HFLI, without prior consent of the Board, in writing, which consent shall not be unreasonably withheld; or (b) by PSAD, without the prior consent of HFLI, in writing, which consent shall not be unreasonably withheld and in a manner consistent with the Authorizer's educational management company policies.

G. Tax Exempt Financing. If at any time PSAD determines that it is in the best interests of PSAD to obtain financing that is tax-exempt pursuant to the IRS Code, then the parties agree that this Agreement shall be automatically amended for the sole and limited purpose of compliance with Revenue Procedure 97-13. Any such automatic amendment shall be as limited as practicable, and the parties shall promptly execute a written agreement reflecting such amendment, but the failure of the parties to do so shall not affect the effectiveness of the automatic amendment referenced above.

H. 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 management company 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.

I. Non-Waiver. The failure of a party in exercising any right, power or privilege under this Agreement shall not affect such right, power or privilege, 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.

J. Governing Law. This Agreement shall be governed by and enforced in accordance with the laws of the state of Michigan.

K. No Third Party Rights. This Agreement is made for the sole benefit of PSAD and HFLI. 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.

L. 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.

M. Delegation of Authority; Compliance with Laws. Nothing in this Agreement shall be construed as delegating to HFLI 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 and regulations.

N. Execution in Counterparts. The parties may execute this Agreement by facsimile or in counterparts. A facsimile, photographic copy or other printable electronic 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.

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

[Signature Page Follows]

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

HENRY FORD LEARNING INSTITUTE

PUBLIC SCHOOL ACADEMIES OF
DETROIT

By: _____

Mike Schmidt
President, Board of Directors

By:  _____

Edward Parks,
President, Board of Directors

Date: _____

Date: 3-29-13 _____

**EXHIBIT A
TO
INDEPENDENT CONTRACTOR AGREEMENT**

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

EDUCATIONAL MANAGEMENT SERVICES TO BE PROVIDED BY HFLI

A. HFLI shall implement the Educational Program (defined in Article I, Section B of the Agreement). Substantial 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.

B. HFLI may perform functions other than instruction, including but not limited to purchasing, professional development and administrative functions off-site (i.e., not on PSAD property), unless prohibited by applicable laws. Student records are the property of PSAD and shall be maintained by HFLI at the corresponding PSAD HFA:SCS's sites.

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

D. HFLI shall provide students due process hearings in compliance with all applicable laws, to an extent consistent with PSAD's own obligations as to students only (and not as to faculty).

E. HFLI shall administer and provide the Educational Program in a manner which shall meet federal, state and local requirements, the requirements imposed under the Code and the Contract, and all lease provisions entered into by PSAD for the operation of HFA:SCS E1.

F. In order to supplement and enhance the school aid payments received from the state of Michigan, and improve the quality of education at HFA:SCS E1, HFLI shall assist PSAD's endeavors to obtain revenue from other sources (the "Funding Sources"), and in this regard:

1. PSAD and/or HFLI may solicit grants and donations in the name of PSAD from various Funding Sources consistent with the mission of PSAD in furtherance of the Educational Program;
2. PSAD and/or HFLI after written notice to PSAD may apply for and receive grant money in the name of PSAD from various Funding Sources in furtherance of the Educational Program;
3. PSAD and/or HFLI with prior Board approval may apply for and receive grant money in the name of PSAD from various Funding Sources for activities outside of the Educational Program;

4. To the extent permitted under the Code and Contract, and with the approval of the Board, PSAD may charge fees to students for extra services, such as summer and after-school programs, athletics, etc., and charge non-PSAD students who participate in such programs;
5. All funds, other consideration, or property purchased with such funds, received by PSAD, or HFLI on behalf of PSAD, from such other revenue sources (generally, the "Additional Revenue") shall inure to, and be the deemed property of, PSAD; and
6. HFLI shall provide bimonthly reports to PSAD regarding any grant requests for applications, grant application or grant administration status relating to grants or grant applications relating to HFA:SCS E1.

G. HFLI may subcontract, with the prior written approval of PSAD, which approval shall not unreasonably be withheld, any and all aspects of the Services, including, but not limited to, food service. However, HFLI shall not mark up any costs related to providing the Services.

H. HFLI agrees to perform its duties and responsibilities under this Agreement in a manner that is consistent with PSAD's obligations under its Contract issued by Grand Valley State University Board of Trustees. The provisions of PSAD's Contract shall supersede any competing or conflicting provisions contained in this Agreement.

