

Education Achievement Authority
of Michigan

Equity. Choice. Reinvention.

**RESOLUTION 2012-25
APPROVAL OF THE FY 2013 BUDGET**

The Executive Committee of the Education Achievement Authority resolves:

1. That the FY 2013 Budget of the Education Achievement Authority (the "Authority") of Michigan has been recommended for adoption by the Chancellor;
2. That the FY 2013 Budget of the Authority as presented attached to this resolution is hereby approved and adopted;
3. That the Chancellor is hereby authorized to perform any acts in furtherance of this resolution including execution of any and all documents as he shall deem necessary to carry out the intent and purpose of this resolution;
4. That the Secretary of the Executive Committee of the Authority shall enter the terms of the Budget 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
FY 13 Proposed Annual Budget**



**EDUCATION ACHIEVEMENT
AUTHORITY of Michigan**

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Transmittal Letter

To Parents, Staff and the Education Achievement Authority of Michigan community:

The EAA of Michigan was formally created August 11, 2011 through an Inter-Local Agreement between the Board of Regents of Eastern Michigan University and the School District for the City of Detroit as a means of implementing the legislation. It allowed for the establishment of a new statewide system of schools that will operate the lowest performing five percent of schools in Michigan that are not achieving satisfactory results on a redesign plan or that are under an emergency manager. In August 2011, I was appointed as the Chancellor of the EAA, with the mandate to initiate a student-centered system of schools whose mission is:

To transform traditional public schooling and provide a prototype for 21st Century teaching and learning.

The EAA's vision for a school system is like nothing ever before created in the U.S. or elsewhere. All of the design elements are oriented around two critically important tenets: personalized and directed learning for every student and the freedom for teachers and school leaders to make the right choices for the students they serve.

The EAA's theory of action is that dramatic student achievement gains will be achieved by school leaders and teachers empowered to build an equitable, outcomes-driven, 21st Century teaching and learning environment where time is the variable, learning the constant, and students the focus.

To achieve this vision the EAA will focus on the fulfillment of five goals:

Goal 1: An innovative, challenging and engaging learning environment personalized to ensure all students complete their secondary school experience ready for college, career and the workforce.

Goal 2: A great teacher in every classroom who knows how to empower and support students.

Goal 3: A diverse system of effective schools whose leaders have the freedom to deploy resources to maximize student achievement.

Goal 4: Uncompromising accountability for school performance and efficient use of funds across all aspects of the system.

Goal 5: Universal culture of support and parental involvement, with a safe learning environment for every student.

On September 4, 2012, the EAA will re-open 15 of Detroit's most chronically underperforming schools to the 11,000 students who are currently enrolled in the buildings, as well as any other students looking for a unique educational experience. The EAA will expand to include more schools in other parts of Michigan in the following years. The EAA is a permanent entity that will continue to have the responsibility to facilitate the improvement of Michigan's lowest performing schools.

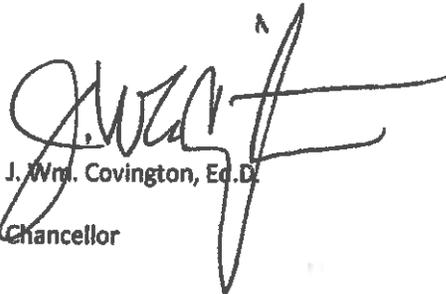
The primary goal of the EAA's academic plan is to ensure equity of access to high quality instruction to all students while efficiently using funds across all aspects of the system. The EAA is developing a system of higher expectations - for public schools, students, and educators. The EAA is committed to holding ourselves and our schools accountable to our students, our families and the community at large.

This budget is based on 12 direct-run schools with 8,478 general education students and 831 special education students for a total membership, for state aid purposes, of 9,309. Revenue for the FY 2013 operating budget (both state and federal) totals \$96,855,608 and Operating expenditures are a total of \$96,275,104. The balance is \$580,504 and will be applied towards school based operating expenditures.

