



EDUCATION ACHIEVEMENT
AUTHORITY of Michigan

**EDUCATION ACHIEVEMENT AUTHORITY of Michigan
Board of Directors & Executive Committee**

SPECIAL MEETING AGENDA

Date: Tuesday, June 25, 2013 **Time:** 3:00 pm

Location: Wayne County Community College District, Downtown Campus,
1001 W. Fort St., Conference Room 236, Detroit, MI

EDUCATION ACHIEVEMENT AUTHORITY
3022 W. Grand Blvd, Suite 14-652
Detroit, Michigan, 48202
(313) 456-3010
www.michigan.gov/eas

EDUCATION ACHIEVEMENT AUTHORITY

- BOARD OF DIRECTORS
- EXECUTIVE COMMITTEE
- SPECIAL CALL MEETING

Date: Tuesday, June 25, 2013
Time: 3:00 p.m.
Location: Wayne County Community College District, Downtown Campus
1001 Fort St., Conference Room 236, Detroit, Michigan

AGENDA

Call to Order

- I. Roll Call
- II. Approval of Agenda
- III. Closed – Executive Session
- IV. Chancellor Updates
 - a. Scholarship Recognition
 - b. Human Resources Report
 - c. E-Rate
- V. Old Business
 - a. Approval of Minutes of the May 9th General Board Meeting of the Joint Board of Directors and Executive Committee
- VI. New Business
 - a. Executive Committee Discussion and Action Items

HUMAN RESOURCES

- i. Proposed Approval of Human Resources Personnel Report

ACTION ITEMS:

2013-12: Approval of Human Resources Personnel Report

CURRICULUMS, PROGRAMS & ASSESSMENTS

- ii. Proposed Approval of Agreement with Pearson PowerSchool for Student Information System
- iii. Proposed Approval of Agreement with Tyler Pulse Student Information System

A copy of the meeting minutes are available for public inspection at the **EDUCATION ACHIEVEMENT AUTHORITY** website at <http://www.michigan.gov/eas/> within 8 business days for proposed minutes and within 5 business days of approval for approved minutes.

The Authority shall comply with subtitle A of Title II of the Americans with Disabilities Act of 1990, Public Law 101-336, 42 USC § 12101 et seq or any successor law. Should you require specific accommodation(s) please contact the Chancellor's Office at (313) 456-3010 prior to the meeting.

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ACTION ITEMS:

- 2013-13: Approval of Agreement with Pearson PowerSchool for Student Information System**
2013-14: Approval of Agreement with Tyler Pulse for Student Information System

INFORMATION TECHNOLOGY

- iv. Proposed Approval of Agreements with Maximus K-12 Education, Inc. for Software Maintenance, Hosting, Licensing, and Implementation

ACTION ITEMS:

- 2013-15: Approval of Agreements with Maximus K-12 Education, Inc. for Software Maintenance, Hosting, Licensing and Implementation**

FINANCE & OPERATIONS

- v. Proposed Amendment to FY2013 General Fund and Capital Projects Fund Budgets
vi. Proposed Amendment to FY2014 General Fund Budget
vii. Proposed Approval of Lease with the Stroh Companies, Inc. for Office Space
viii. Proposed Master Services Agreement with Wayne RESA for SMART System
ix. Proposed Approval of Transfer to and Designation of Huntington Bank
x. Proposed FY2012 Audit Report

ACTION ITEMS:

- 2013-16: Approval of Amendment to FY2013 General Fund and Capital Projects Fund Budgets**
2013-17: Approval of Amendment to FY2014 General Fund Budget
2013-18: Approval of Lease with the Stroh Companies, Inc. for Office Space
2013-19: Approval of Master Services Agreement with Wayne RESA for SMART System
2013-20: Approval of Transfer to and Designation of Huntington Bank
2013-21: Approval of FY2012 Audit Report

VII. Public Comment

VIII. Adjournment

A copy of the meeting minutes are available for public inspection at the **EDUCATION ACHIEVEMENT AUTHORITY** website at <http://www.michigan.gov/eas/> within 8 business days for proposed minutes and within 5 business days of approval for approved minutes.

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Chancellor Updates



EDUCATION
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OLD BUSINESS

**REGULAR MEETING
EDUCATION ACHIEVEMENT AUTHORITY**

X **BOARD OF DIRECTORS**

X **EXECUTIVE COMMITTEE**

Date: May 9, 2013
Time: 2:00 PM
Location: Michigan State University
Detroit Center, Room 230-B
3408 Woodward Avenue
Detroit, Michigan 48201

MINUTES

The meeting was called to order by Chairperson Goss at 2:00 PM. Chairperson Goss reminded the Board and the public that this was a Joint Regular Board of Directors/Executive Committee Meeting. She also stated that the Executive Committee Meeting would be a closed session meeting.

I. Roll Call

Chairperson Goss asked Tyrone Winfrey to call the roll of the Board of Directors.

Carol Goss, Chairperson	<input checked="" type="checkbox"/> Present	<input type="checkbox"/> Absent
Roy Roberts*, Director	<input checked="" type="checkbox"/> Present	<input type="checkbox"/> Absent
Dr. Jann Joseph, Director	<input checked="" type="checkbox"/> Present	<input type="checkbox"/> Absent
Michael Morris*, Director	<input checked="" type="checkbox"/> Present	<input type="checkbox"/> Absent
Mark Murray*, Director	<input checked="" type="checkbox"/> Present	<input type="checkbox"/> Absent
William Pickard*, Director	<input checked="" type="checkbox"/> Present	<input type="checkbox"/> Absent
Shirley Stancato, Director	<input checked="" type="checkbox"/> Present	<input type="checkbox"/> Absent

A quorum of the EAA Board of Directors was determined. *Members Morris, Murray and Pickard were present via conference call.

Chairperson Goss asked Tyrone Winfrey to call the roll of the Executive Committee Members.

Executive Committee Attendance:

Carol Goss, Chairperson	<input checked="" type="checkbox"/> Present	<input type="checkbox"/> Absent
Michael Morris*, Director	<input checked="" type="checkbox"/> Present	<input type="checkbox"/> Absent
Mark Murray*, Director	<input checked="" type="checkbox"/> Present	<input type="checkbox"/> Absent
William Pickard*, Director	<input checked="" type="checkbox"/> Present	<input type="checkbox"/> Absent
Roy Roberts, Director	<input checked="" type="checkbox"/> Present	<input type="checkbox"/> Absent

A quorum of the EAA Executive Committee was determined. *Members Morris, Murray and Pickard were present via conference call.

II. Approval of Agenda

Chairperson Goss asked whether there were any suggested changes to the joint meeting agenda. Chairperson Goss then asked for a motion to approve the agenda.

Motion: Member Roberts
Support: Member Joseph
Ayes: 5 Nays: 0

The motion was carried.

III. Closed Executive Session - 2:06 PM

At this time, Chairperson Goss asked that the Executive Committee Members relocate to a closed meeting session to discuss personnel issues. She also asked Members of the Executive Committee who were listening via conference call to call back due to a room change.

Chairperson Goss asked for a motion to recess at this time and reconvene immediately following the Executive Committee’s closed session.

Motion: Member Joseph
Support: Member Morris
Ayes: 5 Nays: 0

The motion was carried.

The Board of Directors Meeting convened at 2:23 P.M.

Chairperson Goss asked Tyrone Winfrey to call the roll of the Board of Directors.

Carol Goss, Chairperson	<input checked="" type="checkbox"/> Present	<input type="checkbox"/> Absent
Roy Roberts*, Director	<input checked="" type="checkbox"/> Present	<input type="checkbox"/> Absent
Dr. Jann Joseph, Director	<input checked="" type="checkbox"/> Present	<input type="checkbox"/> Absent
Michael Morris*, Director	<input checked="" type="checkbox"/> Present	<input type="checkbox"/> Absent
Mark Murray*, Director	<input checked="" type="checkbox"/> Present	<input type="checkbox"/> Absent
William Pickard*, Director	<input checked="" type="checkbox"/> Present	<input type="checkbox"/> Absent
Shirley Stancato, Director	<input checked="" type="checkbox"/> Present	<input type="checkbox"/> Absent

A quorum of the EAA Board of Directors was determined. *Members Morris, Murray and Pickard were present via conference call.

Chairperson Goss asked Tyrone Winfrey to call the roll of the Executive Committee Members.

Executive Committee Attendance:

Carol Goss, Chairperson	<input checked="" type="checkbox"/> Present	<input type="checkbox"/> Absent
Michael Morris*, Director	<input checked="" type="checkbox"/> Present	<input type="checkbox"/> Absent
Mark Murray*, Director	<input checked="" type="checkbox"/> Present	<input type="checkbox"/> Absent
William Pickard*, Director	<input checked="" type="checkbox"/> Present	<input type="checkbox"/> Absent
Roy Roberts, Director	<input checked="" type="checkbox"/> Present	<input type="checkbox"/> Absent

A quorum of the EAA Executive Committee was determined. *Members Morris, Pickard and Roberts were present via conference call.

IV. Chancellor Updates

Chairperson Goss asked Chancellor Covington to present his overview of the Chancellor Updates. She also announced to the Board Members and the public that all Board Materials discussed were also located on the EAA’s Website.

Chancellor Covington specifically thanked Jean Baker-Calloway, Director, and Charles Rivers, Director of Community Relations of the Michigan State University – Detroit Campus for hosting our Board Meeting.

Chancellor Covington also gave an overview of his updates on the loan clarification with reference to the Education Achievement Authority (EAA) of Michigan and Detroit Public Schools (DPS). He stated that this loan

was actually with the State of Michigan as at the time of EAA's start-up process a loan was needed due to a cash flow crunch. Money was actually borrowed from the State of Michigan and not Detroit Public Schools as follows:

- \$5.9 Million was borrowed at EAA's 4th Quarter and paid in full with interest
- An \$88,000 service fee was paid to DPS to process this loan at this time due to EAA's credit concerns
- \$5 Million was borrowed in February/March of 2013 which will be paid in full by July
- An \$88,600 service fee was paid to DPS to process this loan as well
- A current balance of 2.6 million is now due

Chancellor Covington discussed his approval authority in reference to paying up to \$150,000 for EAA's finances. He also discussed and passed out a draft of the 'Transparency Reporting Budget/Salary Compensation Policy' to the EAA Board asking for their review. After the EAA Board's review, this policy will be voted on at the next regularly scheduled meeting. This policy will keep the Board apprised of any upcoming budget concerns in the future.

Chancellor Covington discussed the Legislative House Bill 4369 being EAA codified within state law. This bill was carried over by the Legislative House Bill 6004 which failed during the 'Lame Duck' session. However, Legislative House Bill 4369 was passed by the House on March 21, 2013 and is currently being reviewed by the Senate with strong support and hopeful consideration by the Senate as well as the Governor.

Chancellor Covington stated that a waiver had been passed to start the EAA Charter Schools on the August 5, 2013. EAA's regular schools will start on September 5, 2013. Both will adhere to the EAA's 210 Day school year.

Chancellor Covington discussed EAA's visit with Arne Duncan, United States Secretary of Education and stated that the visit was a good one. He also stated that Mr. Duncan was very impressed with remarkable results within the Education Achievement Authority of Michigan as well as Detroit Public Schools.

There have currently been eleven (11) parent meetings within EAA's school district and all have had really good outcomes. In the near future, all parent meetings will be more proactive as Chancellor Covington will not allow any issues to go unaddressed.

Chancellor Covington stated that EAA's Enrollment Registration Kick-Off will be held on Saturday, May 18, 2013. He also discussed the St. John's Health Clinic Partnership Opening recently at Denby High School. Additional Health Clinics are currently located at Nolan Elementary/Middle School, Henry Ford Academy, Pershing High School and Central Collegiate Academy.

Chancellor Covington introduced, Dr. Mary Esselman for a review of EAA's Performance Testing Rap Up – 3rd Benchmark. Dr. Esselman gave an overview of the Performance Testing and also stated that a more extensive report will be provided to the Board in the near future.

Chancellor Covington thanked Mike Flanagan for successfully clearing up the Title I Funding concerns which will now allow all funds to follow the student. The seat time waiver was approved as well which will now allow children's educational needs to be based on master of skill and not seat time.

A newly developed partnership with EAA and Microsoft in reference to programmatic events and based on a 4 part-3 year pillar format. The focus will be on an individual need basis with students, parents and administrators.

Chancellor Covington announced EAA's current Staff achievements, i.e., 'Shout outs' as follows:

- Dr. Judith Berry received a Legacy Award by the National Council of Black American Affairs. This award was received at the American Council of Community Colleges Conference held in April, 2013
- Dr. MiUndrae Prince has received the Gerstacker Fellow Award from Saginaw Valley University and will be traveling very soon to Amsterdam, Russia and Finland in hopes of incorporating best practices within the EAA
- Mariah Hill, student at Southeastern High School, was awarded the Bill and Melinda Gates Scholarship which will follow Mariah throughout her educational tenure. Maria thanked the EAA for their approach and gave high accolades to the EAA for their support.

- Jacqueline Watkins, student at Mumford High School, transferred from the Chippewa Valley School District in her sophomore year and attained scholarships from 3 colleges; Albion College, The University of Tampa, and Northern University. She has decided on attending Albion College in the fall and will be majoring in Medicine with a Neurosurgeon concentration. Jacqueline thanked the EAA as well for their support.
- Southeastern and Pershing High School were congratulated for their Basketball teams successfully moving toward the State Playoffs. Their Cheerleaders and Coaches were congratulated as well for contributing to the team's success. Job Well Done!!
- Ms. Betti Wiggins was congratulated on doing a great job with the child nutrition programs at Mumford High School, as well as the forthcoming expansions at Burns Elementary/Middle School and Denby High School.

Chairperson Goss thanked Chancellor Covington for his overview and congratulated everyone on their accomplishments. She also asked if there were questions. There were none.

V. Old Business

Chairperson Goss asked for a motion to approve the minutes from the March 12, 2013 Meeting.

Member Joseph asked about concerns with the total of members listed on page 4 of the minutes. Chairperson Goss asked for a motion to approve the minutes as adjusted.

Motion: Member Pickard
 Support: Member Murray
 Ayes: 5 Nays: 0

The motion was carried.

VI. New Business

a) Executive Committee Discussion and Action Items

i. HUMAN RESOURCES PERSONNEL REPORT Proposed Approval of Human Resources Personnel Report

a) ACTION ITEMS: 2013-07: Approval of the Human Resources Personnel Report

Chairperson Goss announced the Executive Committee's Discussion and Action Items on Finance and asked for only the Executive Board approval at this time. However, she welcomed questions from all of the Board Members.

Chairperson Goss asked Chancellor Covington to give an overview of 2013-07: Approval of the Human Resources Personnel Report. Chancellor Covington and Dr. Prince gave an overview this action item.

Chairperson Goss asked if there were any questions. There were none.

Chairperson Goss asked for a motion to approve the 2013-07 Human Resources Personnel Report.

Motion: Member Roberts
 Support: Member Murray
 Ayes: 5 Nays: 0

The motion was carried.

ii. HUMAN RESOURCES PERSONNEL REPORT

Proposed Approval of Board Policy 4360 – Sick Leave Bank

b) ACTION ITEMS:

2013-08: Approval of the Board Policy 4360 – Sick Leave Bank

Chairperson Goss asked Chancellor Covington to give an overview of 2013-08: Approval of the Board Policy 4360 – Sick Leave Bank. Chancellor Covington and Dr. Prince gave an overview of this action item.

Chairperson Goss asked if there were any questions. Member Murray thought that this was a great program. Chancellor Covington and Dr. Prince proceeded to discuss the following:

iii. HUMAN RESOURCES PERSONNEL REPORT

Proposed Approval of the Adoption of School Calendar for the 2013-2014 Academic Year

c) ACTION ITEMS:

2013-09: Approval of the Adoption of School Calendar for the 2013-2014 Academic Year

Dr. Prince gave an overview of the Action Item on 2013-09: Approval of the Adoption of School Calendar for the 2013-2014 Academic Year.

Chairperson Goss asked if there were any questions. There were none.

Chairperson Goss asked for a motion to approve the following action item 2013-08: Approval of the Board Policy 4360 – Sick Leave Bank.

Motion: Member Pickard
Support: Member Murray
Ayes: 5 Nays: 0

The motion was carried.

Chairperson Goss asked for a motion to approve the following action item 2013-09: Approval of the School Calendar for the 2013-2014 Academic Year.

Motion: Member Roberts
Support: Member Morris
Ayes: 5 Nays: 0

The motion was carried.

iv. FINANCE

Proposed Year to Date Revenue & Expenditure Report

d) ACTION ITEMS:

2013-10: Approval of the Year to Date Revenue & Expenditure Report

Chairperson Goss asked Dr. Covington to give an overview of the Action Item on 2013-10: Approval of the Year to Date Revenue and Expenditure Report. Dr. Covington introduced Harry Pianko, our new Chief Financial Officer who gave an overview this action item. Mr. Pianko also introduced Ms. Teresa Pollack from Plant Moran. Ms. Pollack gave an overview of the Audit. Mr. Pianko stated that a more thorough overview of this audit should be available at the next scheduled Board meeting.

Chairperson Goss asked if there were any questions. Members Murray and Roberts were very excited to hear about the upcoming thorough review.

Mr. Pianko resumed his finance review.

Chairperson Goss asked if there were any questions. Member Morris questioned the cost forecast and asked for a more thorough breakdown. Mr. Pianko discussed the cost forecast. Member Morris asked that any changes up to \$100,000 be discussed with the Board.

Chairperson Goss asked if there were any additional questions. There were none. Chairperson Goss thanked Mr. Pianko for his finance overview.

Chairperson Goss asked for a motion to approve the 2013-10: Approval of the Year to Date Revenue and Expenditure Report.

Motion: Member Morris
Support: Member Murray
Ayes: 5 Nays: 0

The motion was carried.

v. OTHER
2013-11 Approval of the 2013-2014 Joint EAA Board of Directors/Executive Committee Meetings Schedule

e) ACTION ITEMS:
2013-11: Approval of the 2013-2014 Joint EAA Board of Directors/Executive Committee Meetings Schedule

Chairperson Goss asked Dr. Covington to give an overview of the Action Item on 2013-11: Approval of the 2013-2014 Joint EAA Board of Directors/Executive Committee Meetings Schedule. Dr. Covington discussed the upcoming meeting schedule.

Chairperson Goss asked if there were any additional questions. Member Roberts was very happy to hear that this action item was added to the agenda.

Chairperson Goss asked for a motion to approve the 2013-11: Approval of the 2013-2014 Joint EAA Board of Directors/Executive Committee Meetings Schedule.

Motion: Member Roberts
Support: Member Pickard
Ayes: 5 Nays: 0

The motion was carried.

Chairperson Goss informed the Board that Chancellor Covington's Performance Appraisal was just brought to the Board's attention and not listed on the agenda. She also informed the Board that Chancellor Covington's Performance Appraisal along with created benchmarks would be completed before the end of this year.

Chairperson Goss asked if there were any questions.

Chairperson Goss asked for a motion of being advised that the agenda be amended to include Dr. Covington's Performance Appraisal.

Motion: Member Murray
Support: Member Morris
Ayes: 5 Nays: 0

The motion was carried.

VII. Public Comment

Chairperson Goss asked Tyrone Winfrey if there were any Public Comments. She was also very pleased to see additional members from the public. Mr. Winfrey introduced the following attendees for comment:

Marie Thornton discussed the following concerns:

- Member Roberts, DPS Emergency Manager, retirement announcement from the Detroit Public Schools
- Not excited about the two EAA student salutes as she feels that this was basically covering up the true concerns with EAA

Wayne Bernard discussed the following concerns:

- The State of Michigan's Title I's Math program and wanted to know who was in charge of this program

LaMar Lemmons, DPS – Board President, discussed the following concerns:

- Conduit for money from DPS to EAA
- Money laundering – Major concerns about the EAA loan

Helen Moore discussed the following concerns:

- The "More is Better" Theory
- One school system unit with reference to Brown/Black children

Sierra Gibson discussed the following concerns:

- Wanted to know what makes the EAA better than DPS schools
- Requested a written statement back to her concern

James Beasley discussed the following concerns:

- Michigan currently being at a crisis
- Getting beyond the partisan bickering and focusing on the scholars

Michelle Fecteau

- Questioned the EAA Audit and Revenue Extension Availability
- Oakman Elementary School Concern (DPS School) – Upset about the closing and asks that is be reconsidered
- Trying to understand her role and wants a more detailed audit/revenue review

Chancellor Covington stated to Ms. Fecteau that a full audit would be located on the www.michigan.gov/ea website.

Mary T. Wood. She is an advocate for accountability in the State of Michigan. She discussed the following concerns.

- Discussed approval concerns about various items pertaining to the Board, i.e., EAA Loan, Operations.
- Expected financing issues to come through the Board for approval as she feels that all were not coming through the Board appropriately
- Discussed the approval process and our EAA Schedule of Meetings need to be more transparent

Tom Adkins discussed the following concerns:

- Discussed the ongoing Democracy of what's Private and currently changing within the State of Michigan

Brooke Harris, teacher at Mumford High School, discussed the following concerns:

- Teachers at Mumford High School concerned about the silence with the staff and the schools
- Not letting students have a voice
- Not getting answers from the Principals

Victoria Edad, Mumford High School student, discussed the following concerns:

- Feels as if she's being robbed of her education
- Concerned about teachers not getting through information for instructing students the correct way and feels that she is missing out on several opportunities with EAA's year round schedule
- Concerned with books not being received at her school

Carolyn Hines-Taylor discussed the following concerns:

- Commended Chancellor Covington on a great program and just wanted to say 'Thank You' on a Job well done!
- She is currently raising 8 children and all of her children went to Southeastern High School
- EAA is making a difference! Her son is currently a senior at Southeastern High School with a 4.2 G.P.A.
- Discussed tutoring in the schools and the positive learning experience

Mariah Hill, Southeastern High School student, discussed the following concerns:

- We should not take sides on the school systems
- Suggested helping all students no matter what their learning concern is
- We should take advantage of the available resources

Ms. Pugh-Gibson discussed the following concerns:

- What she is currently hearing about the EAA is appalling.
- Tired of hearing about Detroit's 'Pilot Program'

Chairperson thanked everyone for their comments.

Chairperson asked if there were any additional Comments. There were none.

VIII. Adjournment

Chairperson Goss asked for a motion to adjourn the meeting.

Motion: Member Roberts
Support: Member Pickard
Ayes: 5 Nays: 0

Chairperson Goss adjourned the meeting at 4:32 p.m.

MINUTES CERTIFICATION

Proposed minutes respectfully submitted,

Secretary / Recording Secretary

Date

Approved by the Authority Board,

Secretary / Recording Secretary

Date



EDUCATION
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NEW BUSINESS



EDUCATION
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of Michigan

Action Items



EDUCATION
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HUMAN RESOURCES

(TO BE PROVIDED AT MEETING)

Education Achievement Authority
of Michigan
Equity. Choice. Reinvention.

RESOLUTION 2013-12
APPROVAL OF HUMAN RESOURCE PERSONNEL REPORT

The Executive Committee of the Education Achievement Authority resolves:

1. That it accepts the Human Resources Personnel report as presented by the Chancellor;

2. That the Chancellor is authorized to implement the recommendations as presented in the Human Resources Personnel report and in accordance with the EAA Standard Operations and Procedures and applicable law.

Certification:

I certify that this resolution was duly adopted by the Executive Committee of the Education Achievement Authority at a properly-noticed open meeting held with a quorum present on the ____ day of _____.

By: _____
President

By: _____
Secretary

Legal Counsel
Approved as to Form

Education Achievement Authority
of Michigan

Equity. Choice. Reinvention.

**RESOLUTION 2013-13
APPROVAL OF LICENSE AND SERVICES AGREEMENT WITH
PEARSON POWER SCHOOL FOR
STUDENT INFORMATION SYSTEMS**

The Executive Committee of the Education Achievement Authority resolves:

1. That the attached License and Services Agreement with Pearson Power School, to provide software licensing of student information system, and perform other related services as outlined for the EAA of Michigan is approved by the Executive Committee of the Authority as the governing body of the Authority subject to further negotiations and/or agreements between the parties to effectuate the transaction;
2. That the Chancellor of the Authority is authorized to execute the License and Services Agreement with Pearson Power School on behalf of the Authority;
3. That the Secretary of the Executive Committee of the Authority shall enter the terms of the Agreement in the minutes of the proceedings of the Executive Committee of the Authority.

Certification:

I certify that this resolution was duly adopted by the Executive Committee of the Education Achievement Authority at a properly-noticed open meeting held with a quorum present on the ____ day of _____.

By: _____
President

By: _____
Secretary

Legal Counsel
Approved as to Form



AGREEMENT

THIS AGREEMENT ("Agreement") is by and between NCS Pearson, Inc., a Minnesota corporation ("Pearson") and Education Achievement Authority of Michigan, having offices located at 3022 West Grand Boulevard, Suite 14-652, Detroit, Michigan 48202 ("Licensee").

WHEREAS, Licensee wishes to obtain, and Pearson wishes to provide to Licensee, certain Pearson products and related services ("Pearson Products and Services");

NOW THEREFORE, in consideration of the mutual covenants and conditions contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. Pearson shall make available the Pearson Products and Services to Licensee in accordance with the terms and conditions set forth on Exhibit A (the "Licensed Product Agreement," including the Supplemental Terms and Conditions and the Support and Services Policies), which is attached hereto and incorporated herein by reference.
2. The specific Pearson Products and Services being ordered pursuant to this Agreement are as set forth on Exhibit B (the "Order Schedule"), which is attached hereto and incorporated herein by reference.
3. This Agreement may be executed in any number of counterparts, each of which shall be deemed an original, but which all together shall be deemed to constitute one and the same instrument. Transmission and receipt of this Agreement via facsimile or other electronic means shall be treated as original signatures for all purposes hereof and shall have the same legal effect as receipt of the original executed document by mail or any other acceptable means of delivery.

IN WITNESS WHEREOF, Pearson and Licensee have caused this Agreement to be executed by their duly authorized representatives as of the date of the last signature below.

EDUCATION ACHIEVEMENT AUTHORITY OF MICHIGAN

NCS PEARSON, INC.

By: _____ By: _____

Name: _____ Name: _____

Title: _____ Title: _____

Date: _____ Date: _____

LICENSED PRODUCT AGREEMENT – POWERSCHOOL SOFTWARE

1. DEFINITIONS. NCS Pearson, Inc., the licensor of Licensed Product pursuant to this Agreement, is referred to herein as "Pearson." The school, school district or other entity licensing Licensed Product is referred to herein as "Licensee." This Licensed Product Agreement is referred to herein as the "Agreement." In addition, the following definitions shall apply:

1.1 Documentation means all written user information, whether in electronic, printed or other format, delivered or made available to Licensee by Pearson with respect to Licensed Product, now or in the future, including instructions, manuals, training materials, and other publications that contain, describe, explain or otherwise relate to Licensed Product.

1.2 Embedded Applications means software developed by third parties that may be embedded in or bundled with the software developed by Pearson as part of Licensed Product.

1.3 Licensed Product means all software (including Embedded Applications) and all related Documentation licensed to Licensee pursuant to this Agreement, now or in the future; provided, however, that Licensed Product shall not include any Third Party Software.

1.4 Licensed Sites means Licensee's schools, administrative offices, and other locations at which Licensee conducts its school administrative functions.

1.5 State Reporting Code (or SRC) means Licensed Product that may be available to Licensee to assist Licensee in meeting specific state reporting requirements and that is designated as State Reporting Code by Pearson.

1.6 Third Party Software means any software product designated as Third Party Software by Pearson, and any related documentation supplied to Licensee. Any product designated as Third Party Software is licensed by an entity other than Pearson, under different license terms than those set forth herein. Third Party Software is different from Embedded Applications in that Pearson licenses the Embedded Applications to Licensee as part of Licensed Product (but in some cases, such Embedded Applications may be subject to additional license terms as identified herein). Pearson is not the licensor of Third Party Software.

2. LICENSE GRANT

2.1 Basic Terms. Subject to the terms and conditions of this Agreement, Pearson grants to Licensee a restricted, personal, non-exclusive, non-transferable license to use Licensed Product to support its school administrative functions, only at the Licensed Sites, not to exceed the maximum student enrollment as set forth in Section 1 of the Supplemental Terms and Conditions. Such license shall be perpetual, unless it is specified in Pearson's price quotation or proposal to Licensee that Licensee's license will be limited to a specified length of time, or unless this license is terminated under the provisions of this Agreement. In no event may Licensed Product be: (a) used other than at the Licensed Sites; (b) made available via a network or otherwise to any school, school district or third party other than the Licensed Sites; or (c) used to perform service bureau functions for third parties or to process or manage data for locations other than the Licensed Sites. Licensed Product will be provided by Pearson and may be used by Licensee in executable code form only; source code to Licensed Product will not be provided. Licensed Product shall only be used as expressly authorized by this Agreement.

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2.3 Supplemental Terms and Conditions. The product-specific terms and conditions set forth in the Supplemental Terms and Conditions attached hereto are incorporated herein by reference. These additional terms and conditions are applicable to the extent that Licensee licenses any of the specific products or modules listed therein.

3. RESTRICTIONS ON USE OF LICENSED PRODUCT

3.1 Intellectual Property Rights. Licensed Product is proprietary to Pearson and/or third parties and is protected by copyright, trade secret, and other intellectual property rights. The placement of a copyright notice on any portion of Licensed Product does not mean that such portion has been published and will not derogate any claim of trade secret protection for the same. Title to all complete or partial copies, and all applicable rights to copyrights, patents, trademarks and trade secrets in Licensed Product, are and shall remain the property of Pearson or their other owners, as applicable.

3.2 Confidentiality. Licensee agrees to keep Licensed Product confidential and to prevent unauthorized disclosure or use of Licensed Product in Licensee's possession. Licensee shall not transfer, assign, provide or otherwise make Licensed Product available to any other party without the prior written consent of Pearson. Any attempted sublicense, assignment or transfer of any rights, duties or obligations by Licensee in violation of this Agreement shall be void. Licensee shall notify Pearson immediately in writing of any unauthorized use or distribution of Licensed Product of which Licensee becomes aware and shall take all steps necessary to ensure that such unauthorized use or distribution is terminated. For any Licensed Product for which Pearson makes available passwords or other user identification technology to access such Licensed Product,

Licensee shall advise all users of such passwords or other user identifications that such passwords or user identifications must be maintained in confidence and not transmitted or shared.

3.3 Modifications. Licensee shall not, and shall not allow any third party to, modify, decompile, disassemble or reverse engineer Licensed Product or attempt to create source code of Licensed Product by any means without Pearson's express written authorization.

4. SUPPORT AND SERVICES. Any support and/or services ordered from Pearson by Licensee in connection with the license of Licensed Product shall be provided by Pearson pursuant to Pearson's terms, conditions and policies applicable at the time of order to the particular support and/or services purchased. Pearson's current terms, conditions and policies for delivery of support and services, which are subject to change from time to time, are attached hereto as the Support and Services Policies. Licensee's license of Licensed Product does not, by itself, entitle Licensee to any support, upgrades, patches, fixes or the like for Licensed Product; Licensee must maintain a current support subscription and pay any applicable support fees to be eligible for support services. We have discussed whether the training included in the "Order Schedule" is adequate. It is recommended that the EAA team thoroughly review the PowerSchool Implementation Standard Scope of Work 2013 to determine any additional training and/or fees that may be anticipated. Careful attention to pages 17-18 "General Assumptions" provide guidance in estimating "hidden" additional fees that may be anticipated.

5. FEES AND TAXES. Licensee agrees to pay Pearson, in accordance with Pearson's invoice terms, the fees charged for the Licensed Products and related support, services and/or other items ordered by Licensee, together with any other charges made in accordance with this Agreement, and all applicable sales, use or other taxes or duties, however designated, except for taxes based on Pearson's net income. If Licensee claims tax exempt status, Licensee agrees to provide evidence of such tax exemption upon Pearson's request. To the extent that such tax exemption cannot be properly claimed or does not extend to certain taxes or transactions, Licensee shall be responsible for any and all taxes and assessments that arise from this Agreement and related transactions (except for taxes based upon Pearson's net income). Licensee shall pay a monthly charge of 1.5% (18% annually) on all amounts not paid when due, or, if a lower maximum rate is established by law, then such lower maximum rate. All pricing set forth in any Pearson quotation or invoice is in United States dollars unless otherwise specified.

6. THIRD PARTY SOFTWARE LICENSE TERMS; EMBEDDED APPLICATIONS; OPEN SOURCE SOFTWARE. Any software designated by Pearson as Third Party Software is provided to Licensee pursuant to a separate license agreement between Licensee and the third party supplier, which will be provided to Licensee by the third party supplier. All support, warranties, and services related to Third Party Software are provided by the supplier of the Third Party Software under such third party's terms and conditions, and not by Pearson, unless otherwise specifically provided under this Agreement. Only Sections 5, 6, 9 and 12 of this Agreement apply to Third Party Software and any related support and services set forth in this Agreement. In addition, Licensed Product may contain Embedded Applications. If any additional license terms are identified in the Supplemental Terms and Conditions with respect to any Embedded Applications, Licensee shall comply with such conditions with respect to such applications. Certain Embedded Applications may also be subject to "open source" licensing terms. In some cases, the open source licensing terms may conflict with portions of this Agreement, and to the extent of any such conflict, the open source licensing terms shall govern, but only as to the software components subject to those terms. Notwithstanding the foregoing, Licensee acknowledges that if any open source software component is licensed under terms that permit Licensee to modify such component, and if Licensee does so modify such component, then Pearson will not be responsible for any incompatibility with such modifications and the remainder of the Licensed Product.

7. COMPATIBLE PLATFORMS/HARDWARE. Licensee is responsible for obtaining and maintaining an appropriate operating environment with the necessary hardware, operating system software and other items required to use and access Licensed Product. Pearson will not be responsible for any incompatibility between Licensed Product and any versions of operating systems, hardware, browsers or other products not specifically approved by Pearson for Licensee's use with Licensed Product. Pearson will make written requirements available to Licensee at Licensee's request. Dr. Esselman's comment indicates that a review of incompatibility issues has been conducted.

8. LIMITED MEDIA WARRANTY. Pearson warrants that the media on which Licensed Product is recorded shall be free from defects in materials and workmanship under normal use for a period of ninety (90) days from the date of purchase. ~~Licensee's exclusive remedy under this Section shall be replacement of the defective media.~~

9. Pearson warrants that any Services provided pursuant to this Agreement will be performed in a diligent manner in accordance with industry practices, by individuals of suitable training and skill. Pearson's action and performance of the Services throughout the term of this Agreement shall be in full compliance with all applicable federal, state and local laws, rules, regulations and standards, including all laws applicable to EAA's operations or to which EAA is otherwise bound. Pearson has and will maintain throughout the term of this Agreement, all licenses, permits, authorizations and approvals necessary for the lawful conduct of its business.

Pearson warrants that the Licensed Product and any related Services shall be provided in accordance with industry standards and pursuant to the specifications and provisions of the "PowerSchool Implementation Standard Scope of Work - 2013 PowerSchool Student Information System" as provided to the Licensee. ~~DISCLAIMER OF OTHER~~

~~WARRANTIES. LICENSED PRODUCT IS PROVIDED "AS IS" AND WITHOUT WARRANTY OF ANY KIND (EXCEPT AS PROVIDED IN SECTION 8), AND PEARSON AND ITS LICENSORS EXPRESSLY DISCLAIM ALL OTHER WARRANTIES, EXPRESS OR IMPLIED, INCLUDING, BUT NOT LIMITED TO, ANY IMPLIED WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE AND NON-INFRINGEMENT. PEARSON DOES NOT WARRANT THAT THE FUNCTIONALITY CONTAINED IN THE LICENSED PRODUCT WILL MEET LICENSEE'S REQUIREMENTS, OR THAT THE OPERATION OF THE LICENSED PRODUCT WILL BE UNINTERRUPTED OR ERROR-FREE, OR THAT DEFECTS IN THE LICENSED PRODUCT WILL BE CORRECTED. FURTHERMORE, PEARSON DOES NOT WARRANT OR MAKE ANY REPRESENTATIONS REGARDING THE USE OR THE RESULTS OF THE USE OF THE LICENSED PRODUCT IN TERMS OF ITS CORRECTNESS, ACCURACY, RELIABILITY OR OTHERWISE. LICENSEE AGREES THAT THE USE OF LICENSED PRODUCT IS AT LICENSEE'S OWN RISK. NO ORAL OR WRITTEN INFORMATION OR ADVICE GIVEN BY PEARSON OR A PEARSON REPRESENTATIVE SHALL CREATE A WARRANTY OR IN ANY WAY INCREASE THE SCOPE OF ANY WARRANTY. SOME JURISDICTIONS MAY NOT ALLOW~~

10. STATE REPORTING CODE. Unless Pearson specifically offers SRC for Licensee's state, Pearson makes no representation that Licensed Product includes any SRC designed to meet the reporting requirements of Licensee's state. If Pearson does offer SRC for Licensee's state, Licensee acknowledges that the SRC is intended as a tool to assist Licensee in complying with state regulatory requirements; however, Pearson does not warrant that the SRC conforms to, or that use of the SRC will ensure Licensee's compliance with, all state regulatory requirements that may apply or that the SRC will be maintained to conform to such requirements now or in the future. It is Licensee's, and not Pearson's, responsibility to understand and comply with all such requirements. Phillip you've indicated that Macomb ISD uses Pearson. Therefore, it would seem that they do have a SRC for Michigan. I would make certain that it is included in the Order Schedule AND that Pearson warrants that the SRC conforms to, and will ensure Licensee's compliance with, all state regulatory requirements if data is entered as directed by the Licensed Product.

11. TERMINATION

11.1 Termination for Breach. Pearson shall have the right to suspend performance under this Agreement in the event that Licensee is in breach of any of its obligations under this Agreement. In addition, either party shall have the right to terminate this Agreement in whole or in part upon thirty (30) days written notice to the other party, in the event the other party materially breaches this Agreement and fails to correct such breach within such thirty (30) day period, provided that Pearson shall have the right to terminate this Agreement immediately upon written notice in the event that Licensee breaches any of its obligations under Section 3. Licensee further acknowledges that, as breach of the provisions of Section 3 could result in irreparable injury to Pearson, Pearson shall have the right to seek equitable relief against any actual or threatened breach thereof, without proving actual damages.

11.2 Effects of Termination. In the event of any termination of all or any portion of this Agreement, Licensee shall not be relieved of any obligation to pay any sums of money that have accrued prior to the date of termination. In addition, the provisions of Sections 3, 5, 6, 9, 11, 12 and 13 shall survive termination of this Agreement. Immediately upon any termination of a license for any Licensed Product under this Agreement, Licensee shall, at its own expense, either return to Pearson or destroy all copies of such Licensed Product in its possession or control, and shall forward written certification to Pearson that all such copies of such Licensed Product have either been destroyed or returned to Pearson. I see that the "Zangle" fee is waived in the Agreement as indicated in Dr. Esselman's comments. However, does the PowerSchool License Fee accrue at the time of signing OR does it accrue on a monthly basis. This question is raised in light of the above highlighted phrase. If EAA terminates after six months does it owe the entire \$142,200?

12. LIMITATION OF LIABILITY. PEARSON SHALL NOT BE LIABLE TO LICENSEE FOR ANY SPECIAL, EXEMPLARY, INDIRECT, INCIDENTAL OR CONSEQUENTIAL DAMAGES; OR LOST PROFITS, LOST FUNDING, LOST SAVINGS, OR LOST OR DAMAGED DATA; OR FOR CLAIMS OF A THIRD PARTY; ARISING OUT OF THIS AGREEMENT, LICENSED PRODUCT, THIRD PARTY SOFTWARE, SUPPORT, SERVICES, OR OTHER ITEMS PROVIDED, OR THE USE OR INABILITY TO USE ANY OF THE FOREGOING, EVEN IF PEARSON HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES OR THEY ARE FORESEEABLE IN ANY EVENT IN RESPECT OF ANY CLAIM, DEMAND OR ACTION ARISING OUT OF THIS AGREEMENT, LICENSEE SHALL BE LIMITED TO RECEIVING ACTUAL AND DIRECT DAMAGES IN A MAXIMUM AGGREGATE AMOUNT EQUAL TO THE CHARGES PAID BY LICENSEE TO PEARSON HEREUNDER FOR THE APPLICABLE LICENSED PRODUCT, ITEM OR SERVICE ON WHICH THE CLAIM IS BASED. IN ADDITION, IN NO EVENT WILL THE LIABILITY OF PEARSON RELATING TO SUPPORT SERVICES EXCEED THE TOTAL AMOUNT OF MONEY PAID BY LICENSEE TO PEARSON DURING THE

SUPPLEMENTAL TERMS AND CONDITIONS – POWERSCHOOL SOFTWARE

The following additional terms and conditions are applicable to Licensee's license of Pearson's PowerSchool software and Pearson's delivery of any associated support and services. These terms apply to all versions of the PowerSchool software, including PowerSchool Pro and PowerSchool Premier, and any references to Licensed Product in these Supplemental Terms and Conditions apply to all such versions of the PowerSchool software.

1. PRICING; ENROLLMENT INCREASES; AUDIT. License pricing for Licensed Product is based on student enrollment at the Licensed Sites. If an increase in student enrollment in excess of five percent (5%) occurs at the Licensed Sites, then Licensee shall pay additional license fees to Pearson in accordance with Pearson's invoice. Such additional license fees shall be computed by multiplying the then-current per student license fee for Licensed Product by Licensee's additional enrollment. Licensee's subsequent support invoices will be based on the increased enrollment as well. Pearson reserves the right to audit Licensee's use of Licensed Product to determine current student enrollment for the above purposes. Such audit may be performed by remotely accessing Licensee's server to determine the student enrollment, or such other means as Pearson may determine, provided that Pearson shall perform any such audit so that it avoids unreasonable interference with Licensee's business operations. Pearson shall treat all Licensee information obtained in the course of the audit as Licensee confidential information as defined in Section 6.3 of the Support and Services Policies.

2. TERMS RELATING TO EMBEDDED APPLICATIONS

13. GENERAL

13.1 Governing Law. THIS AGREEMENT SHALL BE GOVERNED BY THE LAWS OF THE STATE OF MICHIGAN/MINNESOTA. The United Nations Convention on Contracts for the International Sale of Goods shall not apply to this Agreement.

13.2 General Provisions. Neither party shall be held liable to the other party for failure of performance where such failure is caused by supervening conditions beyond that party's control, including acts of God, civil disturbance, strikes or labor disputes. If any provision of this Agreement is invalid or unenforceable under any applicable statute or rule of law, this Agreement shall be enforced to the maximum extent possible to effectuate the original express intent of the parties. Licensee may bring no action arising out of this Agreement, regardless of form, more than one (1) year after the cause of action has arisen. In the case of notices to Pearson, such notices shall be sent to: NCS Pearsou, Inc., Attn.: Contracts Department, 3075 West Ray Road, Chandler, AZ 85226. In the case of notices to Licensee, such notices shall be sent to Pearson's address of record for Licensee. Either party may change its notice address by notifying the other in like manner. Licensee agrees that the terms of this Agreement, including all pricing for Pearson's products and services, shall be kept confidential and not disclosed to any third party without the prior written consent of Pearson; provided, however, that Pearson's consent shall not be required if Licensee is required to disclose the provisions of this Agreement in order to comply with applicable public records laws.

13.3 Export. Without in any way limiting the restrictions on transfer set forth elsewhere in this Agreement, Licensee specifically agrees that Licensee will not, directly or indirectly, export or transfer any export-controlled commodity, technical data or software: (a) in violation of any laws, regulations, rules or other limitations imposed by any government authority; or (b) to any country for which an export license or other governmental approval is required at the time of export, without first obtaining all necessary licenses or other approvals.

13.4 U.S. Government Restricted Rights. Licensed Product is a "commercial item" as that term is defined in 48 C.F.R. §2.101, consisting of "commercial computer software" and "commercial computer software documentation" as such terms are defined in 48 C.F.R. §12.212 and 48 C.F.R. §227.7202, as applicable, and all as amended from time to time. Consistent with 48 C.F.R. §12.212, 48 C.F.R. §227.7202 and 48 C.F.R. §52.227-19, and other relevant sections of the Code of Federal Regulations, as applicable, and all as amended from time to time, all U.S. Government end users acquire Licensed Product only with those rights set forth herein.

13.5 Entire Agreement. This Agreement, inclusive of the Supplemental Terms and Conditions and the Support and Services Policies attached hereto, constitutes the complete and entire agreement between the parties with respect to its subject matter, and supersedes all prior discussions, understandings, arrangements, proposals and negotiations with respect to same. The terms and conditions of this Agreement shall prevail notwithstanding any variance with the terms and conditions of any purchase order or other documentation submitted by Licensee with respect to Licensed Product or any related support or services, and Pearson hereby refuses any such different or additional provisions in purchase orders or other documents. This Agreement shall not be subject to the Uniform Computer Information Transactions Act. This Agreement shall not be modified or amended without the written agreement of both parties.

2.1 Oracle. The following terms are applicable to a certain Embedded Application known as Oracle Database Enterprise Edition (the "Oracle Software"):

(a) The Oracle Software may only be used in conjunction with the Licensed Product and solely for Licensee's internal business purposes.

(b) Oracle USA, Inc. ("Oracle") shall have no liability whatsoever to Licensee for any damages, whether direct, indirect, incidental, or consequential arising from Licensee's use of Licensed Product or the Oracle Software.

(c) Licensee is prohibited from publishing the results of any benchmark tests run on the Oracle Software.

(d) Licensee shall be prohibited from timesharing, rental, facility management, or service bureau use of the Oracle Software.

(e) Licensee's records may be audited, by Pearson or Oracle, during normal business hours to verify compliance with the terms of this Agreement.

(f) Oracle shall be a third party beneficiary of this Agreement.

(g) Oracle shall have no performance obligation or liability to Licensee in connection with this Agreement.

(h) Should the Oracle Software contain any source code provided by Oracle, such source code shall be governed by the terms of this Agreement.

2.2 GPL Software. Certain Embedded Applications included with the Licensed Product may be free software licensed under the terms of the GNU General Public License (GPL). Licensee may obtain a complete machine-readable copy of the source code for such free software under the terms of the GPL, without charge except for the cost of media, shipping, and handling, upon written request to Pearson. The GPL software is distributed in the hope that it will be useful, but WITHOUT ANY WARRANTY, including even the implied warranties of MERCHANTABILITY or FITNESS FOR A PARTICULAR PURPOSE. A complete copy of the GPL is included within the Licensed Product.

3. **AUTHORIZED REPRESENTATIVES.** If Licensee has purchased support services for the Licensed Product from Pearson, then in order to receive such support services, Licensee shall identify to Pearson up to two (2) people who will contact Pearson with any technical and product questions ("Authorized Representatives"). If it is desired that additional Authorized Representatives be permitted to contact Pearson for support, Licensee must pay additional support fees for such additional Authorized Representatives to have access to support. All such Authorized Representatives shall complete, at a minimum, Pearson's Initial Product Training for the Licensed Product. Licensee shall provide Pearson with a written list of its Authorized Representatives as part of the implementation process for the Licensed Product, and shall keep Pearson informed of replacements for Authorized Representatives as soon as possible after the replacements occur.

4. **HOSTING SERVICES.** If Licensee chooses to have Pearson host the Licensed Product on its behalf (which service is available only at an additional annual, renewable cost), Licensee acknowledges and agrees that the Licensed Product may be inaccessible or inoperable from time to time due to maintenance or to causes that are beyond the control of Pearson or are not reasonably foreseeable by Pearson, including, but not limited to: the interruption or failure of telecommunication or digital transmission links; hostile network attacks; network congestion; or other failures (collectively "Downtime"). Pearson shall use commercially reasonable efforts to minimize any disruption, inaccessibility and/or inoperability of the Licensed Product caused by Downtime, whether scheduled or not. Should Licensee decide to terminate hosting services, Licensee will retain its license to Licensed Product, subject to the terms of this Agreement. Pearson will provide Licensee with at least sixty (60) days notice if Pearson determines that it will no longer offer hosting services to Licensee (but in any event will continue providing hosting services for the balance of the current term for which Licensee has prepaid for such services). Notwithstanding the foregoing, Licensee acknowledges that Pearson may terminate hosting services immediately at any time if Licensee does not remain current in its payment of Pearson's applicable fees for such hosting services.

5. **HARDWARE.** If, in conjunction with Licensee's licensure of Licensed Product, Licensee is purchasing any hardware through Pearson, Licensee acknowledges that such hardware purchase is being facilitated by Pearson as an accommodation to Licensee only. The warranties on any hardware not manufactured by Pearson will be limited to those provided by the manufacturers of such hardware and/or the vendors through which such hardware is being supplied. Pearson will pass through any manufacturer's or other vendor's warranty to the extent permitted by the manufacturer or other vendor, as applicable. Licensee agrees to look

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6. **LOCALLY DEPLOYED VERSIONS OF PEARSON INFORM.** The Pearson Inform software may include certain "open source" software from the Eclipse Foundation distributed under the Eclipse Public License. With respect to such open source software (the "Embedded Software"), the following terms apply:

(A) **PEARSON DISCLAIMS, ON ITS BEHALF AND ON BEHALF OF ALL CONTRIBUTORS TO THE EMBEDDED SOFTWARE, ALL WARRANTIES OR CONDITIONS, EXPRESS AND IMPLIED, INCLUDING WARRANTIES OR CONDITIONS OF TITLE AND NON-INFRINGEMENT, AND IMPLIED WARRANTIES OR CONDITIONS OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE.**

(B) **NO CONTRIBUTOR TO THE EMBEDDED SOFTWARE SHALL BE LIABLE TO CUSTOMER FOR ANY DAMAGES HEREUNDER WHATSOEVER, INCLUDING DIRECT, INDIRECT, SPECIAL, INCIDENTAL AND CONSEQUENTIAL DAMAGES, SUCH AS LOST PROFITS.**

(C) **Source code for the Embedded Software is available from Pearson, and may be obtained by contacting Pearson at the address for notices listed above or by contacting Pearson's telephone support center.**

(D) **Any provisions in this Agreement which differ from the preceding paragraphs (A), (B) or (C) are offered by Pearson alone and not by any other party.**

SUPPORT AND SERVICES POLICIES

Pearson's provision of the necessary licensing information to enable Licensee to download Licensed Product) and terminate one (1) year thereafter, unless a different Support Term is

1. **DEFINITIONS.** Capitalized terms not defined herein shall have the meanings assigned to them in the applicable Licensed Product Agreement ("Agreement") between Licensee and Pearson to which these Support and Services Policies ("Policies") are attached. In addition, for purposes of these Policies, the following definitions shall apply:

1.1 **Errors** shall mean a reproducible failure of Licensed Product to operate in accordance with its standard Documentation, despite the proper installation and use of Licensed Product in a proper operating environment and on hardware and system software sufficient to meet Pearson's then-current minimum requirements, which are subject to change as New Versions are released. User mistakes are not Errors within the meaning of these Policies. Errors may be due to problems in Licensed Product, the Documentation, or both.

1.2 **Fix** shall mean a patch, service pack or corrective update of Licensed Product that Pearson may prepare in its discretion on an interim basis, prior to issuance of a New Version, to correct programming Errors that prevent or obstruct normal operation of Licensed Product in accordance with the applicable then-current Documentation.

1.3 **New Products** shall mean new products, programs or modules developed by Pearson that provide features, functions or applications not included in the Licensed Product originally licensed by Licensee and for which additional license fees apply as determined by Pearson. A New Product may be usable with or in addition to the Licensed Product originally licensed by Licensee. New Products will be licensed to Licensee under the terms of Pearson's then-current license agreement only after payment of applicable fees.

1.4 **New Version** shall mean an updated version of Licensed Product issued by Pearson, which may include Fixes, together with such other modifications, updates, enhancements and improvements to Licensed Product that Pearson may, in its discretion, develop and deem ready for distribution and that Pearson standardly provides to all customers with a current support subscription to such Licensed Product.

1.5 **Support Services** shall mean those support services described in Section 3.1 that will be provided hereunder with respect to Licensed Product during Licensee's Support Term.

1.6 **Support Term** shall mean the length of time Support Services are to be provided hereunder and for which Licensee has paid any applicable Support Services fees, including any initial Support Term and any renewal Support Terms.

1.7 **Telephone and E-mail Support** shall mean telephone and e-mail support services, available Monday through Friday, during Pearson's normal business hours, exclusive of Pearson's holidays, regarding Licensee's use of Licensed Product and any problems that Licensee experiences in using Licensed Product.

2. **SUPPORT TERM; FEES.** Support Services for Licensed Product are available at an additional cost. For Support Services purchased concurrently with Licensee's license to Licensed Product, Licensee's initial Support Term will begin upon shipment of Licensed Product (or, in the case of Licensed Product made available for download electronically, upon

specified in Pearson's written acknowledgment of Licensee's order, or unless terminated earlier in accordance with the terms of these Policies or the Agreement. Either party may terminate the provision of Support Services as of the end of the then-current Support Term by providing written notice to the other party prior to the end of the then-current Support Term that such party does not wish to renew the Support Term. If no notice of non-renewal is given by either party, then Pearson will invoice Licensee for the applicable renewal fees for a subsequent Support Term. If Licensee pays the applicable renewal fees, then Licensee's Support Term will renew for the applicable renewal term stated on Pearson's renewal invoice; otherwise, Licensee's Support Term will terminate at the end of Licensee's current paid-up Support Term. If Licensee's Support Term is so terminated due to non-payment, and then Pearson subsequently reinstates Licensee's access to support, such reinstated access shall remain subject to the terms of these Policies. For the initial Support Term, Licensee shall pay the charges specified in Pearson's initial invoice. For renewal Support Terms, Licensee shall pay Pearson's then-current annual Support Services fees. Pearson may supply new or modified Support and Services Policies or other terms and conditions to Licensee related to the provision of Support Services in a renewal term, in which event such new or modified Support and Services Policies or other terms and conditions will govern Pearson's provision of Support Services in such renewal term.

3. SUPPORT SERVICES. Pearson, or an entity under contract with and authorized by Pearson to provide Support Services, will provide Support Services for Licensed Product during the Support Term. The scope of Support Services shall be as follows:

3.1 Support. Support Services shall include: (a) Telephone and E-mail Support; (b) access to an online support website, as maintained by Pearson for customers maintaining a current support subscription; (c) Fixes, as developed and made generally available by Pearson in its discretion to address Errors that Licensee is experiencing in using Licensed Product; and (d) New Versions, as developed and made generally available by Pearson. Support Services do not include New Products. Pearson determines, in its sole discretion, what constitutes a New Product (for which additional license fees apply), and what improvements and enhancements to existing Licensed Product functionality are to be included in a New Version (and are therefore provided at no charge to customers with a current support subscription).

3.2 Custom Programs. For any custom programs developed for Licensee by Pearson, Support Services are available only on a time and materials basis at Pearson's current rates and charges for these services; support for custom programs is not included in Support Services. In addition, to the extent that Licensed Product includes any functionality that allows Licensee to customize screens or reports, Pearson will support the application infrastructure utilized to create such customizations but will not be responsible for supporting any such customizations.

3.3 Training. In order to receive Support Services described herein, Licensee must purchase appropriate training regarding the use and operation of Licensed Product. Telephone and E-mail Support may be limited to a specified number of authorized representatives of Licensee who have been appropriately trained.

3.4 Enhancements to SRC. Pearson may provide certain enhancements to SRC to customers that are current in their payment of annual support fees for the SRC to Pearson.