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

J. HFLI shall implement pupil performance evaluations consistent with the Educational Program, which permit evaluation of the educational progress of each PSAD student. HFLI shall be responsible for and accountable to the Board for the performance of students who attend HFA:SCS E1 and shall meet the educational performance requirements of the Contract and any lease provision entered into by PSAD for the HFA:SCS E1 facilities. At a minimum, HFLI shall utilize assessment strategies required by the Educational Program and the Authorizer. PSAD and HFLI will cooperate in good faith to identify other measures of and goals for students and school performance.

K. HFLI shall plan and supervise special education services to students who attend HFA:SCS E1. HFLI may subcontract these services if it determines that it is necessary and appropriate for the provision of services to students with special needs, or if instruction cannot be met within HFA:SCS E1's program. Such services shall be provided in a manner that complies with applicable laws.

BUSINESS/FINANCE SERVICES TO BE PROVIDED BY HFLI, LLC

L. HFLI shall be directly accountable to the Board for the administration, operation and performance of HFA:SCS E1 in accordance with the Contract. HFLI shall not expend HFA:SCS E1 funds in excess of the amount set forth in the PSAD Budget, as amended.

M. HFLI shall be responsible for all of the management, operation, administration and education at HFA:SCS E1 which includes, but is not limited to:

1. implementation and administration of the Educational Program, including administration of any and all extra-curricular and co-curricular activities and programs, and the selection and acquisition of instructional materials, equipment and supplies;
2. management of all personnel functions, including professional development for all instructional personnel and the personnel functions outlined in this Agreement;
3. aspects of the business administration (as determined as generally understood in the industry) of HFA:SCS E1 as agreed between HFLI and the Board;
4. any function necessary or expedient for the administration of HFA:SCS E1 consistent with the Educational Program, or otherwise approved by the Board.

N. Except as otherwise provided in this Agreement, HFLI shall keep all student and financial records relating to HFA:SCS E1 at the respective HFA:SCS E1 site, and the same shall be available for public inspection upon reasonable request consistent with applicable laws. All student and financial records will remain the property of PSAD.

O. HFLI shall provide the Board with:

1. a projected annual budget that complies with applicable law before June 1st of each school year, related to the Services in accordance with the Contract and the Educational Program;
2. detailed monthly statements (in a form and as requested by the Board) of all revenues received, from whatever source, with respect to PSAD, and detailed budgets with statements of all direct expenditures (with details) for the Services rendered to or on behalf of PSAD, whether incurred on-site or off-site;
3. facilitate the annual audit in compliance with applicable laws showing the manner in which funds are spent at HFA:SCS E1, however, it is acknowledged that only PSAD shall select and retain auditors and PSAD shall contract directly with any auditor of its choice, and HFLI will cooperate with the production of any and all documents necessary for the audit of HFA:SCS E1. Any such audit and audit materials shall be the property of PSAD; and
4. other information as reasonably requested by the Board to enable the Board to monitor HFLI's performance under the Agreement.

P. Reporting Requirements. HFLI shall provide to the Board at least annually the following information related to HFA:SCS E1 to ensure that PSAD can comply with the following statutory reporting requirements, including, but not limited to, MCL 380.523c and MCL 380.1618 and the following:

1. Each health care benefits plan, including, but not limited to, medical, dental, vision, disability, long-term care, or any other type of benefits that would constitute health care services, offered to any individual assigned to work at HFA:SCS E1.
2. The PSAD audit report conducted for the most recent fiscal year for which it is available.
3. The bids required under section 5 of the public employee health benefits act, 2007 PA 106, MCL 124.75.
4. The total salary and a description and cost of each fringe benefit included in the compensation package for the superintendent of the district and for each employee of the district whose salary exceeds \$100,000.00.
5. The annual amount spent on dues paid to associations.
6. The annual amount spent on lobbying or lobbying services. As used in this subdivision, "lobbying" means that term as defined in section 5 of 1978 PA 472, MCL 4.415.
7. All of 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 that information is available, and make all of such information available through a link on the HFA:SCS E1 website homepage, in a form and manner prescribed by the Michigan Department of Education.

Q. Access to Records. HFLI shall keep accurate financial records pertaining to its operation of HFA:SCS E1, together with all HFA:SCS E1 financial records prepared by or in the possession of HFLI, and retain all such records in accordance with the State Record Retention Policy, Bulletin 522, as amended. HFLI and PSAD shall maintain the proper confidentiality of personnel, student and other records as required by applicable law. All HFA:SCS E1 financial records retained by HFLI shall be available to PSAD or the Authorizer Board for inspection and copying upon reasonable request. HFLI shall make information concerning the operation and management of HFA:SCS E1, including without limitation, the information described in Schedule 6 of the Contract, available to PSAD as deemed necessary by the PSAD Board in order to enable PSAD to fully comply with Section 11.16 of the Terms and Conditions of the Contract.