The EAA of Michigan will authorize 3 charter schools for FY 2013 with 1,307 general education students and 173 special education students for a total membership for state aid purposes of 1,480. Revenue for the FY 2013 operating budget (both state and federal) totals \$14,949,074.

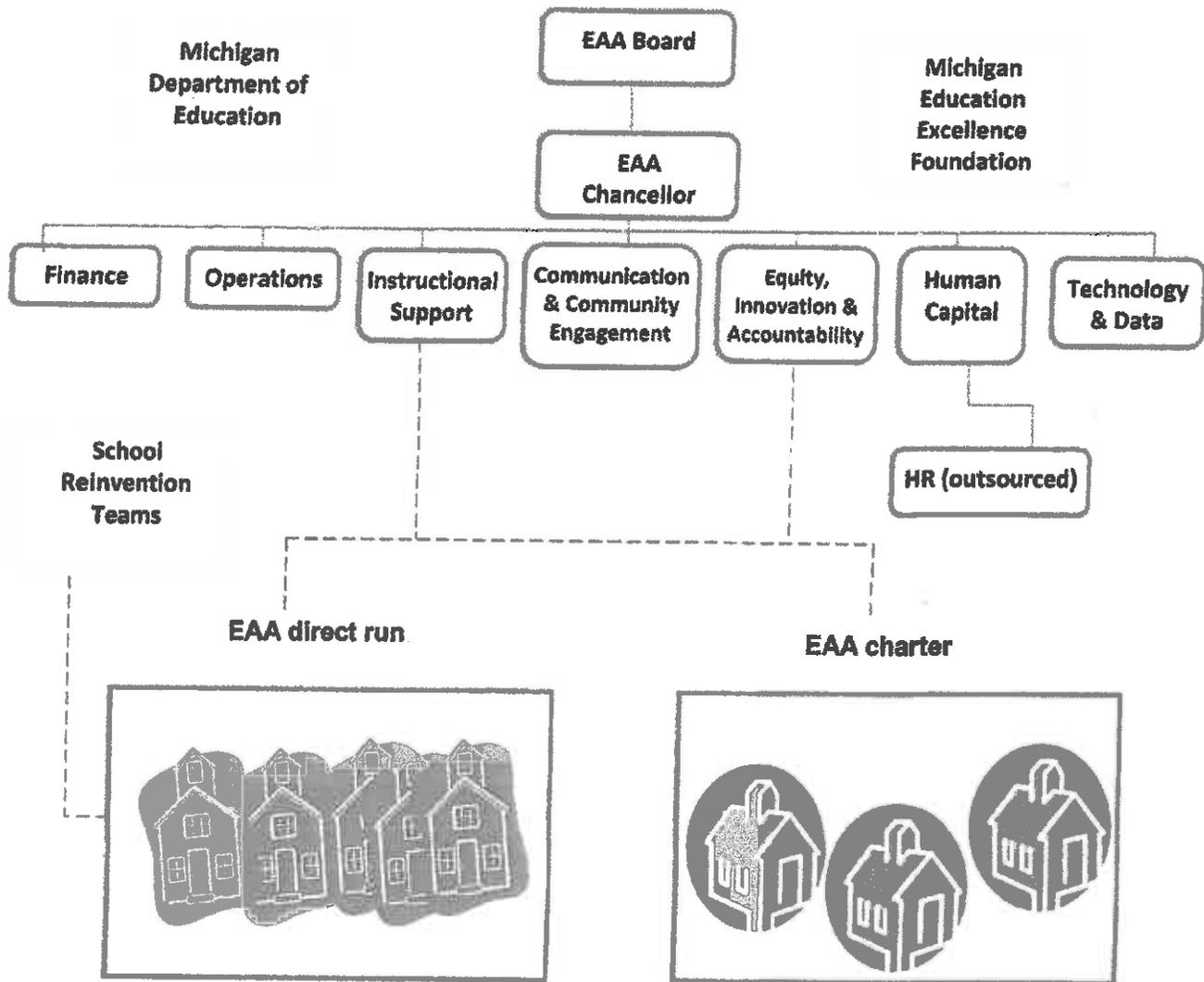
The FY 2013 Annual Budget addresses our five goals, as outlined in the Strategic Plan, for establishing a system that will work to transform these schools into stable, financially responsible public schools that provide the conditions, tools, resources, support and safe learning environment under which teachers can help students make significant academic gains and be college and career ready upon High School completion.