However, Pearson reserves the right, in its discretion: (a) to require that additional fees be paid by customers desiring that SRC be updated in connection with new reporting requirements in their state, in the event that such state's education department or equivalent entity makes changes to the state's reporting requirements that were not anticipated at the time Pearson determined its applicable support fees for the SRC in that state; or (b) not to make further changes or enhancements to SRC in a given state based on lack of market demand, the nature and scope of the changes required, or other factors.

4. LICENSEE RESPONSIBILITIES. To receive Support Services, Licensee shall: (a) report Errors or suspected Errors for which Support Services are needed, and supply Pearson with sufficient information and data to reproduce the Error; (b) procure, install, operate and maintain hardware, operating systems and other software that are compatible with the most current supported version of Licensed Product; (c) establish adequate operational back-up provisions in the event of malfunctions or Errors; (d) maintain an operating environment free of any modifications or other programming that might interfere with the functioning of Licensed Product; (e) maintain hardware and system software consistent with Pearson's minimum requirements; and (f) timely install all Fixes and New Versions supplied by Pearson in the proper sequence, and have the most current version of Licensed Product installed. Licensee acknowledges that Fixes and New Versions may be made available electronically, and that, in some cases, Pearson may maintain e-mail distribution lists that are used to notify customers of the availability of Fixes and New Versions and to provide other information to customers that are maintaining a current support subscription. Licensee shall be responsible for including the appropriate Licensee personnel on any such e-mail distribution lists of Pearson so that Licensee receives such notifications and other information.

5. SUPPORT FOR PRIOR VERSIONS. As set forth in Section 4 of these Policies, Licensee must timely install all Fixes and New Versions to receive Support Services. In some cases, it may not be practical for certain customers to install a New Version immediately upon release. Therefore, Pearson may, in its discretion, continue to provide Telephone and E-mail Support for the prior version of Licensed Product for a period of time after release of a New Version. Licensee acknowledges that Fixes and other code maintenance will not be available for prior versions of Licensed Product (including SRC) after the release of a New Version.

6. PROFESSIONAL SERVICES

6.1 Fees and Expenses. In addition to providing Support Services during the Support Term, Pearson will perform such other professional services (training, installation, consulting, project management, etc.) as may be specified in Pearson's written acknowledgment of Licensee's order, or as may be subsequently agreed upon by the parties, provided that Pearson may, at its option, arrange for any such services to be performed by another entity on behalf of Pearson. Licensee agrees to pay for such services at the rates and charges specified in Pearson's written acknowledgment of Licensee's order, or for work subsequently requested, at the rates agreed upon by Licensee and Pearson for such subsequent work. Pearson reserves the right to require a purchase order or equivalent documentation from Licensee prior to performing any services, or to require prepayment of certain services. Unless otherwise specified, all rates quoted are for services to be performed during Pearson's normal business hours; additional charges may apply for evenings, weekends or holidays. Licensee shall also pay Pearson for travel expenses (lodging, meals, transportation and other related expenses) incurred in the performance of services. All such additional charges will be due and payable concurrently with payment for services. Pearson reserves the right to impose a minimum labor charge for each on-site visit. The rates and charges specified in Pearson's acknowledgment of Licensee's order shall apply to those services originally ordered. However, Pearson reserves the right to change service rates or other terms as a condition of entering into any subsequent service engagement. In the event that Licensee pays in advance for any services, all services must be scheduled and delivered within twelve (12) months of such payment, unless otherwise agreed in writing by Pearson; any portion of any prepaid services amount that has not been used by Licensee toward services actually rendered within such twelve (12) month period shall be forfeited.

6.2 Facilities. Licensee acknowledges that certain services are intended to be performed by Pearson off-site (e.g., through remote communication capabilities). If any portion of the work will be performed on Licensee's premises, Licensee agrees to provide appropriate access to utilities, work space and other on-site accommodations reasonably necessary to enable Pearson to perform such work.

6.3 Confidentiality. Pearson agrees to use commercially reasonable efforts to maintain the confidentiality of Licensee confidential information that is disclosed to Pearson in connection with the performance of services, and to use such Licensee confidential information solely for purposes of performing services hereunder. Pearson shall require its employees, agents and subcontractors performing work hereunder to do likewise. For purposes of this Section, "Licensee confidential information" shall mean any student or personnel data belonging to Licensee, or any other Licensee information or data labeled or identified as confidential at the time of disclosure, provided, however, that this definition and the obligations of this Section shall not extend to any information that: (a) is or becomes publicly known through no fault or negligence of Pearson; (b) is or becomes lawfully available from a third party without restriction; (c) is independently developed by Pearson; or (d) is disclosed without restriction by Licensee to any third party at any time.

6.4 Training. Pearson reserves the right to limit the number of persons permitted to attend any training class in accordance with Pearson's training standards.

6.5 Services Cancellation. Licensee shall pay a cancellation charge equal to fifty percent (50%) of the services fee and any non-refundable expenses incurred by Pearson if Licensee cancels any scheduled professional services less than fourteen (14) days before the occurrence of any service dates that Pearson has scheduled at Licensee's request.

7. OWNERSHIP OF MATERIALS. Pearson shall be the owner of all copyrights, patent rights and other intellectual property rights in any software code, documentation, reports or other deliverables (collectively, "Deliverables") created for or provided to Licensee pursuant to these Policies or any associated Statement of Work entered into by the parties. Provided that Licensee pays Pearson all fees and expenses associated with the development and provision of such Deliverables, Licensee shall have a paid-up, royalty-free license to use such Deliverables for Licensee's internal use only, solely for the purpose for which such Deliverables were provided. Nothing in this Agreement shall prevent Pearson from providing any Deliverables to Pearson's other customers or third parties. Notwithstanding the foregoing, Pearson acknowledges and agrees that any Licensee confidential information (as defined in Section 6.3) that is incorporated into any Deliverable remains subject to the provisions of Section 6.3.

**EXHIBIT B - ORDER SCHEDULE
POWERSCHOOL COST SUMMARY**

5/30/2013

**Prepared By: Joshua Deegan
Customer Name: EAAM**

**State: MI
Enrollment: 10,500 # Schools: 12
St. Rpts.: Included**

LICENSE / SUBSCRIPTION FEES

PowerSchool Perpetual License Fees	10,500	Students	\$ 18.00	\$ 189,000.00
Pearson Zangle Promotion License Fee	10,500	Students	\$ 18.00	\$ (189,000.00)
Discount PowerSchool SaaS (Hosting) Fees	10,500	Students	\$ 2.50	\$ 26,250.00
Annual SSL Certificate Fee	1	Annual Fee	\$ 400.00	\$ 400.00
Sub-Total License Fees				\$ 26,650.00

MAINTENANCE AND SUPPORT

PowerSchool Annual Maintenance & Support	10,500	Students	\$ 4.50	\$ 47,250.00
Sub-Total Year1 Maintenance and Support Fees \$				47,250.00

PROFESSIONAL SERVICES

PowerSchool Implementation Services - Basic Setup	1	Fixed Rate	\$ 4,200.00	\$ 4,200.00
PowerSchool Implementation Services - School Setup	12	Schools	\$ 600.00	\$ 7,200.00
PowerSchool Scheduler Start Implementation Services	1	Fixed Rate	\$ 6,100.00	\$ 6,100.00
PowerSchool Customization Services - Daily	20	Days	\$ 1,200.00	\$ 24,000.00
PowerSchool Test Instance Installation	2	Servers	\$ 500.00	\$ 750.00
Sub-Total Professional Services \$				42,250.00

TRAINING SERVICES

Essential PowerSchool Product Education Annual Subscription	1.0	Subscription	\$ 2,500.00	\$ 2,500.00
PowerSchool Initial Product Training (On-Site)	15.0	Days	\$ 1,200.00	\$ 18,000.00
PowerSchool Advanced Training	7.0	Days	\$ 1,500.00	\$ 10,500.00
PS Scheduler Workshop (Exclusive)	15.0	Days	\$ 1,500.00	\$ 22,500.00
PS Certification - District (8 Days On-Line)	4.0	Per Person	\$ 2,400.00	\$ 9,600.00
Travel Costs (Estimate)				\$ 12,000.00
PS Certification - Initial Product Training (5 Days On-Line)	4.0	Per Person	\$ 1,500.00	\$ 6,000.00
Sub-Total Training Services \$				81,100.00

TOTAL COST - ALL FEES AND SERVICES \$ 197,250.00

ESTIMATED ON-GOING COSTS

PowerSchool Annual Maintenance and Support	10,500	Students	\$ 4.50	\$ 47,250.00
PowerSchool Annual SaaS Fees (Includes SSL)	10,500	Students	\$ 2.50	\$ 26,650.00
Essential PowerSchool Product Education Annual Subscription	1.0	Subscription	\$ 2,500.00	\$ 2,500.00

Please review the applicable license agreement(s) located at <http://pearsonschoolsystems.com/company/legal> Purchase of one or more of the quoted product(s) subjects the Customer On-Going Pearson Subscription/Maint. & Support Fees are invoiced at then current On-Going PowerSchool Subscription/Maint. & Support Fees are This proposal, including pricing, is valid for 60 days from the date of submission. Travel related expenses associated with On-Site Training and Services are All invoices shall be paid within thirty (30)

for the product(s) indicated in this quote. to the license agreement(s) for those product(s). rates & enrollment per terms of the Licensed Product Agreement. invoiced on the anniversary date of the purchase. Any applicable state sales tax has not been added to this quote. NOT included in the listed price and will be billed at actual cost. days of the date of invoice.

Costs for PowerSchool licensing for additional EAAM schools through June 30, 2014 - ZanglePowerSchool schools = no charge for license +\$4.50 for M&S, all other SIS = \$4.50 and student for license + \$4.50 per student for M&S. After June 30, 2014, all PowerSchool licenses, mutually agreed upon by Customer and Pearson. Fees does not per hosting services, and M&S will be at Pearson's then current rates or as otherwise include Professional, Training and Hosting services.

Education Achievement Authority
of Michigan

Equity. Choice. Reinvention.

**RESOLUTION 2013-14
APPROVAL OF LICENSE AND SERVICES AGREEMENT WITH
TYLER TECHNOLOGIES, INC. FOR
STUDENT INFORMATION SYSTEMS**

The Executive Committee of the Education Achievement Authority resolves:

1. That the attached License and Services Agreement with Tyler Technologies, Inc., to provide software licensing of student information system, and perform other related services as outlined for the EAA of Michigan is approved by the Executive Committee of the Authority as the governing body of the Authority subject to further negotiations and/or agreements between the parties to effectuate the transaction;
2. That the Chancellor of the Authority is authorized to execute the License and Services Agreement with Tyler Technologies, Inc. on behalf of the Authority;
3. That the Secretary of the Executive Committee of the Authority shall enter the terms of the Agreement in the minutes of the proceedings of the Executive Committee of the Authority.

Certification:

I certify that this resolution was duly adopted by the Executive Committee of the Education Achievement Authority at a properly-noticed open meeting held with a quorum present on the ____ day of _____.

By: _____
President

By: _____
Secretary

Legal Counsel
Approved as to Form

AGREEMENT

This agreement ("Agreement") is made this _____ day of _____ 2013 ("Effective Date") by and between Tyler Technologies, Inc., a Delaware corporation with offices at 1 Cole Haan Drive, Yarmouth, Maine 04096 ("Tyler") and the Education Achievement Authority of Michigan, a Michigan public body corporate, with offices at 3022 W. Grand Boulevard, Suite 14-652, Detroit, Michigan 48202 ("Client").

In consideration of the foregoing and of the mutual covenants and promises set forth herein, Tyler and Client agree that Tyler shall provide products and services, and Client shall pay prices, as set forth in this Agreement.

SECTION A – SOFTWARE LICENSE AGREEMENT

1. License Grant.

- a) Upon the Term start date, Tyler hereby grants to Client a non-exclusive, non-transferable, royalty-free, revocable license to use the Tyler software products set forth in the investment summary attached hereto as Exhibit 1 ("Investment Summary") and related interfaces (collectively, the "Tyler Software Products") and Tyler user guides provided in or with the Tyler Software Products ("User Guides") for Client's internal business purposes only and otherwise subject to the terms and conditions of this Agreement. The grant of license is contingent on Client remitting payment of fees required under this Agreement. TYLER HAS THE RIGHT TO REVOKE THIS LICENSE IF CLIENT TERMINATES, CANCELS OR FAILS TO RENEW THIS AGREEMENT. TYLER HAS THE RIGHT TO REVOKE THIS LICENSE IF CLIENT FAILS TO REMIT ANY REQUIRED SaaS FEES AND THE AMOUNT IN ARREARS IS THIRTY (30) DAYS OR OLDER FOLLOWING THIRTY (30) DAYS WRITTEN NOTICE TO CLIENT OF TYLER INTENT TO REVOKE THE LICENSE.
- b) Tyler shall retain ownership of, including all intellectual property rights in and to, the Tyler Software Products and Documentation.
- c) The Tyler Software Products are not licensed to perform functions or processing for subdivisions or entities that were not disclosed to Tyler prior to the Effective Date.
- d) The right to transfer the Tyler Software Products to a replacement hardware system is included in this Agreement. Client shall pay Tyler for the cost of new media or any required technical assistance to accommodate the transfer. Client shall provide advance written notice to Tyler of any such transfer.
- e) Client acknowledges and agrees that the Tyler Software Products and Documentation are proprietary to Tyler and have been developed as trade secrets at Tyler's expense. Client shall use best efforts to keep the Tyler Software Products and Documentation confidential and to prevent any misuse, unauthorized use or unauthorized disclosure of the Tyler Software Products or Documentation by any party.
- f) The Tyler Software Products may not be modified by anyone other than Tyler. If Client modifies the Tyler Software Products without Tyler's prior written consent, Tyler's obligations to provide maintenance services on, and the warranty for, the Tyler Software Products will be void. Client shall not perform decompilation, disassembly, translation or other reverse engineering on the Tyler Software Products.
- g) Client may make copies of the Tyler Software Products for archive purposes only. Client shall repeat any and all proprietary notices on any copy of the Tyler Software Products. Client may make copies of the Documentation for internal use only.
- h) Tyler maintains an escrow agreement with an escrow services company under which Tyler places the source code of each major release of the Tyler Software Products. At Client's request, Tyler will add Client as a beneficiary to such escrow agreement. Client will pay the annual beneficiary fee and is solely responsible for maintaining its status as a beneficiary.

2. Limited Warranty. For the purposes of this Agreement, a "Defect" is defined as a failure of the Tyler Software Products to substantially conform to the then-current specifications and the functional descriptions of the Tyler Software Products in Tyler's written proposal to Client. In the event of conflict between the afore-mentioned documents, the then-current specifications will control. A Tyler Software Product is "Defective" if it contains a Defect. For as long as a current Maintenance Agreement is in place, Tyler warrants that the Tyler Software Products will not contain Defects. If the Tyler Software Products do not perform as warranted, Tyler will use

reasonable efforts, consistent with industry standards, to cure the Defect in accordance with Tyler's then-current support call process.

3. Intellectual Property Infringement Indemnification.

a) Tyler's Obligations. Tyler shall defend and indemnify Client against any claim by an unaffiliated third party of this Agreement that a Tyler Software Product, if used within the scope of this Agreement, directly infringes that party's registered United States patent, copyright or trademark issued and existing as of the Effective Date or as of the distribution date of a release to the Tyler Software Product, and will pay the amount of any resulting adverse final judgment issued by a court of competent jurisdiction or of any settlement made by Tyler in writing.

b) Client's Obligations. Tyler obligations in this section are contingent on the Client performing all of the following in connection with any claim as described herein:

- i. Promptly notifies Tyler in writing of any such claim;
- ii. Gives Tyler reasonable cooperation, information, and assistance in connection with the claim; and
- iii. Consents to Tyler's sole control and authority with respect to the defense, settlement or compromise of the claim.

c) Exceptions to Tyler's Obligations. Tyler will have no liability hereunder if the claim of infringement or an adverse final judgment rendered by a court of competent jurisdiction results from:

- i. Client's use of a previous version of a Tyler Software Product and the claim would have been avoided had Client used the current version of the Tyler Software Product;
- ii. Client's combining the Tyler Software Product with devices or products not provided by Tyler;
- iii. Use of a Tyler Software Product in applications, business environments or processes for which the Tyler Software Product was not designed or contemplated, and where use of the Tyler Software Product outside such application, environment or business process would not have given rise to the claim;
- iv. Corrections, modifications, alterations or enhancements that Client made to the Tyler Software Product and such correction, modification, alteration or enhancement is determined by a court of competent jurisdiction to be a contributing cause of the infringement;
- v. Use of the Tyler Software Product by any person or entity other than Client or Client's employees; or
- vi. Client's willful infringement, including Client's continued use of the infringing Tyler Software Product after Client becomes aware that such infringing Tyler Software Product is or is likely to become the subject of a claim hereunder.

d) Remedy.

i. In the event a Tyler Software Product is, by a court of competent jurisdiction, finally determined to be infringing and its use by Client is enjoined, Tyler will:

- (a) Procure for Client the right to continue using the infringing Tyler Software Products; or
- (b) Modify or replace the infringing Tyler Software Products so that it becomes non-infringing.

~~(c) Indemnify the Client for the full amount of any money judgments entered against it, if any legal action results in such a money judgment and Tyler has exercised its powers of sole control and authority with respect to the defense, settlement or compromise of the claim under section 3.b.iii.~~

ii. The foregoing states Tyler's entire liability and Client's sole and exclusive remedy with respect to the subject matter hereof.

SECTION B – SAAS AGREEMENT

1. Hosting. Tyler shall host at Tyler's data center and make available to Client the Tyler Software Products listed in the attached Investment Summary.

2. SaaS Term. The term of this SaaS Agreement shall commence on July 1, 2013 and shall remain in effect until June 30, 2016. This SaaS Agreement will renew automatically thereafter for additional one (1) year terms at Tyler's then-current rates unless such renewal is cancelled in writing by either party at least fifteen (15) days prior to the end of the then-current term.

3. Service Levels. For as long as a current SaaS Agreement is in effect, Tyler shall provide Client access to the Tyler Software Products listed in the attached Investment Summary in accordance with Tyler's then-current Service

Level Agreement (Tyler's current Service Level Agreement is attached hereto as Exhibit 2).

4. Payment. Client agrees to pay and Tyler agrees to accept, the SaaS fees provided in Exhibit 1 on the schedule detailed herein. Client acknowledges that continued access to the Tyler Software Products hosted by Tyler pursuant to this Agreement is contingent on Client's payment of the SaaS fees as indicated herein. If Client fails to remit the SaaS fees as required, and the amount in arrears is thirty (30) days or older, Tyler shall have the undisputed right to terminate this Agreement and deny access to the hosted applications following thirty (30) days written Notice of Tyler's intent to terminate.

5. Hosting Environments. The SaaS fees contained in the attached Exhibit 1 Investment Summary include a live database, a test database and a training database.

SECTION C - PROFESSIONAL SERVICES AGREEMENT

1. Expenses. Expenses shall be ~~pre[r3]-approved by Client and~~ billed in accordance with the then-current Tyler Business Travel Policy, based on Tyler's usual and customary practices. Copies of receipts shall be provided on an exception basis at no charge. Should all receipts for non per diem expenses be requested, an administrative fee shall be incurred. Receipts for mileage and miscellaneous items less than twenty-five dollars (\$25) are not available.

2. Cancellation of Services. In the event Client cancels services less than ~~one two [r4] (21)~~ week in advance, and such cancellation is not solely due to Tyler's failure to perform pursuant to the Agreement, Client is liable to Tyler for (i) all non-refundable expenses incurred by Tyler on Client's behalf; and (ii) hourly fees associated with the canceled services if Tyler is unable to re-assign its personnel. Tyler will use best efforts to reassign its personnel.

3. Additional Services.

a) The Investment Summary contains a good faith estimate of service fees and travel expenses. Training and/or consulting services utilized in excess of those set forth in the Investment Summary and additional related services not set forth in the Investment Summary will be ~~pre[r5]-approved by Client and~~ billed at Tyler's then-current rates, plus travel expenses incurred in accordance with Section C (1).

b) Programming and/or interface quotes are estimates based on Tyler's understanding of the specifications supplied by Client. In the event Client requires additional work performed above the specifications provided, Tyler will submit to Client an amendment containing an estimate of the charges for the additional work. Client will have thirty (30) calendar days from the date the estimate is provided to approve the amendment.

4. Scope of Services

[INSERT THE FULL SCOPE OF SERVICES TYLER WILL BE PROVIDING THE EAA. THIS WILL FULLY DESCRIBE THE SOFTWARE FUNCTIONALITY [r6], WITH [r7] WARRANTIES, AND THE SERVICES/CUSTOMIZATION/IMPLEMENTATION TYLER WILL BE PROVIDING]

SECTION D – MAINTENANCE

1. Maintenance Services.

a) Maintenance Services Terms, Conditions, Limitations and Exclusions.

i) For as long as a current SaaS Agreement is in place, Tyler shall, in a professional, good and workmanlike manner, perform its obligations in accordance with Tyler's then current support call process in order to conform the Tyler Software Products to the applicable warranty under this Agreement. If Client modifies the Tyler Software Products without Tyler's prior written consent, Tyler's obligations to provide maintenance services on and warrant the Tyler Software Products shall be void. Tyler reserves the right to suspend maintenance services if Client fails to pay undisputed SaaS fees within sixty (60) calendar days of the due date. Tyler will reinstate maintenance services upon Client's payment of the overdue SaaS fees.

ii) For as long as a current SaaS Agreement is in place Tyler shall provide Client with all releases Tyler makes to the Tyler Software Products that Tyler makes generally available without additional charge to

customers possessing a current Tyler annual SaaS Agreement. Third Party Products; and installation, consulting and training services related to the new releases will be provided to Client at Tyler's then-current rates. Client acknowledges and agrees that a new release of the Tyler Software Products is for implementation in the Tyler Software Products as they exist without Client customization or modification. Tyler shall support prior releases of the Tyler Software Products in accordance with Tyler's then-current release life cycle policy.

iii) SaaS fees do not include installation or implementation of the Tyler Software Products, onsite support (unless Tyler cannot remotely correct a defect in a Tyler Software Product), application design, other consulting services, support of an operating system or hardware, and support outside Tyler's normal business hours.

b) Client Responsibilities.

i) Client shall provide, at no charge to Tyler, full and free access to the Tyler Software Products; working space; adequate facilities within a reasonable distance from the equipment; and use of machines, attachments, features, or other equipment necessary to provide maintenance services set forth herein.

ii) Tyler currently utilizes "Go To Assist" as a secure commercial PC to PC remote connectivity tool to provide remote maintenance services. Client shall maintain for the duration of the Agreement a high-speed Internet connection capable of connecting to Client's PC's and server. Tyler strongly recommends that Client also maintain a modem connectivity (including PC-Anywhere, if necessary) for backup connectivity purposes. In the event Client uses the Tyler Software Products on a Windows platform, Client will maintain a modem connection through PC-Anywhere. Tyler, at its option, will use the connection to assist with problem diagnosis and resolution.

SECTION E – GENERAL TERMS AND CONDITIONS

1. Taxes. The fees set forth in the Investment Summary do not include any taxes, including, without limitation, sales, use or excise tax. All applicable taxes shall be paid by Tyler to the proper authorities and shall be reimbursed by Client to Tyler. In the event Client possesses a valid direct-pay permit, Client will forward such permit to Tyler on the Effective Date, in accordance with Section E (13). In such event, Client will be responsible for remitting all applicable taxes to the proper authorities. If tax-exempt, Client will provide Tyler with Client's tax-exempt certificate.

2. Force Majeure; Client Assistance. "Force Majeure" is defined as an event beyond the reasonable control of a party, including governmental action, war, riot or civil commotion, fire, natural disaster, labor disputes, restraints affecting shipping or credit, delay of carriers, inadequate supply of suitable materials or any other cause which could not with reasonable diligence be foreseen, controlled or prevented by the party. Neither party shall be liable for delays in performing its obligations under this Agreement to the extent that the delay is caused by Force Majeure.

Force Majeure will not be allowed unless:

a) Within ten (10) business days of the occurrence of Force Majeure, the party whose performance is delayed thereby provides the other party or parties with written notice explaining the cause and extent thereof, as well as a request for a time extension equal to the estimated duration of the Force Majeure events.

b) Within ten (10) business days after the cessation of the Force Majeure event, the party whose performance was delayed provides the other party written notice of the time at which Force Majeure ceased and a complete explanation of all pertinent events pertaining to the entire Force Majeure situation.

Either party will have the right to terminate this Agreement if Force Majeure suspends performance of scheduled tasks by one or more parties for a period of one hundred-twenty (120) or more days from the scheduled date of the task. This paragraph will not relieve Client of its responsibility to pay for services and goods provided to Client and expenses incurred on behalf of Client prior to the effective date of termination.

In addition, Client acknowledges that the implementation of the Tyler Software Products is a cooperative process requiring the time and resources of Client personnel. Client shall, and shall cause Client personnel to, use all reasonable efforts to cooperate with and assist Tyler as may be reasonably required to meet the project deadlines and other milestones agreed to by the parties for implementation. Tyler shall not be liable for failure to meet such

deadlines and milestones when such failure is due to Force Majeure (as defined above) or to the failure by Client personnel to provide such cooperation and assistance (either through action or omission).

3. Indemnification.

a) Tyler shall indemnify and hold harmless Client and its agents, officials and employees from and against any and all direct claims, losses, liabilities, damages, costs and expenses (including reasonable attorney's fees and costs) for personal injury or property damage arising from Tyler's negligence or willful misconduct.

b) To the extent permitted by law, Client shall indemnify and hold harmless Tyler and its agents, officials and employees from and against any and all direct claims, losses, liabilities, damages, costs and expenses (including reasonable attorney's fees and costs) for personal injury or property damage arising from Client's negligence or willful misconduct.

4. Limitation of Liability. In no event shall Tyler be liable for special, indirect, incidental, consequential, or exemplary damages, including, without limitation, any damages resulting from loss of use, loss of data, interruption of business activities, or failure to realize savings arising out of or in connection with the use of the Tyler Software Products, Services, or Third Party Products. Tyler's liability for damages and expenses arising from the Tyler Software Products or Services, whether based on a theory of contract or tort, including negligence and strict liability, shall be limited to the Fees set forth in the Investment Summary related to the defective product or service. Tyler's liability for damages and expenses arising from the Third Party Products, whether based on a theory of contract or tort, including negligence and strict liability, shall be limited to the license fee/purchase price of the Third Party Products. Such fees reflect and are set in reliance upon this limitation of liability.

5. Disclaimer. THE RIGHTS, REMEDIES, AND WARRANTIES SET FORTH IN THIS AGREEMENT ARE EXCLUSIVE AND IN LIEU OF ALL OTHER RIGHTS, REMEDIES, AND WARRANTIES EXPRESSED, IMPLIED, OR STATUTORY, INCLUDING, WITHOUT LIMITATION, THE WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, AND SYSTEM INTEGRATION, WHICH ARE HEREBY DISCLAIMED BY TYLER.

6. Termination.

a) Termination for Cause. Client may terminate this Agreement for cause in the event Tyler does not cure a material breach of this Agreement within thirty (30) days of receiving notice of such breach from Client. This Agreement may be terminated immediately by a Party upon (i) the commission of an illegal act, unethical practice, or violation of public policy, including theft or embezzlement, by the other Party; (ii) conduct by the other Party that may adversely affect a Party, as determined by such Party in its sole discretion, [18] or (iii) the filing of bankruptcy by either Party. Further, Client may terminate this Agreement immediately upon the substantial failure of Tyler to perform the Services that it is obligated to perform hereunder in a timely manner. [19] Upon such termination, Client shall pay Tyler for all services and expenses not in dispute and non-Defective Tyler Software Products which were delivered or incurred prior to the date Tyler received Client's notice of termination. Payment for services and expenses in dispute will be determined in accordance with the dispute resolution process.

b) Termination for Non-appropriation. If Client should not appropriate or otherwise make available funds sufficient to purchase, lease, operate or maintain the products set forth in this Agreement, or other means of performing the same functions of such products, Client may unilaterally terminate this Agreement only upon thirty (30) days written notice to Tyler. Upon termination, Client shall remit payment for all products and services delivered to Client and all expenses incurred by Tyler prior to Tyler's receipt of the termination notice. Client will not be entitled to a refund or offset of previously paid license and other fees.

c) Termination for Convenience. Client may terminate this Agreement without cause by providing at least thirty (30) days advance written notice of such termination to Tyler. Upon termination, Client shall remit payment for all products and services delivered to Client and expenses incurred prior to the effective date of termination.

7. No Assignment. Client may not assign its rights and responsibilities under this Agreement without Tyler's prior written permission, not to be unreasonably withheld.

8. Confidentiality. Confidential Information. "Confidential Information" means any information related to the business, personnel and operations of either Party obtained by the other, and may include, but is not limited to,

educational records and data as defined and protected under the Family Education Rights and Privacy Act, 20 U.S.C. §1232g, 34 C.F.R. Part 99, information or data related to business affairs, data, manuals, financial and accounting data, data and information concerning contracts, intellectual property, proprietary information and other operational information. Both parties recognize that their respective employees and agents, in the course of performance of this Agreement, may be exposed to confidential information and that disclosure of such information could violate rights to private individuals and entities. Each party agrees that it shall not disclose any confidential information of the other party and further agrees to take appropriate action to prevent such disclosure by its employees or agents. The confidentiality covenants contained herein will survive the termination or cancellation of this Agreement for a period of two (2) years. This obligation of confidentiality will not apply to information that:

- a) At the time of the disclosure is in the public domain;
- b) After disclosure, becomes part of the public domain by publication or otherwise, except by breach of this Agreement by a party;
- c) A party can establish by reasonable proof was in that party's possession at the time of disclosure;
- d) A party receives from a third party who has a right to disclose it to that party; or
- e) Is subject to Freedom of Information Act requests, only to the extent disclosure is based on the good faith written opinion of the receiving party's legal counsel that disclosure is required by law: provided, however, that that receiving party shall give prompt notice of the service of process or other documentation that underlies such requirement and use its best efforts to assist the disclosing party if the disclosing party wishes to obtain a protective order or otherwise protect the confidentiality of such confidential information. The disclosing party reserves the right to obtain protective order or otherwise protect the confidentiality of its confidential information. Each party will protect the Confidential Information with the same degree of care as the Protecting party uses to avoid unauthorized use, disclosure, publication or dissemination of its own confidential information of a similar nature, but in no event, less than a reasonable degree of care. Further, each party shall not disclose or otherwise make available the other party's Confidential Information to any third party without the prior written consent of the non-disclosing party; provided, however, that either party may disclose the Confidential Information to its officers, employees, and contractors who need access to the Confidential Information to perform their obligations to the other and who are themselves bound by nondisclosure obligations at least as restrictive as those set forth in this Section. Each party agrees to timely notify the other party in the event one becomes aware of any loss or unauthorized disclosure of the other's Confidential Information.

9. Shipping. Delivery shall be F.O.B. shipping point.

10. Payment.

- a) The Year 1 SaaS fee [of \$~~PC10~~63,000~~(r11)~~] are due and payable on July 1, 2013 for the period July 1, 2013 through June 30, 2014. On or before each July 1 thereafter through the end of the Term, Client shall remit to Tyler an annual SaaS fee equal to the product of \$68.00 times the then-current student count for the Client. Tyler and Client shall reasonably determine the then-current student count by recourse to reliable and available sources including, but not limited to, those available through the Center for Education Performance and Evaluation.
- b) Services fees, plus expenses, are due as provided and/or incurred.
- c) Travel expenses (estimated at \$450) are invoiced as incurred. Prices do not include travel expenses incurred in accordance with Tyler's then-current Business Travel Policy. A detailed summary of Tyler's current Business Travel Policy is attached hereto as Exhibit 3.
- d) Payment is due within thirty (30) calendar days of invoice receipt.

11. Entire Agreement. This Agreement represents the entire agreement of Client and Tyler with respect to the subject matter hereof, and supersedes any prior agreements, understandings, and representations, whether written, oral, expressed, implied, or statutory. Client hereby acknowledges that in entering into this Agreement it did not rely on any information not explicitly set forth in this Agreement.

12. Multiple Originals and Signatures. This Agreement may be executed in multiple originals, any of which shall be independently treated as an original document. Any electronic, faxed, scanned, photocopied or similarly reproduced signature on this Agreement or any amendment hereto shall be deemed an original signature and shall be fully enforceable as if an original signature.

13. Notices.

a) All notices or communications required or permitted as a part of this Agreement will be in writing (unless another verifiable medium is expressly authorized) and will be deemed delivered when:

- i) Actually received,
- ii) On the date of delivery identified on the return receipt if delivered by certified mail, return receipt requested,
- iii) Upon email delivery, or
- iv) If not actually received, ten (10) days after deposit with the United States Postal Service authorized mail center with proper postage (certified mail, return receipt requested) affixed and addressed to the respective other party at the address set forth in this Agreement or such other address as the party may have designated by notice or Agreement amendment to the other party.

b) Consequences to be borne due to failure to receive a notice due to improper notification by the intended receiving party of a new address will be borne by the intended receiving party. The addresses of the parties to this Agreement are as follows:

Tyler Technologies, Inc.
1 Cole Haan Drive
Yarmouth, ME 04096
Attention: Contracts Manager

Education Achievement Authority
3022 W. Grand Boulevard, Suite 14-652
Detroit, Michigan 48202
Attention: Chancellor's Office

IN WITNESS WHEREOF, persons having been duly authorized and empowered enter into this Agreement.

Tyler Technologies, Inc.

Education Achievement Authority

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

Date: _____

Date: _____

Exhibit 1

Investment Summary

Tyler Pulse	\$43 per student per year	
Annual Support for 3rd Party connectors	Munis ERP Database Connection	included
Powerschool Database Connection	included	
3rd Party ERP Database Connection	\$1 per student per year	
Food Service Database Connection	\$1 per student per year	
LMS Database Connection	\$1 per student per year	
[PC12][r13] Tyler Hosting Services:	\$2 per student per year	
Total Annual Fee	\$68 per student per year	
	(\$6384,000/year based upon 10,500 students*)	

On-site Imp Services: 100 days @ \$1,175 per day (plus travel costs)

3rd Party Connectors to be developed on time & material basis at Tyler's then current rates

- 3rd Party ERP Database
- Special Education Database
- Food Service Database
- LMS Database

* Student count to be adjusted on the annual anniversary of the contract.

2013 – 10,500 students

2014 - TBD

SERVICE LEVEL AGREEMENT

I. Agreement Overview

This Service Level Agreement ("SLA") operates in conjunction with, and does not supersede or replace any part of, the Agreement. The SLA is effective as of May 1, 2013.

This SLA outlines the information technology service levels that Tyler will provide to Client to ensure the availability of the application services that the Client has requested Tyler to provide. All other Client support services are provided in accordance with Tyler's then-current support call process.

II. Definitions

Attainment: The percentage of time a service is available during a billing cycle, with percentages rounded to the nearest whole number.

Client Error Incident: Any service unavailability resulting from a Client's applications, content or equipment, or the acts or omissions of any of Client's service users or Client's third-party providers over whom Tyler exercises no control.

Defect: Any failure of the licensed software that is recognized as a "defect" under the agreement through which Client licenses the Tyler software.

Downtime: Those minutes during which the software products set forth in the Agreement are not available for any type of Client use. Downtime does not include those instances in which only a Defect is present.

Force Majeure: An event beyond the reasonable control of Tyler, including governmental action, war, riot or civil commotion, fire, natural disaster, or any other cause which could not with reasonable diligence be foreseen, controlled, or prevented by the party.

Service Availability: The total number of minutes in a billing cycle that a given service is capable of receiving, processing, and responding to requests, excluding maintenance windows, Client Error Incidents and Force Majeure.

III. Service Availability

The Service Availability of Tyler’s applications is intended to be 24/7/365. Tyler sets Service Availability goals and measures whether it has met those goals by tracking Attainment.

a. Client Responsibilities

Whenever a Client experiences Downtime, that Client must make a support call according to the procedures outlined in the Support Call Process exhibit. The Client will receive a support incident number.

To track attainment, the Client must document, in writing, all Downtime that it has experienced during a billing cycle. The Client must deliver such documentation to Tyler within 30 days of a billing cycle’s end.

The documentation the Client provides must evidence the Downtime clearly and convincingly. It must include, for example, the support incident number(s), if one is provided to Client, and the date, time and duration of the Downtime(s). Notwithstanding the foregoing, Client will be deemed to have satisfied this responsibility if they are able to provide sufficient information to enable Tyler to identify the specific instance of Downtime complained of.

b. Tyler Responsibilities

When Tyler’s support team receives a call from a Client that a Downtime has occurred or is occurring, Tyler will work with the Client to identify the cause of the Downtime (including whether it may be the result of a Client Error Incident or Force Majeure). Tyler will also work with the Client to resume normal operations.

Upon timely receipt of a Client’s Downtime report, outlined above in Section III (a), Tyler will compare that report to Tyler’s own outage logs and support tickets to confirm that a Downtime for which Tyler was responsible indeed occurred.

Tyler will respond to a Client’s Downtime report within 30 day(s) of receipt. To the extent Tyler has confirmed Downtime for which Tyler is responsible, Tyler will provide Client with the relief set forth below.

c. Client Relief

When a Service Availability goal is not met due to confirmed Downtime, Tyler will provide the affected Client with relief that corresponds to the percentage amount by which that goal was not achieved, as set forth in the Client Relief Schedule below.

Notwithstanding the above, the total amount of all relief that would be due under this SLA will not exceed 5% of the fee for any one billing cycle unless the Actual Attainment is less than eighty percent (80%) of the Targeted Attainment, in which case the Client Relief will be the percentage difference between the Targeted Attainment and the Actual Attainment, with the Client Relief, in no event, to exceed 50% of the fee for the applicable billing cycle. Issuing of such credit does not relieve Tyler of its obligations under the Agreement to correct the problem which created the service interruption. A correction may occur in the billing cycle following the service interruption. In that circumstance, if service levels do not meet the corresponding goal for that later billing cycle, Client’s credits will be doubled.

Every billing cycle, Tyler will compare confirmed Downtime to Service Availability. In the event actual Attainment does not meet the targeted Attainment, the following Client relief will apply:

Client Relief Schedule

Targeted Attainment	Actual Attainment	Client Relief
100%	98-99%	Remedial action will be taken.

100%	95-97%	4% credit of fee for affected billing cycle will be posted to next billing cycle
100%	<95%	5% credit of fee for affected billing cycle will be posted to next billing cycle

A Client may request a report from Tyler that documents the preceding billing cycle’s Service Availability, Downtime, any remedial actions that have been/will be taken, and any credits that may be issued.

IV. Applicability

The commitments set forth in this SLA do not apply during maintenance windows, Client Error Incidents, and Force Majeure.

Tyler performs maintenance during limited windows that are historically known to be reliably low-traffic times. If and when maintenance is predicted to occur during periods of higher traffic, Tyler will provide advance notice of those windows and will coordinate to the greatest extent possible with the Client.

V. Force Majeure

The Client will not hold Tyler responsible for meeting service levels outlined in this SLA to the extent any failure to do so is caused by Force Majeure. In the event of Force Majeure, Tyler will file with the Client a signed request that said failure be excused. That writing will at least include the essential details and circumstances supporting Tyler’s request for relief pursuant to this Section. The Client will not unreasonably withhold its acceptance of such a request.

DRAFT

Exhibit 3

Business Travel Policy Summary

1. Air Travel

A. Reservations & Tickets

Tyler's Travel Management Company (TMC) will provide an employee with a direct flight within two hours before or after the requested departure time, assuming that flight does not add more than three hours to the employee's total trip duration and the fare is within \$100 (each way) of the lowest logical fare. If a net savings of \$200 or more (each way) is possible through a connecting flight that is within two hours before or after the requested departure time and that does not add more than three hours to the employee's total trip duration, the connecting flight should be accepted.

Employees are encouraged to make reservations far enough in advance to take full advantage of discount opportunities. A seven day advance booking requirement is mandatory. When booking less than seven days in advance, management approval will be required.

Except in the case of international travel where a segment of continuous air travel is scheduled to exceed six hours, only economy or coach class seating is reimbursable.

B. Baggage Fees

Reimbursement of personal baggage charges are based on the trip duration as follows:

- Up to five days = one checked bag
- Six or more days = two checked bags

Baggage fees for sports equipment are not reimbursable.

2. Ground Transportation

A. Private Automobile

Mileage Allowance-Business use of an employee's private automobile will be reimbursed at the current IRS allowable rate, plus out of pocket costs for tolls and parking. Mileage will be calculated by using the employee's office as the starting and ending point, in compliance with IRS regulations. Employees who have been designated a home office should calculate miles from their home.

B. Rental Car

Employees are authorized to rent cars only in conjunction with air travel when cost, convenience and the specific situation require their use. When renting a car for Tyler business, employees should select a "mid-size" or "intermediate" car. "Full" size cars may be rented when three or more employees are traveling together. Tyler carries leased vehicle coverage for business car rentals; additional insurance on the rental agreement should be declined.

C. Public Transportation

Taxi or airport limousine services may be considered when traveling in and around cities or to and from airports when less expensive means of transportation are unavailable or impractical. The actual fare plus a reasonable tip (15-18%) are reimbursable. In the case of a free hotel shuttle to the airport, tips are included in the per diem rates

and will not be reimbursed separately.

D. Parking & Tolls

When parking at the airport, employees must use longer term parking areas that are measured in days as opposed to hours. Park and fly options located near some airports may also be used. For extended trips that would result in excessive parking charges, public transportation to/from the airport should be considered. Tolls will be reimbursed when receipts are presented.

3. Lodging

Tyler’s TMC will select hotel chains that are well established, reasonable in price and conveniently located in relation to the traveler’s work assignment. Typical hotel chains include Courtyard, Fairfield Inn, Hampton Inn and Holiday Inn Express. If the employee has a discount rate with a local hotel, the hotel reservation should note that discount and the employee should confirm the lower rate with the hotel upon arrival. Employee memberships in travel clubs such as AAA should be noted in their travel profiles so that the employee can take advantage of any lower club rates.

“No shows” or cancellation fees are not reimbursable if the employee does not comply with the hotel’s cancellation policy.

Tips for maids and other hotel staff are included in the per diem rate and are not reimbursed separately.

4. Meals and Incidental Expenses

Employee meals and incidental expenses while on travel status are in accordance with the federal per diem rates published by the General Services Administration. Incidental expenses include tips to maids, hotel staff, and shuttle drivers and other minor travel expenses. Per diem rates range from \$46 to \$71. A complete listing is available at www.gsa.gov/perdiem.

A. Overnight Travel

For each full day of travel, all three meals are reimbursable. Per diems on the first and last day of a trip are governed as set forth below.

Departure Day

Depart before 12:00 noon	Lunch and dinner
Depart after 12:00 noon	Dinner
Return Day	

Return before 12:00 noon	Breakfast
Return between 12:00 noon & 7:00 p.m.	Breakfast and lunch
Return after 7:00* p.m.	Breakfast, lunch and dinner

*7:00 is defined as direct travel time and does not include time taken to stop for dinner

The reimbursement rates for individual meals are calculated as a percentage of the full day per diem as follows:

- Breakfast 15%
- Lunch 25%
- Dinner 60%

B. Same Day Travel

Employees traveling at least 100 miles to a site and returning in the same day are eligible to claim lunch on an expense report. Employees on same day travel status are eligible to claim dinner in the event they return home after 7:00* p.m.

*7:00 is defined as direct travel time and does not include time taken to stop for dinner

5. Entertainment

All entertainment expenses must have a business purpose; a business discussion must occur either before, after or during the event in order to qualify for reimbursement. The highest-ranking employee present at the meal must pay for and submit entertainment expenses. An employee who submits an entertainment expense for a meal or participates in a meal submitted by another employee cannot claim a per diem for that same meal.

6. Internet Access – Hotels and Airports

Employees who travel may need to access their e-mail at night. Many hotels provide free high speed internet access and Tyler employees are encouraged to use such hotels whenever possible. If an employee's hotel charges for internet access it is reimbursable up to \$10.00 per day. Charges for internet access at airports are not reimbursable.

Effective Date: April 1, 2012

Education Achievement Authority
of Michigan

Equity. Choice. Reinvention.

RESOLUTION 2013-15
APPROVAL OF LICENSE, HOSTING, MAINTENANCE, AND IMPLEMENTATION
AGREEMENTS WITH MAXIMUS K-12 EDUCATION, INC. FOR SPECIAL EDUCATION
INFORMATION SYSTEM SOFTWARE

The Executive Committee of the Education Achievement Authority resolves:

1. That the attached License, Hosting, Maintenance and Implementation Agreements with Maximus K-12 Education, Inc., to provide special education information system software and perform other related services as outlined for the EAA of Michigan is approved by the Executive Committee of the Authority as the governing body of the Authority subject to further negotiations and/or agreements between the parties to effectuate the transaction;
2. That the Chancellor of the Authority is authorized to execute the respective Agreements with Maximus K-12 Education, Inc. on behalf of the Authority;
3. That the Secretary of the Executive Committee of the Authority shall enter the terms of the Agreement in the minutes of the proceedings of the Executive Committee of the Authority.

Certification:

I certify that this resolution was duly adopted by the Executive Committee of the Education Achievement Authority at a properly-noticed open meeting held with a quorum present on the ____ day of _____.

By: _____
President

By: _____
Secretary

Legal Counsel
Approved as to Form



TIENET® SOFTWARE LICENSE AGREEMENT

This TIENET® Software License Agreement (“License Agreement”) is made and entered into between MAXIMUS K-12 Education, Inc., a Virginia Corporation (“MAXIMUS”), with its principal offices at 1891 Metro Center Drive, Reston, VA on June 15, 2013 (the “Effective Date”), and the Education Achievement Authority of Michigan (“Licensee”), with its principal offices at 3022 West Grand Blvd., Suite 14-652, Detroit, Michigan 48202. MAXIMUS and Licensee are sometimes referred to herein as the “Parties” or individually as a “Party”. In reliance on the mutual promises and obligations contained herein, the Parties hereby agree as follows:

1. Introduction.

- 1.1. MAXIMUS has developed and markets certain proprietary TIENET® (the “TIENET Software”).
- 1.2. Licensee desires to license the TIENET Software from MAXIMUS, and MAXIMUS is willing to license the TIENET Software to Licensee, on the terms and conditions specified in this License Agreement.

2. Definitions. As used herein, the following terms shall have the meanings and definitions as specified below:

- 2.1. “Assignee” has the meaning given in Section 12.5.
- 2.2. “Assignment” has the meaning given in Section 12.5
- 2.3. “Authorized Users” means teachers, administrators (and other members of the school community) whom Licensee may authorize to use the TIENET Software pursuant to the terms and conditions of this License Agreement. Authorized Users also include third party consultants hired by Licensee to implement or operate the TIENET Software provided that such third parties agree to comply with the terms and conditions of this License Agreement.
- 2.4. “Confidential Information” has the meaning given in Section 10.2
- 2.5. “Documentation” means all standard written users or technical information, in printed or other format, delivered to Licensee by MAXIMUS with respect to the TIENET Software, now or in the future, including but not limited to instructions, on-line help messages, manuals, and other publications of MAXIMUS, which contain, describe, explain or otherwise relate to the TIENET Software.
- 2.6. “License Fee” means the fee for the TIENET Software under this License Agreement.
- 2.7. “Notices” has the meaning given in Section 12.8.
- 2.8. “Per pupil” means the cost basis for the TIENET Software as set out on the attached Exhibit A.
- 2.9. “Site” means a Licensee school building and administrative locations.
- 2.10. “Software Order” has the meaning given in Section 3.1.
- 2.11. “Supported Technology” means the specific versions of the browsers and operating systems that are listed in Exhibit B with which MAXIMUS has tested the TIENET Software for compatibility.
- 2.12. “Term” means the duration described in Section 9.1.
- 2.13. “TIENET Software” has the meaning given in Section 1.1.

3. Ordering of TIENET Software

- 3.1. Software Orders. Under this License Agreement, Licensee may order software products from MAXIMUS by signing and delivering one or more orders (each, a “Software Order”) containing the information specified in Exhibit A

(Software Order). Licensee shall be entitled to submit a purchase order with any Software Order, but no legal terms in a Licensee purchase order shall amend or supplement the terms of this License Agreement. This TIENET Software license shall not be effective without receipt by MAXIMUS of a purchase order executed by Licensee

- 3.2. Acceptance; Rejection. MAXIMUS may at its discretion reject any Software Order that does not include the information specified in Exhibit A (Software Order). Written acceptance by MAXIMUS of a Software Order submitted by Licensee shall create a separate contract which shall be subject to the terms and conditions of this License Agreement as well as any additional provisions that may be set forth in the Software Order in the form accepted by MAXIMUS. Upon written acceptance of a Software Order by MAXIMUS, MAXIMUS shall grant to Licensee a license to the modules of the TIENET Software described in such Software Order on the terms and conditions set forth in this License Agreement.

4. License Grant

- 4.1. Scope. MAXIMUS hereby grants to Licensee, effective upon written acceptance of a Software Order by MAXIMUS, a non-exclusive, non-transferable, license to install and use the modules of the TIENET Software specified in such Software Order. The Software Order shall state the length of the license (perpetual or annual) along with the number of students specified in such Software Order. Licensee shall also be entitled to use the Documentation, for the term specified in Section 9.1, conditioned on Licensee's payment of the Total License Fee specified in Section 1.2 of the Software Order and on Licensee's compliance with all the terms and conditions of this License Agreement. All rights not expressly granted to Licensee hereunder are reserved to MAXIMUS.
- 4.2. Restrictions on Use. The license granted in Section 4.1 is expressly conditioned on Licensee's compliance with each of the following conditions:
- 4.2.a. The Licensee designates Authorized Users by providing them user IDs and passwords to use the TIENET Software from any point of access to the Internet.
- 4.2.b. Authorized Users may use the licensed TIENET Software with user IDs and passwords provided by MAXIMUS. Licensee is responsible for maintaining, and for requiring Authorized Users to maintain, the confidentiality of such user IDs and passwords, and Licensee is solely responsible for consequences that may result from any disclosure by Licensee or any Authorized User of any such user ID or password.
- 4.2.c. Licensee may not copy the TIENET Software, or allow Authorized Users to copy [DHB1]the TIENET Software, unless expressly permitted in writing by MAXIMUS. Upon request by MAXIMUS, Licensee shall provide written confirmation that, to the best of Licensee's knowledge, information, and belief, neither Licensee nor any Authorized User has copied any portion of the TIENET Software.
- 4.2.d. Only Licensee and the Authorized Users are permitted to use the TIENET Software. Licensee shall assure that, to the best of Licensee's ability, all use by Authorized Users of the TIENET Software complies with the terms and conditions of this License Agreement.
- 4.2.e. Licensee may not resell, transfer, assign, sublicense, pledge, lease, rent or share the TIENET Software or Licensee's rights hereunder or disclose any portion of the TIENET Software to any third party, unless expressly permitted under this License Agreement or with prior written permission from MAXIMUS.
- 4.2.f. Licensee shall not modify, disassemble, decompile, "unlock," reverse engineer or in any manner decode, or discover the source code for the TIENET Software.
- 4.3. Licensee Data. The data used in Licensee's application of the TIENET Software is the exclusive property of the Licensee. MAXIMUS will not use any of this data, outside of supporting the Licensee's use of the TIENET Software, without written permission from Licensee. In addition MAXIMUS will take reasonable steps, consistent with the sensitivity of the data, to maintain the confidentiality of the data.
- 4.4. Audits. MAXIMUS may, at its option, but no more often than once in any 12-month period, audit Licensee's usage of the TIENET Software. Audits may include but are not limited to inspections of Licensee's computer systems, books and accounts as they relate to such use. MAXIMUS will provide Licensee at least five (5) days prior notice of any audit and all audits shall take place during Licensee's business hours. At the sole option of MAXIMUS, an audit may be conducted by MAXIMUS or a third party. Licensee agrees to assist MAXIMUS with the audit procedure as is reasonably necessary. In the event that an audit reveals that an additional Licensee Fee is due to MAXIMUS, such amount, with interest at the rate set forth in Section 6.2 from the date such additional Licensee Fee should have been paid, shall be immediately due and payable by Licensee. If an additional Licensee Fee found to be due is five percent

(5%) or more of the Licensee Fee paid to MAXIMUS for the TIENET Software, then Licensee shall also reimburse MAXIMUS for the reasonable expenses of the audit.[DHB2]

5. Delivery, Implementation, and Maintenance or Hosting

- 5.1. Delivery. MAXIMUS shall deliver the TIENET Software to Licensee at a location specified by Licensee by electronic transmission, at the sole option of MAXIMUS. Licensee shall bear the risk of loss of, or damage to, the TIENET Software after receipt by Licensee.
- 5.2. Processing Environment. If Licensee hosts the TIENET Software, Licensee shall be responsible for the procurement and installation of all applicable hardware and operating system software necessary to operate the TIENET Software as listed in Exhibit B. Additionally, if Licensee hosts the TIENET Software, Licensee shall be responsible for determining and meeting, in a timely manner, all site preparation requirements for hardware operation, including but not limited to environmental controls, electrical service and cable installation.
- 5.3. Implementation. Contemporaneously, with execution of this License Agreement, Licensee shall enter into a separate TIENET Software Implementation Agreement pursuant to which MAXIMUS shall assist Licensee with implementation of the TIENET Software.
- 5.4. Maintenance or Hosting. Licensee shall be given the opportunity to enter into a separate TIENET Software Maintenance Agreement, pursuant to which MAXIMUS shall provide Licensee specified maintenance services for the TIENET Software, or a separate TIENET Software Hosting Agreement pursuant to which MAXIMUS shall provide Licensee specified hosting and maintenance services for the TIENET Software.

6. Fees; Taxes.

- 6.1. License Fee. Licensee shall pay MAXIMUS the License Fees for the TIENET Software in accordance with the payment schedule set forth on the applicable Software Order.
- 6.2. Payment Terms. Unless otherwise agreed to in a Software Order that has been accepted by MAXIMUS in writing, all License Fees are due within thirty (30) days after the date of the MAXIMUS invoice. Payments not made when due shall be subject to interest of the lesser of (a) one percent (1%) per month, or twelve percent (12%) per year, of the overdue amount or (b) the maximum amount permitted under applicable law.
- 6.3. Taxes. Licensee shall pay all sales, use and excise taxes, and all other taxes, duties, and, if applicable, levies on imports or exports relating to, or under, this License Agreement (exclusive of taxes based on the net income of MAXIMUS), unless Licensee is exempt from the payment of such taxes and provides MAXIMUS with evidence of such exemption. All amounts specified in any Software Order are in U.S. dollars and payable in U.S. dollars.

7. Limited Warranty; Disclaimer.

- 7.1. Limited Warranty. [pc23]MAXIMUS represents and warrants solely to Licensee that the modules of the TIENET Software specified in a Software Order will operate substantially in accordance with the applicable Documentation, including any descriptions in the Documentation regarding reporting requirements, for a period of one (1) year from the date that MAXIMUS accepts such Software Order in writing.
- 7.2. Exclusions. The limited warranty set forth in Section 7.1. does not apply to any material deviation by the TIENET Software from applicable Documentation that results from (a) modification of the TIENET Software by anyone other than MAXIMUS, (b) failure by Licensee to install any update, upgrade or enhancement that MAXIMUS may provide, or any operating system release, (c) any misuse or incorrect use of the TIENET Software, or (d) any malfunction of Licensee's computer equipment, internet access or other module of Licensee's processing environment.
- 7.3. Exclusive Remedy. In the event of failure by any module of the TIENET Software to operate substantially in accordance with the applicable Documentation, the only liability of MAXIMUS to Licensee, and Licensee's sole and exclusive remedy, shall be use by MAXIMUS of commercially reasonable efforts to correct or avoid such failure or, at the sole discretion of MAXIMUS, termination of this License Agreement with respect to the applicable module of the TIENET Software and refund of the Total License Fees for all the applicable modules installed and services performed pursuant to this License Agreement and, the Maintenance Agreement, the Implementation Agreement, and the Hosting Agreement, including but not limited to implementation, maintenance, hosting, and training fees, paid by Licensee to MAXIMUS for such module.