R. Maintenance of Financial Accounts. The PSAD Board shall maintain one or more bank accounts for the receipt of funds from the state of Michigan or otherwise for the operation of HFA:SCS E1 ("HFA:SCS E1 Accounts"). The PSAD Board shall appoint authorized signatories to HFA:SCS E1 Accounts by board resolution, and no HFLI agent shall be a signatory to HFA:SCS E1 accounts. HFLI shall maintain a bank account solely to maintain

funds for the operation of HFA:SCS E1 (“HFLI HFA:SCS E1 Trust Account”), and no HFLI corporate funds shall be maintained in the HFLI HFA:SCS E1 Trust Account. Only HFLI agents will be authorized signatories to the HFLI HFA:SCS E1 Trust Account, and no PSAD Board agent shall be a signatory to the HFLI HFA:SCS E1 Trust Account. PSAD and HFLI will coordinate efforts to have funds transferred by wire transfer or other means from HFA:SCS E1 Accounts to the HFLI HFA:SCS E1 Trust Account to enable HFLI to draw funds from the HFLI HFA:SCS E1 Trust Account to fund school operations consistent with the approved budget as amended. PSAD’s payment of the Annual Management Fee and Additional Compensation shall be made to HFLI’s corporate accounts and not the HFLI HFA:SCS E1 Trust Account. The funds held on deposit by HFLI in its HFLI HFA:SCS E1 Trust Account shall be PSAD property, and HFLI shall make the account records for the HFLI HFA:SCS E1 Trust Account available immediately on request by PSAD.

**HUMAN RESOURCES SERVICES
TO BE PROVIDED BY HFLI THROUGH OPTWELVE, INC.
(d/b/a FOCUSED BUSINESS SOLUTIONS)**

S. HFLI shall recommend staffing levels, and select, evaluate, assign, discipline and transfer personnel, consistent with applicable laws, and consistent with the parameters adopted and included within the Educational Program.

T. HFLI shall provide HFA:SCS E1 with such teachers, qualified in the applicable grade levels and subjects approved by the Board and consistent with the Contract. HFLI shall ensure that the curriculum taught by HFA:SCS E1’s teachers is the curriculum set forth in the Contract. Such teachers may also provide instruction at HFA:SCS E1 on a full or part time basis. If assigned to HFA:SCS E1 on a part-time basis, such teachers may also provide instruction at another institution, or other locations approved by HFLI. Each teacher assigned or retained to HFA:SCS E1 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.

U. HFLI shall work to provide HFA:SCS E1 with support staff, qualified in the areas required. The parties anticipate that such support staff may include clerical staff, administrative assistants and director, bookkeeping staff, maintenance personnel, and the like.

V. HFLI 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 HFA:SCS E1 and hold HFA:SCS E1 harmless from same. Unless required by applicable laws, HFLI shall not make payments to the Michigan Public School Employees’ Retirement System or any other public retirement system on behalf of its employees.

W. HFLI will be responsible for all necessary employee pension and welfare benefit plan requirements as required by law.

X. HFLI shall conduct criminal background checks and unprofessional conduct checks on its employees that are assigned to HFA:SCS E1 and all subcontractors assigned to regularly and continuously work under contract in HFA:SCS E1 as required by law, as if it were a public school academy under the Code.

**EXHIBIT B
MANAGEMENT FEE**

Year	Annual Management Fee
2012-13	8% of Michigan State Aid Foundation Grant for students enrolled at HFA:SCS E1 not to exceed \$220,000.
2013-14	8% of Michigan State Aid Foundation Grant for students enrolled at HFA:SCS E1 not to exceed \$220,000.

EXHIBIT C
PERFORMANCE STANDARDS

Early Termination Based on Failure to Meet Educational Standards. HFLI's failure to meet in any school year during the Term any one or more of the standards relating to its operation of HFA:SCS E1 set forth below, may be a basis for termination of this Agreement.