Sincerely,



J. Wm. Covington, Ed.D.
Chancellor

Organizational Structure



Planning Assumptions

This section highlights the major FY 2013 Operating Budget assumptions required for the EAA of Michigan to complete and meet the financial and operational objectives for the period of July 1, 2012 to June 30, 2013. Teachers and support staffing allocations are based on student FTE versus actual enrollment headcount.

I. Schools in Year I and Students enrolled within the Schools

The FY 2013 Operating Budget is based on the projected student FTE enrollment for the EAA of Michigan as set forth in the following table. The FY 2013 Operating Budget assumes that the per pupil funding from the State of Michigan reflects a formula based on 50 percent of the Fall 2012 projected enrollment and 50 percent of the Spring 2012 FTE enrollment which will equate to an FTE enrollment of 10,789 (includes charters). The proposed budget is based on non-charter enrollment. The accompanying table does not include Pre-K enrollment FTE's because the EAA has no Pre-Kindergarten program for FY 2013.

Total Schools for FY 2013 is 15, 12 direct-run and 3 charters.

	FY 2013 Budget (Including Charter)	FY 2013 Budget (Excluding Charter)
Total General Education Students	9,785	8,478
Total Special Education Students	1,004	831
Total State Aid Membership	10,789	9,309
	Class Size	Class Size
Grade	FY 2013 Budget	FY 2013 Budget
General, K-6	25	25
General, 7-8	30	30
General, 9-12	30	30

II. Employees required to staff the schools

Compensation: The FY 2013 budget assumes a wage and compensation structure for all employee groups that includes:

- The FY 2013 operating budget assumes an employer paid health, dental, and vision funding level with employees to a 60% to 40% payment structure. Disability and Life insurance is available at employee expense.
- The FY 2013 operating budget reflects the State's 401K retirement option, with the EAA of Michigan matching employee contributions up to 7.5%.
- The FY 2013 operating budget reflects a benefit package of 28%.

Each School is allocated one Principal.

Assistant Principals are allocated as follows:

School Size	Allocated Position
0 to 499 students	0 Assistant Principal
500 to 1,000 students	1 Assistant Principal
Over 1,000 students	2 Assistant Principals

Counselors are allocated as follows:

School Size	Allocated Position
Elementary School	
0 to 499 students	1 Counselor
Over 500 students	2 Counselor
High School	
0 to 499 students	1 Counselor
500 to 1,000 students	2 Counselors
Over 1,000 students	3 Counselors

Media Specialists are allocated as follows:

School Size	Allocated Position
All Schools	1 Media Specialist

Secretaries are allocated as follows:

School Size	Allocated Position
0 to 500 students	1 Secretary
Over 500 students	2 Secretaries

Attendance Clerks are allocated as follows:

School Size	Allocated Position
Elementary School	
0 to 1,000 students	1 Attendance Clerk
Over 1,000 students	2 Attendance Clerk
High School	
0 to 1,000 students	1 Attendance Clerk
Over 1,000 students	2 Attendance Clerks

Business Managers are allocated as follows:

School Size	Allocated Position
Elementary School	
0 to 500 students	0.5 Business Manager
Over 500 students	1.0 Business Manager
High School	
0 to 1,500 students	1 Business Manager
Over 1,500 students	2 Business Managers

Media Aides are allocated as follows:

School Size	Allocated Position
All Schools	1 Media Aide

JROTC Instructors/Assistants - The FY 2013 Operating Budget includes 12 Positions.