- 7.4. Responsibility for Results Obtained. Licensee acknowledges that it selected the TIENET Software and had an opportunity to determine independently that the TIENET Software would meet Licensee's needs. Accordingly, Licensee assumes all responsibility for, and risk of, use of the TIENET Software by Licensee and the Authorized Users.
- 7.5. Disclaimer. MAXIMUS MAKES NO REPRESENTATIONS OR WARRANTIES ABOUT THE ACCURACY, RELIABILITY OR COMPLETENESS OF THE INFORMATION CONTAINED IN THE TIENET SOFTWARE ABOUT THE RESULTS THAT LICENSEE MAY OBTAIN FROM USE OF THE TIENET SOFTWARE. THE LIMITED WARRANTY SET FORTH IN THIS SECTION 7 CONSTITUTES THE SOLE WARRANTY GIVEN BY MAXIMUS WITH RESPECT TO THE TIENET SOFTWARE AND IS IN LIEU OF, AND MAXIMUS HEREBY DISCLAIMS, ALL OTHER WARRANTIES, EXPRESS AND IMPLIED, INCLUDING WITHOUT LIMITATION THE WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE AND ANY WARRANTIES ARISING OUT OF COURSE OF DEALING OR COURSE OF PERFORMANCE. MAXIMUS DOES NOT WARRANT THAT THE OPERATION OF THE TIENET SOFTWARE WILL BE UNINTERRUPTED OR ERROR-FREE.

8. Limitation of Liability

IN NO EVENT SHALL THE AGGREGATE LIABILITY OF MAXIMUS AND ITS SUPPLIERS, SUBCONTRACTORS AND REPRESENTATIVES TO LICENSEE ARISING OUT OF OR RELATED TO THIS LICENSE AGREEMENT EXCEED THE AMOUNTS ACTUALLY PAID TO MAXIMUS IN ACCORDANCE WITH EXHIBIT A[DHB4] OF THIS AGREEMENT DURING THE SIX-TWELVE (12) MONTH PERIOD IMMEDIATELY PRECEDING THE DATE SUCH CLAIM AROSE. IN NO EVENT SHALL MAXIMUS OR ANY OF ITS SUPPLIERS, SUBCONTRACTORS OR REPRESENTATIVES BE LIABLE TO LICENSEE FOR ANY SPECIAL, CONSEQUENTIAL, INCIDENTAL, PUNITIVE, INDIRECT OR RELIANCE DAMAGES, HOWEVER CAUSED, INCLUDING BUT NOT LIMITED TO LOST DATA, LOST PROFITS, LOSS OF USE, AND/OR BUSINESS INTERRUPTION, WHETHER FOR BREACH OF CONTRACT, TORT (INCLUDING NEGLIGENCE) OR UNDER ANY OTHER LEGAL THEORY, WHETHER FORESEEABLE OR NOT AND WHETHER OR NOT MAXIMUS OR ANY OF ITS SUPPLIERS, SUBCONTRACTORS OR REPRESENTATIVES WAS ADVISED OF THE POSSIBILITY OF SUCH DAMAGES, AND NOTWITHSTANDING THE FAILURE OF ESSENTIAL PURPOSE OF ANY EXCLUSIVE REMEDY. THE PARTIES AGREE TO THE ALLOCATION OF LIABILITY RISK SET FORTH IN THIS SECTION 8.

9. Term; Termination

- 9.1. Term. This License Agreement shall commence on the Effective Date and shall continue in effect as set out in section 1.1 of Exhibit A, unless and until terminated in accordance with this Section 9. In the event MAXIMUS hosts Licensee's version of the TIENET Software, this License Agreement shall terminate in the event Licensee fails to make its maintenance payments and the Maintenance Agreement executed contemporaneously with this License Agreement is terminated.
- 9.2. Termination. Either Party may terminate this License Agreement if the other Party has materially breached this License Agreement and has failed to correct such breach within a thirty (30) day period after receipt of written notice thereof, provided that MAXIMUS shall have the right to terminate this License Agreement immediately upon written notice in the event Licensee breaches, or threatens to breach, any of the obligations under Section 4. Further, Licensee may terminate this Agreement with thirty (30) days written notice to MAXIMUS in the event: (i) that Licensee shall cease to exist as a public body corporate (or otherwise as an independent entity), and provided that the operations and purpose of Licensee have not been transferred to some other agency of the State of Michigan or other independent entity; (ii) that funds, whether federal, state, or local, are not appropriated or otherwise received in sufficient amounts to enable Licensee to meet its obligations under this License Agreement or a specific Software Order. In such event, Licensee shall only be liable for payments due through the effective date of termination.
- 9.3. Effect of Termination. Upon the termination of this License Agreement in accordance with Section 9.2: (a) all licenses granted hereunder shall terminate; and (b) Licensee and all Authorized Users shall cease using the TIENET Software; and (c) Licensee shall only be liable for payments due through the effective date of termination. If requested, Licensee shall promptly provide MAXIMUS with written notice certifying compliance with this Section 9.3. Additionally, Licensee shall be obliged to pay MAXIMUS at the agreed upon rate for Total License Fees for all modules installed and services performed pursuant to the Implementation Agreement, the Maintenance Agreement, and/or the Hosting Agreement, up to the effective date of termination. MAXIMUS shall send Licensee's data in an electronic format (at no cost to Licensee) to the destination identified in writing by the Licensee.
- 9.4. Survival upon Termination. Sections 4.3, 4.4, 6[DHB5], 7.5, 8, 9.3, 10.3, 10.4, 11 and 12 shall survive the termination of this License Agreement for any reason.

10. Ownership; Confidential Information; Licensee Property; Publicity

- 10.1. MAXIMUS Property.** MAXIMUS or its suppliers, as applicable, retain ownership, subject to the rights granted to Licensee in this License Agreement, of the TIENET Software, the Documentation, all other materials provided by MAXIMUS hereunder, and all right, title and interest therein, including, without limitation, all patents, copyrights, trade secrets, trademarks and other proprietary rights. Licensee acknowledges and agrees that: (a) it is acquiring only a limited right to use certain copies of the TIENET Software in accordance with the License Agreement; (b) it will not claim or assert any right or title to any such materials or attempt to transfer any title to any third parties; and (c) it will not remove, alter or destroy any proprietary, trademark, patent or copyright markings placed upon or contained within the TIENET Software, the Documentation, or any related materials.
- 10.2. Confidential Information.** "Confidential Information" as applied to MAXIMUS, means this License Agreement and its Exhibits, any addenda hereto signed by both Parties, all TIENET Software, Documentation, information models, logic diagrams, data, drawings, benchmark tests, specifications and source code for the TIENET Software, or any adaptations of the foregoing, all knowledge and know-how inherent in the TIENET Software as well as all knowledge and know-how that is applied to the configuration of the TIENET Software and any other proprietary information supplied to Licensee by MAXIMUS hereunder. "Confidential Information" as applied to Licensee, means any information related to the business, personnel and operations of Licensee obtained by MAXIMUS, and may include, but is not limited to, educational records and data as defined and protected under the Family Educational Rights and Privacy Act, 20 U.S.C. §1232g, 34 C.F.R. Part 99, information or data related to business affairs, data, manuals, financial and accounting data, data and information concerning contracts, intellectual property, proprietary information and other operational information.
- 10.3. Obligations.** The Parties acknowledge that the Confidential Information of each Party constitutes valuable trade secrets and agree that they shall use the Confidential Information solely in accordance with the provisions of this License Agreement and applicable law, and will not disclose the Confidential Information, directly or indirectly, to any third party without the prior written consent of the other Party. The Parties agree to exercise a high standard of care in protecting the Confidential Information of the other from unauthorized use and disclosure. Without limiting the foregoing, each Party shall adopt whatever measures may be required to limit access to the Confidential Information to those of its employees that are subject to non-disclosure obligations and who require such access in order to use the TIENET Software or otherwise meet its obligations under the agreements between the Parties in a manner consistent with this License Agreement. However, a Party bears no responsibility for safeguarding information that is publicly available, already in that Party's possession and not subject to a confidentiality obligation, obtained by a Party from third parties without restrictions on disclosure, independently developed by a Party without reference to Confidential Information, or required to be disclosed by order of a court or other governmental entity.
- 10.4. Licensee Property.** MAXIMUS acknowledges that, in the course of its performance of this License Agreement, it may become privy to certain information that Licensee deems as proprietary and confidential, or is otherwise prohibited from disclosure under state or federal law, including, but not limited to information, data, and student records protected by the Family Educational Rights and Privacy Act, 20 U.S.C. §1232g, 34 C.F.R. Part 99. MAXIMUS agrees to protect and treat all such information that is identified as proprietary and/or confidential in accordance with the law and in a confidential manner and will not disclose or permit to be disclosed, the same, directly or indirectly, to any third party without Licensee's prior written consent, except that MAXIMUS may disclose such information to its contractors or agents who require such information in order to enable MAXIMUS to fulfill its obligations under this License Agreement and who are subject to non-disclosure obligations consistent with those defined in this Section. However, MAXIMUS bears no responsibility for safeguarding information that is publicly available, already in the possession of MAXIMUS and not subject to a confidentiality obligation, obtained by MAXIMUS from third parties without restrictions on disclosure, independently developed by MAXIMUS without reference to such information, or required to be disclosed by order of a court or other governmental entity.
- 10.5. Injunctive Relief.** In the event of any breach of Sections 10.3 or 10.4, each Party acknowledges that the non-breaching Party would suffer irreparable harm for which such Party would have no adequate remedy at law, since the harm caused by such breach could not easily be measured and compensated for in the form of damages. The Parties therefore agree and stipulate that they shall be entitled to such injunctive relief in connection with any such breach without posting a bond or other security; provided, however, that if the posting of a bond is a prerequisite to obtaining injunctive relief, then a bond in the amount of \$1,000 shall be sufficient.
- 10.6. Permitted Announcements.** MAXIMUS will issue press releases announcing the relationship contemplated by this License Agreement and any of the separate agreements that MAXIMUS and Licensee may enter into in accordance with Section 5. MAXIMUS shall have the right to include quotes from Licensee in MAXIMUS press releases, upon Licensee's prior written approval of such quotes. Additionally, MAXIMUS may use Licensee's name and logo in the MAXIMUS website, corporate lobby, financial reports, press releases, prospectuses, customer lists and other publicity materials to indicate that Licensee is a customer of MAXIMUS. Licensee agrees to assist MAXIMUS, at

MAXIMUS' sole cost, in formulating a case study regarding Licensee's choice and implementation of the TIENET Software. No Licensee confidential and/or proprietary information will be included in such case study.

11. Indemnification

- 11.1. Indemnification by MAXIMUS.** MAXIMUS shall, at its own expense, defend or, at its sole option, settle any claim, suit or proceeding brought against Licensee on the issue of infringement by the TIENET Software of any copyright, trademark or trade secret, subject to the limitations set forth in Section 8. MAXIMUS shall have sole control of any such action or settlement negotiations, and MAXIMUS agrees to pay, subject to the limitations set forth in Section 8, [DHB6]any final judgment entered against Licensee on such issue in any such suit or proceeding defended by MAXIMUS. Licensee agrees that MAXIMUS at its sole option shall be relieved of the foregoing obligations unless Licensee notifies MAXIMUS promptly in writing of such claim, suit or proceeding and gives MAXIMUS authority to proceed as contemplated herein, and, at MAXIMUS expense, gives MAXIMUS proper and full information and assistance to settle and/or defend any such claim, suit or proceeding. If the TIENET Software, or any part thereof, are, or in the opinion of MAXIMUS may become, the subject of any claim, suit or proceeding for infringement of any proprietary right of any third party, or if it is by adjudication determined that the TIENET Software infringes any proprietary right of any third party, or if the sale or use of the TIENET Software is enjoined, then MAXIMUS may, at its option and expense either: (a) procure for Licensee the right to sell or use, as appropriate, the TIENET Software; (b) replace the TIENET Software with other suitable software; (c) suitably modify the TIENET Software; or (d) terminate this License Agreement with respect to the applicable TIENET Software and refund that portion of the License Fee received by MAXIMUS, attributable thereto.
- 11.2. Exclusions.** Notwithstanding the provisions of Section 11.1, MAXIMUS assumes no liability for (a) infringement resulting from use of the TIENET Software in combination with any other software, product, method or process; (b) infringement involving the modification or servicing of the TIENET Software, or any part thereof, by an entity other than MAXIMUS; (c) failure of Licensee to implement any update to the TIENET Software provided by MAXIMUS, if the infringement would have been avoided by the implementation of the update; and (d) infringement arising from any use of the TIENET Software that does not comply with the uses permitted under this License Agreement.
- 11.3. Exclusive Remedy.** THE FOREGOING PROVISIONS OF THIS SECTION 11 STATES THAT THE ENTIRE LIABILITY AND OBLIGATIONS OF MAXIMUS AND THE EXCLUSIVE REMEDY OF LICENSEE, WITH RESPECT TO ANY ALLEGED INFRINGEMENT OF PATENTS, COPYRIGHTS, TRADEMARKS OR OTHER INTELLECTUAL PROPERTY RIGHTS BY THE TIENET SOFTWARE.
- 11.4. Indemnification by Licensee.** To the extent permitted by law, Licensee shall indemnify and defend MAXIMUS and hold it harmless against any claims asserted by third parties that arise out of Licensee's use of any TIENET Software not in accordance with this License Agreement.

12. General

- 12.1. Amendment.** No amendment or modification of this License Agreement will be valid or binding upon the Parties unless made in writing and signed by the duly authorized representatives of both Parties.
- 12.2. Relationship of the Parties.** The relationship of the Parties hereunder is that of independent contractors, and this License Agreement will not be construed to imply that either Party is the agent, employee, or joint venture partner of the other.
- 12.3. Governing Law; Jurisdiction and Venue.** This License Agreement will be governed by the laws of Michigan, without regard to its conflict of laws principles. The state and federal courts in Michigan shall have exclusive jurisdiction to adjudicate any disputes between the Parties, and each Party hereby consents to the interpretation of laws, jurisdiction, and venue in the state and federal courts sitting in Michigan. The Parties waive all rights to object to venue in said courts.
- 12.4. Severability.** In the event that any provision of this License Agreement is held to be invalid, illegal or unenforceable for any reason, this License Agreement will continue in full force and effect without said provision, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby, and this License Agreement will be interpreted to reflect the original intent of the Parties insofar as possible.
- 12.5. Assignment.** The license granted hereunder is personal in nature, as a result Licensee may not assign, sublicense, subcontract or delegate (each, an "Assignment") this License Agreement or any of the rights or obligations described hereunder (by operation of law or otherwise) to any other party (an "Assignee") without the prior written consent of MAXIMUS which, in addition to other cases in its discretion, shall not consent to an Assignment that shall cause any

of the following consequences: (i) the Assignee is not reasonably likely to perform the obligations that are the subject of the Assignment; (ii) the Assignee is engaged, to any material extent, in any business that competes with the business of MAXIMUS; or (iii) the Assignment is otherwise reasonably likely to materially and adversely affect the business or reputation of MAXIMUS; or, (iv) the Assignment results in an expansion of the use rights of the TIENET Software. Any prohibited Assignment will be null and void. Subject to the foregoing, this License Agreement will be binding upon and will inure to the benefit of the Parties' permitted successors and/or assignees. For purposes of this Section 12.5, any corporate reorganization, including but not limited to a merger, consolidation or acquisition shall be deemed an Assignment. MAXIMUS may assign this Implementation Agreement, in whole or in part, to a subsidiary, affiliate, or parent organization without the prior written consent of Licensee. Notwithstanding the foregoing, Licensee may assign this License Agreement, in whole or in part, to any successor entity that may be formed by an act of the Michigan Legislature.

- 12.6. Waiver. Waiver by either Party of a breach of any provision of this License Agreement or the failure by either Party to exercise any right hereunder will not operate or be construed as a waiver of any subsequent breach of that provision or as a waiver of that right.
- 12.7. Force Majeure. Except for the payment of fees hereunder, nonperformance of either Party will be excused to the extent that performance is rendered impossible by strike, labor disputes, fire, flood, earthquake, governmental acts, orders or restrictions or any other reason when failure to perform is beyond the reasonable control of the nonperforming Party.
- 12.8. Notices. All notices, certificates, acknowledgments or other written communications (hereinafter referred to as "Notices") required to be given under this License Agreement shall be in writing and shall be deemed to have been given and properly delivered if duly mailed by certified or registered mail to the other Party at its address as follows, or to such other address as either Party may, by written notice, designate to the other. Additionally, Notices sent by any other means (i.e., facsimile, overnight delivery, courier, and the like) are acceptable subject to written confirmation of both the transmission and receipt of the Notice.

MAXIMUS K-12 Education, Inc.

Nora Paape , Senior Vice President
MAXIMUS K-12 Education
145 Wyckoff Road, Suite 105
Eatontown, NJ 07724
Phone: 847-989-7562

Licensee: Education Achievement Authority of Michigan

Address: **3022 West Grand Boulevard, Suite 14-652**
Address Line: Detroit, Michigan 48202
Attn:
Phone:
Fax:

Copy to:
Bruce Perkins
Deputy General Counsel
MAXIMUS
4000 South IH 35
Austin, TX 78704
Phone: 512-533-2917

- 12.9. Compliance with Laws. Each Party shall comply with all applicable laws and regulations of governmental bodies or agencies in its performance under this License Agreement. Licensee shall not export or re-export the TIENET Software in violation of any applicable law or regulation of the United States or a foreign government.
- 12.10. Entire Agreement. This License Agreement (including attached Exhibits A and B and any Software Orders accepted by MAXIMUS) is the complete agreement between the Parties with respect to the subject matter hereof and fully supersedes any and all prior agreements and understandings between the Parties hereto pertaining to the subject matter hereof, including without limitation any MAXIMUS proposal and any documentation related thereto including the specification, and the terms and conditions appearing on any purchase order or other business form that Licensee may use. The Parties acknowledge and agree any other agreements that MAXIMUS and Licensee may enter into in connection with the TIENET Software are separate agreements, each of which is applicable to different subject matter, regardless of whether any such agreements may be referenced in this License Agreement.

IN WITNESS WHEREOF, the Parties have caused this License Agreement to be executed by their duly authorized representatives.

MAXIMUS K-12 Education, Inc.

By: _____

Name: Dyan H. Blomberg

Title: Contracts Manager

Date: _____

Licensee: Education Achievement Authority of Michigan

By: _____

Name: _____

Title: _____

Date: _____

EXHIBIT A

SOFTWARE ORDER

Under MAXIMUS Software License Agreement

Licensee: Education Achievement Authority of Michigan

The Licensee referenced above hereby submits this order for software products under the MAXIMUS Software License Agreement (the "License Agreement") between MAXIMUS K-12 Education, Inc. ("MAXIMUS") and the **Education Achievement Authority of Michigan** ("Licensee"). The terms and conditions of the License Agreement are incorporated herein by reference. In the event of any conflict between the License Agreement and this Software Order, this Software Order shall prevail.

1. TIENET Software; License Fees; Payment Terms:

1.1. TIENET Software License Term: Annual hosted

1.2. The TIENET Software License Term begins on the Effective Date. MAXIMUS shall invoice the Licensee for the License Fee on or about the Effective Date.

1.3. License Fee.

The License Fee shall be based upon the number of students Licensee has represented will be processed by the TIENET Software multiplied by \$ 19.50 per special education student,.. In the event the actual number of students processed by the TIENET Software during the first year of use exceeds the number of students represented by Licensee, Licensee shall pay an additional Licensee Fee equal to the additional number of student multiplied by \$19.50 per special education student .

The basis for the number of students in the table below is:

Special education students

MAXIMUS Software Module:	License Fee per Student	Number of Students	License Fee
Special Education Case Management	\$10.00	1,600	\$16,000
Total License Fee			\$16,000

2. **License Fee Payment Terms:** MAXIMUS shall invoice Licensee upon written acceptance of this Software Order by MAXIMUS. Licensee shall pay MAXIMUS the total license fee shown in Section 1.2 (the "Total License Fee") net thirty (30) days from the date of the MAXIMUS invoice.

3. **Purchase Option:** Licensee may, during the first 12 months after written acceptance of this Software Order by MAXIMUS, purchase the following MAXIMUS software modules at the prices noted, which do not include implementation or maintenance services:

MAXIMUS Software Module:	License Fee per Student	# of Students	Total License Fee	Notes
RTI	\$4	1000	\$4,000	Assess all students; covers maintenance cost

EXHIBIT B

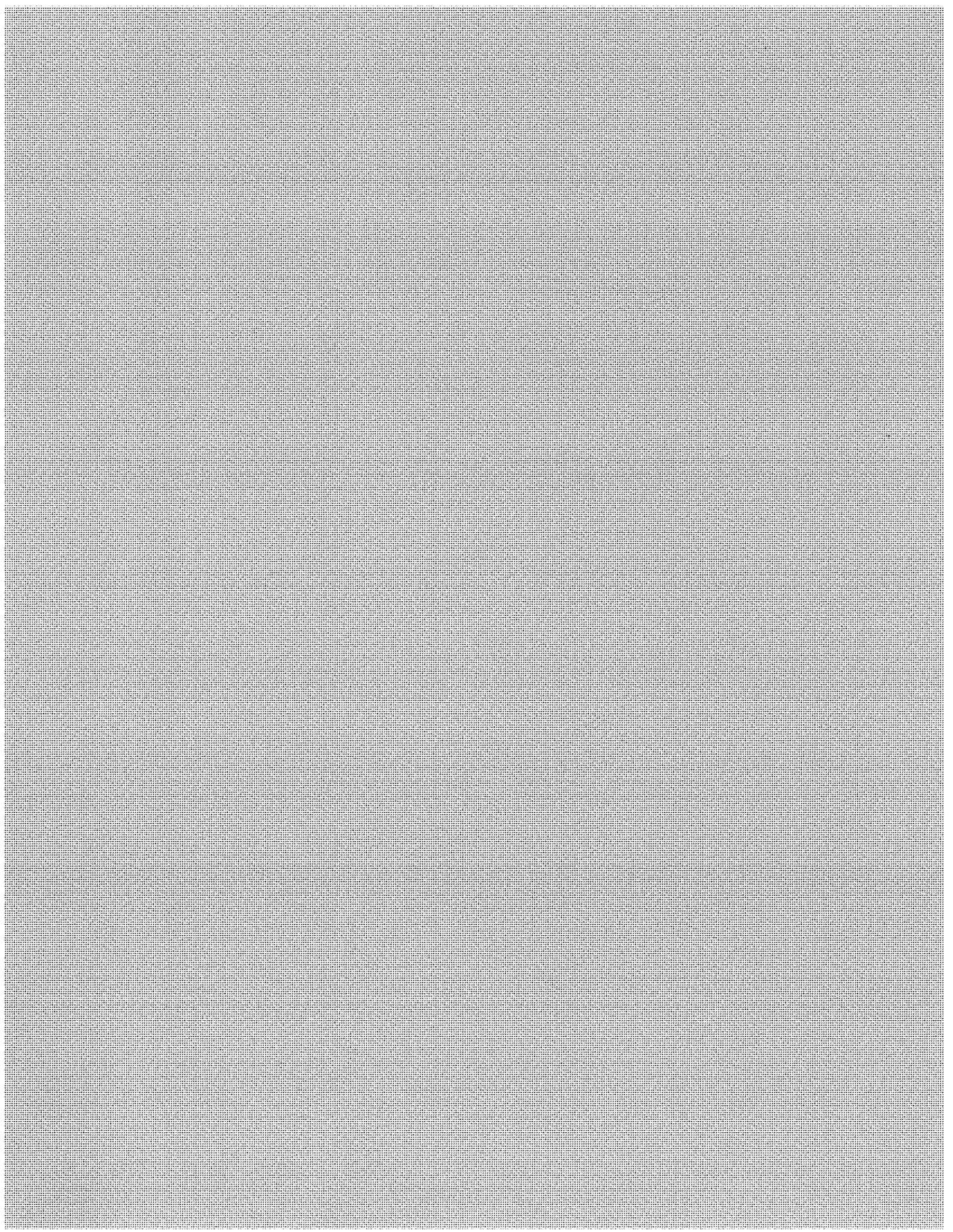
MINIMUM FACILITY AND WORKSTATION REQUIREMENTS

MAXIMUS has tested the TIENET Software and it is currently compatible with the specific versions of the browsers and operating systems that are listed below (“Supported Technology”). For any operating system or browser that is no longer supported by its manufacturer, such operating system or browsers will no longer be Supported Technology. The TIENET Software may operate in accordance with the Documentation when used with browsers and operating systems other than the Supported Technology, but MAXIMUS accepts no responsibility for any deviations by the TIENET Software from the Documentation that are attributable to use of the TIENET Software with any browser or operating system other than the Supported Technology.

1. Internet Explorer™ 7 and 8 for Windows™
2. Safari™ 3.0.4+ (Windows or Macintosh)
3. Firefox 3+ (Windows or Macintosh)

Given these browser requirements, the following operating systems are supported:

1. Microsoft Windows XP (Service Pack 3)
2. Microsoft Windows Vista
3. Microsoft Windows 7
4. Mac OS 10.4 or later (minimum 256 megabytes of RAM)





TIENET® SOFTWARE HOSTING AGREEMENT

This TIENET® Software Hosting Agreement (“Hosting Agreement”) is made and entered into between MAXIMUS K-12 Education, Inc, a Virginia corporation (“MAXIMUS”), with its principal offices at 1891 Metro Center Drive, Reston, VA 20190 on June 15, 2013, and the Education Achievement Authority of Michigan (“Licensee”), with its principal offices at 3022 West Grand Blvd., Suite 14-652, Detroit, Michigan 48202. MAXIMUS and Licensee are sometimes referred to herein as the “Parties” or individually as a “Party”. In reliance on the mutual promises and obligations contained herein, the Parties hereby agree as follows:

I. Introduction.

- 1.1. MAXIMUS and Licensee have entered into that certain TIENET® Software License Agreement of even date herewith (the “License Agreement”) pursuant to which MAXIMUS has granted to Licensee a license to use specified components of MAXIMUS’s proprietary TIENET software.
- 1.2. Licensee desires to obtain from MAXIMUS, and MAXIMUS is willing to provide to Licensee, specified hosting services for such software on the terms and conditions specified in this Hosting Agreement.

2. Definitions.

All capitalized terms used in this Hosting Agreement, unless otherwise defined herein, shall have the definitions given in the License Agreement.

- 2.1. “Data Center Services” means installation and operation of the TIENET Software, for access and use by Licensee, in a data center owned or controlled by MAXIMUS.
- 2.2. “Designated Contact” means one person that Licensee is entitled to designate in writing to MAXIMUS, which person is authorized to contact MAXIMUS with requests for Support Services.
- 2.3. “Hosting Services” means Data Center Services, Support Services and Updates.
- 2.4. “Hosting Term” means the period beginning on the date first written above and ending upon expiration of the last Renewal Hosting Period or any earlier date on which this Agreement is terminated in accordance with Section 6.2.
- 2.5. “Initial Hosting Period” means the twelve (12) consecutive month period beginning on the date first written above.
- 2.6. “Notices” has the meaning given in Section 8.8.
- 2.7. “Optional Services” means any services other than Support Services and Updates.
- 2.8. “Optional Services Authorization” has the meaning given in Section 4.3.a or 4.3.b, as applicable.
- 2.9. “Optional Services Request Form” has the meaning given in Section 4.1.
- 2.10. “Renewal Hosting Period” means the twelve (12) consecutive month period beginning on any anniversary of the date first written above unless this Agreement is terminated in accordance with Section 6.2.
- 2.11. “Support Hours” means 8:00 AM to 6:00 PM, Eastern Time, Monday through Friday (excluding MAXIMUS holidays).
- 2.12. “Support Services” means ensuring functionality of hardware and hosting environment.
- 2.13. “Update” means improvements or changes to the hosting environment.

3. Hosting Services.

- 3.1. Hosting Services Order. Licensee may order Hosting Services for the TIENET Software from MAXIMUS by signing and delivering an order (a "Hosting Services Order") containing the information specified in Addendum 1 (Hosting Services Order). The Hosting Services Order shall be submitted at the time Licensee delivers a signed Software Order to MAXIMUS in accordance with the License Agreement. Licensee shall be entitled to submit a purchase order with its Hosting Services Order, but no legal terms in a Licensee purchase order shall amend or supplement the terms of this Hosting Agreement.
- 3.2. Acceptance; Rejection. MAXIMUS may at its discretion reject any Hosting Services Order that does not include the information specified in Addendum 1 (Hosting Services Order). Written acceptance by MAXIMUS of a Hosting Services Order submitted by Licensee shall create a separate contract which shall be subject to the terms and conditions of this Hosting Agreement as well as any additional provisions that may be set forth in the Hosting Services Order in the form accepted by MAXIMUS.
- 3.3. Obligation. Upon written acceptance of a Hosting Services Order by MAXIMUS, MAXIMUS shall provide Hosting Services to Licensee during the Hosting Term and conditioned on Licensee's payment of Hosting Fees in accordance with Section 5.
- 3.4. Support Services. MAXIMUS shall provide Support Services to Licensee during Support Hours.
- 3.5. Support Services Requests. The Designated Contact may request Support Services during Support Hours (a) by telephone at the toll-free Support Services telephone number (1-888-205-1080), or (b) by email at tiensupport@maximus.com. MAXIMUS generally responds to e-mail submissions within twenty-four (24) to forty-eight (48) hours (excluding any time for non-business days) after the receipt of the request. Notwithstanding anything to the contrary, MAXIMUS provides no warranty as to the timeliness of any responses and any responses in excess of such period shall not constitute a breach by MAXIMUS hereunder.
- 3.6. Remote Access. MAXIMUS is able to remotely access the TIENET Software in the MAXIMUS data center to provide requested Support Services. Unless stated otherwise at the beginning of a remote access session, Licensee hereby consents to access by MAXIMUS to the TIENET Software (and data or logs therein and thereof) hosted by MAXIMUS for Licensee in order to enable MAXIMUS to provide Support Services, and Licensee hereby waives any claims or causes of action against MAXIMUS related to or arising in any manner from such remote access. Licensee further agrees to indemnify MAXIMUS and hold it harmless from and against any and all claims or causes of actions brought against MAXIMUS arising from or related to such remote access.
- 3.7. Updates. MAXIMUS, at its sole discretion, may install Updates. Each Update is subject to the terms and conditions of the License Agreement and this Hosting Agreement.
- 3.8. Restoring Data from Backup. In the event Licensee requests that MAXIMUS provide it with a copy of a portion of the License's TIENET System database in order to remedy errors captured in Licensee's data:
 - 3.8.1. If MAXIMUS is able to retrieve the backup from the storage area network ("SAN") there will be no additional charge for this service.
 - 3.8.2. If MAXIMUS is required to retrieve the backup from storage tapes then MAXIMUS shall provide one such backup per calendar quarter at no additional charge. Each additional retrieval during the calendar quarter in which one request has been fulfilled shall be billed on a time and materials basis and shall require use of the Optional Services process.

4. Optional Services.

- 4.1. Optional Services Request Form. Licensee may request Optional Services by completing the form attached hereto as Addendum 2 (the "Optional Services Request Form") and submitting it to MAXIMUS.
- 4.2. Fees and Charges. MAXIMUS shall advise Licensee in writing, within a reasonable time after receiving a completed Optional Services Request Form, of the proposed fees and charges for performance of the requested Optional Services.
- 4.3. Licensee Response. Licensee shall either:

- 4.3.a. authorize the requested Optional Services at the fees and charges quoted by MAXIMUS in writing, which, when countersigned by MAXIMUS, shall be an "Optional Services Authorization;" or
 - 4.3.b. seek mutual agreement with MAXIMUS on modifications to the requested Optional Services, and upon reaching any such agreement authorize MAXIMUS to perform the requested Optional Services as so modified by signing a written authorization which, when countersigned by MAXIMUS, shall be an "Optional Services Authorization;" or
 - 4.3.c. withdraw the Optional Services Request Form.
- 4.4. Performance. MAXIMUS shall not provide any Optional Services except to the extent specified in an Optional Services Authorization. The Parties shall complete their respective obligations set forth in each Optional Services Authorization in accordance with the terms set forth therein and the terms of this Hosting Agreement.

5. Fees; Taxes.

- 5.1. Hosting Fees. For the Initial Hosting Period, Licensee shall pay to MAXIMUS the fee for Data Center Services specified in the Hosting Services Order, and for each Renewal Hosting Period, Licensee shall pay to MAXIMUS the fee for Hosting Services specified in the Hosting Services Order, as such fee may be increased from time to time in MAXIMUS's sole discretion.
- 5.2. Optional Services Charges. Licensee shall pay the charges for Optional Services in the amount, and in accordance with the payment schedule, set forth in the applicable Optional Services Authorization.
- 5.3. Payment Terms.
- 5.3.a. Fees described in Section 5.1 for the Initial Hosting Period are due on the date first written above. Fees described in Section 5.1 for each Renewal Hosting Period are due not later than the first day of such Renewal Hosting Period.
 - 5.3.b. Unless otherwise agreed to in an Optional Services Authorization, charges for Optional Services are due within thirty (30) days after the date of the MAXIMUS invoice.
 - 5.3.c. In the event of late payment, MAXIMUS reserves the right to suspend the provision of Hosting Services and/or Optional Services. Payments not made when due in accordance with this Section 5 shall be subject to interest of the lesser of (a) one percent (1%) per month, or twelve percent (12%) per year, of the overdue amount or (b) the maximum rate permitted under applicable law.
- 5.4. Taxes. Licensee shall pay all sales, use and excise taxes, and all other taxes, duties, and, if applicable, levies on imports or exports relating to, or under, this Hosting Agreement (exclusive of taxes based on MAXIMUS net income), unless Licensee is exempt from the payment of such taxes and provides MAXIMUS with evidence of such exemption. All amounts specified in the Hosting Agreement and any Optional Services Authorization are in U.S. dollars and payable in U.S. dollars.

6. Term Renewal; Termination

- 6.1. Term Renewal. The Hosting Term shall automatically renew for an additional one (1) year Renewal Hosting Period upon the expiration of the Initial Hosting Period and each Renewal Hosting Period unless either Party provides the other Party written notice of its intent not to renew at least ninety (90) days prior to the expiration of then-current maintenance period, in which event this Hosting Agreement shall expire at the end of the then-current maintenance period.
- 6.2. Termination. Either Party may terminate this Hosting Agreement if the other Party has materially breached any of its obligations under this Hosting Agreement and has failed to correct such breach within a thirty (30) day period after receipt of written notice thereof, provided that MAXIMUS shall have the right to terminate this License Agreement immediately upon written notice in the event Licensee breaches, or threatens to breach, any of the obligations under Section 5.

6.3. Effect of Termination. Sections 5, 6.3, 7, and 8 shall survive the expiration or termination of this Hosting Agreement for any reason.

7. Limitation of Liability

7.1. IN NO EVENT SHALL THE AGGREGATE LIABILITY OF MAXIMUS AND ITS SUPPLIERS, SUBCONTRACTORS AND REPRESENTATIVES TO LICENSEE ARISING OUT OF OR RELATED TO THIS HOSTING AGREEMENT EXCEED THE AMOUNTS ACTUALLY PAID TO MAXIMUS IN ACCORDANCE WITH SECTION 5 DURING THE SIX (6) MONTH PERIOD IMMEDIATELY PRECEDING THE DATE SUCH CLAIM AROSE. IN NO EVENT SHALL MAXIMUS OR ANY OF ITS SUPPLIERS, SUBCONTRACTORS OR REPRESENTATIVES BE LIABLE TO LICENSEE FOR ANY SPECIAL, CONSEQUENTIAL, INCIDENTAL, PUNITIVE, INDIRECT OR RELIANCE DAMAGES, HOWEVER CAUSED, INCLUDING BUT NOT LIMITED TO LOST DATA, LOST PROFITS, LOSS OF USE, AND/OR BUSINESS INTERRUPTION, WHETHER FOR BREACH OF CONTRACT, TORT (INCLUDING NEGLIGENCE) OR UNDER ANY OTHER LEGAL THEORY, WHETHER FORESEEABLE OR NOT AND WHETHER OR NOT MAXIMUS OR ANY OF ITS SUPPLIERS, SUBCONTRACTORS OR REPRESENTATIVES WAS ADVISED OF THE POSSIBILITY OF SUCH DAMAGES, AND NOTWITHSTANDING THE FAILURE OF ESSENTIAL PURPOSE OF ANY EXCLUSIVE REMEDY. THE PARTIES AGREE TO THE ALLOCATION OF LIABILITY RISK SET FORTH IN THIS SECTION 7.

8. General

8.1. Amendment. No amendment or modification of this Hosting Agreement will be valid or binding upon the Parties unless made in writing and signed by the duly authorized representatives of both Parties.

8.2. Relationship of the Parties. The relationship of the Parties hereunder is that of independent contractors, and this Hosting Agreement will not be construed to imply that either Party is the agent, employee, or joint venture partner of the other.

8.3. Governing Law; Jurisdiction and Venue. This Hosting Agreement will be governed by the laws of Michigan, without regard to its conflict of laws principles. The state and federal courts in Michigan shall have exclusive jurisdiction to adjudicate any disputes between the Parties, and each Party hereby consents to the interpretation of laws, jurisdiction, and venue in the state and federal courts sitting in Michigan. The Parties waive all rights to object to venue in said courts.

8.4. Severability. In the event that any provision of this Hosting Agreement is held to be invalid, illegal or unenforceable for any reason, this Hosting Agreement will continue in full force and effect without said provision, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby, and this Hosting Agreement will be interpreted to reflect the original intent of the Parties insofar as possible.

8.5. Assignment. This Hosting Agreement is personal in nature, and as a result, Licensee may not assign, sublicense, subcontract or delegate (each, an "Assignment") this Hosting Agreement or any of the rights or obligations described hereunder (by operation of law or otherwise) to any third party other than a third party to which MAXIMUS has given its written approval for Assignment of the License Agreement. Any prohibited Assignment will be null and void. Subject to the foregoing, this Hosting Agreement will be binding upon and will inure to the benefit of the Parties' permitted successors and/or assignees. For purposes of this Section 8.5, any corporate reorganization, including but not limited to a merger, consolidation or acquisition shall be deemed an Assignment. MAXIMUS may assign this Implementation Agreement, in whole or in part, to a subsidiary, affiliate, or parent organization without the prior written consent of Licensee.

8.6. Waiver. Waiver by either Party of a breach of any provision of this License Agreement or the failure by either Party to exercise any right hereunder will not operate or be construed as a waiver of any subsequent breach of that provision or as a waiver of that right.

8.7. Force Majeure. Except for the payment of fees hereunder, nonperformance of either Party will be excused to the extent that performance is rendered impossible by strike, labor disputes, fire, flood, earthquake, governmental acts, orders or restrictions or any other reason when failure to perform is beyond the reasonable control of the nonperforming Party.

8.8. Notices. All notices, certificates, acknowledgments or other written communications (hereinafter referred to as "Notices") required to be given under this Hosting Agreement shall be in writing and shall be deemed to have been given and properly delivered if duly mailed by certified or registered mail to the other Party at its address as follows, or to such other address as either Party may, by written notice, designate to the other. Additionally, Notices sent by any other means (i.e., facsimile, overnight delivery, courier, and the like) are acceptable subject to written confirmation of both the transmission and receipt of the Notice.

MAXIMUS K-12 Education, Inc.

Nora Paape , Senior Vice President
MAXIMUS K-12 Education
145 Wyckoff Road, Suite 105
Eatontown, NJ 07724
Phone: 847-989-7562

Licensee: Education Achievement Authority of Michigan

Address: 3022 West Grand Blvd., Suite 14-652
Address: Detroit, Michigan 48202
Attn:
Phone:
Fax:

Copy to:
Bruce Perkins
Deputy General Counsel
MAXIMUS
4000 South IH 35
Austin, TX 78704
Phone: 512-533-2917

8.9. Compliance with Laws. Each Party shall comply with all applicable laws and regulations of governmental bodies or agencies in its performance under this Hosting Agreement.

8.10. Entire Agreement. This Hosting Agreement (including attached Addenda 1 and 2 and any Hosting Services Order accepted by MAXIMUS) is the complete agreement between the Parties with respect to the subject matter hereof and fully supersedes any and all prior agreements and understandings between the Parties hereto pertaining to the subject matter hereof, including without limitation any MAXIMUS proposal and any documentation related thereto including the specification, and the terms and conditions appearing on any purchase order or other business form that Licensee may use. The Parties acknowledge and agree any other agreements that MAXIMUS and Licensee may enter into in connection with the TIENET Software are separate agreements, each of which is applicable to different subject matter, regardless of whether any such agreements may be referenced in this Hosting Agreement.

IN WITNESS WHEREOF, the Parties have caused this Hosting Agreement to be executed by their duly authorized representatives.

MAXIMUS K-12 Education, Inc.

Licensee: Education Achievement Authority of Michigan

By: _____

By: _____

Name: Dyan H. Blomberg

Name: _____

Title: Contracts Manager

Title: _____

Date: _____

Date: _____

ADDENDUM 1

MAINTENANCE SERVICES ORDER

Under MAXIMUS TIENET® Hosting Agreement

Licensee: Education Achievement Authority of Michigan
Hosting Services Order Date: June 15, 2013

Licensee hereby submits this order for Hosting Services under the MAXIMUS TIENET® Hosting Agreement (the "Hosting Agreement") between **MAXIMUS K-12 Education, Inc.** ("MAXIMUS") and Licensee. The terms and conditions of the Hosting Agreement are incorporated herein by reference.

1. TIENET Software Components.

Special Education Case Management

2. Hosting Fee. The following fees are subject to increase at the sole discretion of MAXIMUS.

	Hosting Fee
Data Center Services Fee Year 1	\$500
Hosting Fee Year 2	\$500+CPI
Hosting Fee Year 3	Prior Year + CPI
Hosting Fee Year 4	Prior Year + CPI
Hosting Fee Year 5	Prior Year + CPI
Annual Hosting Fees Years 6-10	Prior Year + CPI

Note: Hosting fees are subject to increase based on the volume of student records.

TIENET OPTIONAL SERVICES REQUEST FORM



ADDENDUM 2

OPTIONAL SERVICES REQUEST FORM

This Optional Services Request Form (“OSR”) is not valid or binding unless and until signed by authorized personnel of both Parties. In no event shall MAXIMUS be obligated to perform any services or complete any deliverables set forth herein until and unless both this OSR is duly executed and Licensee provides MAXIMUS with an executed Purchase Order (“P.O.”) in an amount equal to the additional fees provided for hereunder provided, however, that in the case of a “no-cost” OSR, a P.O. shall not be required; provided, however that legal terms that are included on a P.O shall not modify or supplement this OSR or any other agreement between MAXIMUS and Licensee.

Section 1: General Information				
Licensee Name				
Licensee Project Manager	Phone	Cell Phone	Email	Fax
	(000) 000-0000	(000) 000-0000		(000) 000-0000
MAXIMUS Project Manager	Phone	Cell Phone	Email	Fax
	(000) 000-0000	(000) 000-0000		(000) 000-0000

Section 2: Optional Services Request Definition		
District System ID (if requested)	Reference Number (A unique ID that is meaningful to Licensee)	Date Requested
Name of Change	Mock up Attached?	
	<input type="checkbox"/> Yes <input type="checkbox"/> No If no, explain why:	
Detailed Description of Optional Services (the “OSR Work”)		

TIENET OPTIONAL SERVICES REQUEST FORM



Section 3: Impact Analysis

To be completed by MAXIMUS

Check all that apply: <input type="checkbox"/> State Change <input type="checkbox"/> Custom Change	Date Reviewed	Optional Services Request ID
	Time to Review (PM)	Time to Review (Support)
	Estimated Date of Completion Please note MAXIMUS will not begin work until a P.O. is received.	
	_____ weeks from the receipt of P.O. (or signature if no cost)	
	Cost to Licensee For This Optional Services Request Pricing is valid for 30 days from the date reviewed	
\$ _____		

Description of Impact

MAXIMUS Approval

To be executed by authorized MAXIMUS signatory to approve Optional Services Request Definition and Impact Analysis and authorize completing the work for the price stated above once duly executed by the Licensee.

Authorized Signature Print Name Title	Date Signed

Section 4: Licensee Approval of Optional Services

To be signed by Licensee after MAXIMUS completes Impact Analysis. If a signed OSR and, if applicable, an executed Purchase Order, is not received within 30 days of the date the Impact Analysis is provided to Licensee, the OSR will be canceled.

Once this Section 4 is executed by Licensee (and, if applicable, an executed Purchase Order is provided to MAXIMUS), MAXIMUS will begin the OSR Work. Upon completion of the OSR Work, Licensee shall have ten (10) business days after MAXIMUS notifies Licensee the OSR Work has been completed to either: (i) accept the OSR Work (by signing Section 5 below); or (ii) provide MAXIMUS with specific reasons for rejecting the OSR Work in writing. The OSR Work shall only be rejected for substantial non-compliance with the specifications set forth above. In the event Licensee does not provide such acceptance or specific reasons for rejection of the OSR Work within such ten (10) business day period, such OSR Work shall be deemed to have been accepted.

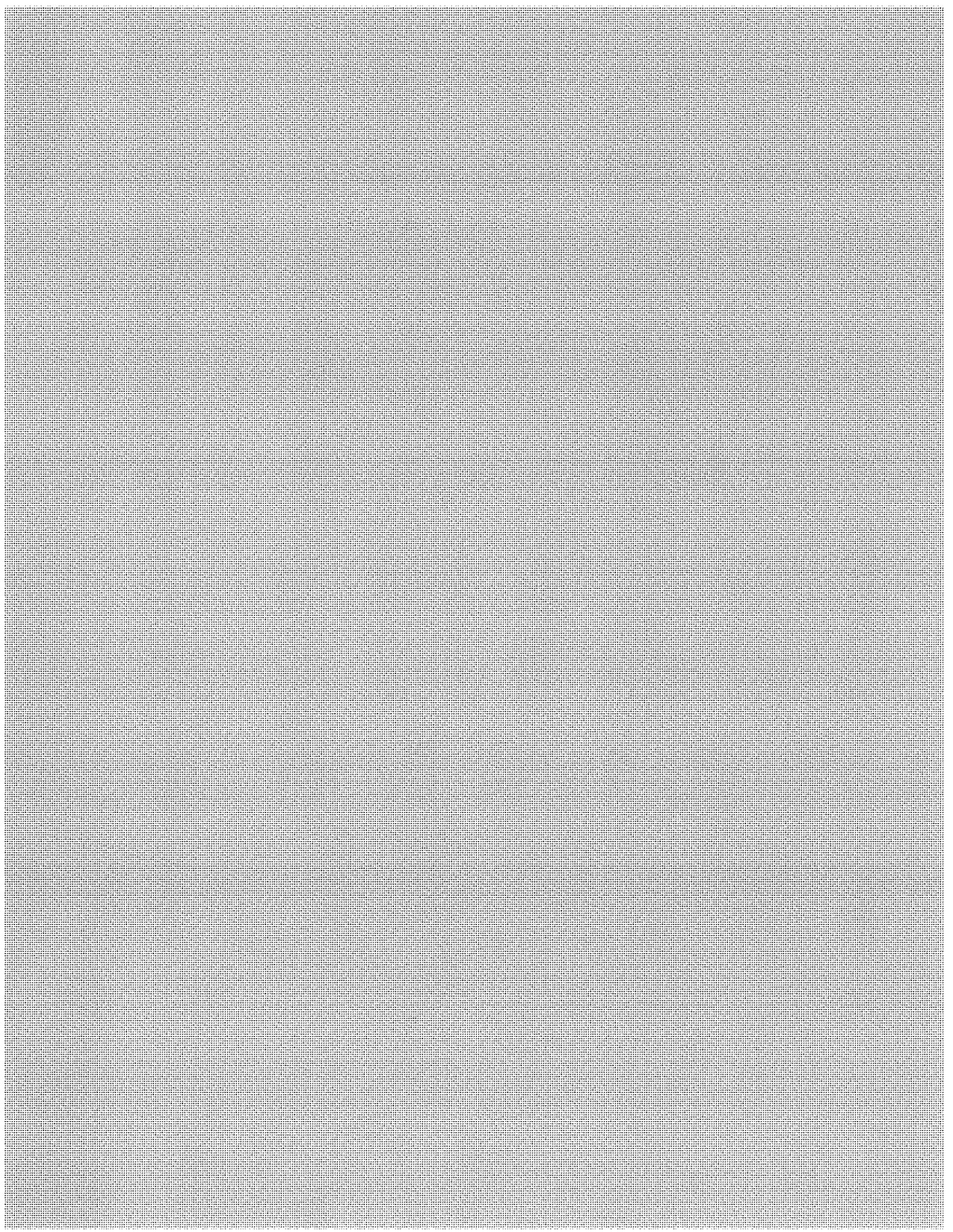
Licensee Name _____

TIENET OPTIONAL SERVICES REQUEST FORM



Authorized Signature	Date Signed
Print Name	
Title	
<p><i>Please Note: Both a signature above and an executed Purchase Order (if there is a cost associated with the change) are required before MAXIMUS will be obligated to begin the OSR Work.</i></p>	

<h2><i>Section 5: Licensee Acceptance</i></h2> <p><i>To be signed by Licensee <u>after</u> MAXIMUS completes the OSR Work. Subject to the acceptance provisions in Section 4 above, signature by Licensee below indicates that Licensee has reviewed the changes made to the TIENET Software and that they are complete as requested on the OSR.</i></p>	
Licensee Name	
Authorized Signature	Date Signed
Print Name	
Title	





TIENET® SOFTWARE MAINTENANCE AGREEMENT

This TIENET® Software Maintenance Agreement (“Maintenance Agreement”) is made and entered into between MAXIMUS K-12 Education, Inc. (“MAXIMUS”), a Virginia corporation, with its principal offices at 1891 Metro Center Drive, Reston, Virginia 20190 on June 15, 2013, and the Education Achievement Authority of Michigan (“Licensee”), with its principal offices at 3022 West Grand Blvd., Suite 14-652, Detroit, Michigan 48202. MAXIMUS and Licensee are sometimes referred to herein as the “Parties” or individually as a “Party”. In reliance on the mutual promises and obligations contained herein, the Parties hereby agree as follows:

1. Introduction.

- 1.1. MAXIMUS and Licensee have entered into that certain TIENET® Software License Agreement of even date herewith (the “License Agreement”) pursuant to which MAXIMUS has granted to Licensee a license to use specified components of MAXIMUS’s proprietary TIENET software.
- 1.2. Licensee desires to obtain from MAXIMUS, and MAXIMUS is willing to provide to Licensee, specified maintenance services for such software on the terms and conditions specified in this Maintenance Agreement.

2. Definitions. All capitalized terms used in this Maintenance Agreement, unless otherwise defined herein, shall have the definitions given in the License Agreement.

- 2.1. “Change Request” means any services other than Support Services and Updates.
- 2.2. “Change Request Authorization” has the meaning given in Section 4.3.a or 4.3.b, as applicable.
- 2.3. “Change Request Form” has the meaning given in Section 4.1.
- 2.4. “Designated Contact” means any one of three (3) persons that Licensee is entitled to designate in writing to MAXIMUS, which persons are authorized to contact MAXIMUS with requests for Support Services.
- 2.5. “Error” means any reproducible failure by the TIENET Software to operate substantially in accordance with the Documentation which directly causes a negative effect on the use of the TIENET Software.
- 2.6. “Initial Maintenance Period” means the twelve (12) consecutive month period beginning on the date first written above.
- 2.7. “Level 1 Support” means responses to End-User process-based questions as well as End-User password resets and questions regarding the operation of the TIENET Software that can be answered by reference to the Documentation.
- 2.8. “Level 2 Support” means support via the MAXIMUS help desk. Access to the Level 2 Support shall be provided via e-mail, TIENET System link or telephone. Level 2 Support issues shall consist of corrections to Licensee accepted configurations which may include changes to calculations within the TIENET System, adding fields to tables, changes to the forms and layout of the forms via html programming changes, and any escalations required by the Licensee Level 1 Support as well as responses to questions about the operation of the TIENET Software that cannot be answered by reference to the Documentation.
- 2.9. “Level 3 Support” means issues identified by the Level 2 Support team and escalated to the MAXIMUS Level 3 Support team for resolution. Issues that require Level 3 Support shall consist of correcting software errors or changes that are required to be made to the core software code for resolution.
- 2.10. “Maintenance Services” means Support Services and Updates.
- 2.11. “Maintenance Term” means the period beginning on the date first written above and ending upon expiration of the last Renewal Maintenance Period or any earlier date on which this Agreement is terminated in accordance with Section 7.2.
- 2.12. “Per Student Fee” means the fee used to calculate the cost of Maintenance Services as set out in Addendum I.

- 2.13. "Notices" has the meaning given in Section 9.8.
- 2.14. "Renewal Maintenance Period" means the twelve (12) consecutive month period beginning on any anniversary of the date first written above unless this Agreement is terminated in accordance with Section 7.2.
- 2.15. "Support Hours" means 8:00 AM to 6:00 PM, Eastern Time, Monday through Friday (excluding MAXIMUS holidays).
- 2.16. "Support Services" means Level 2 Support and Level 3 Support. On-site systems support, system rewrites, consulting and training other than the training included in the fee set out in the Implementation Agreement are not included in the standard maintenance services covered by this Maintenance Agreement. Services for an additional fee may be provided as mutually agreed by the parties. This Maintenance Agreement does not cover problems outside of the TIENET System.
- 2.17. "TIENET Website" means a MAXIMUS website that Licensee is authorized to access only for purposes of obtaining Updates and/or new features. Licensee specific data is not accessible on the TIENET Website. All references to "TIENET Website" contained in this Implementation Agreement shall be in accordance with this definition and nothing contained in this Maintenance Agreement pertaining to the TIENET Website shall expand this definition.
- 2.18. "Update" means a minor code improvement, addition or revision to the TIENET Software and/or Documentation that MAXIMUS provides without charge to its licensees that have in effect at the time an Update becomes available a TIENET Software Maintenance Agreement or a TIENET Software Hosting Agreement. An Update is typically identified by a change in the digit(s) to the right of the decimal point of the TIENET Software version number (i.e. – version 10.01, 10.02, or 10.03).