1. By 2013-2014 school year, 80% of the graduating 5th grade students enter a PSAD tenant school the following Fall; by 2014-2015 school year, 85% of the graduating 5th grade students enter a PSAD tenant school the following Fall; by 2015-2016 school year, 90% of the graduating 5th grade students enter a PSAD tenant school in the following Fall, and continue at the 90% rate thereafter;
2. An average daily attendance rate of 92.5%;
3. The HFA:SCS E1 must meet or exceed each and every the Excellent Schools Detroit criteria (including but not limited to, the student performance, site visit, and survey results) at a level of at least 90% of the allocated points for each category in the Excellent Schools Detroit annual reports card and as follows:
 - (1) By school year 2012-2013 and thereafter, meet or exceed the student performance, based on comparable standardized test scores of the Excellent Schools Detroit "Top to Bottom" score, of the Detroit Public Schools;
 - (2) By school year 2014-2015 and thereafter, meet or exceed the student performance, based on comparable standardized test scores of the Excellent Schools Detroit "Top to Bottom" score, of the state of Michigan overall average;
 - (3) By school year 2014-2015 and thereafter, meet or exceed the point score of 45 (90% of the available 50 points in this category) for the "Top to Bottom" score;
 - (4) By school year 2014-2015 and thereafter, meet or exceed the point score of 18 (90% of the available 20 points in this category) for the site visit outcomes; and
 - (5) By school year 2014-2015 and thereafter, meet or exceed the point score of 18 (90% of the available 20 points in this category) for the survey results.

EXHIBIT D
TERMS FOR USE OF TRADEMARK

A. Reservation of Rights. HFLI and PSAD will not acquire any rights in the Mark or other HFLI IP, except for the rights expressly granted under this Agreement. HFLI and PSAD shall not contest, or assist any other entity to contest, the validity of any rights and interest in the Mark.

B. Scope of Use of Henry Ford Academy Mark. Subject to the terms of this Agreement and the THF License Agreement, PSAD may use the “Henry Ford Academy” Mark:

1. As part of the prefix “HENRY FORD ACADEMY” (the “Prefix”);
provided, however:
 - (a) the full name of the school must be presented in the following format: “Henry Ford Academy: School for Creative Studies: Elementary 1.”
 - (b) the full name of the school shall not include the Henry Ford Academy Mark or the words “Henry Ford” or “Ford” or the acronym “HFA.” Notwithstanding the foregoing, HFLI and PSAD agree that the name “Henry Ford Academy: School for Creative Studies: Elementary 1” may be used by PSAD as part of PSAD’s reporting requirements under the Code and Contract.
2. On the school’s website and on clothing and merchandise typically marketed by schools to students.

C. Trademark Guidelines. In addition to compliance with all provisions in this Agreement relating to PSAD’s use of the Mark, such use shall at all times be in compliance with any trademark guidelines established by THF.

D. Termination of Use of Henry Ford Academy Mark. Any other provisions herein relating to termination of this Agreement notwithstanding,

- (1) if the aforesaid THF License Agreement terminates or expires, PSAD’s right to copy, display, distribute, and use the Henry Ford Academy Mark shall terminate as soon as practicable; and
- (2) in no event shall PSAD use the Henry Ford Academy Mark after the conclusion of an academic year in which it is in violation of the right granted herein to copy, display, distribute and use the Henry Ford Academy Mark.

E. Prohibited Use. PSAD shall not use the Mark: (i) in any manner that is determined, in HFLI’s reasonable discretion, to disparage or otherwise threaten the goodwill and

reputation associated with the Mark, with The Henry Ford, or with HFLI; or (ii) in any manner that may result in liability for PSAD's debts or obligations being imposed on HFLI or THF.

F. Modifications of Model. From time to time HFLI may provide new or different versions of the Mark and make it available for PSAD's use under the same terms and conditions provided in this Agreement. PSAD will be responsible for all costs incurred in implementing such new or different Mark, to the extent it chooses to use it.

G. Mark. Neither PSAD nor HFLI will use or apply to register any trademark that incorporates or includes any part of, is confusingly similar to, or would tend to dilute the Mark, except as expressly authorized herein. PSAD acknowledges that the Mark is unique and original to HFLI and/or THF respectively, and that HFLI and/or THF are the respective owners of the Mark. PSAD will not, at any time after the Effective Date, dispute or contest, directly or indirectly, HFLI's or THF's respective exclusive ownership of the Mark. PSAD acknowledges that its use of the Mark inures to HFLI's and/or THF's benefit respectively, and that PSAD will not acquire any ownership in the Mark arising out of or related to its performance of this Agreement and any licenses granted between them. PSAD acknowledges that it has no claims or rights to the Mark, and PSAD will not, during the Term of this Agreement or at any time thereafter, assert any claim to ownership of the Mark. Anything to the contrary herein notwithstanding, use of the Mark by PSAD inures to the benefit of THF, and THF acquires the goodwill associated with PSAD's use of said Mark. The parties acknowledge that PSAD will have no right to sublicense the Mark.