Staffing for Special Education Classrooms - Teacher service for all special education programs is developed using staffing ratios. Staffing ratios for all "low incidence" programs are established through the Wayne RESA (WRESA) budget and staffing criteria. In any case, the number of children assigned to Special Education classes shall be in accordance with the State recommended standards.

The FY 2013 budget includes 70 Special Education Teachers and 21 Para Professionals.

The teacher service allocation for school year 2012/2013 will be finalized in July 2012 based on the final updated enrollment projections.

III. **Chartering**

The FY 2013 Budget assumes the chartering of three elementary schools including:

1. Murphy Elementary/Middle School
2. Stewart Elementary/Middle School
3. Trix Elementary/Middle School

IV. **Outsourcing and Proposed Shared Service Initiatives**

- | | |
|--|-------------------------------|
| 1. School Child Nutrition | 7. School Grounds Maintenance |
| 2. School Transportation | 8. HR Services and Payroll |
| 3. School Security | 9. Benefits Administration |
| 4. School Clerical Services | 10. Printing services |
| 5. Special Education Management | 11. Substitute Teachers |
| 6. School Custodial/Building Maintenance | |

EAA is participating in shared service opportunities related to Wayne RESA:

- o Finance Reporting/Accounting System
- o Information Technology

V. **Technology Needs for the System of Schools**

Classroom: Each classroom will contain hardware including interactive white boards, projectors, sound, and document cameras.

Student: Netbooks at a 1 to 1 ratio per student.

Summary of FY 2013 Budget Sources and Uses

July 1, 2012 Beginning Fund Balance		\$ 0
Sources of Revenue All Funds		
Unrestricted Funds- General Purpose Funds		\$63,813,564
	State Aid	\$62,956,684
	Other Revenues	\$ 856,880
Restricted Funds		\$33,042,044
	State & Federal Grant Funds	\$29,067,018
	Special Education Program Funds	\$ 3,975,026
Total Source of Revenue- All Funds		\$96,855,608
Uses of Revenues- All Funds		
	Personnel	\$49,519,072
	Purchased Services	\$20,066,630
	Supplies & Materials	\$ 7,671,600
	Equipment	\$ 5,531,023
	Utilities/Lease/Insurance	\$ 5,452,809
	Title I/II Other*	\$ 7,683,970
	Other (Athletics Stipend)	\$ 350,000
Total Uses of Revenues		\$96,275,104
June 30, 2013 Projected Ending Fund Balance		\$ 580,504

*Professional Development, Interim Assessments, SES, School of Choice and Parent Involvement

Summary of Sources of Revenue by Fund

Fund	FY 2013
Fund 11: General Fund	
State Aid	
22b Discretionary Payment	\$62,956,684
61a.1 Vocation Education	\$ 159,556
152a Headlee Obligation for Data Collection	\$ 279,270
Other	
22F Best Practices	\$ 484,068
Indirect Charter	\$ 340,637
Gates Grant	\$ 32,175
Total Fund 11: General Fund	\$64,252,390
Fund 14: Grants	
Title I	\$21,317,691
Title II	\$ 2,755,901
31(A) At-Risk	\$ 3,723,600
Total Fund 14: Grants	\$27,797,192
Fund 22: Special Education Funds & Grant	
State Aid Grant	\$ 3,975,026
IDEA Grant	\$ 831,000
Total Fund 22: Special Education Funds & Grant	\$ 4,806,026
Grand Total Revenue	\$96,855,608

Summary of Sources of Expenditures by Fund

Fund	FY 2013
Fund 11: General Fund	
State Aid	
22b Discretionary Payment	\$62,376,398
61a.1 Vocational Education	\$ 159,556
152a Headlee Obligation for Data Collection	\$ 279,270
Other	
22F Best Practices	\$ 484,068
Indirect Charter	\$ 340,637
Gates Grant	\$ 32,175
Total Fund 11: General Fund	\$63,672,104
Fund 14: Grants	
Title I	\$21,317,691
Title II	\$ 2,755,901
31(A) At-Risk	\$ 3,723,382
Total Fund 14: Grants	\$27,796,974
Fund 22: Special Education Funds & Grant	
State Aid Grant	\$ 3,975,026
IDEA Grant	\$ 831,000
Total Fund 22: Special Education Funds & Grant	\$ 4,806,026
Grand Total Expenditure	\$96,275,104