3. Maintenance Services.

- 3.1. Maintenance Services Order. Licensee may order Maintenance Services for any of the TIENET Software modules from MAXIMUS by signing and delivering an order (a "Maintenance Services Order") specifying the TIENET Software modules and containing the information specified in Addendum 1 (Maintenance Services Order) at the time Licensee delivers a signed Software Order to MAXIMUS in accordance with the License Agreement. Licensee shall be entitled to submit a purchase order with its Maintenance Services Order, but no legal terms in a Licensee purchase order shall amend or supplement the terms of this Maintenance Agreement. No Maintenance Services shall be rendered without receipt by MAXIMUS of a purchase order executed by Licensee.
- 3.2. Acceptance; Rejection. MAXIMUS may at its discretion reject any Maintenance Services Order that does not include the information specified in Addendum 1 (Maintenance Services Order). Written acceptance by MAXIMUS of a Maintenance Services Order submitted by Licensee shall create a separate contract which shall be subject to the terms and conditions of this Maintenance Agreement as well as any additional provisions that may be set forth in the Maintenance Services Order in the form accepted by MAXIMUS.
- 3.3. Obligation. Upon written acceptance of a Maintenance Services Order by MAXIMUS, MAXIMUS shall provide Maintenance Services to Licensee during the Maintenance Term and conditioned on Licensee's payment of Maintenance Fees in accordance with Section 5.
- 3.4. Support Services. MAXIMUS shall provide Support Services to Licensee during Support Hours. MAXIMUS provides Level 2 Support only to Designated Contacts and Level 3 support solely as determined by MAXIMUS to be necessary. MAXIMUS has no obligation to provide (a) Support Services to any Licensee personnel other than Designated Contactor (b) Level 1 Support to Licensee. Licensee shall be solely responsible for Level 1 Support.
- 3.5. Support Services Requests. Designated Contacts may request Support Services during Support Hours (a) by telephone at the toll-free Support Services telephone number (1-888-205-1080), or (b) by email at tiensupport@maximus.com, or (c) at the TIENET Website, which contains answers to frequently asked questions and a customer support question submission form. MAXIMUS generally responds to e-mail submissions within twenty-four (24) to forty-eight (48) hours (excluding any time for non-business days) after the receipt of the request; resolution of the issue raised may take longer than the twenty-four (24) to forty-eight (48) hour period. Notwithstanding anything to the contrary, MAXIMUS provides no warranty as to the timeliness of any responses and any responses in excess of such period shall not constitute a breach by MAXIMUS hereunder.

- 3.6. Error Reports. Licensee shall notify MAXIMUS of any suspected Error immediately (and in no event later than three (3) days after first becoming aware of such suspected Error). Licensee shall provide a written description of the suspected Error and related configuration information. Upon verification of a suspected Error by MAXIMUS, MAXIMUS shall use reasonable efforts to resolve the Error, without charge to Licensee, by providing a configuration correction, patch or other software code correction or a reasonable workaround procedure.
- 3.7. Remote Access. MAXIMUS is able to remotely access the TIENET Software in Licensee's processing environment to provide requested Support Services. Unless stated otherwise at the beginning of a remote access session, Licensee hereby consents to access by MAXIMUS to the TIENET Software (and data or logs therein and thereof) in Licensee's processing environment in order to enable MAXIMUS to provide Support Services, and Licensee hereby waives any claims or causes of action against MAXIMUS related to or arising in any manner from such remote access. Licensee further agrees to indemnify MAXIMUS and hold it harmless from and against any and all claims or causes of actions brought arising from or related to such remote access.

3.8. Updates.

- 3.8.1. For Licensees who self-host the TIENET Software, MAXIMUS, at its sole discretion, may develop or create Updates, and when (and if) an Update becomes available during the Maintenance Term, MAXIMUS will make such Update available to Licensee free of charge. Updates will be posted on the TIENET Website. MAXIMUS may, in its sole discretion, directly notify Licensee of the availability of an Update, and any such notification may include, at MAXIMUS' sole option, a detailed list of the issues an Update addresses and procedures for obtaining and installing the Update. Each Update is subject to the terms and conditions of the License Agreement, this Maintenance Agreement and any applicable Software Order(s). In the event Licensee fails to accept Updates at the time they are made available to Licensee, any additional Configuration required as a result of such delayed acceptance of an Update shall be performed on a time and materials basis at MAXIMUS's then existing rates.

4. **Change Request.**

- 4.1. Change Request Form. Licensee may request Change Request services by completing the form attached hereto as Addendum 2 (the "Change Request Form") and submitting it to MAXIMUS.
- 4.2. Fees and Charges. MAXIMUS shall advise Licensee in writing, within a reasonable time after receiving a completed Change Request Form, of the proposed fees and charges for performance of the requested Change Request services.
- 4.3. Licensee Response. Licensee shall either:
- 4.3.1. authorize the requested Change Request services at the fees and charges quoted by MAXIMUS in writing, which when countersigned by MAXIMUS, shall be an "Approval of Change;" or
- 4.3.2. seek mutual agreement with MAXIMUS on modifications to the requested optional services and upon reaching any such agreement authorize MAXIMUS to perform the requested optional services as so modified by signing a written authorization which, when countersigned by MAXIMUS, shall be an "Approval of Change;" or
- 4.3.3. withdraw the Change Request Form.
- 4.4. Performance. MAXIMUS shall not provide any optional services except to the extent specified in an Approval of Change and receipt by MAXIMUS of a purchase order executed by Licensee. The Parties shall complete their respective obligations set forth in each Approval of Change in accordance with the terms set forth therein and the terms of this Maintenance Agreement.

5. **Fees; Taxes.**

- 5.1. Maintenance Fees. MAXIMUS will provide Maintenance Services to Licensee without charge during the Initial Maintenance Period. For each Renewal Maintenance Period, Licensee shall pay to MAXIMUS the fee for Maintenance Services specified in the Maintenance Services Order, as such fee may be increased in proportion to any increase in the actual number of students for whom active files are maintained by the TIENET Software on the date that such fee is due and payable over the number of students on which the fee for the Maintenance Services for the preceding maintenance period was based. MAXIMUS may increase its maintenance fees from time to time but no more than one time per year.

- 5.2. Change Order Charges. Licensee shall pay the charges for services requested under a change order and in accordance with the payment schedule, set forth in the applicable Approval of Change.
- 5.3. Payment Terms.
- 5.3.1. Fees described in Section 5.1 for each Renewal Maintenance Period are due not later than the first day of such Renewal Maintenance Period.
- 5.3.2. Unless otherwise agreed to in a Change Request Approval of Change, charges for services under a Change Request are due within thirty (30) days after the date of the MAXIMUS invoice.
- 5.3.3. In the event of late payment, MAXIMUS reserves the right to suspend the provision of Maintenance Services and/or Change Request services. Payments not made when due in accordance with this Section 5 shall be subject to interest of the lesser of (a) one percent (1%) per month, or twelve percent (12%) per year, of the overdue amount or (b) the maximum rate permitted under applicable law.
- 5.4. Taxes. Licensee shall pay all sales, use and excise taxes, and all other taxes, duties, and if applicable, levies on imports or exports relating to, or under, this Maintenance Agreement (exclusive of taxes based on MAXIMUS net income), unless Licensee is exempt from the payment of such taxes and provides MAXIMUS with evidence of such exemption. All amounts specified in the Statement of Work and any Optional Services Authorization are in U.S. dollars and payable in U.S. dollars.

6. Ownership; Confidential Information; Licensee Property

- 6.1. MAXIMUS Property. MAXIMUS or its suppliers, as applicable, retain ownership, subject to the rights granted to Licensee in the License Agreement, of the TIENET Software, the Documentation, all other materials provided by MAXIMUS hereunder, and all right, title and interest therein, including, without limitation, all patents, copyrights, trade secrets, trademarks and other proprietary rights. Licensee acknowledges and agrees that: (a) it is acquiring only a limited right to use certain copies of the TIENET Software in accordance with the License Agreement; (b) it will not claim or assert any right or title to any such materials or attempt to transfer any title to any third parties; and (c) it will not remove, alter or destroy any proprietary, trademark, patent or copyright markings placed upon or contained within the TIENET Software, the Documentation, or any related materials.
- 6.2. Confidential Information. "Confidential Information" means this Maintenance Agreement and its Addenda, Optional Services Authorizations, all TIENET Software, Documentation, information models, logic diagrams, data, drawings, benchmark tests, specifications and source code for the TIENET Software, or any adaptations of the foregoing, all knowledge and know-how inherent in the TIENET Software as well as all knowledge and know-how that is applied to the configuration of the TIENET Software and any other proprietary information supplied to Licensee by MAXIMUS hereunder.
- 6.3. Licensee Obligations. Licensee acknowledges that the Confidential Information constitutes valuable trade secrets and Licensee agrees that it shall use the Confidential Information solely in accordance with the provisions of this Maintenance Agreement and will not disclose the Confidential Information, directly or indirectly, to any third party without the prior written consent of MAXIMUS. Licensee agrees to exercise a high standard of care in protecting the Confidential Information from unauthorized use and disclosure. Without limiting the foregoing, Licensee shall adopt whatever measures may be required to limit access to the Confidential Information to those of its employees that are subject to non-disclosure obligations and who require such access in order to use the TIENET Software in a manner consistent with this Maintenance Agreement. However, Licensee bears no responsibility for safeguarding information that is publicly available, already in Licensee's possession and not subject to a confidentiality obligation, obtained by Licensee from third parties without restrictions on disclosure, independently developed by Licensee without reference to Confidential Information, or required to be disclosed by order of a court or other governmental entity.
- 6.4. Licensee Property. MAXIMUS acknowledges that in the course of its performance of this Maintenance Agreement, it may become privy to certain information that Licensee deems as proprietary and confidential. MAXIMUS agrees to treat all such information that is identified as proprietary and confidential in a confidential manner and will not disclose or permit to be disclosed, the same, directly or indirectly, to any third party without Licensee's prior written consent, except that MAXIMUS may disclose such information to its contractors or agents who require such information in order to enable MAXIMUS to fulfill its obligations under this Maintenance Agreement and who are subject to non-disclosure obligations consistent with those defined in this Section. However, MAXIMUS bears no responsibility for safeguarding information that is publicly available, already in the possession of MAXIMUS and not

subject to a confidentiality obligation, obtained by MAXIMUS from third parties without restrictions on disclosure, independently developed by MAXIMUS without reference to such information, or required to be disclosed by order of a court or other governmental entity.

- 6.5. Injunctive Relief. In the event of any breach of Section 6.3 or 6.4, each Party acknowledges that the non-breaching Party would suffer irreparable harm for which such Party would have no adequate remedy at law, since the harm caused by such breach could not easily be measured and compensated for in the form of damages. The Parties therefore agree and stipulate that they shall be entitled to such injunctive relief in connection with any such breach without posting a bond or other security; provided, however, that if the posting of a bond is a prerequisite to obtaining injunctive relief, then a bond in the amount of \$1,000 shall be sufficient.

7. Term Renewal; Termination

- 7.1. Term Renewal. The Maintenance Term shall automatically renew for an additional one (1) year Renewal Maintenance Period upon the expiration of the Initial Maintenance Period and each Renewal Maintenance Period unless either Party provides the other Party written notice of its intent not to renew at least ninety (90) days prior to the expiration of then-current maintenance period, in which event this Maintenance Agreement shall expire at the end of the then-current maintenance period.
- 7.2. Termination. Either Party may terminate this Maintenance Agreement if the other Party has materially breached any of its obligations under this Maintenance Agreement and has failed to correct such breach within a thirty (30) day period after receipt of written notice thereof, provided that MAXIMUS shall have the right to terminate this Maintenance Agreement immediately upon written notice in the event Licensee breaches, or threatens to breach, any of the obligations under Section 6.
- 7.3. Effect of Termination. Sections 6, 8 and 9.3 shall survive the expiration or termination of this Maintenance Agreement for any reason.
- 7.4. Termination if Hosted by MAXIMUS. In the event that MAXIMUS hosts the TIENET Software for Licensee, failure to pay the fees due hereunder shall result in the termination of this Maintenance Agreement as well as the License Agreement and Licensee's rights to the TIENET Software shall be terminated.
- 7.5. Termination if Self-Hosted by Licensee. In the event Licensee is self-hosting the TIENET Software, failure to pay the annual fee constitutes cancellation of the Maintenance Agreement by the Licensee but not the revocation of Software License. Reinstatement of Maintenance requires payment for the current and lapsed maintenance period(s) at the rates charged by MAXIMUS at the time of reinstatement

8. Limitation of Liability

IN NO EVENT SHALL THE AGGREGATE LIABILITY OF MAXIMUS AND ITS SUPPLIERS, SUBCONTRACTORS AND REPRESENTATIVES TO LICENSEE ARISING OUT OF OR RELATED TO THIS MAINTENANCE AGREEMENT EXCEED THE AMOUNTS ACTUALLY PAID TO MAXIMUS IN ACCORDANCE WITH SECTION 5 OF THIS AGREEMENT, DURING THE SIX (6) MONTH PERIOD IMMEDIATELY PRECEDING THE DATE SUCH CLAIM AROSE. IN NO EVENT SHALL MAXIMUS OR ANY OF ITS SUPPLIERS, SUBCONTRACTORS OR REPRESENTATIVES BE LIABLE TO LICENSEE FOR ANY SPECIAL, CONSEQUENTIAL, INCIDENTAL, PUNITIVE, INDIRECT OR RELIANCE DAMAGES, HOWEVER CAUSED, INCLUDING BUT NOT LIMITED TO LOST DATA, LOST PROFITS, LOSS OF USE, AND/OR BUSINESS INTERRUPTION, WHETHER FOR BREACH OF CONTRACT, TORT (INCLUDING NEGLIGENCE) OR UNDER ANY OTHER LEGAL THEORY, WHETHER FORESEEABLE OR NOT AND WHETHER OR NOT MAXIMUS OR ANY OF ITS SUPPLIERS, SUBCONTRACTORS OR REPRESENTATIVES WAS ADVISED OF THE POSSIBILITY OF SUCH DAMAGES, AND NOTWITHSTANDING THE FAILURE OF ESSENTIAL PURPOSE OF ANY EXCLUSIVE REMEDY. THE PARTIES AGREE TO THE ALLOCATION OF LIABILITY RISK SET FORTH IN THIS SECTION.

9. General

- 9.1. Amendment. No amendment or modification of this Maintenance Agreement will be valid or binding upon the Parties unless made in writing and signed by the duly authorized representatives of both Parties.

- 9.2. Relationship of the Parties. The relationship of the Parties hereunder is that of independent contractors, and this Maintenance Agreement will not be construed to imply that either Party is the agent, employee, or joint venture partner of the other.
- 9.3. Governing Law; Jurisdiction and Venue. This Maintenance Agreement will be governed by the laws of Michigan, without regard to its conflict of laws principles. The state and federal courts in Michigan shall have exclusive jurisdiction to adjudicate any disputes between the Parties, and each Party hereby consents to the interpretation of laws, jurisdiction, and venue in the state and federal courts sitting in Michigan. The Parties waive all rights to object to venue in said courts.
- 9.4. Severability. In the event that any provision of this Maintenance Agreement is held to be invalid, illegal or unenforceable for any reason, this Maintenance Agreement will continue in full force and effect without said provision, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby, and this Maintenance Agreement will be interpreted to reflect the original intent of the Parties insofar as possible.
- 9.5. Assignment. This Maintenance Agreement is personal in nature, and as a result, Licensee may not assign, sublicense, subcontract or delegate (each, an "Assignment") this Maintenance Agreement or any of the rights or obligations described hereunder (by operation of law or otherwise) to any third party other than a third party to which MAXIMUS has given its written approval for Assignment of the License Agreement. Any prohibited Assignment will be null and void. Subject to the foregoing, this Maintenance Agreement will be binding upon and will inure to the benefit of the Parties' permitted successors and/or assignees. For purposes of this Section 9.5, any corporate reorganization, including but not limited to a merger, consolidation or acquisition shall be deemed an Assignment. MAXIMUS may assign this Implementation Agreement, in whole or in part, to a subsidiary, affiliate, or parent organization without the prior written consent of Licensee.
- 9.6. Waiver. Waiver by either Party of a breach of any provision of this License Agreement or the failure by either Party to exercise any right hereunder will not operate or be construed as a waiver of any subsequent breach of that provision or as a waiver of that right.
- 9.7. Force Majeure. Except for the payment of fees hereunder, nonperformance of either Party will be excused to the extent that performance is rendered impossible by strike, labor disputes, fire, flood, earthquake, governmental acts, orders or restrictions or any other reason when failure to perform is beyond the reasonable control of the nonperforming Party.
- 9.8. Notices. All notices, certificates, acknowledgments or other written communications (hereinafter referred to as "Notices") required to be given under this Maintenance Agreement shall be in writing and shall be deemed to have been given and properly delivered if duly mailed by certified or registered mail to the other Party at its address as follows, or to such other address as either Party may, by written notice, designate to the other. Additionally, Notices sent by any other means (i.e., facsimile, overnight delivery, courier, and the like) are acceptable subject to written confirmation of both the transmission and receipt of the Notice.

MAXIMUS K-12 Education, Inc.

Nora Paape , Senior Vice President
MAXIMUS K-12 Education
145 Wyckoff Road, Suite 105
Eatontown, NJ 07724
Phone: 847-989-7562

Licensee: Education Achievement Authority of Michigan

Address: 3022 West Grand Blvd., Suite 14-652
Address: Detroit, Michigan 48202
Attn:
Phone:
Fax:

Copy to:
Bruce Perkins
Deputy General Counsel
MAXIMUS
4000 South IH 35
Austin, TX 78704
Phone: 512-533-2917

- 9.9. Compliance with Laws. Each Party shall comply with all applicable laws and regulations of governmental bodies or agencies in its performance under this Maintenance Agreement.

ADDENDUM 1

MAINTENANCE SERVICES ORDER

Under MAXIMUS TIENET® Maintenance Agreement

Licensee: Education Achievement Authority of Michigan
Maintenance Services Order Date: June 15, 2013

Licensee hereby submits this order for Maintenance Services under the MAXIMUS TIENET® Maintenance Agreement (the "Maintenance Agreement") between MAXIMUS ("MAXIMUS") and Licensee. The terms and conditions of the Maintenance Agreement are incorporated herein by reference.

1. TIENET Software Components.

Special Education Case Management Software

2. Maintenance Fee.

2.1. Maintenance and Support fee:

- 2.1.1. The maintenance fee for the first year of the License Agreement is included in the License Fee (as defined in the License Agreement).
- 2.1.2. The maintenance fee commences on the anniversary of the Effective Date as defined in the License Agreement and shall be paid annually thereafter. The maintenance fee shall be based upon the number of students processed in the TIENET Software multiplied by \$3.90 (the "Per Pupil Fee").
- 2.1.3. The number of student will be determined by an audit of the TIENET Software, determining an unduplicated number of students with records in the TIENET Software within a one year period, that is, if a student has more than one record, that student shall be counted once. This number will be determined approximately 90 days before each anniversary of the Effective Date. Sixty days prior to each anniversary of the Effective Date MAXIMUS shall submit a notice to Licensee indicating the cost of the maintenance fee for the following year.
- 2.1.4. The Per Pupil Fee shall be increased by annual average CPI calculated on an annual basis on the anniversary of the Effective Date.

TIENET CHANGE REQUEST FORM



ADDENDUM 2

CHANGE REQUEST FORM

This Change Request Form ("CR") is not valid or binding unless and until signed by authorized personnel of both Parties. In no event shall MAXIMUS be obligated to perform any services or complete any deliverables set forth herein until and unless both this CR is duly executed and Licensee provides MAXIMUS with an executed Purchase Order ("P.O.") in an amount equal to the additional fees provided for hereunder provided, however, that in the case of a "no-cost" CR, a P.O. shall not be required; provided, however that legal terms that are included on a P.O shall not modify or supplement this CR or any other agreement between MAXIMUS and Licensee.

Section 1: General Information				
Licensee Name				
Licensee Project Manager	Phone	Cell Phone	Email	Fax
	(000) 000-0000	(000) 000-0000		(000) 000-0000
MAXIMUS Project Manager	Phone	Cell Phone	Email	Fax
	(000) 000-0000	(000) 000-0000		(000) 000-0000

Section 2: Change Request Definition	
District System ID (if requested) Reference Number (A unique ID that is meaningful to Licensee)	Date Requested

Name of Change	Mock up Attached?
	<input type="checkbox"/> Yes <input type="checkbox"/> No If no, explain why:
Detailed Description of Change (the "CR Work")	

TIENET CHANGE REQUEST FORM



Section 3: Impact Analysis

To be completed by MAXIMUS

Check all that apply: <input type="checkbox"/> State Change If a state model change, please reference the specific law / regulation that support this change. <input type="checkbox"/> Custom Change	Date Reviewed		Change Request ID	
	Time to Review (PM)		Time to Review (Support)	
	Estimated Date of Completion <i>Please note MAXIMUS will not begin work until a P.O. is received.</i>			
		weeks from the receipt of P.O. (or signature if no cost)		
Cost to Licensee For This Change Request <i>Pricing is valid for 30 days from the date reviewed</i>				
\$				

Description of Impact

MAXIMUS Approval

To be executed by authorized MAXIMUS signatory to approve Definition and Impact Analysis and authorize completing the work for the price stated above once duly executed by the Licensee.

Authorized Signature Print Name Title	Date Signed

Section 4: Licensee Approval of Change

To be signed by Licensee after MAXIMUS completes Impact Analysis. If a signed CR and, if applicable, an executed Purchase Order is not received within 30 days of the date the Impact Analysis is provided to Client, the CR will be canceled.

Once this Section 4 is executed by Licensee (and, if applicable, an executed Purchase Order is provided to MAXIMUS), MAXIMUS will begin the CR Work. Upon completion of the CR Work, Licensee shall have ten (10) business days after MAXIMUS notifies Client the CR Work has been completed to either: (i) accept the CR Work (by signing Section 5 below); or (ii) provide MAXIMUS with specific reasons for rejecting the CR Work in writing. The CR Work shall only be rejected for substantial non-compliance with the specifications set forth above. In the event Licensee does not provide such acceptance or specific reasons for rejection of the CR Work within such ten (10) business day period, such CR Work shall be deemed to have been accepted.

Licensee Name

TIENET CHANGE REQUEST FORM

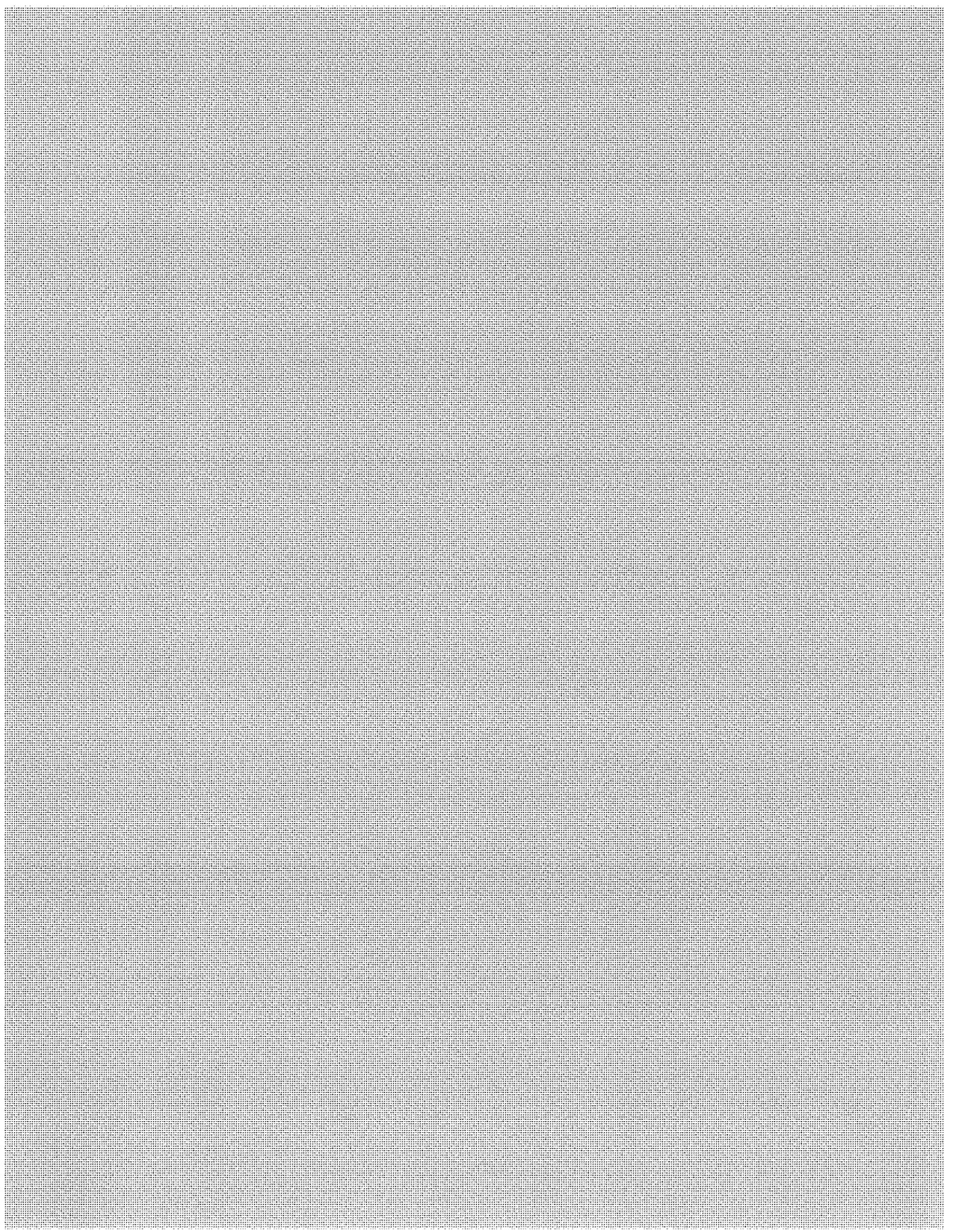


Authorized Signature	Date Signed
Print Name	
Title	
<p><i>Please Note: Both a signature above and an executed Purchase Order (if there is a cost associated with the change) are required before MAXIMUS will be obligated to begin the CR Work.</i></p>	

Section 5: Licensee Acceptance

To be signed by Licensee after MAXIMUS completes the CR Work. Subject to the acceptance provisions in Section 4 above, signature by Licensee below indicates that Licensee has reviewed the changes made to the TIENET Software and that they are complete as requested on the CR.

Licensee Name	
Authorized Signature	Date Signed
Print Name	
Title	





TIENET® SOFTWARE IMPLEMENTATION AGREEMENT

This TIENET® Software Implementation Agreement (“Implementation Agreement”) is made and entered into between MAXIMUS K-12 Education, Inc, a Virginia corporation (“MAXIMUS”), with its principal offices at 1891 Metro Center Drive, Reston, VA 20190 on June 15, 2013, and the Education Achievement Authority of Michigan (“Licensee”), with its principal offices at 3022 West Grand Blvd., Suite 14-652, Detroit, Michigan 48202. MAXIMUS and Licensee are sometimes referred to herein as the “Parties” or individually as a “Party.” In reliance on the mutual promises and obligations contained herein, the Parties hereby agree as follows:

1. Introduction.

- 1.1. MAXIMUS and Licensee have entered into that certain TIENET® Software License Agreement of even date herewith (the “License Agreement”), pursuant to which MAXIMUS has granted to Licensee a license to use specified components of MAXIMUS’s proprietary TIENET software.
- 1.2. Licensee desires to obtain from MAXIMUS, and MAXIMUS is willing to provide to Licensee, specified implementation Services for such software on the terms and conditions specified in this Implementation Agreement.
- 1.3. No Services shall be rendered without receipt by MAXIMUS of a purchase order executed by Licensee.

2. Definitions. All capitalized terms used in this Implementation Agreement, unless otherwise defined herein, shall have the definitions given in the License Agreement.

- 2.1. “Change Order” has the meaning given in Section 5.4.a or 5.4.b, as applicable.
- 2.2. “Confidential Information” has the meaning given in Section 9.2.
- 2.3. “Deliverable” means any deliverable listed in Appendix A (Deliverable Materials Guidelines) attached to the Statement of Work, other than project artifacts described in Section 5.A.i.4 of the Statement of Work.
- 2.4. “Project Executive” has the meaning given in Section 3.1.
- 2.5. “Project Manager” has the meaning given in Section 4.A of the attached Statement of Work.
- 2.6. “Project Plan” has the meaning given in the definitions in Section 1 of the attached Statement of Work.
- 2.7. “Services” has the meaning given in the definitions in Section 1 of the attached Statement of Work.
- 2.8. “Statement of Work” means the statement of work attached to this Implementation Agreement as Attachment 1.
- 2.9. “Term” means the duration described in Section 8.1.
- 2.10. “TIENET Website” means a MAXIMUS website that will be accessible to Licensee to provide only software updates, beta testing, site testing, and/or new features. Licensee specific data will not be accessible on the TIENET Website. All references to “TIENET Website” contained in this Implementation Agreement shall be in accordance with this definition and nothing contained in this Implementation Agreement pertaining to the TIENET Website expand this definition.

3. Joint Obligations of the Parties.

- 3.1. Project Executive. Each Party agrees to identify a member of its management team as its “Project Executive” who shall be responsible for seeking resolution of disputes with the other Party’s Project Executive in accordance with Section 10.2.

3.2. Compliance with Statement of Work. Each Party agrees to comply with its obligations under the attached Statement of Work.

4. **Deployment Approval.**

4.1. Deployment Approval. Licensee shall have thirty (30) calendar days after receipt of written notification from MAXIMUS that the TIENET Software is fully configured and available for testing for use of any or all functions of the TIENET Software to confirm that the TIENET Software has been properly configured in accordance with the Configuration Data Gathering Document and the State Model[DHB1]. [pc22]Licensee shall give MAXIMUS written notice, prior to the expiration of the thirty (30) calendar day test period, stating whether the TIENET Software deviates in any material respect from the aforementioned Configuration Data Gathering Document and the State Model. If notice is not so given prior to the expiration of the thirty (30) calendar day test period, the TIENET Software shall be deemed approved for deployment. In the event that any notice of material deviation is given by Licensee, MAXIMUS shall correct the deviation and make the corrected TIENET Software available for re-testing by Licensee. Licensee shall then have another fifteen (15) calendar day testing period in which to test the corrected TIENET Software. In no event shall approval for deployment be unreasonably denied or delayed.

4.2. Optional Services. Licensee may request additional implementation Services not otherwise provided for in the Statement of [pc23]Work [DHB4]in accordance with the change control process set forth in Section 5. At minimum, any such Services shall require both Parties' prior written approval.

5. **Change Control Process**. The following process will be followed if a change to the Statement of Work or the Services is required:

5.1. Change Request Form. Either Party may request a change to the Statement of Work or the Services by using the form attached hereto as Attachment 2 (the "Change Request Form"). Each completed Change Request Form shall describe the requested change, the rationale for such change and the effect such change will have on the Project Plan and the Statement of Work, if such information known to the requestor.

5.2. Submission. The Project Manager of the Party that wishes to request a change to the Statement of Work or the Services shall complete a Change Request Form and submit the completed Change Request Form to the other Party's Project Manager.

5.3. Price and Schedule Changes. A Change Request Form submitted by the MAXIMUS Project Manager shall set forth the change to the implementation fees and the completion schedule set forth in the Statement of Work as a result of the requested change to the Statement of Work or the Services. MAXIMUS shall advise the Licensee Project Manager in writing, within a reasonable time after receiving a completed Change Request Form submitted by the Licensee Project Manager, of the changes to the implementation fees and the completion schedule set forth in the Statement of Work as a result of the requested change.

5.4. Review. The Parties' Project Managers shall review each completed Change Request Form at their weekly meeting immediately following submission of such form by one Party's Project Manager to the other Party's Project Manager, or earlier if the Project Manager who submitted the Change Request Form notifies the other Project Manager that the requested change is urgent. As a result of their review of a completed Change Request Form, the Project Managers shall either:

5.4.a. authorize its implementation in accordance with the terms and increases in cost and time specified in the completed Change Request Form by signing the completed Change Request Form, whereupon such completed and signed Change Request Form be a "Change Order;" or

5.4.b. mutually agree on modifications to the completed Change Request Form, and after obtaining any necessary approvals of such revised Change Request Form from MAXIMUS and Licensee, authorize its implementation in accordance with the terms and increases in cost and time specified in the completed Change Request Form by signing the completed Change Request Form, whereupon such completed and signed Change Request Form shall be a "Change Order;" or

5.4.c. reject the completed Change Request Form.

5.5. Performance. No change shall be made by either Party to the Statement of Work or the Services except in accordance with a Change Order. The Parties shall complete their respective obligations set forth in each Change Order in accordance with the terms set forth therein and the terms of this Implementation Agreement.

6. Fees; Taxes.

6.1. Fees. Licensee shall pay MAXIMUS the fixed fee [RL5] for the Implementation Services set forth in the Statement of Work [DHB6] in accordance with the payment schedule set forth therein, as such items may be modified by any Change Order(s). Such fixed fee includes all travel and living expenses that MAXIMUS incurs in connection with performance of the Services. Notwithstanding the foregoing, if MAXIMUS is obligated to perform additional Services and/or to incur additional costs or expenses as a result of Licensee's failure to perform its obligations under this Implementation Agreement, the Statement of Work or any Change Order in a timely manner, MAXIMUS shall be entitled to invoice Licensee for such additional Services, on a time and materials basis at MAXIMUS's then current rates, and for such additional costs and expenses, each of which must be preapproved by Licensee

6.2. Payment Terms. Fees described in Section 6.1 are due within thirty (30) days after the date of the properly-documented [DHB7] MAXIMUS invoice. Payments not made when due shall be subject to interest of the lesser of (a) one percent (1%) per month, or twelve percent (12%) per year, of the overdue amount or (b) the maximum amount permitted under applicable law. In the event of late payment, MAXIMUS reserves the right to suspend the provision of Services.

6.3. Taxes. Licensee shall pay all sales, use and excise taxes and all other taxes, duties and, if applicable, levies on imports or exports relating to, or under, this Implementation Agreement (exclusive of taxes based on MAXIMUS net income), unless Licensee is exempt from the payment of such taxes and provides MAXIMUS with evidence of such exemption. All amounts specified in the Statement of Work and any Change Order are in U.S. dollars and payable in U.S. dollars.

7. Limitation of Liability

IN NO EVENT SHALL THE AGGREGATE LIABILITY OF MAXIMUS AND ITS SUPPLIERS, SUBCONTRACTORS AND REPRESENTATIVES TO LICENSEE ARISING OUT OF OR RELATED TO THIS IMPLEMENTATION AGREEMENT EXCEED THE AMOUNTS ACTUALLY PAID TO MAXIMUS IN ACCORDANCE WITH SECTION 6 OF THIS AGREEMENT, DURING THE TWELVE (12) MONTH PERIOD IMMEDIATELY PRECEDING THE DATE SUCH CLAIM AROSE. IN NO EVENT SHALL MAXIMUS OR ANY OF ITS SUPPLIERS, SUBCONTRACTORS OR REPRESENTATIVES BE LIABLE TO LICENSEE FOR ANY SPECIAL, CONSEQUENTIAL, INCIDENTAL, PUNITIVE, INDIRECT OR RELIANCE DAMAGES, HOWEVER CAUSED, INCLUDING BUT NOT LIMITED TO LOST DATA, LOST PROFITS, LOSS OF USE, AND/OR BUSINESS INTERRUPTION, WHETHER FOR BREACH OF CONTRACT, TORT (INCLUDING NEGLIGENCE) OR UNDER ANY OTHER LEGAL THEORY, WHETHER FORESEEABLE OR NOT AND WHETHER OR NOT MAXIMUS OR ANY OF ITS SUPPLIERS, SUBCONTRACTORS OR REPRESENTATIVES WAS ADVISED OF THE POSSIBILITY OF SUCH DAMAGES, AND NOTWITHSTANDING THE FAILURE OF ESSENTIAL PURPOSE OF ANY EXCLUSIVE REMEDY. THE PARTIES AGREE TO THE ALLOCATION OF LIABILITY RISK SET FORTH IN THIS SECTION 7.

8. Term; Termination

8.1. Term. This Implementation Agreement shall continue in effect until the TIENET Software has been deployed for use by Licensee and the Authorized Users and accepted in accordance with Section 4.1, at which time this Implementation Agreement shall expire.

8.2. Termination. Either Party may terminate this Implementation Agreement if the other Party materially breaches any of its obligations under this Implementation Agreement and fails to correct such breach within a thirty (30) day period after receipt of written notice thereof, provided that MAXIMUS shall have the right to terminate this Implementation Agreement immediately upon written notice in the event Licensee breaches, or threatens to breach, any of the obligations under Section 6. Further, Licensee may terminate this Implementation Agreement with thirty (30) days written notice to MAXIMUS in the event: (i) that Licensee shall cease to exist as a public body corporate (or otherwise as an independent entity), and provided that the operations and purpose of Licensee have not been transferred to some other agency of the State of Michigan or other independent entity; (ii) that funds, whether federal, state, or local, are not appropriated or otherwise received in sufficient amounts to enable Licensee to meet its obligations under this Implementation Agreement. In such event, Licensee shall only be liable for payments due through the effective date of termination.

8.3. Effect of Termination. Sections 6, 7, 8.3, 9 and 11 shall survive the expiration or termination of this Implementation agreement for any reason.

9. Ownership; Confidential Information; Licensee Property

9.1. MAXIMUS Property. MAXIMUS or its suppliers, as applicable, retain ownership, subject to the rights granted to Licensee in the License Agreement, of the TIENET Software, the Documentation, the TIENET Website, all other materials provided by MAXIMUS hereunder, and all right, title and interest therein, including, without limitation, all patents, copyrights, trade secrets, trademarks and other proprietary rights. Licensee acknowledges and agrees that: (a) it is acquiring only a limited right to use certain copies of the TIENET Software as licensed hereunder; (b) it will not claim or assert any right or title to any such materials or attempt to transfer any title to any third parties; (c) it will not remove, alter or destroy any proprietary, trademark, patent or copyright markings placed upon or contained within the TIENET Software, the Documentation, the TIENET Website or any related materials; and (d) it will not copy, or permit any Authorized User to copy any portion of the TIENET Website except for purposes of creating training materials for Licensee's internal use.

9.2. Confidential Information. "Confidential Information" as applied to ~~Maximus~~MAXIMUS, means this Implementation Agreement and its Attachments, any Change Orders, the TIENET Software, Documentation, the TIENET Website, information models, logic diagrams, data, drawings, benchmark tests, specifications and source code for the TIENET Software, or any adaptations of the foregoing, all knowledge and know-how inherent in the TIENET Software as well as all knowledge and know-how that is applied to the configuration of the TIENET Software and any other proprietary information supplied to Licensee by MAXIMUS hereunder. "Confidential Information" as applied to Licensee, means any information related to the business, personnel and operations of Licensee obtained by MAXIMUS, and may include, but is not limited to, educational records and data as defined and protected under the Family Educational Rights and Privacy Act, 20 U.S.C. §1232g, 34 C.F.R. Part 99, information or data related to business affairs, data, manuals, financial and accounting data, data and information concerning contracts, intellectual property, proprietary information and other operational information.

9.3. Obligations. The Parties acknowledge that the Confidential Information of each Party constitutes valuable trade secrets and agree that they shall use the Confidential Information solely in accordance with the provisions of this Implementation Agreement and applicable law, and will not disclose the Confidential Information, directly or indirectly, to any third party without the prior written consent of the other Party. The Parties agree to exercise a high standard of care in protecting the Confidential Information of the other Party from unauthorized use and disclosure. Without limiting the foregoing, each Party shall adopt whatever measures may be required to limit access to the Confidential Information to those of its employees that are subject to non-disclosure obligations and who require such access in order to use the TIENET Software or otherwise meet its obligations under the agreements between the Parties in a manner consistent with this Implementation Agreement. However, a Party bears no responsibility for safeguarding information that is publicly available, already in the Party's possession and not subject to a confidentiality obligation, obtained by a Party from third parties without restrictions on disclosure, independently developed by a Party without reference to Confidential Information, or required to be disclosed by order of a court or other governmental entity. In order for a Party to assert its rights in a timely manner, the other Party shall provide prompt notice of any request that its Confidential Information be disclosed by order of a court or other governmental entity.

9.4. Licensee Property. MAXIMUS acknowledges that, in the course of its performance of its obligations under this Implementation Agreement, it may become privy to certain information that Licensee deems as proprietary and confidential, or is otherwise prohibited from disclosure under state or federal law, including, but not limited to information, data, and student records protected by the Family Educational Rights and Privacy Act, 20 U.S.C. §1232g, 34 C.F.R. Part 99. MAXIMUS agrees to protect and treat all such information that is identified as proprietary and/or confidential in accordance with the law and in a confidential manner and will not disclose or permit to be disclosed, the same, directly or indirectly, to any third party without Licensee's prior written consent, except that MAXIMUS may disclose such information to its contractors or agents who require such information in order to enable MAXIMUS to fulfill its obligations under this Implementation Agreement and who are subject to non-disclosure obligations consistent with those defined in this Section. However, MAXIMUS bears no responsibility for safeguarding information that is publicly available, already in the possession of MAXIMUS and not subject to a confidentiality obligation, obtained by MAXIMUS from third parties without restrictions on disclosure, independently developed by MAXIMUS without reference to such information, or required to be disclosed by order of a court or other governmental entity. In order for Licensee to assert its rights in a timely manner, MAXIMUS shall provide Licensee prompt notice of any request that its Confidential Information be disclosed by order of a court or other governmental entity.

- 9.5. Injunctive Relief. In the event of any breach of Sections 9.3 or 9.4, each Party acknowledges that the non-breaching Party would suffer irreparable harm for which such Party would have no adequate remedy at law, since the harm caused by such breach could not easily be measured and compensated for in the form of damages. The Parties therefore agree and stipulate that they shall be entitled to such injunctive relief in connection with any such breach without posting a bond or other security; provided, however, that if the posting of a bond is a prerequisite to obtaining injunctive relief, then a bond in the amount of \$1,000 shall be sufficient.
10. **Dispute Resolution**. The following procedure will be followed for resolution of any conflict or dispute arising under this Implementation Agreement:
- 10.1. Level 1 Intervention. When a dispute arises between Licensee and MAXIMUS, the personnel of each Party who become aware of the dispute will immediately notify their respective Project Managers. The Project Managers shall meet as promptly as possible and shall attempt to resolve the dispute in good faith as promptly as possible.
- 10.2. Level 2 Intervention. If the Parties' Project Managers have not resolved the dispute within two (2) business days after their first meeting to resolve such dispute, each Party's Project Manager shall so notify such Party's Project Executive. The Parties' Project Executives shall meet as promptly as possible and shall attempt to resolve the conflict or dispute in good faith as promptly as possible.
- 10.3. Change Control Process. If a dispute that relates to whether or not the TIENET Software deviates from the Configuration Data Gathering and the State Model (as those terms are defined in the Statement of Work) is not resolved by either Level 1 or Level 2 intervention, the resolution will be addressed in accordance with the change control process set forth in Section 5.
- 10.4. Termination Option. If a dispute remains unresolved after Level 2 intervention or application of the change control process set forth in Section 5, then either Party may terminate this Implementation Agreement. If the conflict is addressed by termination, Licensee shall pay MAXIMUS for:
- 10.4.a. all Services MAXIMUS provided up to the effective date of termination including any Deliverables or uncompleted work thereof; and
- 10.4.b. all costs or expenses MAXIMUS incurs through the effective date of termination or any transition period thereafter; and
- 10.4.c. any reasonable and actual costs or charges MAXIMUS incurs in terminating the Services including without limitation, amounts it is obligated to pay its suppliers, vendors or subcontractors, ~~provided that such costs or charges cannot be mitigated against or reassigned to other projects of MAXIMUS.~~ MAXIMUS will use reasonable efforts to mitigate such costs or charges.
- 10.5. Continuation of Obligations. During the Parties' attempts to resolve any conflict or dispute, MAXIMUS agrees to provide Services relating to items not in dispute to the extent practicable pending resolution of the conflict, and Licensee agrees to pay all invoiced amounts that are not specifically subject to any dispute.

11. General

- 11.1. Amendment. No amendment or modification of this Implementation Agreement will be valid or binding upon the Parties unless made in writing and signed by the duly authorized representatives of both Parties.
- 11.2. Relationship of the Parties. The relationship of the Parties hereunder is that of independent contractors, and this Implementation Agreement will not be construed to imply that either Party is the agent, employee, or joint venture partner of the other.
- 11.3. Governing Law; Jurisdiction and Venue. This Implementation Agreement will be governed by the laws of Michigan, without regard to its conflict of laws principles. The state and federal courts in Michigan shall have exclusive jurisdiction to adjudicate any disputes between the Parties, and each Party hereby consents to the interpretation of laws, jurisdiction, and venue in the state and federal courts sitting in Michigan. The Parties waive all rights to object to venue in said courts.
- 11.4. Severability. In the event that any provision of this Implementation Agreement is held to be invalid, illegal or unenforceable for any reason, this Implementation Agreement will continue in full force and effect without said provision, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or

impaired thereby, and this Implementation Agreement will be interpreted to reflect the original intent of the Parties insofar as possible.

- 11.5. Assignment.** This Implementation Agreement is personal in nature, and as a result, Licensee may not assign, sublicense, subcontract or delegate (each, an "Assignment") this Implementation Agreement or any of the rights or obligations described hereunder (by operation of law or otherwise) to any third party other than a third party to which MAXIMUS has given its written approval for Assignment of the License Agreement. Any prohibited Assignment will be null and void. Subject to the foregoing, this Implementation Agreement will be binding upon and will inure to the benefit of the Parties' permitted successors and/or assignees. For purposes of this Section 11.5, any corporate reorganization, including but not limited to a merger, consolidation or acquisition shall be deemed an Assignment. MAXIMUS may assign this Implementation Agreement, in whole or in part, to a subsidiary, affiliate, or parent organization without the prior written consent of Licensee. Notwithstanding the foregoing, Licensee may assign this Implementation Agreement, in whole or in part, to any successor entity that may be formed by an act of the Michigan Legislature.
- 11.6. Waiver.** Waiver by either Party of a breach of any provision of this Implementation Agreement or the failure by either Party to exercise any right hereunder will not operate or be construed as a waiver of any subsequent breach of that provision or as a waiver of that right.
- 11.7. Force Majeure.** Except for the payment of fees hereunder, nonperformance of either Party will be excused to the extent that performance is rendered impossible by strike, labor disputes, fire, flood, earthquake, governmental acts, orders or restrictions or any other reason when failure to perform is beyond the reasonable control of the nonperforming Party.
- 11.8. Notices.** All notices, certificates, acknowledgments or other written communications (hereinafter referred to as "Notices") required to be given under this Implementation Agreement shall be in writing and shall be deemed to have been given and properly delivered if duly mailed by certified or registered mail to the other Party at its address as follows, or to such other address as either Party may, by written notice, designate to the other. Additionally, Notices sent by any other means (i.e., facsimile, overnight delivery, courier, and the like) are acceptable subject to written confirmation of both the transmission and receipt of the Notice.

MAXIMUS K-12 Education, Inc.

Nora Paape, Senior Vice President
MAXIMUS K-12 Education
145 Wyckoff Road, Suite 105
Eatontown, NJ 07724
Phone: 847-989-7562

Licensee: Education Achievement Authority of Michigan

Address: **3022 West Grand Blvd., Suite 14-652**
Address: **Detroit, Michigan 48202**
Attn:
Phone:
Fax:

Copy to:
Bruce Perkins
Deputy General Counsel
MAXIMUS
4000 South IH 35
Austin, TX 78704
Phone: 512-533-2917

- 11.9. Compliance with Laws.** Each Party shall comply with all applicable laws and regulations of governmental bodies or agencies in its performance under this Implementation Agreement.
- 11.10. Entire Agreement.** This Implementation Agreement (including Attachments 1 and 2 hereto) is the complete agreement between the Parties with respect to the subject matter hereof and fully supersedes any and all prior agreements and understandings between the Parties hereto pertaining to the subject matter hereof, including without limitation any MAXIMUS proposal and any documentation related thereto including the specification, and the terms and conditions appearing on any purchase order or other business form that Licensee may use. The Parties acknowledge and agree any other agreements that MAXIMUS and Licensee may enter into in connection with the TIENET Software are separate agreements, each of which is applicable to different subject matter, regardless of whether any such agreements may be referenced in this Implementation Agreement.

IN WITNESS WHEREOF, the Parties have caused this Implementation Agreement to be executed by their duly authorized representatives.

MAXIMUS K-12 Education, Inc.

Licensee

By: _____

By: _____

Name: Dyan H. Blomberg

Name: _____

Title: Contracts Manager

Title: _____

Date: _____

Date: _____

ATTACHMENT 1
STATEMENT OF WORK

[to be attached]

TIENET CHANGE REQUEST FORM



ATTACHMENT 2 CHANGE REQUEST FORM

This Change Request Form (“CR”) is not valid or binding unless and until signed by authorized personnel of both Parties. In no event shall MAXIMUS be obligated to perform any services or complete any deliverables set forth herein until and unless both this CR is duly executed and Licensee provides MAXIMUS with an executed Purchase Order (“P.O.”) in an amount equal to the additional fees provided for hereunder provided, however, that in the case of a “no-cost” CR, a P.O. shall not be required; provided, however that legal terms that are included on a P.O shall not modify or supplement this CR or any other agreement between MAXIMUS and Licensee.

Section 1: General Information				
Licensee Name				
Licensee Project Manager	Phone	Cell Phone	Email	Fax
	(000) 000-0000	(000) 000-0000		(000) 000-0000
MAXIMUS Project Manager	Phone	Cell Phone	Email	Fax
	(000) 000-0000	(000) 000-0000		(000) 000-0000

Section 2: Change Request Definition	
District System ID (if requested) Reference Number (A unique ID that is meaningful to Licensee)	Date Requested
Name of Change	Mock up Attached?
Detailed Description of Change (the “CR Work”)	<input type="checkbox"/> Yes <input type="checkbox"/> No If no, explain why:

TIENET CHANGE REQUEST FORM



Section 3: Impact Analysis

To be completed by MAXIMUS

Check all that apply: <input type="checkbox"/> State Change If a state model change, please reference the specific law / regulation that supports this change. <input type="checkbox"/> Custom Change	Date Reviewed	Change Request ID
	Time to Review (PM)	Time to Review (Support)
	Estimated Date of Completion Please note MAXIMUS will not begin work until a P.O. is received.	
	_____ weeks from the receipt of P.O. (or signature if no cost)	
Cost to Licensee For This Change Request Pricing is valid for 30 days from the date reviewed		
\$ _____		

Description of Impact

MAXIMUS Approval

To be executed by authorized MAXIMUS signatory to approve Definition and Impact Analysis and authorize completing the work once duly executed by the Licensee.

Authorized Signature	Date Signed
Print Name	
Title	

Section 4: Licensee Approval of Change

To be signed by Licensee after MAXIMUS completes Impact Analysis. If a signed CR and, if applicable, an executed Purchase Order is not received within 30 days of the date the Impact Analysis is provided to Client, the CR will be canceled.

Once this Section 4 is executed by Licensee (and, if applicable, an executed Purchase Order is provided to MAXIMUS), MAXIMUS will begin the CR Work. Upon completion of the CR Work, Licensee shall have ten (10) business days after MAXIMUS notifies Client the CR Work has been completed to either: (i) accept the CR Work (by signing Section 5 below); or (ii) provide MAXIMUS with specific reasons for rejecting the CR Work in writing. The CR Work shall only be rejected for substantial non-compliance with the specifications set forth above. In the event Licensee does not provide such acceptance or specific reasons for rejection of the CR Work within such ten (10) business day period, such CR Work shall be deemed to have been accepted.

TIENET CHANGE REQUEST FORM



Licensee Name	
Authorized Signature	Date Signed
Print Name	
Title	
<p><i>Please Note: Both a signature above and an executed Purchase Order (if there is a cost associated with the change) are required before MAXIMUS will be obligated to begin the CR Work.</i></p>	

Section 5: Licensee Acceptance

To be signed by Licensee after MAXIMUS completes the CR Work. Subject to the acceptance provisions in Section 4 above, signature by Licensee below indicates that Licensee has reviewed the changes made to the TIENET Software and that they are complete as requested on the CR.

Licensee Name	
Authorized Signature	Date Signed
Print Name	
Title	



ATTACHMENT 1

**STATEMENT OF WORK FOR
TIENET SOFTWARE IMPLEMENTATION**

1. OVERVIEW.....	2
2. PROJECT SCOPE.....	3
3. ESTIMATED TIMELINE.....	4
4. JOINT OBLIGATIONS OF THE PARTIES.....	4
5. RESPONSIBILITIES OF MAXIMUS AND LICENSEE.....	5
6. CHANGE ORDERS.....	10
7. PRICING.....	10
APPENDIX A – DELIVERABLES	A-1
APPENDIX B – STATE MODEL FORMS AND REPORTS.....	B-1
APPENDIX C - BASIC COMPUTER LITERACY STANDARDS	C-1
APPENDIX D – MINIMUM WORKSTATION REQUIREMENTS.....	D-1
APPENDIX E – MAXIMUS DATA CONNECTIVITY TOOL (“DCT”) FORMAT.....	E-1

MAXIMUS STATEMENT OF WORK FOR TIENET SOFTWARE IMPLEMENTATION

1. OVERVIEW

This Statement of Work (the "SOW") describes the Services to be provided by MAXIMUS K-12 Education, Inc. ("MAXIMUS") under the terms and conditions of the TIENET Software Implementation Agreement (the "Implementation Agreement") as well as certain respective responsibilities of MAXIMUS and the licensee that is identified in the Implementation Agreement ("Licensee").

Changes to this SOW will be processed in accordance with the Change Control Process. Change Orders may result in modifications to the Estimated Schedule in Section 3, the Fixed Price set forth in Section 7 and other terms of this SOW and/or the Implementation Agreement.

The following are incorporated in and made part of this SOW:

- Appendix A – Deliverables
- Appendix B – State Model Forms and Reports
- Appendix C – Basic Computer Literacy Standards
- Appendix D – Minimum Workstation Requirements
- Appendix E – MAXIMUS Data Connectivity Tool ("DCT") Format

Capitalized terms used herein and not otherwise defined shall have the meaning attributed to such terms in the Implementation Agreement. To the extent there are any contradictions, inconsistencies or ambiguities between the terms of this SOW (including the appendices) and the Implementation Agreement, the Implementation Agreement will govern.

- (A) "Change Control Process" means the process described in Section 5 of the Implementation Agreement.
- (B) "Cleansed Data" means data that is considered "cleansed" when it is free of formatting, logical and reference errors. Examples of formatting errors include missing delimiters, extra delimiters and lack of text qualifiers. Logical errors are data which are invalid such as dates which do not exist (e.g., 2/29/2009) or which are not consistent with the data represented (e.g., birth dates in the future). Reference errors occur when one field is a reference to another data set (e.g., staff ID fields in a student data set such as teacher of record), but that reference is not extant (in this example, if the ID number in the student field teacher of record did not exist in the staff data set).
- (C) "Configuration" means setting options on changeable parameters that modify the TIENET System operations. These settings are to implement the TIENET System the way the TIENET System was designed to work off the shelf. Configuration options will survive upgrades. The Client will be notified of any requested requirement that constitutes a TIENET System Customization, which will be considered out of scope.
- (D) "Configuration Data Gathering" is a process to gather the information to conduct an efficient Configuration process. The Configuration Data Gathering includes data elements, forms, reports, data mapping and security requirements. Configuration Data Gathering also includes an analysis and documentation of TIENET System's data flows and business rules in order to complete the Configuration options available in order to comply with the terms of this SOW. The Configuration Data Gathering shall not consist of any out of scope reviews, use case development and Client's business process re-engineering or the development of workflow documentation associated with use case development or business process re-engineering.
- (E) "Configuration Data Gathering Documentation" is the Deliverable that is prepared during the Configuration Data Gathering phase and describes (i) the requirements for Configuration of the TIENET Software, including business process flows and related functional, technical and data requirements, business rules, forms, reports and business-related technical needs and (ii) required changes to existing templates, profiles, custom forms, business rules and the State Model database.
- (F) "Deliverable" means any item that is identified in Appendix A as a Deliverable.
- (G) "Error" means any reproducible failure of the TIENET System to materially conform to the Configuration Data Gathering Documentation.
- (H) "Licensee Systems" means the information systems listed in Section 2(F) from which the TIENET System will import from and all information systems listed in Section 2(F) to which the TIENET System will export data. All Licensee

Systems for which MAXIMUS is responsible for data exchange with the TIENET System are identified in Section 2(F).