Summary of Expenses – All Funds

Personnel

Proposed FY 2013

Salaries/Wages	\$ 38,091,594
401K	\$ 2,405,065
Health/Dental/Vision	\$ 5,784,628
FICA	\$ 2,914,007
Unemployment Compensation	\$ 228,550
Workers' Compensation	\$ 95,229
Total Personnel	\$ 49,519,072

Salaries/Wages	Salaries and wages for all EAA Staff. To include Teachers, Principals, Assistant Principals, Counselors, Media Specialists, Media Aides, Clerical, Para Professionals and Central Administration.
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401K	Up to 7.5% matched optional retirement fund for EAA employees.
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Health/Dental/Vision	60%/40% benefits costs, averaging \$9,252 per FTE to the EAA.
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FICA	7.65% Federal Insurance Contributions Act Expense.
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Unemployment Compensation	0.60% Federal Unemployment Tax Expense.
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Workers' Compensation	Average 0.25% Workers' Compensation Expense.
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Purchased & Contracted Services

Proposed FY 2013

Audit Services	\$ 75,000
Legal Services	\$ 490,000
Accounting Services	\$ 100,000
Special Ed Management	\$ 2,000,000
Information Management (IT)	\$ 465,450
Custodial/ Maintenance	\$ 5,410,831
Security	\$ 2,144,696
Transportation	\$ 7,917,983
Substitute Teachers	\$ 390,170
Special Education Support Staff	\$ 677,500
Administrative Support	\$ 110,000
Human Resource Services	\$ 285,000
Total Purchased & Contracted Services	\$ 20,066,630

Audit Services	Outside auditing services to include the comprehensive annual external financial audit and a random sampling of the school bank accounts.
Legal Services	Outside legal counsel for the EAA.
Accounting Services	Wayne RESA Smart system for accounting services.
Special Ed Management	Contracted Service with Futures Education to manage the needs of special education students in EAA schools.
Information Management (IT)	Professional service including IT related service provider contracts, maintenance agreements, and E-rate.
Custodial/ Maintenance	Outsourced school janitorial, building maintenance & grounds maintenance services, pest control and waste disposal. Includes maintenance supplies.
Security	Outsourced school surveillance, school security guards and campus policemen.
Transportation	Student related transportation services including yellow bus services, purchase of city bus passes from the City of Detroit for transportation of High School students, and taxi cab services for Special Education students.
Substitute Teachers	Teachers available to replace the regular classroom teacher when sick days are needed.

Special Education Support Staff	Includes Psychologists, Speech Pathologists, Audiologist, Occupational Therapists, and Physical Therapists.
Administrative Support	Support for Central Administration in areas such as scheduling for Community Engagement, transportation to events and securing of supplies and equipment.
Human Resources Services	Human Resources outsourced service to provide effective policies, procedures, and people-friendly guidelines in support of schools and the District.

Materials & Supplies

Proposed FY 2013

Teaching / Testing Supplies	\$ 37,236
Office / Admin / Misc. Supplies	\$ 1,263,404
Instructional Supplies/Materials/Textbooks	\$ 6,167,404
Special Education Supplies	\$ 200,000
Vocational Supplies	\$ 3,556
Total Material & Supplies	\$ 7,671,600

Teaching / Testing Supplies	Supplies for classroom and assessment of student progress.
Office / Admin / Misc. Supplies	Office supplies such as copy/printer paper, toner, and related supplies.
Instructional Supplies/Materials/Textbooks	Classroom/library books for schools, with textbooks transitioning to e-books.
Special Education Supplies	Supplies used in Special Education classrooms.
Vocational Supplies	Supplies used in Vocational classrooms.