- (I) "Project Plan" means a schedule of tasks, responsible Parties and milestone completion dates. Once the Project Plan has been approved by the Parties, the due dates for (i) completion of the Configuration Data Gathering (Section 5 (B) below) and (ii) the scheduled Deployment (Section 5 (H) below) may be changed only in accordance with the Change Control Process set forth in Section 5 of the Implementation Agreement.
- (J) "Services" mean the reasonable effort of the Parties to perform their respective obligations as set out herein and the Implementation Agreement.
- (K) "State Model" means the basic model developed by MAXIMUS, specific to the state where Licensee is located, that the TIENET software uses for the Licensee database. The State Model includes the forms, profiles and reporting requirements specific to such state. While the State Model includes all state requirements, the format or presentation shall be determined by MAXIMUS in its sole discretion.
- (L) "TIENET Form" means a template in the TIENET System whose primary purpose is to document information about a student, staff member, or other entity represented in the TIENET System by a profile. More than one copy of the document may exist for a single profile record (e.g., a student may have multiple copies of a single document, each with different information in it). Forms may include business rules and may update information on the profile to which it is attached.
- (M) "TIENET System" or "TIENET" means the instance of the TIENET software configured for Licensee.
- (N) "TIENET System Customization" means changes to the TIENET System source code interfaces or user extensions that are implemented for an individual client of MAXIMUS, including Client. Nothing in this SOW shall be construed as requiring MAXIMUS to perform source code changes to TIENET System or TIENET System Customizations.
- (O) "User Acceptance Testing" means Licensee's testing of the TIENET System to confirm that the functionality, as set out in the Configuration Data Gathering Documentation has been correctly configured.

2. PROJECT SCOPE

- (A) State Model Forms as listed on Appendix B which is incorporated herein by reference for all purposes.
- (B) State Model Reports as listed on Appendix B which is incorporated herein by reference for all purposes. Work by MAXIMUS to assist Licensee's to submit its regular state reports is not within the Project Scope. Please refer to the Parties' Maintenance Agreement executed contemporaneously herewith regarding submission of regular state reports.
- (C) Configuration of no (0) pages. A page is an 8 1/2 X 11 paper template that Licensee uses to document information about a student, staff member, or other entity in a manual process. A form is a compilation of pages that are grouped according to the Licensee's process. Licensee's fixed price was determined based on number of pages not the number of forms.
- (D) Four (4) training days. Three (3) consecutive days and One (1) standalone training day.
- (E) Connection to Licensee Systems: The Licensee has determined which data elements (maximum of 150 data elements) will be imported into and exported out of TIENET and where these data elements are (or will be) stored in Licensee's (student information systems). The transfer shall be by batch (not in real time) and the frequency will be determined by the Licensee based upon the limitations and inherent constraints of the TIENET System.
 - i) the name and version of the Student Information System is: Pearson PowerSchool
- (F) Fees for additional Services \$181.90 per man hour (8 hour days, rate subject to change of no more than 5% of the prior year's rate annually effective 10/1 of each year).
 - 1) Legacy Data Transfer. MAXIMUS will use its proprietary DCT to perform a one-time data transfer from Licensee's legacy system to TIENET. The specific terms and parameters shall be negotiated with Licensee. MAXIMUS shall perform this work on a time and materials basis as set out above.

3. ESTIMATED TIMELINE

MAXIMUS will perform the Services in the following phases:

Phase	Description	Estimated Timeline
Phase 1: Planning	5 (A) Project Management	June 2013
Phase 2: Configuration	5 (A) Project Management 5 (B) Technical Environment Configuration 5 (C) Configuration of the TIENET software 5 (D) Data Movement/System Connection 5 (E) User Provisioning 5 (F) Quality Assurance Testing	June – July 2013
Phase 3: Deployment and Training	5 (A) Project Management 5 (G) Training 5 (H) Deployment 5 (I) Project Close-out	September – December 2013

4. JOINT OBLIGATIONS OF THE PARTIES

- (A) Project Managers. Each Party agrees to identify a "Project Manager" who shall be such Party's primary contact with the other Party in connection with the Services. Each Party's Project Manager shall:
- 1) be responsible for overall management and administration of the obligations under this Agreement and the Statement of Work of the Party that has appointed such Project Manager;
 - 2) have necessary authority and experience to facilitate performance of the obligations under this Agreement and the Statement of Work of the Party that has appointed such Project Manager;
 - 3) be responsible for managing personnel (and third parties, contractors and consultants under the control) of the Party that has appointed such Project Manager, including without limitation, disseminating information, data and documents provided by the other Party to appropriate personnel; and
 - 4) be the sole contact for communication for official correspondence between the Parties.
- (B) Project Managers' Meetings. The Parties' Project Managers shall meet at least once every two weeks to discuss, at a minimum, the status of the Project Plan, Change Orders, scope management, open issues, personnel issues and invoices. In the event any open issue discussed at a weekly meeting is not resolved within a reasonable amount of time, such open issue shall be escalated in accordance with the dispute resolution procedure set forth in Section 10 of the Implementation Agreement. MAXIMUS will electronically post one (1) copy of minutes following each meeting of the Parties' Project Managers. Each Party shall have three (3) business days after the minutes of any meeting of the Parties' Project Managers are posted to notify the other Party in writing regarding any concern that the posted minutes are inaccurate or incomplete in any respect. If such notice is not given within the applicable period, the minutes of a meeting of the Parties' Project Managers shall be deemed correct and complete.
- (C) Licensee shall make available, in a timely manner, personnel requested by MAXIMUS, as well as personnel necessary for completion of Licensee's obligations under this SOW. Such personnel shall include, without limitation, subject matter experts, stakeholders and members of Licensee's information technology and technical staff. Licensee shall secure attendance by applicable Licensee personnel at all scheduled TIENET System sessions.
- (D) MAXIMUS shall make available, either in person or remotely as determined by MAXIMUS, the appropriate personnel for fulfillment of MAXIMUS's obligations under this SOW.
- (E) The Licensee Project Manager will respond to any submission by MAXIMUS with a single, consolidated response with all comments and/or revisions by Licensee personnel within five (5) business days for the first submission by MAXIMUS and three (3) business days for any subsequent submission of the same issue. Failure to respond in the timeline set out in this Section E shall constitute acceptance or approval of the MAXIMUS submission.

5. RESPONSIBILITIES OF MAXIMUS AND LICENSEE

The successful performance of the Services in accordance with the Estimated Timeline in Section 3 depends on the full commitment, participation and cooperation of management and personnel of both MAXIMUS and Licensee. The obligations of the respective Parties listed in this Section 5 are in addition to the responsibilities and obligations specified in the Implementation Agreement and in the other Sections of this SOW. The Parties' performance of all of their respective obligations is critical to the timely completion of the Services and deployment of the TIENET System. Delays in or failures of performance of any of these obligations, for any reason, may result in delays in completion of the Services and will be managed in accordance with the Change Control Process.

The Services shall include the following:

A) Project Management (all phases).

i) Obligations of MAXIMUS.

MAXIMUS will:

- 1) facilitate a project kick-off session to orient Licensee on base functionality of the TIENET software, State Model forms and reports, the security model, data movement and planning sessions that discuss project control and specific tasks for technical environments, deployment of the TIENET System, training, TIENET System stabilization and maintenance activities;
- 2) create Project Plan and then monitor, control and document the execution of the project tasks;
- 3) conduct project close-out as specified in Section 5.1 below; and
- 4) provide the following artifacts:
 - a) project status reports, which describe recently completed tasks, upcoming tasks, newly identified issues, newly-identified risks, and other progress-related information;
 - b) project meeting minutes, which record the minutes of meetings of the Parties' Project Managers;
 - c) issue log, which lists project issues and specifies actions to be taken, responsible Party or Parties and estimated timelines for resolution; and
 - d) Requirements Mapping and Tracking Documentation.

ii) Deliverables

- 1) Project Plan.

B) Configuration of the TIENET System (phase 2).

i) Obligations of MAXIMUS:

MAXIMUS will:

- 1) create, on a MAXIMUS server, a new temporary database, based upon the State Model, that incorporates the mandated state and federal regulatory requirements;

ii) Deliverables

- 1) URL, ID and password for client to access the database.

C) Data Movement/System Connection (phase 2). MAXIMUS will first complete a one-time bi-directional movement of Licensee's data into and out of the TIENET System and will then establish ongoing bi-directional connections among the TIENET System and the Licensee Systems, as follows:

i) Obligations of MAXIMUS:

MAXIMUS will:

- 1) provide Licensee with a sample of data mapping and associated parameters and provide up to four (4) hours of training or assistance (via WebEx) to enable Licensee to understand the data mapping parameters;
- 2) oversee the installation of the TIENET DCT by Licensee on a Licensee computer and configure the tool to access the TIENET System to enable Licensee to set up exports from the Licensee Systems;
- 3) collaborate with Licensee to establish an import layout for importing data to the TIENET System in TIENET on the MAXIMUS DCT format, testing the imports and establishing an import schedule;
- 4) identify those data elements to be imported into the TIENET System as part of the initial data load and collaborate with Licensee to prepare a data mapping document that identifies which elements of the TIENET System should hold the specified data elements;
- 5) complete a one-time bi-directional import among the Licensee's data into the TIENET System;
- 6) establish ongoing data export connections between the TIENET System and the Licensee Systems; and
- 7) create export layouts and/or database views from the TIENET System based on the data mapping document, and collaborate with Licensee to create an export schedule using the DCT if necessary.

ii) Obligations of Licensee.

Licensee will:

- 1) define and document those data elements that require movement into and out of the TIENET System on a regular basis and document the authoritative Licensee System for each identified data element. The Licensee Systems that will process each data element, and where each data element resides in the source and destination system(s);
- 2) provide mapping to data fields in the TIENET System in standard format ASCII, Excel, or Access database;
- 3) define any codes, such as numbers used for disabilities, used in the data and provide translations for codes used in the Licensee Systems from which data will be obtained;
- 4) establish necessary connections between the TIENET System and the Licensee Systems, including the Configuration of ODBC sources and open appropriate ports on Licensee's network;
- 5) provide MAXIMUS with SQL scripts to obtain data from the Licensee Systems;
- 6) manually enter into the TIENET System data for students for whom electronic data is not available in the Licensee Systems; and
- 7) provide Cleansed Data -- MAXIMUS shall have no obligation regarding the quality of Licensee's data.

iii) Deliverables

- 1) Data Mapping Document.
- 2) TIENET Data Connectivity Guide.

D) User Provisioning (phase 2).

i) Obligations of MAXIMUS:

MAXIMUS will:

- 1) collaborate with Licensee to determine what security groups are needed based on the Licensee's business processes;
- 2) train a user designated by the Licensee to configure security group settings and document security settings; and
- 3) train a user designated by the Licensee to import users into the TIENET staff profile and assign the users to the appropriate security group.

ii) Obligations of Licensee:

Licensee will:

- 1) designate a user to (i) be trained to configure security group settings and document security settings and to (ii) create and configure security groups and document security as needed based on Licensee's business processes;
- 2) provide a file containing the names and user IDs of staff members who are to have access to TIENET. If the Licensee desires that the import process should place the users into the appropriate security groups, that information must also be included in the file. A query which can be run on another system of the Licensee's may alternately be provided;
- 3) designate a user to be trained to import users into the TIENET staff profile; and
- 4) import staff members listed in item 2 into the TIENET system using the TIENET DCT.

iii) Deliverables

TIENET System Administration Guide.

H) Quality Assurance/Testing (phase 2).

i) Obligations of MAXIMUS:

MAXIMUS will:

- 1) conduct internal quality control/testing for Configuration, reports, data movement, and remediate any Errors;
- 2) facilitate testing of the TIENET System by Licensee after completion of internal testing by MAXIMUS; and
- 3) review Licensee's findings and remediate any Errors.

ii) Obligations of Licensee.

Licensee will test the configured TIENET System in accordance with Section 4.1 of the Implementation Agreement and will complete and return executed acceptance documentation not later than three (3) days after the expiration of the applicable testing period specified in Section 4.1 of the Implementation Agreement.

I) Training (phase 3).

i) Obligations of MAXIMUS:

MAXIMUS will:

- 1) collaborate with Licensee to develop a training plan to coordinate training with the deployment of the TIENET System;
- 2) establish a training database

- 3) conduct end user training sessions on the TIENET System as configured for Licensee in eight (8) hour training days, with a limit of 20 trainees per session and using copies of training materials printed by Licensee for each trainee from the electronic copies provided by MAXIMUS (at least 3 of the 4 training days will be consecutive); and
- 4) conduct training on the administration and support of the TIENET System.

ii) Obligations of Licensee.

Licensee will:

- 1) provide any necessary training to Licensee personnel to meet the basic computer literacy standards set forth in Appendix C prior to their participation in TIENET System training;
- 2) participate in the development of a training plan which defines:
 - a) needs and training content for all groups;
 - b) required training staff;
 - c) training schedules;
 - d) notification and registration procedures; and
 - e) attendance and evaluation procedures.
- 3) coordinate and secure training locations with the proper infrastructure including at a minimum:
 - a) a workstation with wired or wireless internet access and a web browser for each trainee;
 - b) unrestricted access to the internet for the MAXIMUS trainer;
 - c) an overhead projection device and screen;
 - d) a whiteboard; and
 - e) general consumables for the participants (pads, pens, snacks).
- 4) copy and print, for each trainee, training materials (agendas, quick reference guides, handouts, evaluations) provided by MAXIMUS in electronic form;
- 5) provide a special education subject matter expert at all training sessions with the Licensee's authority to answer all questions regarding Licensee's practices and policies;
- 6) provide post-training support information to Licensee personnel;
- 7) identify for Licensee's trainees, and assume responsibility for all training costs including facilities and equipment, stipends for trainees, and reimbursements for travel and incidental costs such as parking, meals, refreshments and mileage;
- 8) ensure all Licensee personnel who require training attend all training sessions; and
- 9) provide additional training required due to personnel turnover and no-shows. Any additional training Services to be performed by MAXIMUS will be processed in accordance with the Change Control Process.

iii) Deliverables

- 1) Training Plan Documentation.
- 2) Training Materials.
- 3) Training Report Documentation.

J) Deployment (phase 3).

i) Obligations of MAXIMUS:

MAXIMUS will:

- 1) coordinate with Licensee to create a plan for the deployment of the TIENET System that will address timeline for all deployment activities, end-user and hardware/software/network readiness, scheduling, deployment logistics, change request processing and issue remediation during deployment;
- 2) ensure that the deployment plan will be synchronized with the training plan;
- 3) collaborate with the Licensee to execute the deployment plan; and
- 4) collect and discuss post-deployment issues and Change Orders with Licensee. Change Orders will be processed and MAXIMUS will be available for consultation regarding support of the TIENET System during deployment and transition to Services provided by MAXIMUS under the separate TIENET Maintenance Agreement or TIENET Hosting Agreement.

ii) Obligations of Licensee.

Licensee will:

- 1) have responsibility for ensuring the technical infrastructure has the capability to support the deployment of the TIENET System;
- 2) provide at least one dedicated workstation at each Licensee location that meets the minimum requirements, as defined in Appendix D to the TIENET License Agreement, necessary to support the TIENET System, as well as electrical power and internet access with sufficient bandwidth;
- 3) provide and maintain satellite, wireless, wide area and/or local area networks sufficient to support the TIENET System;
- 4) provide Level One Support (responses to questions about the operation of the TIENET System that can be answered by reference to the Documentation and end user password resets) during the deployment and ongoing operation of the TIENET System; and
- 5) manage data movement and data security during and following deployment.

iii) Deliverables

- 1) Deployment Plan.

K) Project Close-Out

iv) Obligations of MAXIMUS:

MAXIMUS will:

- 1) transfer to Licensee responsibility for support and management of the TIENET System, including end user support, ongoing training, technical environments (if applicable) and data movement;
- 2) transfer the use of the Change Control Process to request additional Configuration, training, data movement or other Services and
- 3) accept delivery of final Documentation.

v) Obligations of Licensee.

Licensee will:

- 1) accept responsibility for support and management of the TIENET System as described above;
- 2) use of the Change Control Process to request additional Configuration, training, data movement or other Services; and
- 3) complete Project Close-out Documentation.

vi) **Deliverables**

- 1) Project Close-out Documentation.

6. CHANGE ORDERS

Obligations of MAXIMUS:

MAXIMUS will:

- 1) perform Services pursuant to executed Change Order(s) developed by way of the Change Control Process set out in Section 5 of the Implementation Agreement.

7. PRICING

The fixed price for performing the Services is \$30,156.51.

Payment schedule will be as follows:

Milestones	Dates	Amounts
Planning completed	June 2013	\$7,000.00
UAT Accepted	July 2013	\$7,000.00
Training Completed	September 2013	\$8,000.00
Project Close out	November 2013	\$8,156.51
	Total	\$30,156.51

IN WITNESS WHEREOF, the Parties have caused this Statement of Work to be executed by their duly authorized representatives.

MAXIMUS K12 Education, Inc.

Licensee

By: _____

By: _____

Name: Dyan Blomberg

Name: _____

Title: Manager – Contracts Administration

Title: _____

Date: _____

Date: _____

APPENDIX A – Deliverables

I. Project Plan

- a. Purpose: This Deliverable will be used to execute the overall project schedule.
- b. Content: The documented plan will consist of tasks, responsible Parties and dates for all phases of the Project Scope.
- c. Format: MAXIMUS will deliver one (1) copy of this plan in softcopy format via email.

II. Data Mapping Document

- a. Purpose: The data mapping document will be used to guide the technical Configuration of the data exchange process among TIENET and other Licensee Systems as defined in the Project Scope Section 2 of this document.
- b. Content: The document will define:
 - i. the data elements to be exchanged;
 - ii. their locations in the Licensee Systems;
 - iii. element codes (e.g., program codes, location codes);
 - iv. the methods that will be used to exchange information (e.g., flat file, ODBC connection, database view);
 - v. the details of the connection (e.g., server names, frequency); and
 - vi. any queries needed to pull information from the Licensee Systems into the TIENET System.
- c. Format: MAXIMUS will deliver one (1) copy of this plan in a softcopy format via email.

III. Training Plan Documentation

- a. Purpose: This Deliverable will be used to guide the implementation of the training process.
- b. Content: The document will consist of information on the training objectives, training modules, training schedule and training logistical requirements.
- c. Format: MAXIMUS will deliver one (1) copy of this plan in a softcopy format via email.

IV. Training Materials

- a. Purpose: This Deliverable will provide customized training guides required to support the training process.
- b. Content: These materials will consist of training guides, quick reference guides, agendas, evaluations .
- c. Format: MAXIMUS will deliver one (1) copy of this plan in a softcopy format via email.

V. Training Report Documentation

- a. Purpose: This Deliverable will be used to document the outcomes of training activities and Licensee acknowledgement that training was delivered as required.
- b. Content: This documentation will consist of a summary of the training evaluations, lessons learned, suggestions for supporting on-going training and a Licensee training sign-off.
- c. Format: MAXIMUS will deliver one (1) copy of this report in a softcopy format via email.

VI. Deployment Plan

- a. Purpose: This Deliverable will be used to document the guidelines and requirements associated with the deployment of the TIENET System.

- b. Content: The plan may consist of items such as the deployment schedule, timeline for all deployment activities, location readiness checklists, personnel readiness checklists, support requirements and descriptions of the Change Control Process and post-deployment issue remediation procedures.
- c. Format: MAXIMUS will deliver one (1) copy of this plan in a softcopy format via email.

VII. Project Close-out Documentation

- a. Purpose: This Deliverable will be used to obtain final completion of MAXIMUS Services, to document the MAXIMUS Change Control Process and to document any transition planning information.
- b. Content: This documentation will consist of necessary transition plans and a Licensee project sign-off.
- c. Format: MAXIMUS will deliver one (1) copy of this plan in softcopy format via email.

APPENDIX B – State Model Forms and Reports

Michigan Model Forms (Documents):

1. Invitation to Attend An IEP Team Meeting
2. Consent to Invite Community Agencies
3. Revocation of Parent Consent
4. Notification of Cessation of Services

5. Consent for Initial Special Education Evaluation
6. Review of Existing Evaluation Data (REED)
7. Eligibility Recommendation
8. Agreement to Extend Initial IEP Timeline

9. Individualized Education Program (IEP)
10. Transfer of Student with Disability

11. Functional Behavior Assessment
12. Manifestation Determination
13. Positive Behavior Support Plan
14. Interim Alternative Education Setting (IAES)
15. Invitation to Attend the IAES Team Meeting
16. Summary of Performance
17. Michigan Model State Reports:

Reports

1. CEPI XML Report for 3-26
2. State Reporting Diagnostic Error Reports for 3-26

Note: Michigan Model Documents and Reports do not include Non Public or Early On templates for this implementation. These forms can be added through the change process.

APPENDIX C - Basic Computer Literacy Standards

1. General understanding of the hardware components of a computer workstation, i.e., keyboard, mouse, monitor, disk drives
2. Familiarity with use of a mouse or other tracking device and navigation concepts
3. Basic understanding of Microsoft Windows concepts
4. Basic understanding of the Internet and web browsers
5. Basic understanding of spreadsheet and word processing concepts, particularly in MS Office applications

APPENDIX D – Minimum Workstation Requirements

TIENET is tested for compatibility with the browser listed below. Other browsers may also work, but they are not certified. Beta versions of new browsers are not guaranteed to work, even for the browsers listed below. MAXIMUS shall not be required to provide support for any operating systems, web browser or any other hardware/software from any third party that has been either discontinued, phased-out, reached its “end of life” or is no longer supported by its original manufacturer.

1. Internet Explorer™ 7 and 8 for Windows™
2. Safari™ 3.0.4+ (Windows or Macintosh)
3. Firefox 3+ (Windows or Macintosh)

Given these browser requirements, the following operating systems are supported:

1. Microsoft Windows XP (Service Pack 3)
2. Microsoft Windows Vista
3. Microsoft Windows 7
4. Mac OS 10.4 or later (minimum 256 megabytes of RAM)

APPENDIX E – MAXIMUS Data Connectivity Tool (“DCT”) Format

The DCT supports the following types of data sources:

1. Delimited ASCII Text file: a text file containing tab-delimited or comma-delimited data (e.g. CSV).
2. Fixed-length ASCII Text File: Each field has a fixed number of characters and so delimiters are unnecessary.
3. Microsoft Access® data base
4. Microsoft Excel® Spreadsheet
5. dBase IV files
6. SQL Server® data base using Windows Authentication (for SQL Server authentication, use an ODBC data source)
7. ODBC Data Source (e.g. Oracle)

Vendor Registration Form

Please Submit the following information, along with a W-9 form*, regarding your company to:

Education Achievement System, Michigan Attn: Business/Fiscal Affairs and Operations

3022 West Grand Boulevard, Suite 14-652, Detroit, MI 48202

Phone: 313-456-3783 Fax: 313-456-3011

General Information

Please note, that we do not automatically set up a vendor unless referred by a school or department for a pending order.

This vendor WILL NOT be entered in the Address Book without a district contact listed.

Provide name & phone number of the district contact Dr. Philip E. Geiger, Senior Vice President, 703-251-8508, 602-751-5858

Legal Business Name (Company must match Federal TIN, or Individual must match SSN)

US Federal TIN 27-381945 OR Social Security Number _____ - _____ - _____

Purchase Order Name & Mailing Address

MAXIMUS K-12 Education

Dr. Philip E. Geiger

Company Name

Contact Name for Sales

15030 N. Hayden Road, Suite 100, Scottsdale, Arizona 85260-2579

Address or PO Box, City, State, Zip

703-251-8508

703-251-8240

philipgeiger@maximus.com

Phone Number

Fax

Email address

Type of Business

Check all that apply to your company.

Individual/Sole Proprietor Partnership Limited Liability Company

Corporation, please indicate where incorporated: State VA and Country USA

Corporation providing medical and health care services Non-Profit Institution/Organization

Goods & Services

List all NAICS codes that identify your company's specific industry (at least one, North American Industry Classification System, code must be entered. Visit www.naics.com and click on NAICS code search to locate.)

Registration Acknowledgment/Contact

I hereby acknowledge that the information provided is current, accurate, and complete as of the date of this submission.

Dr. Philip E. Geiger

Print Name

Signature

Date

Vendor Registration Form

Please Submit the following information, along with a W-9 form*, regarding your company to:

Education Achievement System, Michigan Attn: Business/Fiscal Affairs and Operations

3022 West Grand Boulevard, Suite 14-652, Detroit, MI 48202

Phone: 313-456-3783 Fax: 313-456-3011

***Please submit a completed, Request for Taxpayer Identification Number and Certification, W-9 form with the completed vendor registration form. Requests not containing both forms will not processed per IRS compliance.**

Request for Taxpayer Identification Number and Certification

Give Form to the
 requester. Do not
 send to the IRS.

Print or type See Specific Instructions on page 2.	Name (as shown on your income tax return) MAXIMUS K-12 Education	
	Business name/disregarded entity name, if different from above MAXIMUS, Inc.	
	Check appropriate box for federal tax classification (required): <input type="checkbox"/> Individual/sole proprietor <input checked="" type="checkbox"/> C Corporation <input type="checkbox"/> S Corporation <input type="checkbox"/> Partnership <input type="checkbox"/> Trust/estate <input type="checkbox"/> Limited liability company. Enter the tax classification (C=C corporation, S=S corporation, P=partnership) ▶ _____ <input type="checkbox"/> Exempt payee <input type="checkbox"/> Other (see instructions) ▶ _____	
	Address (number, street, and apt. or suite no.) 15030 N. Hayden Road, Suite 100	Requester's name and address (optional) Education Achievement System Attn: Business/Fiscal Affairs & Operations 3022 West Grand Boulevard, Suite 14-652
City, state, and ZIP code Scottsdale, Arizona 85260-2579	Detroit, MI 48202	
List account number(s) here (optional)		

Part I Taxpayer Identification Number (TIN)

Enter your TIN in the appropriate box. The TIN provided must match the name given on the "Name" line to avoid backup withholding. For individuals, this is your social security number (SSN). However, for a resident alien, sole proprietor, or disregarded entity, see the Part I Instructions on page 3. For other entities, it is your employer identification number (EIN). If you do not have a number, see *How to get a TIN* on page 3.

Note. If the account is in more than one name, see the chart on page 4 for guidelines on whose number to enter.

Social security number								

Employer identification number								
2	7	-	3	8	1	9	4	9

Part II Certification

Under penalties of perjury, I certify that:

1. The number shown on this form is my correct taxpayer identification number (or I am waiting for a number to be issued to me), and
2. I am not subject to backup withholding because: (a) I am exempt from backup withholding, or (b) I have not been notified by the Internal Revenue Service (IRS) that I am subject to backup withholding as a result of a failure to report all interest or dividends, or (c) the IRS has notified me that I am no longer subject to backup withholding, and
3. I am a U.S. citizen or other U.S. person (defined below).

Certification instructions. You must cross out item 2 above if you have been notified by the IRS that you are currently subject to backup withholding because you have failed to report all interest and dividends on your tax return. For real estate transactions, item 2 does not apply. For mortgage interest paid, acquisition or abandonment of secured property, cancellation of debt, contributions to an individual retirement arrangement (IRA), and generally, payments other than interest and dividends, you are not required to sign the certification, but you must provide your correct TIN. See the instructions on page 4.

Sign Here	Signature of U.S. person ▶	Date ▶ 06/06/2013
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General Instructions

Section references are to the Internal Revenue Code unless otherwise noted.

Purpose of Form

A person who is required to file an information return with the IRS must obtain your correct taxpayer identification number (TIN) to report, for example, income paid to you, real estate transactions, mortgage interest you paid, acquisition or abandonment of secured property, cancellation of debt, or contributions you made to an IRA.

Use Form W-9 only if you are a U.S. person (including a resident alien), to provide your correct TIN to the person requesting it (the requester) and, when applicable, to:

1. Certify that the TIN you are giving is correct (or you are waiting for a number to be issued),
2. Certify that you are not subject to backup withholding, or
3. Claim exemption from backup withholding if you are a U.S. exempt payee. If applicable, you are also certifying that as a U.S. person, your allocable share of any partnership income from a U.S. trade or business is not subject to the withholding tax on foreign partners' share of effectively connected income.

Note. If a requester gives you a form other than Form W-9 to request your TIN, you must use the requester's form if it is substantially similar to this Form W-9.

Definition of a U.S. person. For federal tax purposes, you are considered a U.S. person if you are:

- An individual who is a U.S. citizen or U.S. resident alien,
- A partnership, corporation, company, or association created or organized in the United States or under the laws of the United States,
- An estate (other than a foreign estate), or
- A domestic trust (as defined in Regulations section 301.7701-7).

Special rules for partnerships. Partnerships that conduct a trade or business in the United States are generally required to pay a withholding tax on any foreign partners' share of income from such business. Further, in certain cases where a Form W-9 has not been received, a partnership is required to presume that a partner is a foreign person, and pay the withholding tax. Therefore, if you are a U.S. person that is a partner in a partnership conducting a trade or business in the United States, provide Form W-9 to the partnership to establish your U.S. status and avoid withholding on your share of partnership income.



EDUCATION ACHIEVEMENT
AUTHORITY of Michigan

Finance and Operations

June 25, 2013

Harry Pianko, CPA
Deputy Chancellor for Business, Fiscal Affairs, and
Operations

Finance and Operations

- Amended FY2013 Budget
 - General Fund
 - Capital Projects Fund
 - Resolutions
- FY2014 Budget
 - General Fund
 - Resolution
- Central Office Lease
- Finance and HR System
- Banking Relationship
- FY2012 Audit



Amended FY2013 Budget

General Fund

REVENUE	FINAL AMENDED BUDGET
Local	\$11,764,937
State	64,527,423
Federal	13,025,401
Other Financing Sources	150,000
TOTAL REVENUE	\$89,467,761
Un-Assigned Fund Balance, July 1, 2012	\$1,004,056
TOTAL AVAILABLE TO APPROPRIATE	\$90,471,817
EXPENDITURES	
Instruction:	
Basic Programs	20,736,850
Added Needs	6,956,037
Support Services:	
Pupil Support	8,419,018
Instructional Support Staff	16,198,862
General Administration	2,218,888
School Administration	6,242,766
Business Services	728,226
Operations and Maintenance	19,591,704
Transportation	3,484,553
Central Services	3,572,420
Community Services	374,078
Other Financing Uses	-
TOTAL APPROPRIATED	\$88,523,402
Estimated Fund Balance End of Year - June 30, 2013	1,948,415



EDUCATION ACHIEVEMENT
AUTHORITY of Michigan

Amended FY2013 Budget

Capital Projects Fund

	FINAL BUDGET
REVENUE	
Local	\$10,000,000
Interest/other	\$6,092
TOTAL REVENUE	\$10,006,092
Restricted Fund Balance, July 1, 2012	0
TOTAL AVAILABLE TO APPROPRIATE	\$10,006,092
EXPENDITURES	
Building and Site Improvements	\$10,006,092
Miscellaneous	0
TOTAL APPROPRIATED	\$10,006,092
Restricted Fund Balance, June 30, 2013	\$0



FY2014 Budget General Fund

REVENUE	<u>BUDGET</u>
Local	\$2,093,366
State	70,328,192
Federal	19,646,902
Other Financing Sources	150,000
TOTAL REVENUE	\$92,218,460
Estimated Un-Assigned Fund Balance, July 1, 2013	\$1,948,415
TOTAL AVAILABLE TO APPROPRIATE	<u>\$94,166,875</u>
EXPENDITURES	
Instruction:	
Basic Programs	23,381,391
Added Needs	13,396,720
Support Services:	
Pupil Support	8,120,569
Instructional Support Staff	11,160,741
General Administration	1,300,958
School Administration	5,750,355
Business Services	763,476
Operations and Maintenance	20,086,053
Transportation	5,440,936
Central Services	2,411,299
Community Services	405,905
Other Financing Uses	-
TOTAL APPROPRIATED	<u>\$92,218,403</u>
Estimated Fund Balance End of Year - June 30, 2014	<u>1,948,472</u>



Central Office Lease

- Many locations were considered, narrowed down to eight.
- 300 River Place was selected.
 - Right-size office square footage
 - Professional, but practical, space
 - Anticipated first year savings of \$35,000 and overall savings of \$100,000



Finance and HR System

- Many systems were reviewed.
- We have chosen to stay with the SMART System, hosted by Wayne RESA.
 - Cost effective
 - Used by many school districts in Michigan
 - Familiarity with the system



Banking Relationship

- Currently with PNC Bank
- Proposed to Change to Huntington
 - Cost Savings
 - Increased Efficiency
 - Potential for Additional Relationship

F2012 Audit

- Unqualified Opinion
- Areas for Improvement (Being Addressed)
- Terri Pollock, CPA, Plante Moran Partner to Present Audit



RESOLUTION 2013-16

**Approval of Amendment to FY2013 General
Fund and Capital Projects Fund Budgets**

Resolved, that this resolution shall be the general appropriations of the Education Achievement Authority of Michigan for the 2012-2013 fiscal year; a resolution to make appropriations; to provide for the expenditure of the appropriations; and to provide for the disposition all revenue received by the Education Achievement Authority of Michigan.

Be it further resolved, that the total revenues and unappropriated fund balance estimated to be available for appropriation in the GENERAL fund of the Education Achievement Authority of Michigan for fiscal year 2012-2013 amended as follows:

	<u>FINAL AMENDED BUDGET</u>
REVENUE	
Local	\$11,764,937
State	64,527,423
Federal	13,025,401
Other Financing Sources	<u>150,000</u>
TOTAL REVENUE	\$89,467,761
Un-Assigned Fund Balance, July 1, 2012	<u>\$1,004,056</u>
TOTAL AVAILABLE TO APPROPRIATE	<u><u>\$90,471,817</u></u>

Be it further resolved, that \$90,471,817 of the total available to appropriate in the GENERAL fund is hereby appropriated in the amounts and for the purposes set forth below:

	<u>FINAL AMENDED BUDGET</u>
EXPENDITURES	
Instruction:	
Basic Programs	20,736,850
Added Needs	6,956,037
Support Services:	
Pupil Support	8,419,018
Instructional Support Staff	16,198,862
General Administration	2,218,888
School Administration	6,242,766
Business Services	728,226
Operations and Maintenance	19,591,704
Transportation	3,484,553
Central Services	3,572,420
Community Services	374,078
Other Financing Uses	<u>-</u>
TOTAL APPROPRIATED	<u><u>\$88,523,402</u></u>
Estimated Fund Balance End of Year - June 30, 2013	<u>1,948,415</u>

Further Resolved, that no board of education member or employee of the school district shall expend any funds or obligate the expenditure of any funds except pursuant to appropriations made by the Board of Education and in keeping with the budgetary policy statement hitherto adopted by the Board. Changes in the amount appropriated by the Board shall require approval by the Board.

Be it further resolved, that the Chancellor is hereby charged with general supervision of the execution of the budget adopted by the Board. This resolution shall take effect June 25, 2013.

BE IT FURTHER RESOLVED, that the total revenues and unappropriated fund balance estimated to be available for appropriations in the CAPITAL PROJECTS fund of Education Achievement Authority of Michigan for the fiscal year ending June 30, 2013, is amended as follows:

	<u>FINAL BUDGET</u>
REVENUE	
Local	\$10,000,000
Interest/other	<u>\$6,092</u>
TOTAL REVENUE	\$10,006,092
Restricted Fund Balance, July 1, 2012	<u>0</u>
TOTAL AVAILABLE TO APPROPRIATE	<u>\$10,006,092</u>

BE IT FURTHER RESOLVED, that \$10,006,092 of the total available to appropriate in the CAPITAL PROJECTS/ fund is hereby appropriated in the amounts and for the purposes set forth in the 2012-2013 BUDGET column below:

	<u>FINAL BUDGET</u>
EXPENDITURES	
Building and Site Improvements	\$10,006,092
Miscellaneous	<u>0</u>
TOTAL APPROPRIATED	<u>\$10,006,092</u>
Restricted Fund Balance, June 30, 2013	<u>\$0</u>

This resolution takes effect on June 25, 2013.

RESOLUTION 2013-17

Approval of Amendment to
FY2014 General Fund Budget

Resolved, that this resolution shall be the general appropriations of the Education Achievement Authority of Michigan for the 2013-2014 fiscal year; a resolution to make appropriations; to provide for the expenditure of the appropriations; and to provide for the disposition all revenue received by the Education Achievement Authority of Michigan.

Be it further resolved, that the total revenues and unappropriated fund balance estimated to be available for appropriation in the GENERAL fund of the Education Achievement Authority of Michigan for fiscal year 2013-2014 adopted as follows:

	<u>ADOPTED BUDGET</u>
REVENUE	
Local	\$2,093,366
State	70,328,192
Federal	19,646,902
Other Financing Sources	<u>150,000</u>
TOTAL REVENUE	\$92,218,460
Estimated Un-Assigned Fund Balance, July 1, 2013	<u>\$1,948,415</u>
TOTAL AVAILABLE TO APPROPRIATE	<u><u>\$94,166,875</u></u>

Be it further resolved, that \$94,166,875 of the total available to appropriate in the GENERAL fund is hereby appropriated in the amounts and for the purposes set forth below:

	<u>ADOPTED BUDGET</u>
EXPENDITURES	
Instruction:	
Basic Programs	23,381,391
Added Needs	13,396,720
Support Services:	
Pupil Support	8,120,569
Instructional Support Staff	11,160,741
General Administration	1,300,958
School Administration	5,750,355
Business Services	763,476
Operations and Maintenance	20,086,053
Transportation	5,440,936
Central Services	2,411,299
Community Services	405,905
Other Financing Uses	<u>-</u>
TOTAL APPROPRIATED	<u><u>\$92,218,403</u></u>
Estimated Fund Balance End of Year - June 30, 2014	<u>1,948,472</u>

Further Resolved, that no board of education member or employee of the school district shall expend any funds or obligate the expenditure of any funds except pursuant to appropriations made by the Board of Education and in keeping with the budgetary policy statement hitherto adopted by the Board. Changes in the amount appropriated by the Board shall require approval by the Board.

Be it further resolved, that the Chancellor is hereby charged with general supervision of the execution of the budget adopted by the Board. This resolution shall take effect June 25, 2013.

Education Achievement Authority
of Michigan
Equity. Choice. Reinvention.

**RESOLUTION 2013-18
APPROVAL OF LEASE AGREEMENT WITH
THE STROH COMPANIES, INC. FOR OFFICE SPACE**

The Executive Committee of the Education Achievement Authority resolves:

1. That the attached Lease Agreement with The Stroh Companies, Inc. for lease of office space is approved by the Executive Committee of the Authority as the governing body of the Authority subject to further negotiations and/or agreements between the parties to effectuate the lease transactions;
2. That the Chancellor of the Authority is authorized to execute the Lease Agreement on behalf of the Authority, subject to the conditions set forth above;
3. That the Secretary of the Executive Committee of the Authority shall enter the terms of the Lease Agreements in the minutes of the proceedings of the Executive Committee of the Authority.

Certification:

I certify that this resolution was duly adopted by the Executive Committee of the Education Achievement Authority at a properly-noticed open meeting held with a quorum present on the ____ day of _____.

By: _____
President

By: _____
Secretary

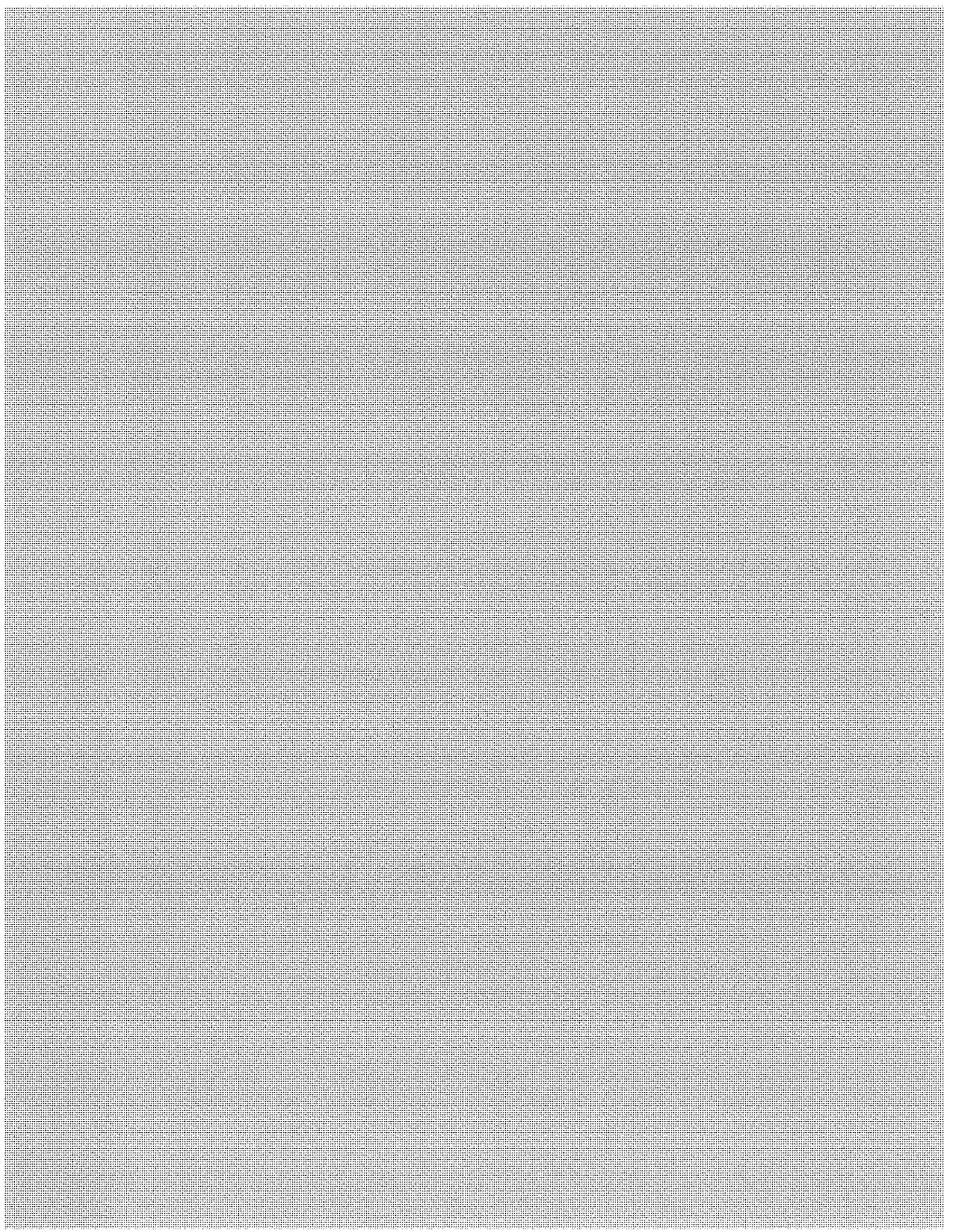
Legal Counsel
Approved as to Form

Education Achievement Authority of Michigan
 Central Office Real Estate Summary
 As of June 6, 2013

Location	Building Quality	Square Feet ⁷	Price Per Sq. Ft. ¹	Annual Gross Rent	Parking Cost ⁵	Reductions/Discounts ²	Total First Year Cost	First Year Cost Per Sq. Ft.	Current Annual Cost	Annual Savings	Amenities
300 River Place, Detroit ^{10,11}	A	11,112	\$ 12.75	\$ 141,678	\$ 9,000	\$ 16,303	\$ 134,375	\$ 12.09	\$ 169,817	\$ 35,442	Restaurants, key card entry, professional manager, safety
2761 E Jefferson, Detroit ⁸	D	10,000	\$ 12.00	\$ 120,000	\$ -	\$ -	\$ 120,000	\$ 12.00	\$ 169,817	\$ 49,817	On site parking
2727 Second Ave., Detroit	D	10,000	\$ 12.50	\$ 125,000	\$ -	\$ -	\$ 125,000	\$ 12.50	\$ 169,817	\$ 44,817	On site parking
7700 Second Ave., Detroit	B	14,763	\$ 12.00	\$ 177,156	\$ -	\$ -	\$ 177,156	\$ 12.00	\$ 169,817	\$ (7,339)	On site parking, professional manager
100 River Place, Detroit	C	8,595	\$ 13.50	\$ 116,033	\$ 10,800	\$ 9,669	\$ 117,163	\$ 13.63	\$ 169,817	\$ 52,654	
30 E. Canfield St., Detroit ⁹	A	9,608	\$ 15.25	\$ 146,522	\$ 6,600	\$ 4,884	\$ 148,238	\$ 15.43	\$ 169,817	\$ 21,579	On site parking, professional manager
7430 Second Ave., Detroit ⁹	A	8,047	\$ 15.50	\$ 124,729	\$ 6,600	\$ -	\$ 131,329	\$ 16.32	\$ 169,817	\$ 38,488	Restaurants, key card entry, professional manager, safety
3022 W. Grand Blvd., Detroit ^{4,5}	B	3,500	\$ 58.63	\$ 205,217	\$ 6,600	\$ 42,000	\$ 169,817	\$ 48.52	\$ 169,817	\$ -	Restaurants, key card entry, professional manager, safety

Notes:

- ¹All prices are gross, plus electric, unless otherwise noted.
- ²This includes free rent, included utilities, free space, etc. and is allocated equally over the term of the Lease.
- ³This is a somewhat subjective scale from A (best) to E (worst). It includes the quality of the building, availability of amenities, parking proximity, and impression on EAA.
- ⁴The Lease lists the premises as 7,443 square feet. However, it is estimated that only ~3,500 square feet are included/usable.
- ⁵This is an estimate, based on current policies and the current number of employees. It only includes the EAA's portion.
- ⁶Telecom services, electricity, and furniture are included in the Lease. The amounts in the Lease are more than the services purchased separately, so the reduction is only for the reduced amount.
- ⁷In order to meet its current and near-future needs, the EAA estimates that it needs 10,000 square feet.
- ⁸The square footage is an estimate, as a formal proposal was not received by the EAA.
- ⁹As an additional cost of this building, the EAA would have to pay any maintenance and property tax increases from a base year.
- ¹⁰This space includes \$0.25 annual rent increases per square foot, while all other spaces include \$0.50 increases.
- ¹¹300 River Place was selected due to a combination of its low cost, with it being the highest quality building that was available.



OFFICE LEASE AGREEMENT

PROJECT LOCATED AT:

300 RIVER PLACE
DETROIT, MICHIGAN

LANDLORD:

THE STROH COMPANIES, INC.,
A Delaware Corporation
300 River Place
Detroit, Michigan 48207-4291

TENANT:

EDUCATION ACHIEVEMENT
AUTHORITY OF MICHIGAN
a Michigan public body corporate
and special authority

**300 RIVER PLACE
LEASE SUMMARY**

TENANT: Education Achievement Authority of Michigan

TRADE NAME (IF DIFFERENT): N/A

SPACE/SUITE NO. : 3600

SIZE: 11,112 USF, 12,778 RSF, subject to Landlord's right to recapture 1,112 USF as provided in Section 1.2

LEASE YEAR: See Section 2.00

LEASE TERM: 5 years and 1 month

EXPIRATION DATE: 7-31-18

USE: Office

BASE RENT: \$12.75/USF year one, based on 10,000 USF

ANNUAL ADJUSTMENTS: \$0.25/USF annual increase each lease year

OPTIONS: One 5 year renewal option; ROFR on "Excess Space" as provided in Section 37.2

SALES/INCOME REPORTS: N/A

CAM%: N/A

EXPENSE STOP: N/A - Lease is gross plus electric

TAXES: N/A

SECURITY DEPOSIT:

LANDLORD'S CONSTRUCTION OBLIGATIONS: N/A

GUARANTY: N/A

SPECIAL PROVISIONS: Landlord has the right to recapture 1,112 usable square feet of the Demised Premises pursuant to Section 1.2 if Landlord desires to lease it, along with all or a portion of Suite 3500, to another tenant

This lease summary is provided for convenience only. In the event of a variance between this summary and the terms of the Lease, the terms of the Lease shall control.

TABLE OF CONTENTS

OFFICE LEASE

<u>SECTION - HEADING</u>	<u>PAGE</u>
<u>Section 1.00 DEMISED PREMISES</u>	1
Section 1.1	1
Section 1.2	1
Section 1.3	2
Section 1.4	2
<u>Section 2.00 TERM</u>	3
<u>Section 3.00 RENT</u>	3
<u>Section 4.00 OPERATING EXPENSES</u>	4
<u>Section 5.00 USE AND OCCUPANCY, HAZARDOUS SUBSTANCES</u>	4
Section 5.1	4
Section 5.2	5
Section 5.3	5
Section 5.4	5
Section 5.5	5
<u>Section 6.00 SERVICES</u>	5
Section 6.1	6
Section 6.2	6
Section 6.3	7
<u>Section 7.00 REPAIRS</u>	7
<u>Section 8.00 TENANT IMPROVEMENTS, ALTERATIONS</u>	8
Section 8.1	8
Section 8.2	8
<u>Section 9.00 ASSIGNMENT AND SUBLETTING</u>	9
Section 9.1	9
Section 9.2	9
Section 9.3	9
Section 9.4	9
Section 9.5	9
Section 9.6	10
Section 9.7	10
<u>Section 10.00 INSURANCE, INDEMNIFICATION AND WAIVER OF SUBROGATION</u>	10
Section 10.1	10
Section 10.2	10
Section 10.3	11
Section 10.4	11
Section 10.5	11
<u>Section 11.00 FIRE</u>	11
Section 11.1	11
Section 11.2	12
<u>Section 12.00 EMINENT DOMAIN</u>	12
<u>Section 13.00 RULES</u>	12
<u>Section 14.00 ENTRY BY LANDLORD</u>	12

Section 14.1		12
Section 14.2		13
Section 15.00	<u>EVENTS OF DEFAULT</u>	13
Section 15.1		13
Section 15.2		14
Section 16.00	<u>REMEDIES</u>	14
Section 17.00	<u>TERMINATION UPON DEFAULT</u>	15
Section 18.00	<u>LANDLORD'S RIGHT TO CURE DEFAULTS.</u>	15
Section 19.00	<u>ATTORNEY'S FEES</u>	16
Section 20.00	<u>SUBORDINATION</u>	16
Section 20.1		16
Section 20.2		16
Section 20.3		16
Section 21.00	<u>NO MERGER</u>	17
Section 22.00	<u>NONLIABILITY OF LANDLORD</u>	17
Section 22.1		17
Section 22.2		17
Section 22.3		17
Section 23.00	<u>ESTOPPEL CERTIFICATE</u>	17
Section 24.00	<u>NO LIGHT, AIR OR VIEW EASEMENT</u>	18
Section 25.00	<u>HOLDING OVER</u>	18
Section 26.00	<u>ABANDONMENT</u>	18
Section 27.00	<u>WAIVER</u>	18
Section 27.1		18
Section 27.2		18
Section 28.00	<u>NOTICES</u>	19
Section 29.00	<u>COMPLETE AGREEMENT</u>	19
Section 30.00	<u>AUTHORITY</u>	19
Section 31.00	<u>INABILITY TO PERFORM</u>	20
Section 32.00	<u>COVENANT OF QUIET ENJOYMENT</u>	20
Section 33.00	<u>SECURITY DEPOSIT</u>	20
Section 34.00	<u>ACCORD AND SATISFACTION</u>	21
Section 35.00	<u>PARKING</u>	21
Section 36.00	<u>MISCELLANEOUS</u>	22
Section 36.1		22
Section 36.2		22
Section 36.3		22
Section 36.4		22
Section 36.5		22
Section 36.6		23
Section 36.7		23
Section 36.8		23
Section 37.00	<u>OPTIONS, RIGHT OF FIRST OPPORTUNITY TO LEASE</u>	23
Section 37.1		23
Section 37.2		24
Section 37.3		25
Section 38.00	<u>Tenant's Option to Terminate</u>	25

**300 RIVER PLACE -
OFFICE LEASE AGREEMENT**

THIS LEASE, made this _____ day of June, 2013, between **THE STROH COMPANIES, INC.**, a Delaware corporation, whose address is 300 River Place, Detroit, Michigan, 48207-4291, (hereinafter referred to as "Landlord") and **EDUCATION ACHIEVEMENT AUTHORITY OF MICHIGAN**, a Michigan public body corporate and special authority, whose address is 3022 West Grand Boulevard, Suite 14-652, Detroit, MI 48202 (hereinafter referred to as "Tenant").

WITNESSETH:

Section 1.00 DEMISED PREMISES.

Section 1.1 Landlord, in consideration of the rents to be paid and the covenants and agreements to be performed by the Tenant, and subject to Landlord's recapture rights as provided in Section 1.2 below, does hereby lease unto Tenant Demised Premises situated in the City of Detroit, County of Wayne and State of Michigan, more particularly described as: Suite 3600, containing approximately 11,112 usable square feet (12,778 rentable square feet), on the third floor in that certain office building, known as "300 River Place" (together with the land on which the building is located, hereinafter referred to as the "Building) as shown on the floor plan attached hereto as Exhibit A, and thereby made a part hereof, (hereinafter referred to as the "Demised Premises"), together with the right to use those interior and exterior common and public areas and facilities (hereinafter referred to as the "Common Areas") including without limitation the several private easements adjacent and/or serving the Building, as may be designated by Landlord for use in common with Landlord and the tenants and occupants (their agents, employees, customers and invitees) of the Building, and the tenants and occupants (their agents, employees, customers and invitees) of other adjacent buildings now or hereafter constructed in the development in Detroit, Michigan known as "River Place" (hereinafter referred to as "River Place"), if any. Tenant acknowledges that portions of the Common Areas may be designated by Landlord from time to time for the benefit of and use by others.

The precise number of rentable square feet of the Demised Premises has been determined by the Landlord's architect based on usable square feet in the Demised Premises, measured in accordance with the current ANSI/BOMA Z65.1, standard for determining usable square feet plus a fifteen percent (15%) common area factor.

Section 1.2 Landlord and Tenant acknowledge that Tenant presently requires only approximately 10,000 usable square feet of space for its operations. Accordingly, unless and until Tenant exercises its Right of First Refusal under Section 37.2 to lease the Excess Space, as defined below in this Section 1.2, the calculation of Base Rent under Section 3.00 of this Lease shall be made on the basis of 10,000 usable and 11,500 rentable square feet, notwithstanding the actual usable and rentable square footage of the Demised Premises as set forth above. In the event Tenant exercises its Right of First Refusal with respect to the Excess Space, then from and after the effective date of such exercise Tenant shall pay Base Rent on the entire 11,112 usable square feet (12,778 rentable square feet) at the per square foot rental rates provided in Section 3.00 of this Lease. Landlord and Tenant further acknowledge that the 1,112 usable square feet of the Demised Premises, for which Tenant shall not be charged

unless Tenant elects to exercise its Right of First Refusal, consists of the northeast 1,112 usable square feet of the Demised Premises (hereinafter referred to as the "Excess Space"). Landlord reserves the right, at any time during the Term hereof (or any renewal term) to recapture and exclude the Excess Space from the Demised Premises for the purposes of including such Excess Space as part of the demised premises for a lease of some portion or all of adjoining Suite 3500, subject to Tenant's Right of First Refusal as set forth in Section 37.2 hereof. If Landlord exercises such right, and provided Tenant does not timely exercise its Right of First Refusal, Landlord shall be solely responsible, at Landlord's expense, for installing such new demising walls as may be necessary, modifying electrical service and making such other modifications as may be necessary to separate the Excess Space from the Demised Premises.

Until such time, if ever, that Landlord recaptures the Excess Space as provided in the preceding paragraph Tenant may use the Excess Space as part of the Demised Premises at no additional charge to Tenant. If Landlord delivers to Tenant notice of its intent to recapture the Excess Space, and unless Tenant timely exercises its Right of First Refusal with respect to the Excess Space pursuant to Section 37.2., Tenant's right to use and occupy the Excess Space shall expire upon the date that is fifteen (15) days after delivery of notice from Landlord that Landlord intends to separate the Excess Space from the Demised Premises pursuant to this Section 1.2. By that date Tenant shall remove from the Excess Space all of its personal property located in the Excess Space including, without limitation, all office furnishings, tables, chairs, desks, bookcases, credenzas, file cabinets and the like, and all files, supplies and equipment.

Section 1.3 Landlord reserves the right from time to time upon at least sixty (60) days' advance written notice to relocate Tenant to other premises within the Building during the term of this Lease, so long as the usable area so substituted equals or exceeds the usable area of the Demised Premises; provided, that Tenant shall have a right to approve the substituted space, which approval shall not be unreasonably withheld, conditioned or delayed. Landlord shall pay the reasonable relocation costs of Tenant in connection therewith, but Landlord shall not have any other liability with respect to any such relocation.

Section 1.4 Landlord reserves (a) the right to convert portions of the Building designated as Office Premises, Retail Premises or Common Areas or designated for use for other purposes to other of such purposes from time to time as Landlord shall determine, (b) the right from time to time to make changes, alterations, additions, improvements, repairs or replacements in or to the Building (including the Demised Premises) and the fixtures and equipment thereof, as well as in or to the street entrances, halls, passages, elevators, escalators and stairways and other parts of the Building, and to erect, maintain, and use pipes, ducts, and conduits in and through the Demised Premises, all as Landlord may reasonably deem necessary or desirable; provided, however, that Landlord will not unreasonably obstruct the means of access to the Demised Premises, (c) all rights to, and the use of, the perimeter walls of the Demised Premises, any balconies, terraces or roofs adjacent to the Demised Premises (including any installations on said walls, balconies, terraces and roofs) and any space in and/or adjacent to the Demised Premises used for shafts, stairways, stacks, pipes, conduits, ducts, mail chutes, conveyors, pneumatic tubes, electric or other utilities, sinks, fan rooms and other facilities of the Building, as well as access thereto through the Demised Premises (at and for such times as shall not unreasonably interfere with Tenant's business) for

the purpose of such use and the operation, improvement, replacement, addition, repair, maintenance or decoration thereof, and (d) the right to eliminate, substitute and/or rearrange the Common Areas (which may theretofore have been so designated) as Landlord deems appropriate in its discretion. Tenant's nonexclusive right to utilize the Common Areas shall be in common with Landlord, other tenants and occupants of the Building and others to whom Landlord grants such rights from time to time.

Section 2.00 TERM.

The term of this Lease, hereinafter called "Term," shall be sixty-one (61) full calendar months, commencing July 1, 2013, hereinafter called "Commencement Date." The Term of this Lease shall end on July 31, 2018 (which is the last day of the first full calendar month following the end of the fifth (5th) full Lease Year, as hereinafter defined), unless sooner terminated as hereinafter provided.

The term "Lease Year" as used herein shall be defined to mean a period of twelve (12) consecutive calendar months. The first Lease Year shall begin on the Commencement Date of the Term of this Lease and end on the last day of the twelfth (12th) full calendar month following the Commencement Date of this Lease.

In the event Landlord fails to deliver the Demised Premises on the aforementioned Commencement Date because the Demised Premises is not then ready for occupancy, or because the previous occupant of the Demised Premises is holding over, or for any other cause beyond Landlord's control, Landlord shall not be liable to Tenant for any damages as a result of Landlord's delay in delivering the Demised Premises, nor shall any such delay affect the validity of this Lease or the obligations of Tenant hereunder, and the Commencement Date of this Lease shall be postponed (and the expiration date correspondingly extended) until such time as the Demised Premises are ready for Tenant's occupancy. The foregoing notwithstanding, the Commencement Date shall occur not later than the 30th day after the date on which this Lease is executed by Tenant.

Section 3.00 RENT.

Notwithstanding anything contained in this Lease to the contrary, Tenant's rent on the Demised Premises, as set forth below, shall be calculated on the basis of usable square feet, not rentable square feet. Accordingly, Tenant shall and hereby agrees to pay to the Landlord, commencing on the Commencement Date and continuing on the first day of each month thereafter throughout the Term of this Lease, without any offset whatsoever, and subject to Section 1.1 hereof, a minimum rental ("Base Rent") as follows:

- a. During the period from the Commencement Date through the end of the first full Lease Year, Twelve and 75/100 Dollars (\$12.75) per rentable square foot per annum, payable in monthly installments, in advance, in the amount of Ten Thousand Six Hundred and Twenty-Five and 00/100 Dollars (\$10,625.00) each;
- b. During the second full Lease Year, Thirteen and 00/100 Dollars (\$13.00) per rentable square foot per annum, payable in monthly installments, in advance, in the amount of Ten Thousand Eight Hundred Thirty-Three and 33/100 Dollars (\$10,833.33) each;

c. During the third full Lease Year, Thirteen and 25/100 Dollars (\$13.25) per rentable square foot per annum, payable in monthly installments, in advance, in the amount of Eleven Thousand Forty-One and 66/100 Dollars (\$11,041.66) each;

d. During the fourth full Lease Year, Thirteen and 50/100 Dollars (\$13.50) per rentable square foot per annum, payable in monthly installments, in advance, in the amount of Eleven Thousand Two Hundred Fifty and 00/100 Dollars (\$11,250.00) each; and

e. During the fifth full Lease Year and final month of the Lease Term, Thirteen and 75/100 Dollars (\$13.75) per rentable square foot per annum, payable in monthly installments, in advance, in the amount of Eleven Thousand Four Hundred Fifty-Eight and 33/100 Dollars (\$11,458.33) each.

The foregoing notwithstanding, Tenant shall be entitled to rental abatement of the monthly Base Rent, only, for the month of July, 2013. Tenant's initial monthly Base Rent payment shall be due and payable for the month of August, 2013, the second calendar month of the Term.

Tenant shall pay as additional rental any other money and charges required to be paid by Tenant pursuant to the terms of this Lease, whether or not the same may be designated "additional rent." All Base Rent, electricity charges, if any, and other sums payable by Tenant to Landlord pursuant to this lease shall be paid to Landlord at the offices of The Stroh Companies, Inc., 300 River Place, Suite 5000, Detroit, Michigan 48207-4291, Attention: Treasury Department, or at such other place or places as Landlord shall designate from time to time in writing

All amounts payable by Tenant to Landlord hereunder, if not paid within five (5) business days after the due date, shall bear interest from the due date until paid at the rate of ten percent (10%) per annum, or two (2%) percent per annum in excess of the then current "prime rate" of JPMorgan Chase Bank, or any successor bank thereto ("Chase"), whichever is greater, but not in excess of the legal rate (the "Default Rate").

Section 4.00 OPERATING EXPENSES.

Except for electricity charges payable by Tenant pursuant to Section 6.1 below, this is a "gross" lease. Accordingly, Tenant shall not be obligated to pay any share of Landlord's operating expenses or property taxes during the Term.

Tenant shall pay all real and personal property taxes levied or assessed against Tenant's property and any alterations, additions or improvements made by Tenant upon the Demised Premises.

Section 5.00 USE AND OCCUPANCY, HAZARDOUS SUBSTANCES.

Section 5.1 During the Term, the Demised Premises shall be used and occupied for office and incidental purposes and for no other purposes without the prior written consent of Landlord in its sole discretion. Tenant shall not conduct its business in a manner which will cause an increase in property physical damage insurance premiums for the Demised Premises or the Building, and Tenant will comply with all requirements of the insurance policies and the Insurers relating to the Demised Premises. Tenant shall not use the Demised Premises for

any purpose in violation of any law, municipal ordinance, or regulation, nor shall Tenant perform any acts or carry on any practices which may injure the Demised Premises or the Building or be a nuisance, disturbance or menace to the other tenants of the Building. Upon breach of this agreement, Landlord shall have the right to terminate this Lease forthwith and to reenter and repossess the Demised Premises, but Landlord's right to damages will survive.

Section 5.2 Tenant shall not (a) perform any acts or carry on any practices that may injure the structure or be a nuisance or menace to the other Tenants in the Building; (b) use or permit the use of any portion of the Demised Premises as sleeping apartments, lodging room or for any unlawful purposes; and (c) use any of the Common Areas including the hallways for its own business purposes.

Section 5.3 Neither Tenant, Tenant's employees or agents nor any subtenant, licensee or concessionaire of Tenant shall solicit business in the Common Areas, place any handbills or any other advertising material in or on automobiles parked in the parking area or in any other Common Areas unless Tenant shall have received the prior written approval of the Landlord.

Section 5.4 Tenant shall not use, store, generate, treat, or dispose of any hazardous substance on the Premises, or cause suffer or permit the same to be done by any person without the prior written consent of Landlord, which consent may be granted or withheld in Landlord's sole discretion, and shall at all times comply with all applicable federal, state and local laws, statutes, regulations and ordinances governing hazardous substances. For purposes of this Lease, the term "hazardous substance" means any substance, the manufacture, use, treatment, storage, transportation, or disposal of which is regulated by any law having as its object the protection of public health, natural resources, or the environment, including, by way of illustration only and not as a limitation, the following: the Resource Conservation and Recovery Act; the Comprehensive Environmental Response, Compensation, and Liability Act; the Toxic Substances Control Act; the Federal Water Pollution Control Act; the Clean Air Act; and the Michigan Natural Resources and Environmental Protection Act as each of such acts shall be amended from time to time. Upon expiration or termination of this Lease Tenant shall clean up and remove from the Premises all such hazardous substances deposited therein due to the acts or omissions of Tenant. Tenant hereby agrees to indemnify and hold Landlord harmless from and against any and all liability, loss, costs, penalty, damage and expense, including reasonable consultants' and attorneys' fees, resulting from or due to the Tenant's use, storage, generation or release or threatened release of hazardous or toxic substances occurring or alleged to have occurred on or from the Premises at any time. This indemnity obligation shall survive the expiration or termination of this Lease.

Section 5.5 Tenant shall promptly supply to Landlord a copy of the reports of any environmental audit or investigation at any time undertaken by or on behalf of Tenant on the Demised Premises or adjacent property, all notices, demands, inquiries, or claims received from any person or entity as a result of hazardous substances alleged to be on or emanating from the Premises or adjacent property, and any notices, reports, or applications for licenses, permits, or approvals submitted by or on behalf of Tenant to any environmental regulatory agency affecting the Premises or adjacent property.

Section 6.00 SERVICES.

Section 6.1 Landlord will arrange for the furnishing of electricity to the Demised Premises, and Landlord shall charge Tenant, and Tenant shall pay Landlord, for electricity for the entire Demised Premises, including the Excess Space, as determined by metering at the applicable secondary rates filed by Landlord with the proper regulating authorities in effect from time to time covering such services, but not more than the secondary rates which would be charged to Tenant by the public utility company, plus applicable taxes; provided, if Landlord ever exercises its recapture right with respect to the Excess Space, as provided in Section 1.1, then Landlord shall reconfigure the electrical service so that the meter serving the Demised Premises, and for which Tenant is charged, shall not include any electricity used for the Excess Space following Landlord's separation of the same from the Demised Premises. Such charge to Tenant for electricity shall be payable as additional rent in monthly installments together with the Rent and Tenant's Share of Operating Expenses in the amount invoiced to Tenant. Engineering surveys shall be performed by independent licensed professional electrical engineering consultants selected by Landlord. From time to time during the Term, Landlord may inspect the Demised Premises in order to evaluate Tenant's kilowatt hour electric consumption and demand, and if as a result of such inspection, the amount charged to Tenant shall change because of changes in demand and/or consumption, or in the cost of electricity to Landlord, Landlord shall notify Tenant and commencing with the first day of the next calendar month, Tenant shall pay such revised charge in monthly installments.

Section 6.2 Landlord shall furnish the Demised Premises with (a) heat, ventilation and air-conditioning (HVAC) and water service to the same to the extent required for the occupancy of the Demised Premises to standards of comfort and during such hours in each case as reasonably determined by Landlord for the office portion of the building (which hours until Landlord shall otherwise designate shall be from 7:00 A.M. to 7:00 P.M. on weekdays (Monday through Friday), and 8:00 A.M. to 2:00 P.M. on Saturday), (except the holidays of New Year's, Memorial, Independence, Labor, Thanksgiving and Christmas), or as may be prescribed by any applicable policies or regulations adopted by any utility or governmental agency, (b) elevator service to the Building, (c) security for the building premises and all common areas consistent with the level and type of security presently provided by Landlord, and (d) janitorial service, in accordance with Exhibit B, only to the areas of the Demised Premises used for office purposes during the times and in the manner that janitorial services are furnished in comparable first-class office buildings in the Metropolitan Detroit area, provided that Landlord shall not provide janitorial services to any portion of the Demised Premises used for other than office purposes such as preparing, dispensing or consumption of food or beverages or as an exhibition area or for storage, shipping room, washroom or similar purposes, or as private restrooms or a shop or for the operation of computer data processing, reproduction, duplicating or similar equipment. Landlord shall not be in default hereunder or be liable for any damages directly or indirectly resulting from, nor shall the rental herein reserved be abated by reason of: (1) the installation, use or interruption of use of any equipment in connection with the furnishing of any of the foregoing services, (2) failure to furnish or delay in furnishing any such services when such failure or delay is caused by accident or any condition beyond the reasonable control of Landlord or by the making of necessary repairs or improvements to the Demised Premises or to the Building, or (3) any limitation, curtailment, rationing or restriction on use of water, electricity, steam, gas or any other form of energy or utility serving the Demised Premises or the Building. Landlord shall use reasonable efforts diligently to remedy any interruption in the furnishing of such services. Notwithstanding the provisions of this Section 6.2, and except as provided in Section 6.3 below, Landlord shall not be required to provide HVAC to the Demised Premises in excess of that required for typical office space or beyond the hours of operation herein provided if Tenant shall utilize in the Demised Premises heat generating equipment or lighting other than

building standard lights which affect the temperature otherwise maintained by the air-conditioning system or if the Demised Premises are occupied by a number of persons in excess of the design criteria of the air-conditioning system.

Any services required by Tenant at times and/or manner other than that prescribed by Landlord under the standard policy for the Building shall be at Tenant's sole expense and subject to Landlord's prior written approval.

Section 6.3 Tenant shall pay as additional rent the cost of providing all HVAC, including all costs associated with the installation of meters for measuring the same, to the Demised Premises in excess of that required for normal office use or during hours requested by Tenant when HVAC is not otherwise furnished by Landlord. Tenant shall notify Landlord in writing at least twenty-four (24) hours prior to the time it requires HVAC during periods the same is not otherwise furnished by Landlord. Notwithstanding the foregoing, Landlord shall only be required to provide HVAC to the extent available utilizing the existing equipment servicing the Building. Tenant shall be responsible for providing, at Tenant's expense, all required additional or supplemental HVAC equipment needed to satisfy Tenant's HVAC requirements, and the ongoing servicing and maintenance of the same. After hours HVAC provided by Landlord's existing equipment shall be charged to Tenant at the rate established by Landlord from time to time and shall be payable by Tenant monthly as additional rent at the same time as the monthly minimum rent payment.

Section 7.00 REPAIRS.

Subject to Tenant's obligation to pay Operating Expenses pursuant to Section 4 hereof, Landlord shall make all necessary repairs and replacements to the exterior of the Building and to the Common Areas, including Landlord's HVAC and electrical systems located therein. Landlord shall also make all repairs to the Demised Premises (excluding all Tenant-installed alterations, additions or improvements) which are structural in nature or required due to fire, casualty, or act of God; provided that Landlord's obligation in the event of damage due to fire, casualty or act of God, shall be limited to the extent of insurance proceeds actually received by Landlord; and, provided further, that Tenant shall make all repairs and replacements necessitated by Tenant's act, neglect or default. Except as provided above, Tenant shall keep in good order, condition and repair the Demised Premises, including all fixtures and any special equipment installed in the Demised Premises (such as, but not limited to, air conditioners, transformers and plumbing), whether installed by Landlord or Tenant. In addition, if Tenant desires to have any tenant improvement within the Demised Premises (including but not limited to carpeting and other floor coverings) repaired or replaced during the Term due to wear and tear, Tenant shall be solely responsible for the cost of making such repairs or replacements, and Landlord shall have no liability with respect to the same. Tenant shall, upon the expiration of the Term, yield and deliver up the Demised Premises in like condition as when taken, reasonable use and wear thereof, and repairs required to be made by Landlord excepted.

In the event that the Landlord shall deem it necessary or be required by any governmental authority to repair, alter, remove, reconstruct or improve any part of the Demised Premises or of the Building (unless the same results from Tenant's act, neglect, default or mode of operation in which event Tenant shall make all such repairs, alterations and improvements), then the same shall be made by Landlord with reasonable dispatch, and should the making of such repairs, alterations or improvements cause any interference with Tenant's use of the Demised Premises, such interference shall not relieve Tenant from the performance of its obligations hereunder nor shall such interference be deemed an actual or constructive

eviction or partial eviction or result in an abatement of rent. Notwithstanding the foregoing, Tenant shall, at its own cost and expense, make all repairs and provide all maintenance in connection with any alterations, additions or improvements made by Tenant pursuant to Section 8.00 hereof.

Section 8.00 TENANT IMPROVEMENTS, ALTERATIONS.

Section 8.1 Tenant acknowledges that on or before the Commencement Date, Tenant has inspected or has had the opportunity to inspect the Demised Premises and that Tenant is satisfied with the condition of the Demised Premises and accepts same in its AS-IS, WHERE-IS condition, without warranty and with all faults. Tenant further acknowledges that Landlord has made no representations with regard to the condition of the Demised Premises or its suitability for any particular purpose, except as may be expressly stated in this Lease. Landlord warrants and represents to Tenant that, at the time the Demised Premises was built out, the Demised Premises was in compliance with all applicable building codes and municipal ordinances and that, to Landlord's actual knowledge but without investigation, the Demised Premises is not presently in violation of such building codes and municipal ordinances. Tenant acknowledges that the only repair or improvement work to be performed by Landlord shall be (i) the installation of up to four wire cages in the file room at Landlord's expense, approximately as shown on the Floor Plan, and (ii) removal and replacement of one exterior window on which the seal has failed which removal and replacement, along with necessary repairs and painting touch-ups to the adjoining wall, shall be performed by Landlord at Landlord's expense. The wire cages shall be of a type and materials selected by Landlord and shall be installed by a contractor or supplier selected by Landlord. Except for the foregoing two items, Landlord shall not be obligated to provide Tenant with any repairs, improvements or upgrades to the Demised Premises or any tenant improvement allowance or refreshment allowance. Tenant acknowledges that the installation of the cages and removal and replacement of the defective exterior window will likely not take place prior to the Commencement Date and that the Commencement Date will not be delayed or postponed as a result of the same.

Section 8.2 Tenant shall not make any alterations, additions or improvements to the Demised Premises (whether or not the same may be structural in nature) without Landlord's prior written consent, and all alterations, additions or improvements made by either party hereto to the Demised Premises, except movable office furniture and equipment installed at Tenant's expense, shall be the property of Landlord and remain upon and be surrendered with the Demised Premises at the expiration of the Term; provided, however, that Landlord may require Tenant to remove any additions made by Tenant to the Demised Premises and to repair any damage caused by such removal, and provided further, that if Tenant has not removed its property and equipment within ten (10) days after the expiration or termination of this Lease, Landlord may elect to retain the same as abandoned property. Tenant shall only use contractors approved by Landlord for the permitted alterations to the Demised Premises, shall not permit any construction liens to attach to the Building or the Demised Premises, and shall indemnify, defend and hold Landlord harmless from all costs, damages, liability and expenses that Landlord may incur as a result of any such work. All such improvements shall be in compliance with all applicable building and safety codes, and Tenant shall be obligated to obtain all necessary building permits and/or other permits and provide proof of the issuance of same to Landlord prior to the commencement of any such work. In the event any construction lien, laborer's lien, materialman's lien or any other lien or encumbrance is recorded against the Demised Premises, Tenant's leasehold interest, or the Building with respect to Tenant's work, Tenant shall discharge the same by payment or by bonding over the same, in accordance with

applicable law, within thirty (30) days after Lessee receives notice from any source of the recording of the lien or forty-five days after recording, whichever occurs first.

Section 9.00 ASSIGNMENT AND SUBLETTING.

Section 9.1 Tenant covenants not to assign or transfer this Lease or hypothecate or mortgage the same or sublet the Demised Premises or any part thereof without the prior written consent of Landlord, which may be withheld in Landlord's sole discretion, but in the event of any such assignment or transfer, Tenant shall remain fully liable to perform all of the obligations under this Lease. Any assignment, transfer (including transfers by operation of law or otherwise), hypothecation, mortgage, or subletting without such written consent shall give Landlord the right to terminate this Lease and to re-enter and repossess the Demised Premises but Landlord's right to damages shall survive. No consent by Landlord to any assignment, transfer, hypothecation, mortgage or subletting on any one occasion shall be deemed a consent to any subsequent assignment, transfer, hypothecation, mortgage or subletting by Tenant or by any successors, assigns, transferees, mortgagees or sublessees of Tenant.

Section 9.2 The cumulative sale, issuance or transfer of any voting capital stock of Tenant, if Tenant is a corporation at the signing of this Lease, or the transfer of membership interests if Tenant is a limited liability company, which results in a change in the voting control of Tenant, shall be deemed to be an assignment of this Lease within the meaning of this Section 9.

Section 9.3 If at the execution of this Lease, Tenant is a sole proprietorship or a partnership, the subsequent cumulative sale of fifty-one percent (51%) or more of its business to another person or entity which would result in a change of the control of Tenant shall be deemed to be an assignment of this Lease within the meaning of this Section 9.

Section 9.4 If at any time or from time to time during the Term, Tenant desires to sublet all or any part of the Demised Premises or to assign this Lease, Tenant shall give notice to Landlord setting forth the proposed subtenant or assignee, the terms of the proposed subletting and the space so proposed to be sublet or the terms of the proposed assignment, as the case may be. In addition to the other rights accorded Landlord under this Lease in the event of an assignment, sublease or proposed assignment or sublease by Tenant, Landlord shall have the option, exercisable by notice given to Tenant within twenty (20) days after Tenant's notice is given, (a) if Tenant's request relates to a subletting, either to sublet from Tenant such space at the rental and other terms set forth in Tenant's notice, or, if the proposed subletting is for the entire Demised Premises for the balance of the Term, to terminate this Lease, or (b) if Tenant's request relates to an assignment, either to have this Lease assigned to Landlord or to terminate this Lease. If Landlord does not exercise such option, but consents to such sublease or assignment (which consent Landlord shall be free to withhold in its absolute discretion), Tenant shall be free for a period of one hundred eighty (180) days thereafter to sublet such space or to assign this Lease to such third party, provided that the sublease or assignment shall be on the same terms set forth in the notice given to Landlord and that the rental to such subtenant or assignee shall not be less than the then market rate for the Demised Premises. Under no circumstances shall the Tenant hypothecate or mortgage this Lease.

Section 9.5 In the event Tenant shall so sublet a portion of the Demised Premises, or assign this Lease, all of the sums or other economic consideration received by Tenant as a

result of such subletting or assignment whether denominated rent or otherwise, under the sublease or assignment, which exceed in the aggregate, the total sums which Tenant is obligated to pay Landlord under this Lease (prorated to reflect obligations allocable to that portion of the Demised Premises subject to such sublease) after netting out Tenant's out-of-pocket expenses in connection with the lease or assignment shall be payable to Landlord as additional rent under this Lease without affecting or reducing any other obligations of Tenant hereunder.

Section 9.6 Regardless of Landlord's consent, no subletting or assignment shall release Tenant of Tenant's obligations or alter the primary liability of Tenant to pay the rental and other sums payable by Tenant and to perform all other obligations to be performed by Tenant hereunder. The acceptance of rental by Landlord from any other person shall not be deemed to be a waiver by Landlord of any provision hereof. Consent to one assignment or subletting shall not be deemed consent to any subsequent assignment or subletting. In the event of default by any assignee of Tenant or any successor of Tenant in the performance of any of the terms hereof, Landlord may proceed directly against Tenant without the necessity of exhausting remedies against such assignee or successor. Landlord may consent to subsequent assignments or subletting of this Lease or amendments or modifications to this Lease with assignees of Tenant, without notifying Tenant, or any successor of Tenant, and without obtaining its or their consent thereto and such action shall not relieve Tenant of liability under this Lease.

Section 9.7 In the event Tenant shall assign this Lease or sublet the Demised Premises or request the consent of Landlord to any assignment or subletting or if Tenant shall request the consent of Landlord for any act that Tenant proposes to do, then Tenant shall pay Landlord's reasonable attorneys' fees and processing fees incurred in connection therewith.

Section 10.00 INSURANCE, INDEMNIFICATION AND WAIVER OF SUBROGATION.

Section 10.1 Tenant hereby waives all claims against Landlord for damage to any property or injury or death of any person in, upon or about the Demised Premises arising at any time and from any cause other than solely by reason of the gross negligence or willful act of Landlord, its employees or contractors, and Tenant shall indemnify and hold harmless Landlord from and against any and all claims arising from Tenant's use of the Demised Premises or elsewhere and shall further indemnify, defend and hold harmless Landlord from and against any and all claims arising from a breach or default in the performance of any obligation on Tenant's part to be performed under the terms of this Lease, or arising from any negligence of the Tenant, or any of the Tenant's agents, contractors or employees, except such as is caused solely by gross negligence or willful act of Landlord, its contractors or employees. The foregoing indemnity obligation of Tenant shall include reasonable attorneys' fees, investigation costs and all other reasonable costs and expenses incurred by Landlord from the first notice that any claim or demand is to be made or may be made. The provisions of this Section 10.1 shall survive the termination of this Lease with respect to any damage, injury or death occurring prior to such termination.

Section 10.2 Tenant shall procure and keep in effect during the term hereof commercial general liability insurance and commercial property damage insurance with a minimum single limit of liability of Two Million and no/100 (\$2,000,000.00) Dollars per occurrence for bodily injury or death and/or property damage. From time to time, Tenant shall increase the limit of such liability insurance to such higher limit as Landlord shall reasonably

require. Such insurance shall specifically include the liability assumed hereunder by Tenant, and shall provide that it is primary insurance and not excess over or contributory with any other valid, existing and applicable insurance in force for or on behalf of Landlord, shall name Landlord as an additional insured, and shall provide that Landlord shall receive thirty (30) days' written notice from the insurer prior to any cancellation or change of coverage.

Section 10.3 Tenant shall procure and keep in effect fire and property damage insurance (including standard extended coverage endorsement and leakage from fire protective devices perils) for the full replacement cost of Tenant's trade fixtures, equipment, personal property and Tenant's alterations, additions and leasehold improvements.

Section 10.4 Tenant shall deliver policies of the insurance required pursuant to Sections 10.2 and 10.3 hereof or certificates thereof to Landlord on or before the Commencement Date, and thereafter at least thirty (30) days before the expiration dates of expiring insurance policies.

Section 10.5 Landlord and Tenant shall each obtain from their respective insurers under all policies of property insurance maintained by either of them at any time during the Term insuring or covering the Building or any portion thereof or operations therein, a waiver of all rights of subrogation which the insurer of one party might have against the other party, and Landlord and Tenant shall each indemnify the other against any loss or expense, including reasonable attorneys' fees, resulting from the failure to obtain such waiver and, so long as such waiver is outstanding, each party waives, to the extent of the proceeds received under such policy, any right of recovery against the other party for any loss covered by the policy containing such waiver; provided, however, that if an increase in premium is required for such waiver of subrogation, the other party will pay such increase or the waiver will not be furnished; provided, further that if at any time their respective insurers shall refuse to permit waivers of subrogation, Landlord or Tenant, in each instance, may revoke said waiver of subrogation effective thirty (30) days from the date of such notice, unless within such thirty (30) day period, the other is able to secure and furnish (without additional expense) equivalent insurance with such waivers with other companies satisfactory to the other party.

Section 11.00 FIRE.

Section 11.1 In the event the Demised Premises are damaged or destroyed in whole or in part by fire or other insured casualty during the Term, Landlord shall, to the extent of insurance proceeds actually received by Landlord, plus Landlord's deductible, which Landlord shall pay, repair and restore the same to tenantable condition with reasonable dispatch, and the Base Rent herein provided shall be reduced in direct proportion to the amount of the Demised Premises so damaged or destroyed until such time as the Demised Premises are restored to tenantable condition; provided, however, that if the Tenant shall fail to adjust its own insurance or to remove its damaged goods, wares, equipment or property within a reasonable time, and as a result thereof the repairing and restoration is delayed, there shall be no abatement of Base Rent during the period of such resulting delay; and provided further that there shall be no abatement of Base Rent if such fire or other cause damaging or destroying the Demised Premises shall result from the negligence or willful act of the Tenant, its agents or employees; and provided further that if the Tenant shall use any part of the Demised Premises for storage during the period of repair Tenant shall pay Base Rent and other charges for the portion of the Demised Premises used for such storage. If the Demised Premises cannot be restored to

tenantable condition within a period of one hundred eighty (180) days after casualty, Landlord shall so notify Tenant as soon as reasonably practical after such casualty, and Landlord and Tenant shall each have the right to terminate this Lease upon written notice to the other (Tenant's cancellation notice shall be given within thirty (30) days after receipt of written notice from Landlord that the Demised Premises cannot be timely restored), and any rent paid for any period in advance of the date of such damage and destruction shall be refunded to Tenant. If the Demised Premises are damaged due to fire or other casualty, Tenant shall, at its own cost and expense, remove such of its furniture and other belongings from the Demised Premises as Landlord shall require in order to permit Landlord to repair and restore the Demised Premises. Landlord shall use reasonable discretion as to the extent of the untenability of the Demised Premises and of the time required for the repair and rebuilding of the same and no such damage or untenability shall be deemed either an actual or constructive eviction or result in an abatement of rental (except as provided herein for insured casualties).

Section 11.2 In the event the Building is destroyed to the extent of more than one-half (1/2) of the then value thereof, Landlord shall have the right to terminate this Lease upon written notice to Tenant, in which event any rent paid in advance of the date of such destruction shall be refunded to Tenant.

Section 12.00 EMINENT DOMAIN.

If all or any part of the Demised Premises shall be taken as a result of the exercise of the power of eminent domain, this Lease shall terminate as to the part so taken as of the date of taking, and, in the case of partial taking, Landlord and Tenant shall each have the right to terminate this Lease as to the balance of the Demised Premises by notice to the other within thirty (30) days after such date. In the event of any taking, Landlord shall be entitled to any and all compensation, damages, income, rent, awards, or any interest therein whatsoever which may be paid or made in connection therewith, and Tenant shall have no claim against Landlord or the condemning authority for the value of any unexpired term of this Lease or otherwise. In the event of a partial taking of the Demised Premises which does not result in a termination of this Lease, the rental thereafter to be paid shall be reduced pro-rata in proportion to the square footage of the Demised Premises so taken.

Section 13.00 RULES.

Tenant shall faithfully observe and comply with the rules and regulations annexed to this Lease as Exhibit C and, after notice thereof, all reasonable modifications thereof and additions thereto from time to time promulgated in writing by Landlord. Landlord shall not be responsible to Tenant for the non-compliance by any other tenant or occupant of the Building of any such rules and regulations.

Section 14.00 ENTRY BY LANDLORD.

Section 14.1 Landlord and designees may enter the Demised Premises (excluding Tenant's vaults, safes and other secured areas designated in writing by Tenant in advance) at reasonable hours and upon reasonable notice to (a) inspect the same, (b) exhibit the same to prospective purchasers, lenders or tenants, (c) determine whether Tenant is complying with all

of its obligations hereunder, (d) supply janitor service and any other services to be provided by Landlord to Tenant hereunder, and (e) make repairs required of Landlord under the terms hereof or repairs to any adjoining space or utility services or make repairs, alterations or improvements to any other portion of the Building; provided, however, that all such work shall be done as promptly as reasonably possible. Tenant hereby waives any claim for damages for any injury or inconvenience to or interference with Tenant's business, any loss of occupancy or quiet enjoyment of the Demised Premises or any other loss occasioned by such entry.

Section 14.2 Landlord shall at all times have and retain a key or access card with which to unlock all of the doors in, on or about the Demised Premises (excluding Tenant's vaults, safes and other secured areas designated in writing by Tenant in advance); and Landlord shall have the right to use any and all means which Landlord may deem proper to open said doors in an emergency in order to obtain entry to the Demised Premises, and any entry to the Demised Premises obtained by Landlord by any of said means, or otherwise, shall not under any circumstances be construed or deemed to be a forcible or unlawful entry into or a detainer of the Demised Premises or an eviction, actual or constructive, of Tenant from the Demised Premises, or any portion thereof.

Section 15.00 **EVENTS OF DEFAULT.**

Section 15.1 The occurrence of any one or more of the following events (hereinafter referred to as "Events of Default") shall constitute a breach of this Lease by Tenant: (a) if Tenant shall fail to pay the Base Rent or the monthly installments of estimated Operating Expenses and Property Taxes when and as the same become due and payable and such failure shall continue for more than ten (10) days; or (b) if Tenant shall fail to pay any other sum due to Landlord under this Lease when and as the same becomes due and payable and such failure shall continue for more than ten (10) days after notice by Landlord; or (c) if Tenant shall fail to perform or observe any other term hereof or of the rules and regulations referred to in Section 13 hereof to be performed or observed by Tenant, such failure shall continue for more than thirty (30) days after notice thereof from Landlord, and Tenant shall not within such thirty (30) day period commence with due diligence and dispatch the curing of such default, or, having so commenced, shall thereafter fail or neglect to prosecute or complete with due diligence and dispatch the curing of such default; or (d) if Tenant shall make a general assignment for the benefit of creditors, or shall admit in writing its inability to pay its debts as they become due or shall file a petition in bankruptcy, or shall be adjudicated as insolvent or shall file a petition in any proceeding seeking any reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief under any present or future statute, law or regulation, or shall file an answer admitting or fail timely to contest or acquiesce in the appointment of any trustee, receiver or liquidator of Tenant or any material part of its properties; or (e) if within ninety (90) days after the commencement of any proceeding against Tenant seeking any reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief under any present or future statute, law or regulation, such proceeding shall not have been dismissed, or if, within ninety (90) days after the appointment without the consent or acquiescence of Tenant, of any trustee, receiver or liquidator of Tenant or of any material part of its properties, such appointment shall not have been vacated; or (f) if this Lease or any estate of Tenant hereunder shall be levied upon under any attachment or execution and such attachment or execution is not vacated within ten (10) days, or (g) if the Demised Premises are abandoned by Tenant.

Section 15.2 If, as a matter of law, Landlord has no right on the bankruptcy of Tenant to terminate this Lease, then, if Tenant, as debtor, or its trustee wishes to assume or assign this Lease, in addition to curing or adequately assuring the cure of all defaults existing under this Lease on Tenant's part on the date of filing of the proceeding (such assurances being defined below), Tenant, as debtor, or the trustee or assignee must also furnish adequate assurances of future performance under this Lease (as defined below). Adequate assurance of curing defaults means the posting with Landlord of a sum in cash sufficient to defray the cost of such a cure. Adequate assurance of future performance under this Lease means posting a deposit equal to three (3) months' rent, including all other charges payable by Tenant hereunder, and, in the case of an assignee, assuring Landlord that the assignee is financially capable of assuming this Lease, and that its use of the Demised Premises will not be detrimental to the other tenants in the Building or Landlord. In any proceeding under the Bankruptcy Code, the debtor or trustee must assume this Lease or assign it within sixty (60) days from the filing of the proceeding, or it shall be deemed to have rejected and terminated this Lease.

Section 16.00 REMEDIES.

If any of the Events of Default shall occur, then in addition to all remedies available to Landlord at law or in equity, Landlord shall have the following remedies:

a. Landlord at any time after the Event of Default, at Landlord's option, may give to Tenant thirty (30) days' notice of termination of this Lease, and in the event such notice is given, this Lease shall come to an end and expire (whether or not the Term shall have commenced) upon the expiration of such thirty (30) days, but Tenant shall remain liable for damages as provided in Section 17 hereof.

b. Upon terminating this Lease, Landlord may immediately or at any time after termination or after the date upon which this Lease shall expire, reenter the Demised Premises or any part thereof either with or without pursuing summary proceedings or by any other applicable action or proceeding, or by force or otherwise (without being liable for damages for such entry), and may repossess the Demised Premises and remove any and all of Tenant's property and effects from the Demised Premises.

c. Upon terminating this Lease, Landlord shall take all commercially reasonable measures to mitigate any damages that may arise from an Event of default. Such mitigation may include the reletting of the whole or any part of the Demised Premises from time to time, either in the name of Landlord or otherwise, to such tenant or tenants, for such term or terms ending before, on or after the expiration date, at such commercially reasonable rental or rentals and upon such other conditions, which may include concessions and free rent periods, as Landlord, in its sole discretion, may determine. In the event of any such reletting, Landlord shall not be liable for the failure to collect any rental due upon any such reletting, and no such failure shall operate to relieve Tenant of any liability under this Lease or otherwise to affect any such liability, unless such failure to collect such rental is the result of Landlord's failure to follow its normal and established business practices regarding collection of rent. Landlord may make such repairs, replacements, alterations, additions, improvements, decorations and other physical changes in and to the Demised Premises as Landlord, in its sole discretion, considers advisable or necessary in connection with any such reletting or proposed reletting, without relieving Tenant of any liability under this Lease or otherwise affecting such liability.

d. Landlord shall have the right to recover the rental and all other amounts payable by Tenant hereunder as they become due (unless and until Landlord has terminated this Lease) and all other damages incurred by Landlord as a result of an Event of Default, subject to its duty to mitigate its damages.

e. All rights, options and remedies of Landlord contained in this Lease shall be construed and held to be cumulative, and no one of them shall be exclusive of the other, and Landlord shall have the right to pursue any one or all of such remedies or any other remedy of relief which may be provided by law, whether or not stated in this Lease. No waiver of any Event of Default of Tenant hereunder shall be implied from any acceptance by Landlord of any Base Rent or other payments due hereunder or any omission by Landlord to take any action on account of such Event of Default if such Event of Default persists or is repeated, and no express waiver shall affect any Event of Default other than as specified in said waiver. The consent or approval of Landlord to or of any act by Tenant requiring Landlord's consent or approval shall not be deemed to waive or render unnecessary Landlord's consent or approval to or of any subsequent similar acts by Tenant.

Section 17.00 TERMINATION UPON DEFAULT.

Upon termination of this Lease by Landlord pursuant to Section 16.00 hereof, Landlord shall be entitled to recover from Tenant the aggregate of: (a) the unpaid Base Rent, Operating Expenses, Property Taxes and other sums payable by Tenant which become due prior to the date of termination; (b) the worth at the time of award of the amount by which the unpaid Base Rent, Operating Expenses, Property Taxes and other sums payable by Tenant for the balance of the Term exceeds the reasonable rental value of the Demised Premises for such period; and (c) any other amount necessary to compensate Landlord for all the detriment proximately caused by Tenant's failure to perform its obligations under this Lease or which in the ordinary course of things would be likely to result therefrom including, without limitation, the cost of recovering possession of the Premises, including actual and reasonable attorneys' fees, expenses of reletting, including renovation and alteration of the Demised Premises. The "worth at the time of award" of the amount referred to in clause (b) above is computed by discounting such amount at the discount rate of the Federal Reserve Bank of Chicago at the time of termination.

Section 18.00 LANDLORD'S RIGHT TO CURE DEFAULTS.

All covenants, terms and conditions to be performed by Tenant under any of the terms of this Lease shall be at its sole cost and expense and without any abatement of rental except as specifically provided in this Lease. If Tenant shall fail to pay any sum of money, other than Base Rent, Operating Expenses, Property Taxes and other sums payable by Tenant to Landlord under this Lease or if Tenant shall fail to perform any other act on its part to be performed hereunder and such failure shall continue for thirty (30) days after notice thereof by Landlord, Landlord may, but shall not be obligated so to do, and without waiving or releasing Tenant from any obligations of Tenant, make any such payment or perform any such other act on Tenant's part to be made or performed as in this Lease provided. All sums so paid by Landlord and all necessary incidental costs shall be deemed additional rent hereunder together with interest on such costs at the Default Rate from the date of payment by Landlord and shall be payable to Landlord on demand, and Landlord shall have (in addition to any other right or

remedy of Landlord) the same rights and remedies in the event of the nonpayment thereof by Tenant as in the case of default by Tenant in the payment of rent.

Section 19.00 ATTORNEY'S FEES.

If as a result of any breach or default in the performance of any of the provisions of this Lease, Landlord uses the services of any attorney in order to secure compliance with such provisions, to recover damages for such breach, to terminate this Lease and/or evict Tenant, Tenant shall reimburse Landlord upon demand for any and all reasonable attorney's fees and expenses so incurred by Landlord.

Section 20.00 SUBORDINATION.

Section 20.1 This Lease is and shall be subject and subordinate, at all times, to (a) the lien of any mortgage or mortgages which may now or hereafter burden or attach to the Building, to all advances made or hereafter to be made upon the security thereof and to the interest accrued and accruing thereon, and to any agreements at any time made modifying, supplementing, extending or replacing any such mortgages, and (b) any ground, master or underlying lease which may now or hereafter affect the Building, including all amendments, renewals, modifications, consolidation, replacements and extensions thereof, which may be freely made by Landlord as it deems appropriate. Notwithstanding the foregoing, at the request of the holder of any of the aforesaid mortgage or mortgages or the lessor under any ground, master or underlying lease, this Lease may be made prior and superior to such mortgage or mortgages and/or such ground, master or underlying lease. Tenant shall attorn to the successor in interest of Landlord following any transfer of such interest which occurs either voluntarily or by operation of law and to recognize such successor as the Landlord under this Lease. If requested by such successor in interest, Tenant shall execute a written attornment agreement or similar instrument, provided that such attornment agreement does not increase the obligations of Tenant, nor materially or adversely affect the rights of Tenant. Such attornment shall be effective and self-operative without the execution of any further instruments upon successors in interest succeeding to the interest of the Landlord under this Lease.

Section 20.2 Tenant shall, contemporaneously with the execution hereof, execute and deliver to Landlord a Subordination, Non-Disturbance and Attornment Agreement in the form attached hereto as Exhibit D. At the request of Landlord, Tenant shall execute and deliver such further instruments as may be reasonably required to implement the provisions of this Section 20 with respect to any existing or future mortgage, deed of trust, master lease or ground lease. Tenant hereby irrevocably, during the term of this Lease, constitutes and appoints Landlord as Tenant's agent and attorney in fact to execute any such instruments on Tenant's behalf if Tenant shall fail or refuse to execute the same within ten (10) days after notice from Landlord.

Section 20.3 If, as a condition of approving this Lease, Landlord's mortgagee shall request reasonable modifications of this Lease, Tenant shall not unreasonably withhold or delay its agreement to such modifications, provided that such modifications do not increase the obligations or materially and adversely affect the rights of Tenant under this Lease.

Section 21.00 NO MERGER.

The voluntary or other surrender of this Lease by Tenant, or a mutual cancellation hereof, shall not work a merger, and shall, at the option of Landlord, terminate all or any existing subleases or subtenancies, or may, at the option of Landlord, operate as an assignment to it of any or all such subleases or subtenancies.

Section 22.00 NONLIABILITY OF LANDLORD.

Section 22.1 In the event the Landlord hereunder or any successor in interest shall sell, assign or transfer its interest in the Building, all liabilities and obligations on the part of the original Landlord or such successor in interest under this Lease shall terminate as of the date of such transfer, and thereupon all such liabilities and obligations arising on and subsequent to the date of such transfer shall be solely the obligation of the transferee. Tenant shall attorn to such transferee.

Section 22.2 Landlord shall not be responsible or liable to Tenant for any loss or damages that may be occasioned by or through the acts or omissions of persons occupying adjoining areas or any part of the area adjacent to or connected with the Demised Premises or any part of the Building or for any loss or damage resulting to Tenant or its property from burst, stopped or leaking water, fire sprinkler system, gas, sewer or steam pipes, or from theft or a failure of the security systems or personnel in the Building, or for any damage or loss of property within the Demised Premises from any cause other than solely by reason of the negligence or willful act of Landlord, and no such occurrence shall be deemed to be an actual or constructive eviction from the Demised Premises or result in an abatement of rental.

Section 22.3 If Landlord shall fail to perform any covenant, term or condition of this Lease upon Landlord's part to be performed, and if, as a consequence of such default, Tenant shall recover a money judgment against Landlord, such judgment shall be satisfied only against the right, title and interest of Landlord in the Building and out of rents or other income from the Building receivable by Landlord, or out of the consideration received by Landlord from the sale or other disposition of all or any part of Landlord's right, title and interest in the Building, and Landlord shall not be personally liable for any deficiency out of any other assets of Landlord.

Section 23.00 ESTOPPEL CERTIFICATE.

At any time and from time to time, within ten (10) days after requested by Landlord, Tenant will promptly execute, acknowledge and deliver to Landlord, at no cost to Landlord, a certificate indicating (a) that this Lease is unmodified and in full force and effect (or, if there have been modifications, that this Lease is in full force and effect, as modified, and stating the date and nature of each modification), (b) the date, if any, to which rental and other sums payable hereunder have been paid, (c) that no notice has been received by Tenant of any default which has not been cured, except as to defaults specified in said certificate, and (d) such other matters as may be reasonably requested by Landlord and/or its lender. Any such certificate may be relied upon by any prospective purchaser or mortgagee of the Building or any part thereof. Tenant hereby irrevocably, during the term of this Lease, constitutes and appoints Landlord as Tenant's agent and attorney in fact to execute any such certificate on Tenant's behalf if Tenant shall fail or refuse to execute the same within ten (10) days after request from Landlord.

Section 24.00 NO LIGHT, AIR OR VIEW EASEMENT.

Any diminution or shutting off of light, air or view by any structure which may be erected on lands adjacent to the Building shall in no way affect this Lease or impose any liability on Landlord.

Section 25.00 HOLDING OVER.

This Lease shall terminate without further notice upon the expiration of the Term, and any holding over by Tenant after such expiration shall not constitute a renewal hereof, or give Tenant any rights under this Lease, as this Lease cannot be renewed, extended, or in any manner modified except in writing, signed by both parties hereto. If Tenant shall hold over for any period after the expiration of said Term, Landlord may, at its option, exercised by written notice to Tenant, treat Tenant as a tenant from month-to-month, commencing on the first day following the expiration of the Term and subject to the terms and conditions herein contained. In any event, unless and until Landlord and Tenant shall have entered into a new written lease or a written renewal or extension of this Lease, the rent to be paid for any holdover period, whether as a month-to-month tenant or otherwise, shall be at a rate equal to one hundred and fifty percent (150%) of the monthly rental payable for the last full month under this Lease, plus all other charges payable hereunder until such time as Tenant has actually vacated the Demised Premises and turned possession of the Demised Premises over to Landlord. If Tenant fails to surrender the Demised Premises, upon the expiration of the Term, despite demand to do so by Landlord, Tenant shall indemnify, defend and hold Landlord harmless from all proximately-caused loss or liability, including without limitation, any claim made by any succeeding Tenant based on, or resulting from or related to such failure to surrender.

Section 26.00 ABANDONMENT.

If Tenant shall abandon or surrender the Demised Premises, or be dispossessed by process of law or otherwise, any personal property belonging to Tenant and left on the Demised Premises shall be deemed to be abandoned and may be disposed of by Landlord or, at the option of Landlord, may be removed by Landlord and stored at Tenant's expense.

Section 27.00 WAIVER.

Section 27.1 The waiver by Landlord of any agreement, condition or provision herein contained shall not be deemed to be a waiver of any subsequent breach of the same or any other agreement, condition or provision herein contained, nor shall any custom or practice which may grow up between the parties in the administration of the terms hereof be construed to waive or to lessen the right of Landlord to insist upon the performance by Tenant of the terms hereof in strict accordance with said terms. The subsequent acceptance of rental hereunder by Landlord shall not be deemed to be a waiver of any preceding breach by Tenant of any agreement, condition or provision of this Lease, other than the failure of Tenant to pay the particular rental so accepted, regardless of Landlord's knowledge of such preceding breach at the time of acceptance of such rental.

Section 27.2 LANDLORD AND TENANT HEREBY WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING, OR COUNTERCLAIM BROUGHT BY LANDLORD OR TENANT AGAINST THE OTHER ON ANY MATTER WHATSOEVER ARISING OUT OF OR IN ANY

WAY CONNECTED WITH THIS LEASE, THE RELATIONSHIP OF LANDLORD TO TENANT, THE USE OR OCCUPANCY OF THE DEMISED PREMISES BY TENANT OR ANY PERSON CLAIMING THROUGH OR UNDER TENANT, ANY CLAIM OF INJURY OR DAMAGE, AND ANY EMERGENCY OR OTHER STATUTORY REMEDY; PROVIDED, HOWEVER, THE FOREGOING WAIVER SHALL NOT APPLY TO ANY ACTION FOR PERSONAL INJURY OR PROPERTY DAMAGE. IF LANDLORD COMMENCES ANY SUMMARY OR OTHER PROCEEDING FOR NONPAYMENT OF RENT OR THE RECOVERY OF POSSESSION OF THE DEMISED PREMISES, TENANT SHALL NOT INTERPOSE ANY COUNTERCLAIM OF WHATEVER NATURE OR DESCRIPTION IN ANY SUCH PROCEEDING, UNLESS THE FAILURE TO RAISE THE SAME WOULD CONSTITUTE A WAIVER THEREOF. THE FOREGOING SHALL NOT PRECLUDE TENANT FROM ASSERTING ANY SUCH CLAIM IN A SEPARATE PROCEEDING.

Section 28.00 NOTICES.

All notices, consents, requests, demands, designations or other communications which may or are required to be given by either party to the other hereunder shall be in writing and shall be deemed to have been duly given when personally delivered or deposited in the United States mail, certified or registered, postage prepaid, and addressed as follows: Prior to occupancy of the Demised Premises, to Tenant at the address set forth in the first paragraph of this Lease, and subsequent to occupancy, at the Demised Premises (Attn: Harry Pianko, Deputy Chancellor for Finance and Operations) or to such other place as Tenant may from time to time designate in a written notice to Landlord; to Landlord at the address set forth in the first paragraph of this Lease, or to such other place as Landlord may from time to time designate in a written notice to Tenant. Tenant hereby appoints as its agent to receive the service of all summary proceedings and notice thereunder the person in charge of or occupying the Demised Premises, and such service may be made by attaching the same on the main entrance of the Demised Premises.

Section 29.00 COMPLETE AGREEMENT.

There are no oral agreements between Landlord and Tenant affecting this Lease, and this Lease supersedes and cancels any and all previous negotiations, arrangements, brochures, agreements and understandings, if any, between Landlord and Tenant or displayed by Landlord to Tenant with respect to the subject matter of this Lease or the Building. There are no representations between Landlord and Tenant other than those contained in this Lease and all reliance with respect to any representations is solely upon such representations.

Section 30.00 AUTHORITY.

If Tenant signs as a corporation, or other form of entity, each of the persons executing this Lease on behalf of Tenant does hereby covenant and warrant that Tenant is a duly organized and existing entity under the name and in the form referenced in the first paragraph of this Lease, that if Tenant is not organized under the laws of the State of Michigan Tenant has and is qualified to do business in Michigan, that the entity has full right and authority to enter into this Lease, and that each and all of the persons signing on behalf of the entity are authorized to do so.

Section 31.00 INABILITY TO PERFORM.

If, by reason of the occurrence of unavoidable delays due to acts of God, governmental restrictions, strikes, labor disturbances, shortages of materials or supplies or for any other cause or event beyond Landlord's reasonable control, Landlord is unable to furnish or is delayed in furnishing any utility or service required to be furnished by Landlord under the provisions of Section 6 hereof or any other provisions of this Lease or any collateral instrument, or is unable to perform or make or is delayed in performing or making any installations, decorations, repairs, alterations, additions, or improvements, whether required to be performed or made under this Lease or under any collateral instrument, or is unable to fulfill or is delayed in fulfilling any of Landlord's other obligations under this Lease or any collateral instrument, no such inability or delay shall constitute an actual or constructive eviction in whole or in part, or entitle Tenant to any abatement or diminution of rental or other charges due hereunder or relieve Tenant from any of its obligations under this Lease, or impose any liability upon Landlord or its agents by reason of inconvenience or annoyance to Tenant, or injury to or interruption of Tenant's business, or otherwise.

Section 32.00 COVENANT OF QUIET ENJOYMENT.

So long as Tenant is not in breach of any term, condition, or covenant of this Lease beyond any applicable notice and cure period, Tenant may peacefully and quietly enjoy the Demised Premises during the Term, subject, however, to the provisions of this Lease and to any mortgages or ground, master or underlying leases.

Section 33.00 SECURITY DEPOSIT.

Upon the execution of this Lease, Tenant has deposited with Landlord the sum of Ten Thousand Six Hundred and Twenty-Five and 00/100 Dollars (\$10,625.00) which shall be applied to the Base Rental for the month of August 2013, and an additional sum of Ten Thousand Six Hundred and Twenty-Five and 00/100 Dollars (\$10,625.00) (collectively the "Deposit"). The Deposit, or so much thereof as has not been applied toward the payment of the Base Rent for August, 2013, shall be held by Landlord as security for the faithful performance by Tenant of all of the provisions of this Lease to be performed or observed by Tenant and Tenant hereby grants to Landlord a security interest in the Deposit to secure Tenant's payment and performance of all of its obligations hereunder. If Tenant fails to pay Base Rent, Operating Expenses, Property Taxes or other charges due hereunder, or otherwise defaults with respect to any provision of this Lease, Landlord may, but shall have no obligation to, use, apply or retain all or any portion of the Deposit for the payment of any Base Rent, Operating Expenses, Property Taxes or other charge in default or for the payment of any other sum to which Landlord may become obligated by reason of Tenant's default or to compensate Landlord for any loss or damage which Landlord may suffer thereby. If Landlord so uses or applies all or any portion of the Deposit, Tenant shall within ten (10) days after demand therefore deposit cash with Landlord in an amount sufficient to restore the Deposit to the full amount thereof. Landlord shall not be required to keep the Deposit separate from its general accounts. If Tenant performs all of Tenant's obligations hereunder and pays all Base Rent, Operating Expenses, Property Taxes and other charges payable by Tenant during the Term, the Deposit or so much thereof as had not theretofore been applied by Landlord, without payment of interest or other charge for its use, shall be returned to Tenant (or, at Landlord's option, to the last assignee, if any, of Tenant's interest hereunder) at the expiration of the Term and after

Tenant has vacated the Demised Premises. No trust relationship is created herein between Landlord and Tenant with respect to the Deposit.

Section 34.00 ACCORD AND SATISFACTION.

No payment by Tenant or receipt by Landlord of a lesser amount than the Base Rent, Operating Expenses, Property Taxes or other charges payable by Tenant under this Lease shall be deemed to be other than on account of the earliest Base Rent, Operating Expenses, Property Taxes or other charges due hereunder nor shall any endorsement or statement on any check, money order, or other remittance or any letter accompanying any check or payment be deemed to result in an accord and satisfaction, and Landlord shall accept such check or payment without prejudice to Landlord's right to recover the balance of such Base Rent, Operating Expenses, Property Taxes or other charges due hereunder or pursue any other remedy provided in this Lease.

Section 35.00 PARKING.