Equipment

Proposed FY 2013

Special Ed Equipment	\$ 147,701
Classroom Equipment	\$ 4,732,725
Office Equipment	\$ 432,597
Vehicle/Travel	\$ 68,000
Athletics Equipment	\$ 150,000
Total Equipment	\$ 5,531,023

Special Ed Equipment	Equipment used for special education students to assist with classroom instruction.
Classroom Equipment	Notebooks and related technology for students.
Office Equipment	Copier, telephones, computers and any other equipment needed for administrative services.
Vehicle/Travel	EAA Vehicle maintenance and travel costs.
Athletics Equipment	Sports equipment required for a comprehensive athletics program.

Title I/II Other

Proposed FY 2013

Travel	\$ 25,000
Parent Involvement	\$ 639,531
SES/School of Choice	\$ 4,263,538
PD/Interim Assessment	\$ 2,755,901
Total Title I/II Other	\$ 7,683,970

Travel	Travel Related to Professional Development.
Parent Involvement	Community/Parent Engagement Expenses.
SES/School of Choice	Supplementary Educational Services and Parental School Choice Options.
PD/Interim Assessment	Professional Development for Teachers and Testing of Students.

Other Services (Athletics Stipends)

Proposed FY 2013

Other Services (Athletics Stipends)	\$ 350,000
Other Services (Athletics Stipends)	Stipends for teacher to serve as coaches for Athletics program.

Utilities

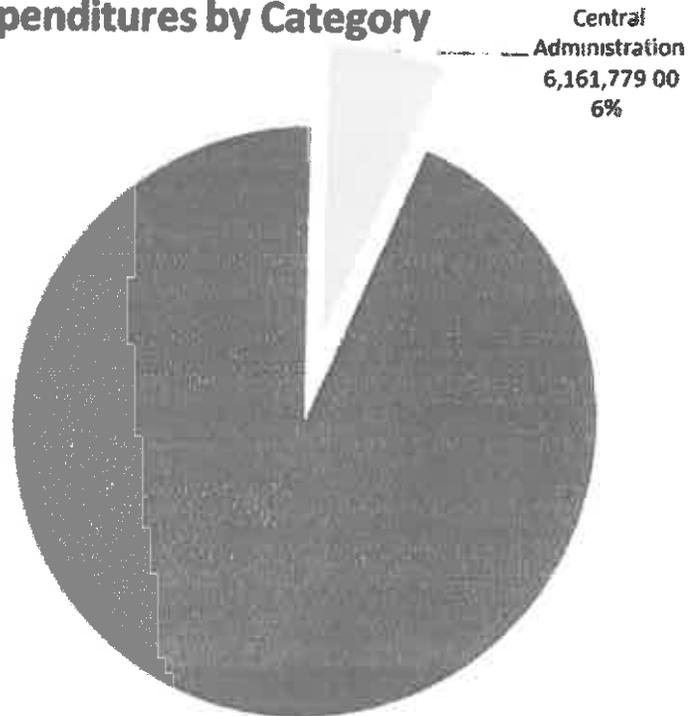
Proposed FY 2013

Electric	\$ 2,554,329
Natural Gas	\$ 1,714,541
Water & Sewage	\$ 351,772
Telephone	\$ 204,974
Insurance	\$ 500,000
Lease	\$ 127,193
Total Utilities	\$ 5,452,809

Utility Providers

Electricity:	DTE Energy. Detroit Public Lighting Dept.
Natural Gas:	Michigan Consolidated Gas. Exelon. Lakeshore Energy Services.
Water & Sewage:	Detroit Water & Sewage Dept.
Telephone:	AT&T. XO Communications. Quest.

Expenditures by Category



School Based Cost (includes Special Education) \$90,113,325 divided by 9,309 Student FTE's equals \$9,680 per pupil expenditures. This includes State, Federal and Grant Funding.

Staffing by Job Classification

School (by grade)	Classroom Teachers	Principals	Assistant Principals	Counselors	Media Specialist	Media Aide	Clerical	Para Professionals	Nurse	Other Professional Staff	Total FTE
Elementary School											
Phoenix	20.38	1.00	0.00	1.00	1.00	1.00	2.50	1.00	1.00	4.00	32.88
Burns	25.32	1.00	1.00	2.00	1.00	1.00	4.00	1.00	1.00	1.00	38.32
Nolan	29.55	1.00	1.00	2.00	1.00	1.00	4.00	2.00	1.00	1.00	43.55
Law	33.16	1.00	1.00	2.00	1.00	1.00	4.00	2.00	1.00	1.00	47.16
Bethune	32.70	1.00	1.00	2.00	1.00	1.00	4.00	1.00	1.00	1.00	45.70
Brenda Scott	36.41	1.00	1.00	2.00	1.00	1.00	4.00	1.00	1.00	1.00	49.41
Elementary School Total (6)	177.52	6.00	5.00	11.00	6.00	6.00	22.50	8.00	6.00	9.00	257.02
High School											
Central	35.67	1.00	1.00	2.00	1.00	1.00	4.00	3.00	1.00	1.00	50.67
Ford	40.23	1.00	1.00	2.00	1.00	1.00	4.00	1.00	1.00	1.00	53.23
Pershing	35.75	1.00	1.00	2.00	1.00	1.00	4.00	2.00	1.00	2.56	51.31
Mumford	42.34	1.00	1.00	2.00	1.00	1.00	4.00	3.00	1.00	1.00	57.34
Denby	47.55	1.00	2.00	3.00	1.00	1.00	5.00	2.00	1.00	1.00	64.55
Southeastern	48.09	2.00	1.00	3.00	1.00	1.00	5.00	2.00	1.00	1.00	65.09
High School Total (6)	249.63	7.00	7.00	14.00	6.00	6.00	26.00	13.00	6.00	7.56	342.19
Total Schools (12)	427.15	13.00	12.00	25.00	12.00	12.00	48.50	21.00	12.00	16.56	599.21

Elementary Local School Expenditures

School	Personnel	Purchased & Contracted Services	Supplies	Equipment	Utilities	Title I/II Other	Other Services (Athletics)	Total Expenditures
Elementary School								
Phoenix	\$ 2,336,040	\$ 818,279	\$ 310,403	\$ 238,342	\$ 183,063	\$ 348,023	\$ 11,747	\$ 4,245,897
Burns	\$ 2,926,560	\$ 767,936	\$ 379,667	\$ 291,582	\$ 147,160	\$ 427,829	\$ 14,441	\$ 4,955,175
Nolan	\$ 3,295,500	\$ 1,166,075	\$ 455,206	\$ 349,328	\$ 302,467	\$ 502,700	\$ 16,968	\$ 6,088,244
Law	\$ 3,577,080	\$ 1,309,922	\$ 520,405	\$ 399,372	\$ 270,623	\$ 575,102	\$ 19,412	\$ 6,671,916
Bethune	\$ 3,502,200	\$ 1,013,369	\$ 520,123	\$ 399,465	\$ 268,107	\$ 586,620	\$ 19,800	\$ 6,309,684
Brenda Scott	\$ 3,791,580	\$ 1,339,224	\$ 592,259	\$ 454,934	\$ 315,584	\$ 670,540	\$ 22,633	\$ 7,186,754
Elementary School Total (6)	\$ 19,428,960	\$ 6,414,805	\$ 2,778,063	\$ 2,133,023	\$ 1,487,004	\$ 3,110,814	\$ 105,001	\$ 35,457,670