Landlord shall make available to Tenant throughout the Term, at no additional charge to Tenant, two Executive parking spaces in the parking deck serving the Building. Landlord shall also make available for licensing to Tenant, at additional cost as hereinafter provided, one (1) additional Executive parking space, for a discounted license fee in the amount of Seventy-Five and 00/100 Dollars (\$75.00) per month, and thirty (30) non-executive deck parking spaces or surface lot parking spaces, for a license fee in the amount of Seventy-Five and 00/100 Dollars (\$75.00) per month for non-executive deck parking spaces and Sixty 00/100 (\$60.00) Dollars, per month for surface lot parking spaces.

Landlord represents that all of the foregoing parking spaces will be available for Tenant's use at the commencement of the Lease.

Tenant acknowledges that, if it does not elect to pay for all of said spaces at the commencement of the Lease and throughout the Lease Term, Landlord shall be free to rent or license to third parties any spaces not actually licensed on a continuous basis by Tenant; provided, that during the first Lease Year, Landlord shall notify Tenant if the number of parking spaces Landlord proposes to license and/or otherwise allocate to other users would reduce the available number of parking spaces to less than the number of spaces hereby allocated to Tenant, but not actually licensed by Tenant. Tenant shall have ten (10) days thereafter to notify Landlord in writing as to whether Tenant intends to exercise a right of first refusal to license some or all of the remaining parking spaces allocated to Tenant by this Section 35.00 but not then licensed by Tenant. If Tenant exercises this right as to any or all of the spaces, Tenant's obligation to pay monthly parking fees for those spaces, and right to use those spaces, shall commence on the first day of the following calendar month, or sooner at Tenant's option. If Tenant does not affirmatively exercise this right of first refusal as to any or all of such spaces by timely written notice to Landlord, this right of first refusal shall expire as to those spaces and Landlord shall be free to rent or license the spaces to other users.

Tenant shall also have the right to license, on a space-available month-to-month basis, additional parking spaces in either the deck or surface lot at any time during the term of this Lease; provided, if Tenant elects to license any additional parking spaces not less than two-thirds (2/3) of those spaces shall be in the deck, unless there are insufficient spaces available in the deck. This right to license parking spaces shall be subject to the right of Landlord and/or

the future operators of the parking deck and parking lots to rent, license or lease parking spaces to other persons or entities from time to time in the operator's sole discretion and to impose reasonable limits on the number of additional parking spaces, both deck and surface, that may be licensed by Tenant and/or any other persons, and the lack of availability of parking spaces shall not constitute a breach of any obligation of Landlord under this Lease. Without limiting the foregoing, surface parking may be relocated by Landlord at any time to any other parking lot or deck owned or operated by Landlord or any affiliate of Landlord and located within the vicinity of the Building.

All parking spaces shall be paid for monthly, in advance, at the rates set forth above with respect to the parking spaces to be made available pursuant to the first paragraph of this Section 35.00 or, for any additional spaces licensed by Tenant, at the then prevailing parking rates being charged by Landlord to other parking deck users on a month-to-month basis (excluding any discounted rates provided to any tenant of the Building), as those rates may change from time to time, presently \$110.00 per month per space for executive deck parking spaces, \$90.00 per month per space for other deck parking and \$60.00 per month per space for surface parking. The monthly parking fees shall be paid at the time of, and in addition to, the rent and other charges to be paid by Tenant pursuant to this Lease and Landlord shall have the right, in addition to all other available remedies, to terminate or revoke any parking permit for which the monthly parking fee is not timely paid as required by this Section 35.00. There shall be no proration of monthly parking license fees, except for the first month of the Lease Term if the Commencement Date is other than the first day of a month. Tenant shall be obligated to pay the full monthly parking license fee for each space licensed at the beginning of a month, whether or not Tenant uses the licensed spaces for the entire month.

The parking spaces shall not be specifically reserved to Tenant, but Landlord shall provide Tenant with appropriate parking permits or passes for each parking space licensed by Tenant.

Section 36.00 MISCELLANEOUS.

Section 36.1 The words "Landlord" and "Tenant" as used herein shall include the plural as well as the singular. If there be more than one Tenant, the obligations hereunder imposed upon Tenant shall be joint and several.

Section 36.2 Submission of this instrument for examination or signature by Tenant does not constitute a reservation of or option for lease, and it is not effective as a lease or otherwise until execution and delivery by both Landlord and Tenant.

Section 36.3 The agreements, conditions and provisions herein contained shall, subject to limitations on assignment set forth in Section 9.00 hereof, apply to and bind the heirs, executors, administrators, successors and permitted assigns of the parties hereto.

Section 36.4 Tenant shall not, without the consent of Landlord, use the name of the Building for any purpose other than as the address of the business to be conducted by Tenant in the Demised Premises. Landlord reserves the right to select the name of the Building and to make such changes of name as it deems appropriate from time to time.

Section 36.5 If any provisions of this Lease shall be determined to be illegal or unenforceable, such determination shall not affect any other provisions of this Lease and all such other provisions shall remain in full force and effect.

Section 36.6 This Lease shall be governed by and construed in accordance with the laws of the State of Michigan.

Section 36.7 Each party represents that it has dealt with no broker or brokers in connection with the negotiation, execution and delivery of this Lease, with the exception of CB Richard Ellis (hereinafter referred to as the "Broker"). Landlord shall be responsible for any commission payable to the Brokers in accordance with a separate agreement between Landlord and the Broker. Landlord and Tenant shall each indemnify, defend, and hold other harmless from and against any losses, damages, penalties, claims or demands of whatsoever nature arising from a breach of its foregoing representation, including, without limitation, any commission or fees that may be payable with respect to any broker, other than Broker, that the indemnifying party has dealt with, and reasonable attorneys' fees and expenses. The representations and indemnifications set forth in this Section 36.7 shall survive the cancellation or termination of this Lease.

Section 36.8 If any claim, action or proceeding is brought against either Landlord or Tenant for a matter covered by an indemnification which is contained in this Lease, the party against whom such claim, action or proceeding is brought shall notify the other party in writing, and the indemnifying party shall defend such claim, action or proceeding by counsel selected by the indemnifying party and reasonably satisfactory to the indemnified party (counsel for the insurance company of Landlord or Tenant being deemed acceptable). The indemnified party shall cooperate in the defense of such claim, action or proceeding. The indemnified party shall not settle any such claim, action or proceeding without the approval of indemnifying party (such approval not to be unreasonably withheld or delayed.)

Section 37.00 OPTIONS, RIGHT OF FIRST OPPORTUNITY TO LEASE

Section 37.1 Landlord hereby grants unto Tenant one option to extend the Lease Term ("Option to Renew") for one (1) additional period, hereinafter called "Renewal Term" of five (5) years. In the event Tenant exercises the Option to Renew, then and in that event, all of the terms, covenants, conditions, provisions and agreements of this Lease shall apply, except as provided in Section 36.00 above and in this Section 38.00, including the Base Rent which is more particularly set forth hereinafter.

The Option to Renew shall be exercised by Tenant by giving written notice to the Landlord not less than twelve (12) months prior to the expiration of the initial Lease Term and, upon such exercise, Landlord shall notify Tenant what the minimum annual rent will be for the Demised Premises during the Renewal Term. If Tenant is not satisfied with the Base Rent for the Renewal Term as determined by Landlord, Tenant shall have the right to rescind the exercise of this Option to Renew by delivering to Landlord written notice of rescission within fifteen (15) days after Tenant receives Landlord's notice of minimum rent. If Tenant fails to timely serve written notice on Landlord within that fifteen (15) day period, Tenant shall be deemed to have accepted Landlord's minimum for the Renewal Term. In any event, the exercise of this Option to Renew shall not be effective unless Landlord and Tenant have executed an amendment to this Lease, or other appropriate memorandum of the renewal, not less than nine (9) months prior to the expiration of the initial Lease Term, confirming the exercise of the Option to Renew, the Base Rent for the Renewal Term, and such other matters as may be appropriate, at which time the Renewal Term shall become part of the Term hereof. The exercise by Tenant of such option shall be conditional upon (a) Tenant not being in default in the payment of any

rent or other sums due under this Lease at the time of such exercise or at the commencement of the Renewal Term, and (b) there being no existing defaults by Tenant in any other Lease provisions at the time of such exercise or at the commencement of the Renewal Term.

During the Renewal Term, the minimum annual rent shall be 95% of the then market rental rate guidelines for the Building at the time of commencement of the Renewal Term for vacant space and for leases of a duration comparable to the duration of the Renewal Term, including the rate of periodic rental increases during the Renewal Term if such periodic increases are part of the rental rate guidelines. Provided, that at no time during the Renewal Term shall the minimum annual rent be less than the minimum annual rent payable during the last lease year of the initial Lease Term.

Tenant acknowledges that Tenant shall accept the Demised Premises "as-is, where-is" for the Renewal Term, that Landlord shall have no obligation to provide Tenant with any tenant improvement allowance nor to perform any tenant improvement work with respect to the Renewal Term, and that Landlord shall have no obligation to pay any brokers' fees or commission with respect to the exercise of the Option to Renew or the Renewal Term.

Section 37.2 In the event Landlord shall desire to re-capture the Excess Space as set forth in Section 1.1 hereof, so long as Tenant is not then in default under the Lease, Landlord shall first offer to Tenant a right of first refusal to lease, and pay Base Rent on, the Excess Space upon the terms herein set forth ("Right of First Refusal"). This Right of First Refusal shall be effective only if there will be at least 36 months remaining on the Term at the time the amendment to this Lease retaining the Excess Space will become effective, as hereinafter provided. Landlord shall notify Tenant when Landlord receives an inquiry to lease all or a portion of Suite 3500 (for which Landlord desires to include any portion of the Excess Space) which Landlord deems sufficiently serious to submit a proposal to lease such space, including the Excess Space, to the inquiring person or entity. Tenant shall then have the right of first refusal to retain as part of the Demised Premises hereunder and lease all, but not a portion, of the Excess Space at a base rental rate per usable square foot equal to the rate set forth in Section 3.00 above. If Tenant desires to exercise this right of first refusal, Tenant shall so notify Landlord in writing within fifteen (15) days after delivery of Landlord's notice. If Tenant elects not to exercise this right of first refusal, or if Tenant fails to deliver written notice of its intent to exercise this right of first refusal within said fifteen (15) days, Tenant's right of first refusal shall be deemed to be waived, Tenant shall have no further rights with respect to the Excess Space, and Landlord shall be free to lease the Excess Space to any other person or entity.

If Tenant does give Landlord timely notice of Tenant's intent to exercise this right of first refusal, Landlord and Tenant shall execute an amendment to this Lease confirming the Excess Space as part of the Demised Premises for the balance of the Term, and increasing the usable square footage of the Demised Premises from 10,000 to 11,112 and the rentable square footage of the Demised Premises from 11,500 RSF to 12,778 RSF, effective on the first day of the first calendar month following delivery of Tenant's notice of exercise of this Right of First Refusal. The Base Rent payable from the effective date of the amendment through the remainder of the Term shall then be increased, based on the 11,112 usable square feet of the Demised Premises multiplied by the rental rates per usable square foot in effect from time to time during the remainder of the term as set forth in Section 3.00. This increased Base Rent shall be effective and due on the first day of the first calendar month following delivery of

Tenant's notice of exercise of this Right of First Refusal, whether or not the amendment to this Lease has actually been executed by that date.

Section 37.3 The options and rights granted by this Section 37.00 shall be personal to Tenant (or any successor by merger) and shall not be exercisable by any assignee or sublessee thereof, nor may they be exercised by Tenant if this Lease has been assigned if any portion of the Demised Premises is subleased by Tenant to any person or entity, including an affiliate, with or without Landlord's consent. If Tenant assigns this Lease or subleases any portion of the Demised Premises to any person or entity, including an affiliate, without Landlord's prior written consent subsequent to exercising any option or right, such assignment or subletting shall constitute a default under this Lease and Landlord shall have all rights afforded Landlord in this Lease or at law including, without limitation, the right to terminate this Lease.

Section 38.00 Tenant's Option to Terminate

Provided that Tenant is not then in default under this Lease, Tenant shall have the option to terminate this Lease, effective on the last day of any calendar month, upon not less than ninety (90) days written notice to Landlord, in the event: (i) that Tenant shall cease to exist as a public body corporate (or otherwise as an independent entity), and provided that the operations and purpose of Tenant have not been transferred to some other agency of the State of Michigan or other independent entity; or (ii) that funds, whether federal, state, or local, are not appropriated or otherwise received in sufficient amounts to enable Tenant to meet its obligations under this Lease. In either of those events, Tenant's obligations under this Lease shall cease upon the effective date of such termination, except as to those obligations which, by the express terms of this Lease, survive expiration or termination of the Lease.

IN WITNESS WHEREOF, the parties hereto have executed this Lease as of the day and year first above written.

LANDLORD:

THE STROH COMPANIES, INC.,
a Delaware corporation

By: _____
John W. Stroh, III
Its: Chairman and CEO

TENANT:

EDUCATION ACHIEVEMENT AUTHORITY OF MICHIGAN, a Michigan public body corporate and special authority

By: _____
John William Covington

Its: Chancellor

[Acknowledgments on next page]

STATE OF MICHIGAN)
 :ss
COUNTY OF WAYNE)

The foregoing instrument was acknowledged before me this ____ day of _____, 2013 by John W. Stroh, III, the Chairman and CEO of The Stroh Companies, Inc., a Delaware corporation, on behalf of the corporation.

_____, Notary Public
_____, County, _____
My commission expires: _____
Acting in _____ County

STATE OF MICHIGAN)
 :ss
COUNTY OF)

The foregoing instrument was acknowledged before me this ____ day of _____, 2013, by John William Covington, the Chancellor of **EDUCATION ACHIEVEMENT AUTHORITY OF MICHIGAN**, a Michigan public body corporate and special authority, on its behalf

_____, Notary Public
_____, County, _____
My commission expires: _____
Acting in _____ County

EXHIBIT B

TENANT JANITORIAL SPECIFICATIONS 300 River Place, Detroit, Michigan

DAILY SERVICES (SUNDAY – THURSDAY)

1. Empty all wastebaskets.
2. Empty and clean all ashtrays as needed.
3. Dust all, desk tops/credenzas that are clear of all working paper. (Polish wood as needed.)
4. Remove fingerprints from woodwork, walls, and partitions as needed.
5. Vacuum all carpeted areas as needed.
6. Sweep and/or dust mop all tile floors. Wet mop tile floor as needed.
7. Shut off all light switches and properly close all doors upon completion of work.
8. Restrooms – common areas
 - a. Empty all waste receptacles.
 - b. Mop, clean, and disinfect restroom floors.
 - c. Spot clean restroom walls, partitions, and doors.
 - d. Refill towel, toilet paper, and soap dispensers.
 - e. Clean and disinfect drinking fountains.

WEEKLY SERVICES

1. Restrooms – common areas
 - a. Clean and polish all mirrors.
 - b. Clean toilet bowls, urinals, sinks, and toilet seats (spot cleaned as needed).
 - c. Clean and polish all chrome/stainless steel fixtures.
2. Wash and sanitize all phones.
3. Damp wipe desks, chairs, tables, and other metal/Formica furniture (provided they are clear of working papers, etc.).
4. Dust all ledges and other horizontal surfaces within reach (provided they are clear of working papers, etc.).
5. Damp wipe/dust counters and file cabinets (provided they are clear of working papers, etc.).

6. Clean exterior/interior glass of all suite entrances.
7. Remove scuffmarks and smudges from painted walls.

MONTHLY SERVICES

1. Polish or clean door kick plates and thresholds.
2. Vacuum all upholstered furniture as required.
3. Clean all metal hardware throughout office and suite entrances.
4. Clean all baseboards.

MISCELLANEOUS SERVICES

1. Wash exterior windows as needed, however the number of washings will not exceed two times per year.
2. Dust all hanging pictures as requested.
3. Dust all blinds and interior lighting on a semi-annual basis.

SERVICES AVAILABLE AT TENANTS REQUEST AND EXPENSE

1. Carpet cleaning throughout suite.
2. Cleaning of kitchens and/or bathrooms within tenant space beyond general office cleaning.
3. Waxing and buffing of resilient flooring.

EXCEPTIONS

1. Locked offices will not be cleaned unless specifically requested.
2. Furniture: desks, credenzas, etc. will not be dusted or polished unless cleared of all working papers prior to cleaning
3. Restrooms and kitchen areas in office suite will be cleaned similar to the general office cleaning only.
4. Office equipment will not be dusted or cleaned: computers, printers, etc.

EXHIBIT "C"

300 RIVER PLACE - RULES

The following Rules shall apply, where applicable, to all leased premises, the Building, the land situated beneath the Building, and the appurtenances thereof:

1. No part or the whole of the sidewalks, parking structures, plaza area, atrium areas, entrances, passages, courts, elevators, vestibules, stairways, corridors or halls of the Building or the Real Property shall be obstructed or encumbered by any Tenant or used for any purposes other than ingress and egress to and from the space demised to such Tenant.

2. No awnings or other projection shall be attached to the outside or inside atrium walls or windows of the Building. No curtains, blinds, shades or screens shall be attached to or hung in, or used in connection with, any window or door of the Demised Premises other than those furnished by Landlord. All electric ceiling fixtures hung in offices or spaces along the perimeter of the Building must be florescent, of a quality type, design and bulb color approved by Landlord. Neither the interior nor exterior of any windows shall be coated or otherwise sunscreened without the express written consent of Landlord.

3. No sign, advertisement, object, lettering, or notice shall be exhibited, painted or affixed by any Tenant on any part of the Demised Premises or the Building without the prior written consent of the Landlord. In the event of the violation of the foregoing by any Tenant, Landlord may remove same without any liability, and may charge the expense incurred in such removal to the Tenant violating this Rule. Interior signs on doors and directory tablets shall be inscribed, painted or affixed for each Tenant by Landlord at the expense of such Tenant, and shall be of a size, color and style acceptable to the Landlord. The directory tablet will be provided exclusively for the display of the name and location of Tenants only and Landlord reserves the right to exclude any other names therefrom. Nothing may be placed on the exterior of corridor walls or corridor doors other than Landlord's standard lettering without Landlord's approval.

4. The sashes, sash doors, skylights, windows, and doors that reflect or admit light and air into halls, passageways or other public places in the Building shall not be obstructed by any Tenant, nor shall any bottles, parcels or other articles including plants be placed on the windowsills. Equipment, trash, trash receptacles and other items which may create an unsightly condition or detract from the appearance of the Building shall be located within the Demised Premises so that they are not visible through entry doors or sidelights from the hallways or common areas. Furniture and equipment in entry/reception areas shall be placed so that entry doors and sidelights are not obstructed and so that the backs of furnishings and equipment are not visible through entry doors or sidelights from the hallways or common areas.

5. The water and wash closets and other plumbing fixtures shall not be used for any purpose other than those for which they are constructed, and no sweepings, rubbish, rags or other substances (including, without limitation, coffee grounds) shall be thrown therein. All damages resulting from any misuse of the fixtures shall be borne by the Tenant who, or whose servants, employees, agents, visitors or licensees, shall have caused the same.

6. No Tenant shall mark, paint, drill or bore into, or in any way deface any wall or other part of the Demised Premises or the Building. No Tenant shall install any linoleum or other floor coverings requiring the use of adhesives, except with the prior written consent of the Landlord and as the Landlord may direct. Tenants may hang pictures and other normal wall-hangings using standard picture-hanging devices.

7. No bicycles, vehicles, birds or animals of any kind shall be brought into or kept in or about the Demised Premises, except in designated areas. No cooking shall be performed or permitted by any Tenant on the Demised Premises, except that the preparation of coffee, tea, hot chocolate and similar items and the use of coffee makers and microwave ovens shall be permitted only in designated kitchen and coffee service areas approved by Landlord for Tenants and their employees; provided that power usage shall not exceed that amount which can be provided by a 30 amp circuit. No Tenant shall cause or permit any unusual or objectionable odors to be produced or emanate from the Demised Premises, or the Building.

8. The Demised Premises shall not be used for manufacturing or for storage of merchandise except as such storage may be incidental to the use of the Demised Premises for general office purposes. Tenant shall not occupy or permit any portion of his Demised Premises to be occupied as an office for a public stenographer or typist, or for the manufacture or sale of liquor, narcotics or tobacco in any form, or as a medical office, or as a barber or manicure shop, or as an employment bureau or for the auction of any goods, or for a distress, or bankruptcy sale, except for those premises in the retail area specifically designated by Landlord or as Landlord may otherwise permit by written consent. No Tenant shall engage or pay any employees on the Demised Premises except those actually working for such Tenant on the Demised Premises, nor advertise for laborers giving an address at the Demised Premises. The Demised Premises shall not be used for lodging or sleeping or for any immoral or illegal purposes.

9. No Tenant shall make, or permit to be made, any unseemly or disturbing noises or disturb or interfere with occupants of the Building or neighboring buildings or premises or those having business with them, whether by the use of any musical instrument, radio, phonograph, unusual noise, or any other way. No Tenants shall operate or permit to be operated any musical or sound producing instrument or device inside or outside the Demised Premises which may be heard outside the Demised Premises. No Tenant shall throw anything out of doors, windows or skylight or down the passageways of the Building.

10. No Tenant nor any Tenant's servants, employees, agents, visitors or licensees, shall at any time bring or keep upon the Demised Premises any inflammable, combustible or explosive fluid, chemical or substances.

11. No additional locks or bolts of any kind shall be placed upon any of the premises entry doors or on any windows by any Tenant, nor shall any changes be made in existing locks or the mechanism thereof. Each Tenant must, upon the termination of its tenancy, restore to the Landlord all keys of stores, offices, and toilet rooms, either furnished to, or otherwise procured by such Tenant and in the event of the loss of any keys so furnished, such Tenant shall pay to the Landlord the cost of replacing the same or of changing the lock or locks opened by such lost key if Landlord shall deem it necessary to make such change.

12. Safes, freight, furniture, or bulky matter of any description shall not be moved in or out of the premises or the Building without prior notice to Landlord and shall only be moved

by persons or contractors acceptable to Landlord and only during such hours as shall be designated by Landlord. The Landlord reserves the right to inspect all safes, freight, or other bulky articles to be brought into the Building and to exclude from the Building all safes, freight or bulky articles which violate any of these Rules. The Landlord reserves the right to prescribe the weight and position of all safes, which must be placed upon supports approved by landlord to distribute weight. If additional expenses are incurred by Landlord by reason of moving of Tenant's safes, other fixtures, equipment or bulky matter of any kind, such expenses shall be borne by Tenant. No Tenant shall place, or permit to be placed, on any part of the floor or floors of the space demised to such Tenant a load exceeding the floor load per square foot which such floor was designed to carry or which is allowed by law.

13. Landlord shall have the right to prohibit any advertising by any Tenant which, in Landlord's opinion, tends to impair the reputation of the Building or its desirability as an office building and upon written notice from Landlord any Tenant shall refrain from or discontinue such advertising.

14. Landlord reserves the right to control and operate the public portions of the Building and the public facilities, as well as facilities furnished for the common use of the Tenants, in such manner as it deems best for the benefit of the Tenants, generally, including, without limitation, the right to exclude from the Building, between the hours of 6:00 P.M. and 8:00 A.M. on business days and all hours on Saturdays except 8:00 A.M. to 1:00 P.M., Sundays, and holidays, all persons who do not present a pass to the Building signed by Landlord or other suitable identification satisfactory to Landlord. Landlord will furnish passes to persons for whom any Tenant shall request such passes. Each Tenant shall be responsible for all persons for whom it requests passes or clearances and shall be liable to the Landlord for all acts of such persons. Landlord shall in no case be liable for damages for any error with regard to the admission to or exclusion from the Building of any person. In case of an insurrection, riot, or any other circumstances which, in Landlord's opinion, makes it advisable to close or otherwise restrict access to the Building for the safety of the Tenants and the protection of the Building and the property in the Building, Landlord reserves the right to prevent access to the Building by anyone other than tenants and their authorized representatives during the continuance of the same.

15. Any persons employed by any Tenant to do janitorial work shall, while in the Building and outside of the Demised Premises, be subject to and under the control and direction of the superintendent of the Building (but not as an agent or servant of said superintendent or of the Landlord), and shall be allowed in the Building only between 7:00 P.M. and 7:00 AM. on Mondays through Fridays and at such hours on Saturday, Sundays and legal holidays as Landlord shall determine.

16. The requirements of Tenants will be attended to only upon application at the office of the Landlord. Building employees shall not be required to perform, and shall not be requested by any Tenant to perform, any work outside of their regular duties, unless under specific instructions from the office of Landlord.

17. Canvassing, soliciting and peddling in the Building are prohibited and each Tenant shall cooperate to prevent the same.

18. Landlord reserves the right to specify the permissible locations within the Demised Premises where Tenants' business machines and mechanical equipment shall be

placed or maintained in order to absorb and prevent vibration, noise, and annoyance to other Tenants of the Building.

19. No air-conditioning unit or other similar apparatus shall be installed or used by any Tenant without the written consent of Landlord.

20. There shall not be used in the Building, either by any Tenant or by its agents or contractors, in the delivery or receipt of merchandise, freight, or other matter, any hand trucks or other means or conveyance except those equipped with rubber tires, rubber side guards, and other safeguards as Landlord may require.

21. Landlord shall have the right, exercisable without notice or without liability to any Tenant, to change the name and address of the Building.

22. No vending machine or machines of any description shall be installed, maintained or operated upon the Demised Premises without the prior written consent of Landlord.

23. All electric wiring and electrical outlets and connection of every kind shall be installed and connected only by Landlord or Landlord's authorized contractors, and no boring or cutting for wires shall be allowed except with the prior written consent of the Landlord. The location of telephones call boxes and switching equipment, and other office equipment affixed to the Demised Premises, shall be subject to the prior written approval of Landlord.

24. Landlord reserves the right to exclude or expel from the Building and the Demised Premises any person who, in the judgment of Landlord is intoxicated or under the influence of liquor or drugs, or who shall in any manner do any act in violation of these Rules.

25. No Tenant shall place any radio or television antenna or satellite dish on the roof or on any part of the inside or the outside of the Building other than the inside of the Demised Premises without the prior written consent of the Landlord. No Tenant shall operate any electrical device from the Demised Premises which may emanate electrical waves which may interfere with or impair radio or television broadcasting or reception from or in the Building or elsewhere, without the Landlord's prior written consent.

26. Tenant shall comply with all rules applicable to the parking garage and parking lots servicing the Building as determined by the parking garage and/or parking lot operators, or Landlord, from time to time.

27. Each Tenant shall, at its expense, provide artificial light in the Demised Premises for Landlord's agents, contractors, and employees while performing janitorial or other cleaning services and making repairs or alterations in Demised Premises.

28. No show cases or other articles shall be put in front of or affixed to any part of the exterior of the Building, nor placed in the halls, corridors, vestibules, or other public parts of the Building.

29. Landlord, after reasonable notice to tenants, reserves the right to rescind, modify and add to these Rules as may be promulgated by the Landlord in writing from time to time.

EXHIBIT D

SUBORDINATION, NON-DISTURBANCE AND ATTORNMENT AGREEMENT

THIS SUBORDINATION, NON-DISTURBANCE AND ATTORNMENT AGREEMENT ("Agreement") is made by and among **THE STROH COMPANIES, INC.**, a Delaware corporation, ("Lessor"), **EDUCATION ACHIEVEMENT AUTHORITY OF MICHIGAN**, a Michigan public body corporate and special authority ("Lessee"), **C. PENFIELD STROH, FRANCES R. STROH and JAMES L. HUGHES, SUCCESSOR TRUSTEES FOR THE IRREVOCABLE TRUST f/b/o THE STROH FAMILY FIFTH GENERATION u/a DATED AUGUST 10, 1983**, a Michigan Trust ("Lender"). Lender, Lessor and Lessee are sometimes hereinafter referred to herein individually as a "Party" and collectively as the "Parties."

RECITALS

A. Under a certain Lease dated _____, 2013 (the "Lease"), Lessor did lease, let and demise certain space (hereinafter called the "Leased Premises") in the property legally described in Exhibit A hereto ("Property"), to Lessee for the period of time and upon the covenants, terms, and conditions stated in the Lease.

B. Lender is the mortgagee under a certain Mortgage dates as of January 27, 2011, recorded in Liber 49011, Page 103, Wayne County Records (the "Mortgage") encumbering the Property and the Leased Premises.

C. The Parties hereto desire to confirm that the Lease is subordinate to the lien of the Mortgage, it being a condition of the Mortgage that the lien and charge of the Mortgage be unconditionally and at all times prior and superior to the leasehold interests and estate created by all leases, including the Lease.

D. Lessee has requested that Lender agree not to disturb Lessee's possessory rights in the Leased Premises if Lender forecloses the Mortgage or obtains title to the Property pursuant to a deed in lieu of foreclosure, provided that Lessee shall not be in default under the Lease and that Lessee shall attorn to Lender or the purchaser at any foreclosure sale of the Property.

AGREEMENT

NOW, THEREFORE, for and in consideration of the covenants, terms, conditions, agreements, and demises herein contained, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereto agree, covenant, represent and warrant as follows:

1. Notwithstanding anything contained in the Lease to the contrary, the Parties do hereby covenant and agree that the Lease and any modifications and amendments subsequently approved by Lender and all rights, options, liens or charges created thereby are, and shall continue to be, subject and subordinate in all respects to the Mortgage and the lien

created thereby, to any future advances secured thereby, to any considerations, extensions, modifications or renewals thereof, and to any other mortgage on the Property which may hereafter be held by Lender.

2. So long as Lessee is not in default after any applicable notice and cure period under any of the covenants, terms and conditions contained in the Lease or in any modification or amendment subsequently approved by Lender on the part of Lessee to be observed and performed, Lender, in its capacity as mortgagee under the Mortgage, hereby covenants and agrees that if Lender obtains title to the Property, either by foreclosure or by deed in lieu of foreclosure, and thereafter obtains right of possession of the Property, the Lease, and any modifications or amendments hereafter approved by Lender will continue in full force and effect, and Lender shall recognize the Lease, and any modifications or amendments subsequently approved by Lender and the Lessee's rights thereunder, and agrees not to disturb Lessee's possession thereunder so long as Lessee is not thereafter in default under the Lease, and will hereby establish direct privity of estate and contract between Lender and Lessee with the same force and effect and with the same relative priority in time and right as though the Lease and any modifications or amendments subsequently approved by Lender were directly made from Lender in favor of Lessee.

3. If there occurs any default or event of default on the part of Lessor under the Lease, Lessee shall, prior to taking any action or exercising any right with respect to such default, send Lender a copy of any written notice of such default or event of default sent or given to Lessor, with a description of such default or event of default.

4. (a) In the case of the occurrence of a default in the performance of Lessor's obligations under the Lease (any of which shall be referred to as a "Lessor Default"), Lessee hereby covenants and agrees to give Lender an additional period of thirty (30) days after Lender's receipt of the notice referred to in Section 3 above during which to cure a Lessor Default; provided, however, that if such Lessor Default cannot reasonably be cured within such thirty (30) day period, then Lender shall have a reasonable period after such thirty (30) day period during which to cure such default, or, if such default can only be cured by persons in actual possession of the Property, then Lender shall have a reasonable period during and after any litigation, action, including any foreclosure action, bankruptcy action, possessory action, or a combination of such actions concerning the Property, during which to cure such default; further provided that if the nature of the default disrupts the quiet enjoyment of the Leased Premises by Lessee or the conduct of Lessee's business, Lender will cure as soon as reasonably practicable. Lessee further agrees not to exercise any right it may have to terminate the Lease during the thirty (30) day period after notice of default, or during the period of such litigation or during any period that Lender is proceeding with due diligence to cure such default which is susceptible of cure by Lender, as the case may be.

(b) Lessee further agrees that Lender shall have the right to enter upon the Leased Premises at any time upon reasonable prior written notice for the purpose of curing any Lessor Defaults (but Lender shall have no obligation to do so) and Lessee hereby agrees to accept Lender's performance of and compliance with the Lessor's agreements and obligations under the Lease with the same force and effect as though such cure were performed or effected by the Lessor itself. Furthermore, if during the period of times allowed under this Agreement for Lender to cure such Lessor Default, the Lessor itself cures Lessor Default, then Lessee shall accept such cure and shall, at Lender's request, confirm such cure to Lender in writing.

5. If the interests of the Lessor under the Lease shall be transferred to Lender by reason of foreclosure, deed in lieu of foreclosure, or otherwise, Lessee hereby covenants and agrees to make full and complete attornment to Lender as substitute Lessor upon the same terms, covenants and conditions as provided in the Lease, except for provisions which are impossible for Lender to perform, so as to establish direct privity of estate and contract between Lender and Lessee with the same force and effect (subject to Section 7 below) and relative priority in time and right as though the Lease and all modifications and amendments thereof hereafter consented to by Lender, together with all guarantees of Lessee's obligations under the Lease, were originally made between Lender and Lessee. If Lender notifies Lessee of a default under the Mortgage and demands that Lessee pay its rent and all other sums due under the Lease to Lender, Lessee will honor such demand and thereafter make all payments directly to Lender or as otherwise directed in such notice. Lessor hereby directs Lessee to comply with the foregoing provision, and agrees to release and hold Lessee harmless from any claims of Lessor, its successors and assigns relating to such compliance. It shall not be necessary, except as required by law or court rules or procedures, for Lender to name Lessee as a party to enforce Lender's rights under the Mortgage, or any other instrument securing the Loan, or to prosecute any action at law or otherwise to gain possession of the Property. Unless required by law or court rules or procedures, Lender agrees not to name Lessee in any such proceeding. If the interests of Lessor under the Lease shall be transferred by reason of foreclosure of the Mortgage, deed in lieu of foreclosure, or otherwise, to any party other than Lender (hereinafter referred to as a "Transferee"), then Lessee hereby covenants and agrees to make full and complete attornment to such Transferee as substitute Lessor, upon the same terms and conditions as provided for herein in the case of attornment to Lender, and Transferee shall thereupon have all rights and privileges of Lender under this Agreement. Upon the written request of Lender given in connection with a foreclosure or deed in lieu of foreclosure, Lessee agrees to execute a lease of the Leased Premises upon the same terms and conditions as the Lease between Lessor and Lessee, which lease shall cover any unexpired term of the Lease existing prior to such foreclosure or conveyance in lieu of foreclosure.

6. The provisions of this Agreement shall constitute covenants running with the Property and shall be binding upon and inure to the benefit of the Parties and their respective heirs, executors, administrators, beneficiaries, successors and assigns, including, without limitation, any person who shall obtain, directly or by assignment or conveyance (a) any interest in the Mortgage or (b) any interest in the Leased Premises, whether through foreclosure or otherwise. Furthermore, the provisions of this Agreement shall be binding upon any guarantor of Lessee's obligations under the Lease.

7. Lessee hereby covenants and agrees that Lender shall not be:

(a) Liable personally for any act or omission of Lessor;

(b) Subject to personal liability for any claims, offsets or defenses which the Lessee might have against Lessor or any prior lessor;

(c) Required or obligated to credit Lessee with any rent or additional rent for any rental period beyond the then current month's rental period which Lessee might have paid Lessor unless and until such rent shall have been delivered by Lessor to and actually received by Lender; provided that prior to making payment of such rent or additional rent, Lessee shall have received written notice from Lender to pay such rent to Lender,

(d) Bound by any modifications or amendments of the Lease made without Lender's written consent; or

(e) Bound to or be liable to refund all or any part of any security deposit by Lessee with Lessor for any purpose unless and until such security deposit shall have been delivered by Lessor to and actually received by Lender.

If Lender receives any rent or security deposit, Lender's obligations with respect thereto shall be limited to the amount of such rent or security deposit actually received by Lender, and Lender shall be entitled to all rights, privileges and benefits of Lessor set forth in the Lease with respect thereto.

8. Lessee shall not, without the prior express written consent of Lender:

(a) Cancel, terminate or surrender the Lease, except as provided therein or in any modification or amendment specified herein or hereafter consented to by Lender;

(b) Enter into any agreement with Lessor or its successors or assigns, which grants any concession with respect to the Lease or which compromises, discounts or otherwise reduces the rent called for thereunder; or

(c) Prepay rent more than one (1) month in advance.

9. Lessor and Lessee hereby agree that neither this Agreement, nor any assignment of the Lease for collateral purposes, nor anything to the contrary in the Lease or in any modifications or amendments thereto shall, prior to Lender's acquisition of Lessor's interest in and possession of the Leased Premises, operate or give rise to or create any responsibility or liability upon Lender for the control, care, management or repair of the Leased Premises or for any waste committed on the Leased Premises by any party whatsoever or for any dangerous or defective condition of the Leased Premises; or impose responsibility for the carrying out by Lender of any of the covenants, terms and conditions of the Lease or of any modification or amendment whether or not hereafter consented to by Lender, or for any negligence in the management, upkeep, repair or control of the Leased Premises resulting in loss, injury or death to any lessee, licensee, invitee, guest, employee, agent, or stranger. Notwithstanding anything to the contrary in the Lease, Lender, its successors and assigns (and any Transferee, as appropriate), shall be responsible for the performance of only those covenants and obligations of the Lease accruing after Lender's, its successors' and assigns' (or Transferee's as appropriate), acquisition of Lessor's interest in and possession of the Leased Premises.

10. All notices, requests, demands or other communications under this Agreement shall be in writing and shall be deemed to have been given or made upon delivery, if hand delivered, or three (3) business days after being deposited in the United States certified or registered mail, postage prepaid, return receipt requested, or one (1) business day after delivery to an overnight air courier, in either case addressed as follows:

If to Lender:

James L. Hughes, Trustee
350 South Main Street, Suite 300

Ann Arbor, MI 48104

If to Lessee:

Education Achievement Authority of Michigan
300 River Place, Suite 3600
Detroit, Michigan, 48207
Attention: Harry Pianko, Deputy Chancellor for Finance and Operations

If to Lessor:

The Stroh Companies, Inc.
300 River Place, Suite 5000
Detroit, Michigan 48207
Attention: John W. Stroh, III, Chairman and CEO

11. This Agreement contains the entire agreement among the Parties hereto with respect to the subject matter hereto. No variations, modifications or changes herein or hereof shall be binding upon any of the Parties unless set forth in a document duly executed by or on behalf of such Party.

12. Whenever used herein, the singular number shall include the plural, the plural the singular, and the use of any gender shall include all genders. The words, "Lessee," "Lessor," "Lender," and "Lenders" shall include their respective heirs, executors, administrators, beneficiaries, successors and assigns.

13. This Agreement supersedes any inconsistent provisions of the Lease. Nothing contained in this Agreement shall be construed to derogate from or in any way impair or affect the lien, charge or provisions of the Mortgage.

14. As used herein, the term "Mortgage" shall include mortgages, trust deeds, deeds of trust and any similar security documents now or hereafter used in the state in which the Property is located.

15. Lessee agrees that this Agreement satisfies any condition or requirement in the Lease relating to the granting of a non-disturbance agreement.

16. This Agreement may be executed in multiple counterparts, each of which shall constitute an original and all of which together shall constitute one instrument.

17. This Agreement and all rights, obligations and liabilities arising hereunder shall be governed by the internal laws and decisions of the State of Michigan (without giving effect to Michigan choice of law principles).

18. Notwithstanding anything contained in this Agreement to the contrary, any liability for damage or breach or nonperformance by Lender or any Transferee shall be collectible only out of its interest in the Property and no personal liability is assumed by, nor at any time may be asserted against Lender or any Transferee or their respective employees,

servants, agents, affiliates, representatives, successors, or assigns, all such liability, if any, being expressly waived and released by Lessee for itself and any and all persons and entities claiming by, through or under Lessee.

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed as of the _____ day of _____, 2013.

LESSOR:

THE STROH COMPANIES, INC., a Delaware corporation

By: _____

John W. Stroh, III

Its: Chairman and CEO

STATE OF MICHIGAN)
)ss
COUNTY OF WAYNE)

The foregoing instrument was acknowledged before me this ___ day of _____, 2013, by John W. Stroh, III, Chairman and CEO of The Stroh Companies, Inc., a Delaware corporation.

_____, Notary Public

_____ County, _____

My commission expires: _____

Acting in _____ County

[signature continued on following pages]

LESSEE:

EDUCATION ACHIEVEMENT AUTHORITY OF MICHIGAN, a Michigan public body corporate and special authority

By: _____
John William Covington
Its: Chancellor

STATE OF)
)ss
COUNTY OF)

The foregoing instrument was acknowledged before me this ____ day of _____, 2013, by John William Covington, the Chancellor of **EDUCATION ACHIEVEMENT AUTHORITY OF MICHIGAN**, a Michigan public body corporate and special authority, on its behalf

_____, Notary Public

County, _____
My commission expires: _____
Acting in _____ County

[Lender signature pages follow]

James L. Hughes, solely in his capacity as
Successor Trustee for the Irrevocable Trust f/b/o
The Stroh Family Fifth Generation u/a Dated
August 10, 1983,a Michigan Trust, and not
otherwise

STATE OF MICHIGAN)
)ss
COUNTY OF WAYNE)

The foregoing instrument was acknowledged before me this ____ day of _____, 2013 by James L. Hughes, Successor Trustee for the Irrevocable Trust f/b/o The Stroh Family Fifth Generation u/a Dated August 10, 1983, a Michigan Trust.

_____, Notary Public
_____, County, _____
My commission expires: _____
Acting in _____ County

Education Achievement Authority
of Michigan

Equity. Choice. Reinvention.

**RESOLUTION 2013-19
APPROVAL OF MASTER SERVICES AGREEMENT WITH
WAYNE COUNTY REGIONAL EDUCATIONAL SERVICE AGENCY FOR
SMART SOFTWARE SYSTEM**

The Executive Committee of the Education Achievement Authority resolves:

1. That the attached Master Services Agreement with Wayne County Regional Educational Service Agency, to provide licensing of SMART software for payroll, finance, and human resource software systems and perform other related services as outlined, for the EAA of Michigan is approved by the Executive Committee of the Authority as the governing body of the Authority;
2. That the Chancellor of the Authority is authorized to execute the Master Services Agreement with Wayne County Regional Educational Service Agency on behalf of the Authority;
3. That the Secretary of the Executive Committee of the Authority shall enter the terms of the Agreement in the minutes of the proceedings of the Executive Committee of the Authority.

Certification:

I certify that this resolution was duly adopted by the Executive Committee of the Education Achievement Authority at a properly-noticed open meeting held with a quorum present on the ____ day of _____.

By: _____
President

By: _____
Secretary

Legal Counsel
Approved as to Form

Wayne County Regional Educational Service Agency Master Service Agreement

This Master Service Agreement (the "Agreement") is entered into as of this 12th day of June, 2013 ("Effective Date") by and between Wayne County Regional Educational Service Agency ("WRESA") located at 33500 Van Born Road, Wayne, Michigan 48184 and Education Achievement Authority of Michigan (EAA) ("Customer"), located at 3022 West Grand Blvd. Suite 14-652, Detroit, MI 48202. Collectively, WRESA and Customer will be known as the "Parties" and individually as a "Party".

WHEREAS, Customer wishes to engage WRESA to provide certain services as described in Section 1 of this Agreement ("Services") and WRESA wishes to provide the Services;

NOW, THEREFORE, in consideration of the mutual covenants and promises set forth in this Agreement, the receipt and sufficiency of which are hereby acknowledged by the Parties, the Parties hereby agree as follows:

1. Services: During the Term of this Agreement, WRESA shall:
 - a. Provide EAA with membership to the Computer Service Consortium for the Business Service offering beginning July 1, 2013 through June 30 2015, and automatically renew annually, subject to Section 4, below. This service includes:
 - i. Software for Payroll, Human Resources and Finance systems
 - ii. Regular updates, enhancements and new development for applications
 - iii. State reporting development, updates and support for FID, REP and ORS
 - iv. Unlimited access to regular workshops, training sessions, client meetings and content expert consulting staff
 - v. Implementation and set up for Payroll and Human Resource systems
 - vi. Access to participate in RESA consortium purchasing contracts
 - b. Provide EAA with membership to the Computer Service Consortium for the Student Information System (SIS) offering beginning July 1, 2013 and ending September 30, 2013.
 - i. Software for the Student Information System to finish the school year and transition to other systems for Student Information
 - ii. Project Manager – length of time will be determined in a Master Agreement amendment, which the Parties agree to negotiate in good faith..
 - iii. Consultant specialist and help desk service – length of time will be determined in a Master Agreement amendment, which the Parties agree to negotiate in good faith.
 - c. Provide EAA with video production services on a per event basis
 - i. Site visit
 - ii. Staffing for audio, camera, and managing
 - iii. Streaming and host of event
 - iv. Production equipment set up and take down
2. Customer Responsibilities: During the Term of this Agreement, Customer agrees to timely furnish materials, information, resources, feedback and approvals as reasonably requested by WRESA in order to compete the Services in a timely

manner. Customer's failure to do so may affect the terms, including without limitation the fees for Services. In particular, Customer agrees to furnish:

- a. Business Service membership
 - i. Payroll and Human Resource data in electronic format for conversion.
 - ii. Make staff available for training of systems and processes
- b. Student Service membership
 - i. Clear timelines for transition
- c. Video production and transmission services
 - i. Annual calendar of events to be taped and streamed
 - ii. 5 work day window of any changes to the calendar
 - iii. Schedule of venue and arrange site visit within 2 days of event

Client has designated the following individuals as official approvers on its behalf:

Harry Pianko, Deputy Chancellor for Finance and Operations
Vivian Bonner, Director of Grants Management and Data Analysis
Phillip Caldwell II, Director of Assessment & Accountability

3. Compensation: WRESA's fees for the Services during the Initial Term shall be
 - 2.a Business Service System Membership - \$9.00 per student based on prior year audited fall count, annually.
 - 2.b Student Information System Services
 - Software usage for 3 months, ending September 30, 2013 - \$0
 - Administration to implement and support End of Year tasks for EAA Schools which includes but is not limited to the following: (Note, the Parties agree to negotiate amendments to the Master Services Agreement in good faith to identify the exact tasks and cost of the SIS staffing necessary to complete extend work beyond June 30)
 - Identifying/completing close down activities for SY 2013/2014.
 - Confirming/completing Graduation process for seniors (e.g. TSDL, EOY collection, pre-enrollment, and GAD report).
 - Confirming/completing Special Education Certificate of Completion process.
 - Developing Transcript Distribution and Records Retention process.
 - 2.c Video production and transmission services - \$1,600 per event.

WRESA shall invoice Customer for the Services in accordance with the following payment schedule:

- 2.a Business Services - October 15, 2013 and annually on October 15
- 2.b Student Information staffing for transition period - July 1, 2013
- 2.c Video production and transmission services – monthly as service is delivered

WRESA reserves the right to deduct amounts past due in excess of sixty (60) days from payments coming from WRESA to the Customer.

4. Term and Termination: The terms of this Agreement shall be: July 1, 2013 through June 30, 2015 ("Initial Term"). Thereafter, the Agreement will be automatically extended or renewed annually upon mutual agreement of the Parties with any such extension or renewal being a "Renewal Term." The Initial Term and the Renewal Term are, collectively, the "Term." The Agreement will automatically be extended unless written notice is given to terminate the Agreement by either Party prior to May 1 preceding the new Agreement Term. This Agreement may be terminated immediately by a Party upon (i) the commission of an illegal act, unethical

practice, or violation of public policy, including theft or embezzlement, by the other Party; (ii) conduct by the other Party that may adversely affect a Party, as determined by such Party in its sole discretion, or (iii) the filing of bankruptcy by either Party. Further, Customer may terminate this Agreement immediately upon the substantial failure of WCRESA to perform the Services that it is obligated to perform hereunder in a timely manner. Either Party may terminate this Agreement for cause upon breach by the other Party, which breach remains uncured thirty (30) days after written notice describing such breach is given to the breaching Party. Customer may terminate this Agreement without cause by providing at least ninety (90) days written notice of such termination to WCRESA. Upon the expiration or termination of this Agreement, the Parties will cooperate with each other in the orderly completion or transfer of Services and return of all data and information to the other Party, including any work in progress. WCRESA will recover, as its sole remedy, payment for Services satisfactorily completed prior to such expiration or termination and not previously paid for by Customer. WCRESA waives and forfeits all other claims for payment including, without limitation, anticipated profits or revenue or other economic loss arising out of or resulting from such termination or expiration.

5. Relationship of the Parties: The Parties are independent contractors and no other relationship is intended, including without limitation a partnership, franchise, joint venture, agency, employer/employee, fiduciary, master/servant or other special relationship. Neither Party shall act in a manner which binds the other party or expresses or implies a relationship other than that of independent contractor.

6. Confidentiality:

(a) The Parties may receive or have already received Confidential Information from one another in connection with this Agreement.

(b) "Confidential Information" means any information that is valuable to disclosing Party and its business and is not generally known by the public, including without limitation, any technical or non-technical information, without regard to form, which derives economic value, actual or potential, from not being generally known to, and not being readily ascertainable by proper means by, other persons who can obtain economic value from its disclosure or use. The term "Confidential Information" as used herein does not include any information that is (i) already known to the public or the receiving Party prior to disclosure by the disclosing Party, or (ii) subsequently made known to the public without any violation of this Agreement, or (iii) rightfully received by the receiving Party from a third party without similar restriction and without breach of this Agreement, or (iv) independently developed by the receiving Party without breach of this Agreement.

(c) The receiving Party agrees that during the term of this Agreement and for a period of three (3) years thereafter, the receiving Party will hold the disclosing Party's Confidential Information in strict confidence and shall not disclose such information, in whole or in part, to any person other than its partners, agents, employees and other authorized representatives (collectively, the "Representatives") who need to know such information in connection with the receiving Party's provision of Services or other obligations under this Agreement, without the prior written consent of the disclosing Party. The receiving Party agrees to inform their Representatives of the nature of the Confidential Information and to require the Representatives to keep such information confidential. The receiving Party may also disclose the disclosing Party's Confidential Information as required by law.

7. Compliance with Laws: Each Party agrees to comply with all applicable laws in the performance of this Agreement.

8. Warranties and Warranty Disclaimer.

(a) WRESA warrants that the Services will be performed in a professional and workmanlike manner in accordance with industry standards.

(b) **WRESA DISCLAIMS ALL WARRANTIES OTHER THAN THOSE PROVIDED IN THIS AGREEMENT AND DISCLAIMS THE IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE.**

9. Limitation of Liability: **NEITHER PARTY SHALL BE LIABLE UNDER THIS AGREEMENT TO THE OTHER PARTY FOR ANY INDIRECT, INCIDENTAL, SPECIAL, CONSEQUENTIAL OR PUNITIVE DAMAGES. NOTWITHSTANDING ANY PROVISION IN THIS AGREEMENT TO THE CONTRARY, WRESA'S LIABILITY FOR DAMAGES OF ANY KIND, REGARDLESS OF THE FORM OF ACTION OR THEORY OF LIABILITY, SHALL NOT EXCEED THE AMOUNT EQUAL TO SIX MONTHS WORTH OF FEES PAID UNDER THIS AGREEMENT.**

10. Miscellaneous

(a) This Agreement shall be governed by the laws of the State of Michigan. The parties agree that the Wayne County Circuit Court shall have exclusive jurisdiction over any dispute arising out of or relating to this Agreement.

(b) Notices: All notices, requests and demands given to or made upon the Parties shall be in writing and shall be mailed properly addressed, postage prepaid, registered or certified, or personally delivered to either Party at the address listed below or to such other addresses as either Party may designate in writing. Such notice shall be deemed received by the close of business on the date shown on the certified or registered mail receipt, or when it is actually received, whichever is sooner.

To WRESA : Wayne RESA
33500 Van Born Road
Wayne, Michigan 48184
Attn: Steven G. Ezikian, Deputy Superintendent

Copy to: Wayne RESA
33500 Van Born Road
Wayne, Michigan 48184
Attn: Deborah I. Belaire, Executive Director AIT

To Customer: Education Achievement Authority of Michigan
3022 West Grand Blvd, Suite 140652
Detroit, MI 48202
Attn: Harry Pianko, Deputy Chancellor for Finance and Operations

Copy to: Education Achievement Authority of Michigan
3022 West Grand Blvd, Suite 140652
Detroit, MI 48202
Attn: Vivian A. Bonner, Director of Grants Management
and Data Analysis

Copy to: Education Achievement Authority of Michigan
3022 West Grand Blvd, Suite 140652
Detroit, MI 48202

Attn: Philip Caldwell, II, Director of Assessment & Accountability

(c) Severability: If any provision of the Agreement shall be held by a court of competent jurisdiction to be contrary to law, the remaining provisions of the Agreement shall remain in full force and effect.

(d) Waiver: No term or provision hereof shall be deemed waived and no breach excused unless such waiver or consent shall be in writing and signed by the Party claimed to have waived or consented.

(e) Counterparts: Delivery by Facsimile or E-Mail: This Agreement may be executed in one or more counterparts, all of which, taken together, will constitute one instrument. Any signature page delivered via facsimile or e-mail shall be binding to the same extent as an original signature page.

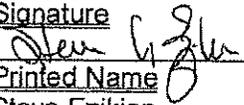
(f) Integration Clause: This Agreement constitutes the entire agreement between the Parties hereto pertaining to the subject matter hereof and supersedes all prior agreements, understandings, negotiations and discussions, whether oral or written, of the Parties hereto, pertaining to such subject matter. No amendment, supplements, modification or waiver of this Agreement shall be binding unless it is set forth in a written document signed by the Parties hereto. No waiver of any of the provisions of this Agreement shall be deemed or shall constitute a waiver of any other provision (whether or not similar) nor shall such waiver constitute a continuing waiver unless otherwise expressly provided in a written document signed by the Parties hereto.

(g) Force Majeure: No Party hereto shall be required to perform any obligation hereunder that is directly or indirectly prevented by delays of vendors or suppliers, strikes, lockouts, fires, labor disputes, floods, accidents, war, orders or decrees of any court or other governmental authority, or any other causes whatsoever beyond the reasonable control of such Party, and the time for performance thereof shall be extended by the number of days such performance is so prevented; provided, however, that the Party so prevented from performing shall use its reasonable best efforts to remedy the cause or causes preventing it from performing.

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed by their undersigned duly authorized representatives as of the date first set forth above.

**Wayne County Regional Educational
Service Agency**

Signature



Printed Name

Steve Ezikian

Title

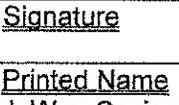
Deputy Superintendent

Date

June 14, 2013

**Educational Achievement Authority of
Michigan**

Signature



Printed Name

J. Wm. Covington, Ph.D., Ed.D.

Title

Chancellor

Date


Legal Counsel
Approved as to Form

Education Achievement Authority
of Michigan

Equity. Choice. Reinvention.

**RESOLUTION 2013-20
TRANSFER AND DESIGNATION OF FINANCIAL INSTITUTION**

The Executive Committee of the Education Achievement Authority resolves:

1. That the action of the Chairperson of the Executive Committee, the Treasurer, and Chancellor in transferring from PNC Bank and designating Huntington Bank (Huntington) as the depository of funds of the Authority is confirmed and ratified;
2. That the Executive Committee concurs in the designation of Huntington as the depository of the Authority;
3. That the Chairperson of the Executive Committee, the Treasurer, and the Chancellor are authorized to execute on behalf of the Authority the documents, resolutions, or other authorizations, and make subsequent changes, as required by Huntington to establish Huntington as the depository of the Authority, manager depository accounts, and obtain treasury management and other related services from Huntington;
4. That the Chairperson of the Executive Committee, the Treasurer, and the Chancellor are authorized to sign checks and other instruments and withdrawal orders and to designate other persons with that authorizations;
5. That Huntington will remain the depository of the Authority until otherwise directed by the Executive Committee;
6. That a copy of this resolution may be given to Huntington requesting them to open the bank account;
7. That the current account of the Authority with PNC Bank be and is hereby closed;
8. That the Secretary of the Executive Committee of the Authority shall enter the terms of the Agreement in the minutes of the proceedings of the Executive Committee of the Authority.

Certification:

I certify that this resolution was duly adopted by the Executive Committee of the Education Achievement Authority at a properly-noticed open meeting held with a quorum present on the ____ day of _____.

By: _____
President

By: _____
Secretary

Legal Counsel
Approved as to Form



Wednesday, October 10, 2012

Rebecca Lee-Gwin, Ed.D.
Deputy Chancellor, Business/Fiscal Affairs & Operations
Education Achievement Authority of Michigan
3022 West Grand Blvd.
Suite 14-652
Detroit, MI 48202

Dear Dr. Lee-Gwin:

On behalf of Huntington, we are pleased to present for your consideration this proposal addressing the banking requirements of Education Achievement Authority of Michigan. This proposal reflects Huntington's commitment to meet your distinct financial needs.

This proposal includes a financial package to help you reach your objectives:

- Reduce Current Banking Fees
- Automate Services via ACH/EFT
- Accelerate Check Deposits with Remote Deposit Capture Services

As you'll discover when you read this proposal, Huntington provides a full range of competitive services; our experienced professionals provide integrated financial solutions.

We understand the unique needs of our region. Our relationship will be supported by a specialized Government Banking team with the knowledge to deliver a quality customer experience.

This document includes brief descriptions of selected financial services appropriate for authority's unique financial needs. At the back, we have assembled a list of the Huntington professionals who will support Education Achievement Authority of Michigan. We've also included some general information about Huntington.

With \$57 billion in assets, Huntington is a financial services leader throughout the Midwest. Our long-term, consultative approach to working with our clients is unique.

It's our responsibility to understand your requirements and goals and to deliver superior services, ideas, and alternatives. We appreciate the opportunity to make this proposal. It's important to Huntington to establish a long-term, mutually beneficial working relationship with you.

Sincerely,

Jeffrey Pregler
Senior Vice President
Treasury Management

Jordan Ruder
Assistant Vice President
Commercial Banking



EDUCATION ACHIEVEMENT AUTHORITY OF MICHIGAN

Banking Services

PREPARED BY:

Jeffrey Pregler
Senior Vice President
Treasury Management

Jordan Ruder
Assistant Vice President
Commercial Banking

Table of Contents

Deposit Accounts _____	1
Analyzed Checking	
Treasury Management Services _____	2
Account Analysis	
Business Online	
Business Security Suite	
Information Reporting	
Remote Deposit Capture	
Online ACH	
Commercial Card: In Development	
Wire Transfer	
Partner Products _____	3
Liquidity Solutions**	
Huntington Branch Locations _____	4
Your Huntington Team _____	5
Disclosures _____	6

CONFIDENTIALITY. This proposal is being delivered to you with the understanding that you will not disclose to any third party without our specific prior written consent (other than your attorneys or agents, or as may otherwise be required by applicable law or legal process): (i) the terms of this proposal, (ii) that this proposal has been submitted to you, or (iii) any other facts with respect to our discussions regarding the proposal and the services being offered by us.

ANALYZED CHECKING

As your company grows, your financial needs have become more advanced. Today, you need a checking account that can keep up.

Analyzed Checking is scalable, so features can be added as your needs grow. And, depending on your balance, this account may cost you nothing. By using only the services you need, you can save money and have the flexibility to add features as you need them.

This account type is an unlimited transaction, non-interest bearing account that will provide Education Achievement Authority of Michigan the ability to establish an account structure utilizing Huntington's Treasury Management Services that will best meet your day-to-day needs. In addition, multiple accounts can be grouped together so that Education Achievement Authority of Michigan can take advantage of the relationship balances to offset service charges and other fees that may be offset by an earnings credit allowance.

FEATURES

- An earnings credit rate is calculated on the average available balance in the account, less reserves to partially or completely offset some or all of the service charges.
- Multiple checking accounts can be grouped so that your relationship balances can offset service charges.
- Service charges are based on account activity and collected balance.
- Acts as primary account for most bank services.

BENEFITS

- Automatically offset some or all fees.
- Minimize service charges.
- Save money by only paying for the level of services that you use.
- Convenient processing of business check and cash transactions. Immediate availability for cash deposits.

PUBLIC FUNDS ANALYZED CHECKING

For government entities with significant transaction needs.

Huntington's Public Funds Analyzed Checking Account is specifically designed for government entities that have consistently high transaction volume and that require Treasury Management services to improve the efficiency and security of their collection and disbursement processes.

It allows for unlimited transactions and can be combined with our award-winning treasury management services to provide you with a full-service solution.

EARNINGS CREDIT

You'll also benefit from an earnings credit calculated on the balances in your account. This can reduce or eliminate the charges associated with your account—including charges for treasury management services.

The earnings credit is calculated monthly and automatically applied to your monthly charges to reduce or eliminate those charges.

ACCOUNT ANALYSIS

Giving you clear and concise statements that are easy to read and understand.

Huntington's Account Analysis will provide Education Achievement Authority of Michigan with a clear snapshot of your deposit account activity for each deposit account. It also gives you a detailed breakdown of all account activity, including balances, usage and charges.

- Account analysis displays earnings credit allowance amounts for Analyzed Checking accounts, calculated based on average account balances and used to offset some or all service charges.
- The tool uses standard Association for Financial Professionals (AFP) terminology and service descriptions on account statements.
- Statements incorporate both total relationship and account level information when multiple accounts are included in the billing relationship.

Statements are available three ways:

- Through Business Online
- Electronic transmission through Electronic Data Interchange (EDI)
- Via the United States Postal Service in paper format

Account Analysis is a tool that puts managing all of your accounts at your fingertips. You'll find these statements are clear, complete and easy to use.

BUSINESS ONLINE

Giving you a single point of entry for all of your Huntington accounts and Treasury Management services.

From any computer with internet access, you can log on and get instant, secure access to the complete financial status of your accounts, any time of the day, seven days a week. From conducting check inquiries to online stop payments, ordering check and deposit tickets, and more, Business Online puts an amazing array of information and resources at your fingertips. It's simple to navigate and easy to understand.

CUSTOMIZED REPORTING

- Whether you need in-depth data or just top-line information, we can help you create reporting customized to your needs.
- In addition, our Business Online software can easily export information in CSV (comma separated values) or BAI (Banking Administration Institute) format.
- Download your account information into an excel spreadsheet or directly into your accounting system for enhanced reconciliation.
- Business Online takes complex financial undertakings and makes them very, very simple.

MAXIMUM SECURITY

Our two-factor authentication process combines something you know, with something you have:

- 1st Authentication (something you know): Users are required to enter a Company ID (the same for every user in that company), their individual user ID and their password.
- 2nd Authentication (something you have—a security token): After completing the 1st authentication step, the user is required to enter the pin # on the security token. The token generates a random log-in password pin every 36 seconds, so your account information is continuously protected.

CONTROLLED ACCESS

- Education Achievement Authority of Michigan can add, change or remove user access at any time. You control who has access to your accounts and services.

BUSINESS SECURITY SUITE

Huntington provides a full suite of services designed to protect customers from fraud.

Huntington's Business Security Suite will protect Education Achievement Authority of Michigan from electronic fraud and check fraud. The Business Security Suite includes Automated Clearing House (ACH) Positive Pay, combined with either Check Positive Pay (if you issue checks on your account) or Check Block (if you do not issue checks on your account).

ACH POSITIVE PAY

ACH Positive Pay protects you from having unauthorized ACH debits posting to your account. Once you define filters, presented debits that don't meet your filter specifications are suspended. You make a pay or returned decision on each suspended transaction. If you choose to pay the transaction, you then have the option to refine the filter specifications using the information from the transaction, preventing future transactions from the same originator from suspending.

CHECK POSITIVE PAY

Check Positive Pay protects you from check fraud. You simply provide to Huntington a file of issued checks. As checks are presented for payment on your account, the check details are compared systematically with your check issue file. If any discrepancies exist, the check is suspended. Once the check is suspended, you make a pay or return decision on the check. (A Huntington team inspects suspended checks for accuracy before we alert you.) Check Positive Pay is imaged, which means that you can view images of your paid checks before you make the paid or returned decision. Check Positive Pay includes payee validation and teller positive pay. This means that checks presented to our tellers are checked against your check issue file prior to cashing.

CHECK BLOCK

Check Block protects you from having fraudulently prepared checks posted against your account. Check Block prevents paper transactions, as well as any ACH Transaction that originated as a check, from posting to your account. With Check Block, your checking account becomes an electronic-only account.

EASY EXPORT

Our *Easy Export* software adds convenience and efficiency to the Business Security Suite by automating the process of sending your check-issue file to the bank.



Use the Export feature to electronically export previous data into a CSV, BAI2, Quicken, and/or QuickBooks file format.

Easy Export also reduces the need to have IT staff help format check-issue files into bank standards.

INFORMATION REPORTING

Giving you timely access to the right information—a key business management and decision-making tool.

With Huntington's Information Reporting service you can view all of your business account balances and detail in one place. Our service allows you to access information on both Huntington and non-Huntington accounts.

You'll have access to 24 months of account information and 16 months of paid check, deposit ticket, debit and credit memo images within Business Online. You can also view up to 120 calendar days of commercial loan and line of credit payment and rate history.

FLEXIBLE, FAST AND EFFICIENT

- Easy access to information, with user-friendly features.
- One central point of access for all account data improves efficiency and enhances productivity.
- Flexible, customized reporting is tailored to your business needs.
- Current-day (up-to-the-minute) and previous-day information is available
- Online statements are available to view in PDF format
- Balances and transaction detail are available in a bank-formatted report, a customized report or in BAI2 and/or comma-separated value (CSV) file formats
- Inbound and outbound data exchange allows for the transmission of account data between Huntington and other financial institutions

Access information through Business Online or by fax, phone or direct transmission.

Through Business Online:

- View, save or print up to 2 years of Deposit Account Statements and Account Analysis Statements
- Create customized reports to view, print or export specific account information
- Use the transaction search feature to search for a specific transaction or group of transactions
- Use the Export feature to electronically export previous data into a CSV, BAI2, Quicken®, and/or QuickBooks® file formats which can be imported into accounting packages, such as Quicken, QuickBooks or Microsoft Money; treasury workstations, such as Treasury Manager; or reconciliation software, such as Recon Plus
- Export any number of records or files for a flat monthly fee

With Direct Transmission:

- Receive data in BAI2 format, which can be automatically downloaded into accounting software, spreadsheet applications or treasury workstations
- Create special reports that provide critical information on cash management services, including deposit/account reconciliation and returned items
- Export special reports in TXT format for greater customer control

REMOTE DEPOSIT CAPTURE

Thanks to the latest in technology, you can now safely and securely scan and deposit checks directly from your office; no visit to the branch necessary. We provide the hardware, software, and training.

THE SCANNER

- With Check 21, banks can use check images to accelerate the clearing process with other financial institutes.
- The scanner feeds the checks through and captures the MICR information and the check image.
- The items are sent to Huntington through a secure internet connection. They are then automatically processed until 8 p.m.
- You can link multiple Huntington checking accounts to one scanner.

CONVENIENT, FUNCTIONAL AND SECURE

- You can manage “roles and permissions” for deposit control and security.
- Eliminates geographical limitations, no need to have a “local” branch for making deposits. This allows you to consolidate other banking relationships to Huntington.
- Reduces overall cost of processing and preparing deposits from the back office.
- Daily entry options allow you to electronically retain deposit information with export capabilities

ONLINE ACH

Reduce paper handling, check printing costs, invoice processing and float time.

Huntington's Online ACH Origination service allows you to make payments through the ACH electronic payment network to virtually every financial institution in the United States.

Some of the more popular applications available in this service include:

- Direct Deposit of payroll
- Federal, State and municipal tax payments.
- Education Achievement Authority of Michigan will have access to over 150 payment applications, including 136 for electronic payment of Federal, State and local taxes, and child support, at your fingertips.
- You can create database templates for recurring payments, including payroll, taxes, vendors and others. There's no need to key in required information every time—it's already there.

NO NEED TO MANUALLY KEY IN PAYMENTS

- Education Achievement Authority of Michigan can import large files directly into our system and export your database (template) information back into your system after sending a file. Data is imported using import formats or a NACHA (National Clearing House Association) formatted file.

Settlement Date Funding – We release your ACH file to the Federal Reserve and settle the transaction on a given date, regardless of available funds in your settlement account.

Release Date Funding – Available (collected) funds must be in your settlement account before we release your ACH file to the Federal Reserve and settle the transaction.

COMMERCIAL CARD: IN DEVELOPMENT

Huntington is developing a new Commercial Card solution for market availability in early 2013. Our solution will be a Multi-Card solution encompassing either or all of the following card types based upon company needs; Purchasing Card program, Travel & Entertainment Card program and Fleet Card program. At the cardholder level, companies can control the amount of money spent in a month, day, and even on a single purchase. Additional controls will include the ability to control the type of establishments where cards are used and the ability to create an instant, single-use virtual card for vendor payments or Internet purchases.

Huntington has partnered with industry leaders to deliver a robust solution that is flexible enough to enable easy card issuance and complex enough to provide all the reporting detail required – including automated interfaces to some of the most powerful expense management and SAP systems. Huntington will take a phased approach to ultimately deliver a Commercial Card program that will take operational efficiency to a new level, including multiple interface points (text, mobile, email, etc.), real-time changes and integration of Travel and Entertainment workflow optimization.

WIRE TRANSFER

Transfer or receive funds in real time to or from virtually any financial institution in the world.

With Huntington's Wire Transfer service, you can initiate repetitive or non-repetitive payments via Business Online. You'll get immediate notification of incoming or outgoing wire activity for account transfers, Fed, draw down, international and foreign exchange wires.

SIMPLIFY THE MOVEMENT OF FUNDS

- Our Wire Transfer is connected to the Federal Reserve to provide real-time settlement and secure routing of payments.
- You can initiate domestic or international online wire transfers daily between 6 a.m. and 8 p.m. eastern standard time.
- All transactions received by 4:30 p.m. EST on a business day will be processed same day. Incoming funds are credited the same day if received before 5:45 p.m. EST.
- Use Repetitive Wire Transfer to enter routine payments quickly, or set up a standing order to release recurring payments according to your schedule.
- Wire transfers can be imported as a batch file using the online Wire Transfer system to help improve efficiency for high volumes.
- All wire transfer customers are assigned a personal identification number (PIN) and/or a User ID and password to ensure secure, authorized access. (All calls to the Wire Transfer Department are recorded for added security.)
- Confirmations of your incoming or outgoing wire transfers are delivered immediately via Business Online, or automated fax. Your detail and summary information is available 24 hours a day for the current and previous business days.

LIQUIDITY SOLUTIONS**

Huntington's Liquidity Solutions Group works with clients to develop investment strategies designed to maximize return on excess capital.

With our Liquidity Solutions Group, you'll find a single-point of contact to provide a variety of investment and liquidity options. We're focused on helping you to maximize yield, while operating within your defined safety and liquidity guidelines.

We offer a variety of investment vehicles, including:

- Huntington Deposit Products
- Money Market Mutual Funds**
- CDARS®
- Traditional Fixed Income Investments**
- Structured Fixed Income Investments**

The Liquidity Solutions Group presents the spectrum of alternatives and tailors a comprehensive strategy to meet specific objectives, from deposits to longer-term investment strategies for cash beyond working capital. This gives you a greater understanding of your options, and allows us to provide ongoing recommendations as markets change.

CUSTOMER PROFILE

- Customers with over \$1 million of investible assets
- Customers who have expressed interest in earning additional yield on their assets
- Customers utilizing checking/sweep products for non-core cash
- Customers looking for additional safety
- Customers who have an influx of cash from bond/equity proceeds, expansion projects, or divestiture proceeds

HUNTINGTON BRANCH LOCATIONS

Hamtramck Branch

9301 Jos Campau St.
Hamtramck, MI 48212
Phone: 313.871.9400

1.87 miles

Mon – Thu 9 a.m. – 5 p.m.
Fri 9 a.m. – 6 p.m.
Sat 9 a.m. – 2 p.m.

One Campus Martius

91 Monroe St.
Detroit, MI 48226
Phone: 313.962.4603

2.96 miles

Mon – Fri 9 a.m. – 6 p.m.

Oakman Branch

5251 Oakman Blvd.
Dearborn, MI 48126
Phone: 313.846.4781

5.61 miles

Mon – Thu 9 a.m. – 5 p.m.
Fri 9 a.m. – 6 p.m.
Sat 9 a.m. – 2 p.m.

Ryan Road Branch

22859 Ryan Road
Warren, MI 48091
Phone: 586.759.8148

6.43 miles

Mon – Thu 9 a.m. – 5 p.m.
Fri 9 a.m. – 6 p.m.
Sat 9 a.m. – 2 p.m.

Ferndale Branch

306 West Nine Mile Rd.
Ferndale, MI 48220
Phone: 248.544.3980

7.06 miles

Mon – Thu 9 a.m. – 5 p.m.
Fri 9 a.m. – 6 p.m.
Sat 9 a.m. – 2 p.m.

Detroit – West Outer Drive

8000 West Outer Drive
Detroit, MI 48235
Phone: 313.532.5752

8.04 miles

Mon – Thu 9 a.m. – 5 p.m.
Fri 9 a.m. – 6 p.m.
Sat 9 a.m. – 2 p.m.

Ten Mile Branch

13490 Ten Mile Road
Warren, MI 48089
Phone: 586.759.8165

8.82 miles

Mon – Thu 9 a.m. – 5 p.m.
Fri 9 a.m. – 6 p.m.
Sat 9 a.m. – 2 p.m.

Van Dyke Branch

27248 Van Dyke Avenue
Warren, MI 48093
Phone: 586.759.8206

8.95 miles

Mon – Thu 9 a.m. – 5 p.m.
Fri 9 a.m. – 6 p.m.
Sat 9 a.m. – 2 p.m.

Greenfield Branch

23195 Greenfield Rd.
Southfield, MI 48075
Phone: 248.799.9655

9.04 miles

Mon – Thu 9 a.m. – 5 p.m.
Fri 9 a.m. – 6 p.m.
Sat 9 a.m. – 2 p.m.

Dequindre Branch

2000 East 12 Mile Rd.
Warren, MI 48092
Phone: 586.576.6900

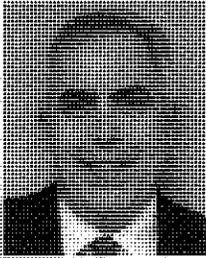
9.42 miles

Mon – Thu 9 a.m. – 5 p.m.
Fri 9 a.m. – 6 p.m.
Sat 9 a.m. – 2 p.m.

YOUR HUNTINGTON TEAM



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Applies to consumer accounts only. For 24-Hour Grace™ to work, we must receive the deposit before our applicable cut-off time, which currently ranges from 12 noon to 10 p.m. depending on how you make a deposit. Also, your balance after we process all transactions for the next business day must not be less than \$0. 24-Hour Grace™ does not apply to extended overdraft fees or return fees (which apply if we return a check rather than pay it.) Go to huntington.com/grace for more information. Patent pending for 24-Hour Grace® system and method.

A "transaction" is any combination of checks paid, deposit tickets, deposited checks and ACH received credits and debits.

Consult your tax professional for further information.

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Education Achievement Authority
of Michigan
Equity. Choice. Reinvention.

**RESOLUTION 2013-21
APPROVAL OF FY 2012 AUDIT REPORT**

The Executive Committee of the Education Achievement Authority resolves:

1. That the attached FY2012 Audit Report of the Education Achievement Authority of Michigan is accepted in substantially the form presented to this Executive Committee and is hereby approved;
2. That the Chairperson, the Chancellor and the Chief Financial Officer are hereby authorized to make such changes to the FY2012 Audit Report in the form presented, as they may deem necessary for its accurate completion;
3. That the Chancellor is hereby authorized to certify that the FY2012 Audit Report is accurate and correct;
4. That the Secretary of the Executive Committee of the Authority shall enter the terms of the Agreement in the minutes of the proceedings of the Executive Committee of the Authority.

Certification:

I certify that this resolution was duly adopted by the Executive Committee of the Education Achievement Authority at a properly-noticed open meeting held with a quorum present on the ____ day of _____.

By: _____
President

By: _____
Secretary

Legal Counsel
Approved as to Form



EDUCATION ACHIEVEMENT
AUTHORITY of Michigan

Annual Financial Report
June 30, 2012

Education Achievement Authority

Financial Report

June 30, 2012

Draft

Education Achievement Authority

Contents

Independent Auditor's Report	1-2
Report Letter on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Basic Financial Statements Performed in Accordance with Government Auditing Standards	3-4
Management's Discussion and Analysis	
Basic Financial Statements	
Government-wide Financial Statements:	
Statement of Net Assets	5
Statement of Activities	6
Fund Financial Statements:	
Governmental Funds:	
Balance Sheet	7
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets	8
Statement of Revenue, Expenditures, and Changes in Fund Balances	9
Reconciliation of the Statement of Revenue, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	10
Notes to Financial Statements	11-19
Schedule of Audit Findings	20-24

Independent Auditor's Report

To the Board of Education
Education Achievement Authority

We have audited the accompanying financial statements of the governmental activities and each major fund of the Education Achievement Authority as of and for the 11 month period ended June 30, 2012, which collectively comprise the School District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Education Achievement Authority's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Education Achievement Authority as of June 30, 2012 and the respective changes in financial position for the 11 month period then ended, in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis, as identified in the table of contents, is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management, regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

To the Board of Education
Education Achievement Authority

In accordance with *Government Auditing Standards*, we have also issued a report dated June 10, 2013 on our consideration of the School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide opinions on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

June 10, 2013

DRAFT

Report on Internal Control Over Financial Reporting and on Compliance
and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards*

Independent Auditor's Report

To the Board of Education
Education Achievement Authority

We have audited the financial statements of the governmental activities and each major fund of the Education Achievement Authority as of and for the 11 month period ended June 30, 2012, which collectively comprise the District's basic financial statements, and have issued our report thereon dated June 10, 2013. We have conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Education Achievement Authority's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the entity's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of audit findings, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of audit findings to be material weaknesses. 2012-1, 2012-2, and 2012-3.

To the Board of Education
Education Achievement Authority

A significant deficiency is a deficiency or a combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying schedule of audit findings to be significant deficiencies 2012-4 and 2012-5.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Education Achievement Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

The Education Achievement Authority's response to the findings identified in our audit is described in the accompanying schedule of audit findings. We did not audit the Education Achievement Authority's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, the Board of Directors, others within the entity, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

June 10, 2013

Education Achievement Authority

Management's Discussion and Analysis (Continued)

This section of the Education Achievement Authority's ("EAA" or the "Authority") annual financial report presents our discussion and analysis of the EAA's financial performance during the year ended June 30, 2012. Please read it in conjunction with the EAA's financial statements, which immediately follow this section.

Using this Annual Report

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the EAA financially as a whole. The Government-wide financial statements provide information about the activities of the whole district, presenting both an aggregate view of the EAA's finances and a longer-term view of those finances. The fund financial statements provide the next level of detail. For governmental activities, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements look at the EAA's operations in more detail than the Government-wide financial statements by providing information about the EAA's most significant funds - the General Fund and the Capital Projects Fund. Authority

Management's Discussion and Analysis (MD&A)
(Required Supplemental Information)

Basic Financial Statements

Government-wide Financial Statements

Fund Financial Statements

Notes to the Basic Financial Statements

Reporting the Authority as a Whole - Government-wide Financial Statements

One of the most important questions asked about the District is, "As a whole, what is the EAA's financial condition as a result of the year's activities?" The statement of net assets and the statement of activities, which appear first in the EAA's financial statements, report information on the District as a whole and its activities in a way that helps you answer this question. We prepare these statements to include all assets and liabilities, using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. These two statements report the EAA's net assets - the difference between assets and liabilities, as reported in the statement of net assets - as one way to measure the EAA's financial health or financial position. Over time, increases or decreases in the EAA's net assets - as reported in the statement of activities - are indicators of whether its financial health is improving or deteriorating. The relationship between revenues and expenses is the EAA's operating results. However, the EAA's goal is to provide services to our students, not to generate profits as commercial entities do. One must consider many other nonfinancial factors, such as the quality of the education provided and the safety of the schools, to assess the overall health of the Authority. The statement of net assets and the statement of activities report the governmental activities for the Authority, which encompass all of the EAA's services, including instruction, support services, community services, athletics, and food services. Unrestricted State aid (foundation allowance revenue) and State and Federal grants finance most of these activities.

Education Achievement Authority

Management's Discussion and Analysis (Continued)

Reporting the EAA's Most Significant Funds - Fund Financial Statements

The EAA's fund financial statements provide detailed information about the most significant funds - not the Authority as a whole. Some funds are required to be established by State law. However, the Authority establishes many other funds to help it control and manage money for particular purposes (the Capital Projects Funds is an example) or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money (such as the food service fund). The governmental funds of the Authority use the following accounting approach:

Governmental funds - All of the EAA's services are reported in governmental funds. Governmental fund reporting focuses on showing how money flows into and out of funds and the balances left at year end that are available for spending. They are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the operations of the Authority and the services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the EAA's programs. We describe the relationship (or differences) between governmental activities (reported in the statement of net assets and the statement of activities) and governmental funds in a reconciliation.

The Authority as a Whole

Recall that the statement of net assets provides the perspective of the Authority as a whole. Table I provides a summary of the EAA's net assets as of June 30, 2012:

TABLE I - Governmental Activities

	June 30, 2012
	(in thousands)
Assets	
Current and other assets	\$ 11,257.9
Capital assets	18.6
Total assets	11,276.5
Liabilities	
Current liabilities	253.9
Long-term liabilities	101.8
Total liabilities	355.7
Net Assets	
Invested in capital assets - Net of related debt	18.5
Restricted	-
Unrestricted	11,402.3
Total net assets	<u>\$ 11,420.8</u>

Education Achievement Authority

Management's Discussion and Analysis (Continued)

The above analysis focuses on the net assets (see Table 1). As the EAA did not have any schools in its district during the year ended June 30, 2012, which was the EAA's first year of existence, net assets were primarily affected by startup activities only. The change in net assets (see Table 2) of the EAA's governmental activities is discussed below. The EAA's net assets were \$11.4 million at 2012. Invested in capital assets net of related debt totaled approximately \$18,500 which was for the purchase of a vehicle. The remaining amount of net assets (\$11.4 million) was unrestricted.

The \$11.4 million in unrestricted net assets of governmental activities represents the *accumulated* results of all past years' operations, which is equal to the current year's results, since this was the first year of the EAA's existence. The unrestricted net assets balance enables the Authority to meet working capital and cash flow requirements, as well as to provide for future uncertainties. The operating results of the General Fund will have a significant impact on the change in unrestricted net assets from year to year.

The results of this year's operations for the Authority as a whole are reported in the statement of activities (Table 2), which shows the changes in net assets for fiscal year 2012. Since this is the first year the Authority has prepared financial statements, the portion of GASB Statement No. 34, revenue and expense comparison to the prior fiscal year, is not applicable.

TABLE 2

	Governmental Activities
	2012
	(in thousands)
Revenue	
General revenue:	
State aid	10,000.0
Local revenue	<u>3,877.4</u>
Total revenue	13,877.4
Functions/Program Expenses	
Support services	2,950.0
Athletics	4.5
Depreciation (unallocated)	<u>2.1</u>
Total functions/program expenses	<u>2,956.6</u>
Increase in Net Assets	10,920.8
Net Assets - Beginning of year	<u>-</u>
Net Assets - End of year	<u><u>\$ 10,920.8</u></u>

As reported in the statement of activities, the cost of all of our *governmental* activities this year was \$2.96 million. Certain activities were partially funded by other governments and organizations that subsidized certain programs with grants and contributions (\$10.0 million). We paid for the remaining "public benefit" portion of our governmental activities with \$3.87 million of grants from not for profit organizations.

Education Achievement Authority

Management's Discussion and Analysis (Continued)

The Authority experienced an increase in net assets of \$10.92 million. This is primarily due to \$10.0 million of revenue from the State of Michigan that the EAA intends to use for capital improvements of its schools, needed to bring the buildings up to current occupancy codes prior to classes commencing.

As discussed above, the net cost shows the financial burden that was placed on the State by each of these functions. Since unrestricted State aid will constitute the vast majority of district operating revenue sources, the Board of Directors and administration must annually evaluate the needs of the Authority and balance those needs with State-prescribed available unrestricted resources.

The EAA's Funds

As we noted earlier, the Authority uses funds to help it control and manage money for particular purposes. Looking at funds helps the reader consider whether the Authority is being accountable for the resources taxpayers and others provide to it and may provide more insight into the EAA's overall financial health.

As the Authority completed this year, the governmental funds reported a combined fund balance of \$11.0 million, which is an increase of \$11.0 million from last year. This is primarily due to \$10.0 million of revenue from the State of Michigan that the EAA intends to use for capital improvements of its schools, needed to bring the buildings up to current occupancy codes prior to classes commencing.

In the General Fund, our principal operating fund, the fund balance increased \$1.0 million to \$1.0 million. The primary driver of this change is the money received by local not for profit organizations.

General Fund balance is available to fund costs related to allowable school operating purposes.

The Capital Projects Fund fund balance increased by \$10.0 million, due to the reason enumerated above.

General Fund Budgetary Highlights

Over the course of the year, the Authority revises its budget as it attempts to deal with unexpected changes in revenues and expenditures. State law requires that the budget be amended to ensure that expenditures do not exceed appropriations. In future years, the final amendment to the budget will be adopted just before year end. However, the EAA was not required to do this during the current year, as no schools had been added to the district before year end.

Capital Assets and Debt Administration

Capital Assets

As of June 30, 2012, the Authority had approximately \$18,566 invested in capital assets. This amount represents a net increase (including additions, disposals, and depreciation) of \$18,566 million from last year.

Education Achievement Authority

Management's Discussion and Analysis (Continued)

	<u>2012</u>
Buses and other vehicles	20,629
Total capital assets	20,629
Less accumulated depreciation	<u>2,063</u>
Net capital assets	<u>\$ 18,566</u>

This year's additions of \$20,629 consisted of one vehicle. No debt was issued for this addition.

Several major capital projects are planned for the 2012-2013 fiscal year. We anticipate capital additions will be approximately \$9.0 million greater than the 2011-2012 fiscal year. We present more detailed information about our capital assets in the notes to the financial statements.

Debt

At the end of this year, the Authority had no bonds outstanding.

Other obligations include accrued payroll related liabilities, and employee compensated absences.

Economic Factors and Next Year's Budgets and Rates

Our appointed officials and administration consider many factors when setting the EAA's 2013 fiscal year budget. One of the most important factors affecting the budget is our student count. The State foundation revenue is determined by multiplying the blended student count by the foundation allowance per pupil. The blended count for the 2013 fiscal year is based on an average of the February 2013 and September 2012 student counts. The fiscal year 2013 budget was adopted in June 2012, based on an estimate of students that will be enrolled in September 2012. Approximately 98 percent of total General Fund revenue is from the foundation allowance. Under State law, the Authority cannot access additional property tax revenue for general operations. As a result, district funding is heavily dependent on the State's ability to fund local school operations. Based on early enrollment data at the start of the 2012 - 2013 school year, we anticipate that the fall student count will be close to the estimates used in creating the fiscal year 2013 budget. Once the final student count and related per pupil funding is validated, State law requires the Authority to amend the budget if actual district resources are not sufficient to fund original appropriations.

Since the EAA's revenue is heavily dependent on State funding and the health of the State's School Aid Fund, the actual revenue received depends on the State's ability to collect revenues to fund its appropriation to the Authority. The State periodically holds a revenue-estimating conference to estimate revenues. Based on the results of the most recent conference, the State estimates funds are sufficient to fund the appropriation.

Contacting the District's Management

This financial report is intended to provide our taxpayers, parents, and investors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have

Education Achievement Authority

Management's Discussion and Analysis (Continued)

any questions about this report or need additional information, we welcome you to contact the Business Office.

DRAFT

Education Achievement Authority

Statement of Net Assets June 30, 2012

	Governmental Activities
Assets	
Cash	\$ 1,239,292
Receivables (Note 4)	10,000,000
Prepaid assets	18,665
Capital assets - Net (Note 5)	<u>18,566</u>
Total assets	11,276,523
Liabilities	
Accounts payable	241,019
Accrued payroll-related liabilities	12,881
Noncurrent liabilities:	
Employee compensated absences	<u>101,756</u>
Total liabilities	<u>355,656</u>
Net Assets	
Invested in capital assets - Net of related debt	18,566
Unrestricted	<u>10,902,301</u>
Total net assets	<u><u>\$ 10,920,867</u></u>

Education Achievement Authority

Statement of Activities 11-month Period Ended June 30, 2012

	<u>Expenses</u>	<u>Governmental Activities Net (Expense) Revenue and Changes in Net Assets</u>
Functions/Programs		
Primary government -		
Governmental activities:		
Support services:		
Instructional staff	\$ 906,617	\$ (906,617)
General administration	972,708	(972,708)
School administration	8,177	(8,177)
Business	238,698	(238,698)
Operations and maintenance	62,054	(62,054)
Central	761,741	(761,741)
Athletics	4,520	(4,520)
Depreciation expense (unallocated) (Note 5)	2,063	(2,063)
Total primary government	<u>\$ 2,956,578</u>	(2,956,578)
General revenues:		
State aid not restricted to specific purposes (Note 4)		10,000,000
Private grants (Note 6)		3,877,445
Total general revenues		<u>13,877,445</u>
Change in Net Assets		10,920,867
Net Assets - Beginning of period		<u>-</u>
Net Assets - End of period		<u>\$ 10,920,867</u>

Education Achievement Authority

Governmental Funds Balance Sheet June 30, 2012

	General Fund	Capital Projects Fund	Total Governmental Funds
Assets			
Cash	\$ 1,239,292	\$ -	\$ 1,239,292
Receivables - Due from other governmental units	-	10,000,000	10,000,000
Prepaid assets	18,665	-	18,665
Total assets	\$ 1,257,957	\$10,000,000	\$ 11,257,957
Liabilities and Fund Balances			
Liabilities			
Accounts payable	\$ 241,019	\$ -	\$ 241,019
Accrued payroll-related liabilities	12,881	-	12,881
Total liabilities	253,900	-	253,900
Fund Balances			
Nonspendable - Prepaid assets	18,665	-	18,665
Assigned - Capital projects	-	10,000,000	10,000,000
Unassigned	985,392	-	985,392
Total fund balances	1,004,057	10,000,000	11,004,057
Total liabilities and fund balances	\$ 1,257,957	\$10,000,000	\$ 11,257,957

Education Achievement Authority

Governmental Funds Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets 11-month Period Ended June 30, 2012

Fund Balance Reported in Governmental Funds \$ 11,004,057

Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and are not reported in the funds:

Cost of capital assets	\$ 20,629	
Accumulated depreciation	(2,063)	18,566

Long-term liabilities are not due and payable in the current period and are not reported in the governmental funds:

Employee compensated absences	(101,756)

Net Assets of Governmental Activities \$ 10,920,867

Education Achievement Authority

Governmental Funds Statement of Revenue, Expenditures, and Changes in Fund Balances 11-month Period Ended June 30, 2012

	<u>General Fund</u>	<u>Capital Projects Fund</u>
Revenue		
Local sources (Note 6)	\$ 3,877,445	\$ -
State sources (Note 4)	-	10,000,000
Total revenue	3,877,445	10,000,000
Expenditures		
Current:		
Support services:		
Instructional staff	879,934	-
General administration	906,571	-
Business	223,010	-
Operations and maintenance	62,054	-
Central	738,618	-
Athletics	4,520	-
Capital outlay	58,681	-
Total expenditures	2,873,388	-
Net Change in Fund Balances	1,004,057	10,000,000
Fund Balances - Beginning of period	-	-
Fund Balances - End of period	\$ 1,004,057	\$ 10,000,000

Education Achievement Authority

Governmental Funds Reconciliation of the Statement of Revenue, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities 11-month Period Ended June 30, 2012

Net Change in Fund Balances - Total Governmental Funds \$ 11,004,057

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures; however, in the statement of activities, these costs are allocated over their estimated useful lives as depreciation:

Depreciation expense	\$ (2,063)	
Capitalized capital outlay	<u>20,629</u>	18,566

Compensated absences are recorded when earned in the statement of activities. In the current year, more was earned than paid out. (101,756)

Change in Net Assets of Governmental Activities \$ 10,920,867

Education Achievement Authority

Notes to Financial Statements June 30, 2012

Note I - Nature of Business and Significant Accounting Policies

The Education Achievement Authority (the "School District", the "Authority", or the "EAA") is a public school district formed by an interlocal agreement between Detroit Public Schools (DPS) and Eastern Michigan University. Its purpose is to assume the operations and assets of the lowest performing schools within the City of Detroit. The State has granted legal authority to the Authority to operate as a school district.

The Authority was formed in August 2011, however, the Authority only began actively operating and managing the 15 selected schools and receiving state foundation allowance during the fiscal year beginning July 1, 2012.

Education Achievement Authority conforms to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The following is a summary of the significant accounting policies used by the School District:

Reporting Entity

The School District is governed by an eleven member Board of Directors appointed by the Governor of Michigan, Eastern Michigan University and the DPS. The accompanying financial statements have been prepared in accordance with criteria established by the Governmental Accounting Standards Board for determining the various governmental organizations to be included in the reporting entity. These criteria include significant operational financial relationships that determine which of the governmental organizations are a part of the School District's reporting entity, and which organizations are legally separate, component units of the School District. Based on the application of the criteria, the School District does not contain any component units.

Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. All of the School District's government-wide activities are considered governmental activities.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Intergovernmental payments, unrestricted grants and other items not properly included among program revenues are reported instead as general revenue.

Separate financial statements are provided for governmental funds.

Education Achievement Authority

Notes to Financial Statements June 30, 2012

Note 1 - Nature of Business and Significant Accounting Policies (Continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Government-wide Financial Statements - The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants, categorical aid, and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

When an expense is incurred for purposes for which both restricted and unrestricted net assets or fund balance are available, the School District's policy is to first apply restricted resources. When an expense is incurred for purposes which amounts in any of the unrestricted fund balance classifications could be used, it is the School District's policy to spend funds in this order: committed, assigned, and unassigned.

Amounts reported as program revenue include operating grants and contributions. Internally dedicated resources are reported as general revenue rather than as program revenue.

Fund Financial Statements - Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the School District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Unrestricted state aid, intergovernmental and local grants, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenue of the current fiscal period. All other revenue items are considered to be available only when cash is received by the School District.

All revenue and expenses not meeting this definition are reported as nonoperating revenue and expenses.

Education Achievement Authority

Notes to Financial Statements June 30, 2012

Note I - Nature of Business and Significant Accounting Policies (Continued)

The School District reports the following major governmental funds:

General Fund - The General Fund is the School District's primary operating fund. It accounts for all financial resources of the School District, except those required to be accounted for in another fund.

Capital Projects Fund - The Capital Projects Fund is used to record the state appropriation of \$10,000,000 and the disbursement of monies designated for upgrading facilities and ensuring they are in compliance with state guidelines.

Assets, Liabilities, and Net Assets or Equity

Cash and Investments - Cash and investments include cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value.

Prepaid Assets - Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid assets in both government-wide and fund financial statements.

Capital Assets - Capital assets, which include one vehicle, are reported in the applicable governmental activities column in the government-wide financial statements. Capital assets are defined by the School District as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost. Costs of normal repair and maintenance that do not add to the value or materially extend asset life are not capitalized. The School District does not have infrastructure-type assets.

The only capital asset purchased during the period was one vehicle. The vehicle is depreciated using the straight-line method over 5 years.

Compensated Absences (Vacation and Sick Leave) - The liability for compensated absences reported in the government-wide statements consists of earned but unused accumulated vacation and sick leave benefits. A liability for these amounts is reported in governmental funds as it comes due for payment. At June 30, 2012, \$101,756 is accrued on the government-wide statements for this purpose.

Taxes - The Authority does not have ability or authority to levy taxes on the residents of the state, or of the district.

Education Achievement Authority

Notes to Financial Statements June 30, 2012

Note 1 - Nature of Business and Significant Accounting Policies (Continued)

Fund Balance - In the fund financial statements, governmental funds report the following components of fund balance:

- **Nonspendable:** Amounts that are not in spendable form or are legally or contractually required to be maintained intact
- **Restricted:** Amounts that are legally restricted by outside parties, constitutional provisions or enabling legislation for use for a specific purpose
- **Committed:** Amounts that have been formally set aside by the Board of Directors for use for use for specific purposes. Commitments are made and can be rescinded only via resolution of the Board of Directors.
- **Assigned:** Intent to spend resources on specific purposes expressed by the Board of Directors.

The board has not adopted a minimum fund balance policy.

Use of Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

Note 2 - Stewardship, Compliance, and Accountability

Budgetary Information - An annual budget was not adopted for the general fund because it is not legally required and, therefore, presentation of budgetary comparison information is not required. A budget was adopted for the year ended June 30, 2013.

Note 3 - Deposits and Investments

State statutes authorize the School District to make deposits in the accounts of federally insured banks, credit unions, and savings and loan associations that have offices in Michigan. The School District is allowed to invest in U.S. Treasury or agency obligations, U.S. government repurchase agreements, bankers' acceptances, commercial paper rated prime at the time of purchase that matures not more than 270 days after the date of purchase, mutual funds, and investment pools that are composed of authorized investment vehicles. The School District's deposits are in accordance with statutory authority.

The School District has designated one bank for the deposit of its funds.

Education Achievement Authority

Notes to Financial Statements June 30, 2012

Note 3 - Deposits and Investments (Continued)

The School District's cash and investments are subject to several types of risk, which are examined in more detail below:

Custodial Credit Risk of Bank Deposits - Custodial credit risk is the risk that in the event of a bank failure, the School District's deposits may not be returned to it. The School District does not have a deposit policy for custodial credit risk. At year end, the School District's deposit balance of \$1,262,277 was fully insured under the Dodd Frank Act expiring on December 31, 2012 that gives full FDIC insurance coverage for money deposited in non-interest bearing checking accounts. The School District evaluates each financial institution with which it deposits funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

Note 4 - Receivables

The receivable in the capital projects fund is for a \$10,000,000 appropriation from the State of Michigan to the Authority from Senate Bill No. 871 effective June 29, 2012 and was received within 60 days of year end.

Note 5 - Capital Assets

Capital asset activity of the School District's activities was as follows:

	Balance July 1, 2011	Additions/ Transfers	Balance June 30, 2012
Governmental Activities			
Capital assets being depreciated - Vehicles	\$ -	\$ 20,629	\$ 20,629
Accumulated depreciation - Vehicles	-	2,063	2,063
Net capital assets	\$ -	\$ 18,566	\$ 18,566

Depreciation expense was not charged to activities as the School District considers its assets to impact multiple activities and allocation is not practical. Depreciation expense for the 11 month period ended June 30, 2012 totaled \$2,063.

Education Achievement Authority

Notes to Financial Statements June 30, 2012

Note 6 - Local Revenue

In addition to the State Appropriation as mentioned in Note 4, the Authority also received substantially all of its funding from three private, local sources for the 11 month period ended June 30, 2012. The private sources were as follows:

The Kellogg Grant - A \$1,000,000 grant was received from the W.K. Kellogg Foundation. The grant is to be used to achieve the mission of the Authority by redesigning public education in Michigan's persistently low achieving schools by providing general operating support.

Next Generation Learning Challenges (aka the Gates Grant) - \$150,000 was received from Next Generation Learning Challenges. The money is to be used for the implementation of a student centered system of education. As of June 30, 2012, no money had been spent.

The Michigan Educational Excellence Foundation (MEEF) - \$2,705,000 was received from MEEF to provide operating funds for the District's primary mission.

Note 7 - Related Party Transactions

DPS - The Authority has a related party relationship with DPS due to the interlocal agreement signed between The Board of Regents of Eastern Michigan University and the School District for the City of Detroit creating the Education Achievement Authority signed on July 14, 2011. During the 11 month period ended June 30, 2012 the Authority contracted with DPS for help during the start up phase of the Authority. The total amount expended and paid to DPS for the 11 month period ended June 30, 2012 was \$60,956.

Subsequent to year end, the Authority continued to contract with DPS for IT Management and other services provided on behalf of the Authority.

Note 8 - Subsequent Events

Commencing in the Fall of 2012, the Authority, assumed control of 15 schools and their operations, which is legal through the charter agreement. Upon assumption of the operations, the Authority employed approximately 400 teachers and building administrators and contracted substantially all non-instruction related functions to third parties as described below. The Authority also began receiving state aid and federal grant revenue and implementing processes designed to achieve the purpose of the Authority.

Education Achievement Authority

Notes to Financial Statements
June 30, 2012

Note 8 - Subsequent Events (Continued)

State aid anticipation note - On September 1, 2012, the School District entered into an agreement with the DPS to borrow up to \$5,912,000 as an advance of state aid. The note, is to be repaid in three installments, including interest (variable interest rate based on LIBOR), with the last one due January 21, 2013. The payment was made on January 31, 2013 and there are no amounts outstanding as of the report date related to this note.

On February 1, 2013, the Authority entered into a second agreement with the DPS to borrow up to \$6,000,000 as an advance of state aid. The note, is to be repaid with four installments, including interest (variable interest rate based on LIBOR), with the last payment due July 22, 2013.

Title I Funding - On April 10, 2013, the Authority received an official letter from the State that they are now eligible to receive Title I, Part A and Title II, Part A funds based on the proportional amount of students at the Authority and at the applicable districts. This will provide EAA with a share of the DPS total allocation proportionate to the number of students enrolled in the schools operated by the EAA, resulting in measurably increased allocations to the EAA for the 2013-2014 school year for Title I, Part A and Title II, Part A.

Lease and asset transfer for schools - Subsequent to June 30, 2012 the Authority began operating 15 schools that were operated as Authority schools for the fiscal year end June 30, 2013. The authority is leasing the buildings from the original district at a rate of \$1 per annum plus the number of Detroit Resident Students attending each school multiplied by \$910 per year for the period of three years from the commencement date of the signed lease agreement with the tenant having annual options to renew the Term for successive one year periods.

Rent will also be charged for Non-Detroit Resident students at the lesser of (a) two and a half percent (2.5%) of the Academy's total annual State Aid Revenue for students attending school or (b) an amount equal to ten percent (10%) of the square footage of the building times \$1 times 12 months.

The Authority assumes all responsibility to manage all of the assets leased according to all applicable federal and state program rules and regulations.

The lease also provides a provision that any money expended by the Authority to make alterations, improvements or additions to the buildings necessary to enable the Authority to utilize them will be deducted from the lease payment amount. Normal repairs and maintenance are paid for by the Authority.

Education Achievement Authority

Notes to Financial Statements June 30, 2012

Note 8 - Subsequent Events (Continued)

Capital Lease - Subsequent to June 30, 2012 the Authority entered into two different leases with Hewlett-Packard Financial Services Company on August 7, 2012. The first lease was for student net books and teacher laptops for a total cost of \$2,999,532 which is amortized over 36 months with an annual rate of interest at 2.56 percent. The second lease was for laptop carts that had a total cost of \$531,118 which is amortized over 36 months with a annual rate of interest rate at 3.11 percent.

The leases can be considered capital as the title to the equipment will be transferred at the end of the lease.

The Skillman Grant - Subsequent to June 30, 2012, a \$500,000 grant was awarded from the Skillman Foundation. The funding period of the grant was from July 1, 2012 to June 30, 2014 and no funds were received until July 2012. The grant is to be used to fund the general operations of the Authority.

State Appropriation - Subsequent to June 30, 2012, the \$10,000,000 received as part of a one time state appropriation to the Authority had been partially spent. As of the date of this report, \$7,300,000 had been spent.

The appropriation was originally recorded as part of the Capital Projects Fund, however, there are no legal restrictions on the appropriation and it has been classified as unrestricted fund balance. Subsequent to year end an allowable transfer of \$2,000,000 was made from the Capital Projects Fund to the General Fund.

Significant Contracts - Subsequent to June 30, 2012 the Authority entered into a significant contract with Aramark Management Services for approximately \$470,000 per month for custodial grounds, maintenance, waste management and pest control services. The Authority also entered into contracts with Jenkins Construction to help with the capital improvements paid for by the State Appropriation as well as Teach for America for Teacher Selections.

Charters - Subsequent to June 30, 2012 the Authority granted charters to three charter schools and acts as their fiscal agent and are accountable for providing oversight and compliance monitoring.

Expansion - Subsequent to June 30, 2012 the Authority has sought to expand its services to schools outside of DPS that meet the requirements as set forth in the interlocal agreement. As of the date of this report, the expansion has not yet been fully, legally approved.

Education Achievement Authority

Notes to Financial Statements June 30, 2012

Note 9 - Defined Contribution Pension Plan

The School District provides pension benefits to all of its full-time employees through a defined contribution plan. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. The plan provisions and contribution requirements were established through a resolution by the Board of Education, and may be amended by future board actions. Employees are eligible to participate from the date of employment and are fully vested after 2 years of service. The School District matches contributions up to 7.5% of the employees salary during the 11 month period ended June 30, 2012.

During the 11 months ended June 30, 2012 employees earned \$28,696 of matching contributions from the Authority, of which, \$10,764 remains payable as of June 30, 2012.

Note 10 - Upcoming Accounting Pronouncements

GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, was issued by the GASB in June 2011 and will be effective for the School District's 2012-2013 fiscal year. The statement incorporates deferred outflows of resources and deferred inflows of resources, as defined by GASB Concepts Statement No. 4, into the definitions of the required components of the residual measure of net position, formerly net assets. This statement also provides a new statement of net position format to report all assets, deferred outflows of resources, liabilities, deferred inflows of resources and net position. Once implemented, this statement will impact the format and reporting of the balance sheet at the government-wide level and also at the fund level.

In March 2012, the GASB issued GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, which is required to be implemented for financial statements for periods beginning after December 15, 2012. Statement No. 65 establishes accounting and financial reporting standards that reclassify, as deferred outflows and inflows of resources, certain items that were previously reported as assets and liabilities. This statement also provides other financial reporting guidance related to the impact of the financial statement elements deferred outflows of resources and deferred inflows of resources. Statement No. 65 will be implemented by the School District as of June 30, 2013.

Education Achievement Authority

Schedule of Audit Findings 11-Month Period Ended June 30, 2012

Section II - Financial Statement Audit Findings

Reference

Number

Finding

2012-1 **Finding Type - Material Weakness**

Criteria - Segregation of duties is an important part of internal control that reduces the risk of fraudulent transactions or accounting errors by limiting the access that individuals have to only segments of a transaction, and providing for appropriate review and approval of accounting records.

Condition - The staff accountant, business, finance, and operations generalist and CFO have the ability to initiate and approve wire transfers directly with the bank without approval of another individual prior to the bank releasing the funds. Additionally, these individuals have full administrative access to the finance system including the ability to post journal entries, write grants, post cash receipts, add vendors, enter invoices and enter cash disbursements.

Context - The lack of segregation of duties affects all transactions recorded in the finance system.

Cause - The lack of segregation of duties is the result of process design.

Effect - The lack of segregation of duties limits the Authority's ability to reliably prevent or detect fraudulent activity, including missappropriation of cash, in a timely manner.

Recommendation - It is recommended that policies and procedures be implemented to increase the segregation of duties in the finance function.

Views of Responsible Officials and Planned Corrective Actions - OPEN for EAA response

Education Achievement Authority

Schedule of Audit Findings (Continued) 11-Month Period Ended June 30, 2012

Reference

Number

Finding

2012-2 **Finding Type** - Material Weakness

Criteria - Compensated absence liabilities recorded in the government-wide statements as proscribed by the Governmental Accounting Standards Board (GASB) Statement 34 should be recorded based on the earned benefit reduced by amounts used.

Condition - The Authority did not have access to records to calculate an accurate liability for compensated absences at June 30, 2012.

Context - The maximum liability, based on the employees for the fiscal year ended June 30, 2012, was calculated to be \$101,756. The liability in future periods could be significantly larger due to the increase in employees in the fiscal year ended June 30, 2013.

Cause - The records for compensated absences are maintained on a manual spreadsheet on a computer that was not backed up.

Effect - This amount was accrued, but there is a possibility it is overstated as it was not reduced by any vacation or personal time off taken by employees.

Recommendation - It is recommended that all computers that have Authority data on them be subject to standard backup procedures.

Views of Responsible Officials and Planned Corrective Actions - OPEN for view of EAA

Education Achievement Authority

Schedule of Audit Findings (Continued) 11-Month Period Ended June 30, 2012

Reference Number	Finding
2012-3	<p>Finding Type - Material Weakness</p> <p>Criteria - GASB Statement 33 prescribes that voluntary non-exchange transactions are to be recognized based on the timing and provisions of enabling legislation.</p> <p>Condition - The State of Michigan passed an appropriation on June 29, 2012 to appropriate \$10 million for the Authority. The appropriations bill did not specify any timing or purpose restrictions. Based on the provisions of the appropriations bill and the timing of the cash receipt, the \$10 million should have been recognized as revenue and a receivable at June 30, 2012.</p> <p>Context - The total appropriation was \$10 million</p> <p>Cause - Inadequate review of grant agreements for application of relevant accounting guidance.</p> <p>Effect - The Authority did not recognize \$10 million in revenue as of June 30, 2012. Management posted the transaction as revenue into the Capital Projects fund after it was identified and proposed by the auditors.</p> <p>Recommendation - It is recommended that all significant grants and revenue sources be analyzed for proper accounting treating in accordance with GASB Statement 33.</p> <p>Views of Responsible Officials and Planned Corrective Actions - OPEN for EAA</p>

Education Achievement Authority

Schedule of Audit Findings (Continued) 11-Month Period Ended June 30, 2012

Reference

Number

Finding

2012-4 **Finding Type - Significant Deficiency**

Criteria - Grant funds should be spent in accordance with the grant agreements

Condition - During the 11 month period ended June 30, 2012, the Authority wrote and received grants from several granting organizations that had specific purpose restrictions. Upon receipt, the Authority remitted the funds to the Michigan Educational Excellence Foundation who then remitted the funds back to the Authority as a grant. The Authority recorded the transaction on a gross basis, including the revenue twice - once from the granting organization and once from the Michigan Educational Excellence Foundation.

Context - For the 11 month period ended June 30, 2012, grant receipts that were remitted to the Michigan Educational Excellence Foundation totaled \$1,150,000

Cause - Unknown

Effect - The results were that the funds received by the Authority from the granting entity were provided to MEEF on a short term basis, which is not in accordance with the grant agreements. This could result in the granting entity rescinding the grant if the funds are not used for the stipulated purposes.

Recommendation - It is recommended that grant proceeds be tracked and used in accordance with the grant agreement.

Views of Responsible Officials and Planned Corrective Actions - OPEN for EAA response

Education Achievement Authority

Schedule of Audit Findings (Continued) 11-Month Period Ended June 30, 2012

Reference Number	Finding
2012-5	<p>Finding Type - Significant Deficiency</p> <p>Criteria - Financial information should be complete, accurate and recorded timely</p> <p>Condition - After year end, the Authority did not keep up with recording financial activity. The accounting was not completed timely or accurately.</p> <p>Context - This does not affect the 11 month period ended June 30, 2012</p> <p>Cause - Unkown</p> <p>Effect - Information recorded subsequent to June 30, 2012 is not accurate or complete</p> <p>Recommendation - It is recommended that the Authority develop a system to accurately track and record financial information timely</p> <p>Views of Responsible Officials and Planned Corrective Actions - OPEN for EAA response</p>