Secondary Local School Expenditures

School	Personnel	Purchased & Contracted Services	Supplies	Equipment	Utilities	Title I/II Other	Other Services	Total Expenditures
High School Central	\$ 3,811,860	\$ 1,941,097	\$ 575,667	\$ 446,650	\$ 634,609	\$ 631,048	\$ 33,994	\$ 8,074,925
Ford	\$ 4,089,540	\$ 2,028,938	\$ 660,010	\$ 512,515	\$ 713,455	\$ 733,892	\$ 39,533	\$ 8,777,883
Pershing	\$ 3,818,412	\$ 1,948,322	\$ 579,013	\$ 449,350	\$ 466,597	\$ 637,630	\$ 34,348	\$ 7,933,672
Mumford	\$ 4,332,120	\$ 2,193,164	\$ 705,828	\$ 547,784	\$ 664,937	\$ 775,030	\$ 41,749	\$ 9,260,612
Denby	\$ 4,947,280	\$ 2,220,013	\$ 793,067	\$ 615,702	\$ 528,365	\$ 875,405	\$ 47,156	\$ 10,026,988
Southeastern	\$ 4,989,400	\$ 2,260,291	\$ 805,270	\$ 625,401	\$ 957,842	\$ 895,151	\$ 48,220	\$ 10,581,575
High School Total (6)	\$ 25,988,612	\$ 12,591,825	\$ 4,118,855	\$ 3,197,402	\$ 3,965,805	\$ 4,548,156	\$ 245,000	\$ 54,655,655

Summary of Revenue by Fund Appropriations State Funds

State Aid:

State Aid is dependent on student enrollment and provided in two forms:

22b Discretionary Payment

51c Special Education Obligation (Not included as a General Purpose Fund revenue source)

For the FY 2013 operating budget the state foundation allowance per student FTE is \$7,190.

See Appendix A for the complete breakdown of State Aid Funds.

Discretionary Payment: When the State of Michigan identifies the current year foundation allowance amount, any reductions to the foundation allowance will come from the discretionary payment.

Special Education Obligation:

For the Special Education population, the EAA of Michigan receives the following:

The State of Michigan will provide to the District reimbursement of 28.6138 percent of the previous fiscal year cost for the Special Education program plus 70.4165 percent of the previous fiscal year transportation costs.

Vocational Education:

EAA of Michigan receives state funding for expenses related to its Vocational Education program. The State of Michigan reimburses on an added costs basis for secondary-level vocational-technical education programs. The allocation of added costs funds is based on the following: (1) the type of vocational-technical programs provided; (2) the number of pupils enrolled; and (3) the length of the training period provided. The reimbursements will not exceed 75 percent of the added costs of the vocational-technical program. For FY 2013, EAA is projected to receive \$159,556 for its Vocational Education program.

JROTC Salary Reimbursement:

For the FY 2013 academic year, EAA is proposing JROTC programs at 6 schools in the district. Each school has one lead instructor and one assistant instructor. JROTC instructors are paid at the equivalent of active duty pay for their service pay. EAA receives a 25 percent reimbursement of instructor's salaries from the Federal Government to help fund these costs.

Charter School Administration Fee:

For charter schools that exist within the school district, EAA is able to charge a three percent administration fee on the state aid revenues that the school receives. Currently, there are three charter schools in the school district and EAA estimates that it will collect \$340,637 in annual administrative fees.

Indirect Cost Revenue:

The EAA will apply an indirect cost rate to appropriate expenditures. Indirect cost is revenue from Federal & State Grant Funds to offset administrative costs within the General Purpose fund.

Grants Federal and State

Title I Part (A):

Supplemental funding provided to school districts with large concentrations of low-income students to assist in meeting their educational needs and goals. The FY 2013 Budget includes \$ 21,317,691 in Title I funding.

Title II (A):

Title II A's goal is to increase the academic achievement of all students by helping school districts improve teacher and principal quality and ensure that all teachers are highly qualified. These funds are also used for class size reduction. The FY 2013 Title II A Operating Budget is \$3,186,585.

Title III:

This grant is used to provide Limited English Proficient students with necessary instructional resources and programs (before and after school) that promote proficiency with the English Language.

At-Risk (31A):

At Risk grants are supplied by the State of Michigan to provide additional services to students that meet at least two of the "At Risk" definitions. The "At Risk" student definition includes the following: (1) being a victim of child abuse or neglect; (2) being below grade level in English or math; (3) a pregnant teenager or teenage parent; (4) qualifying for Federal lunch assistance; (5) having atypical behavior or attendance patterns; (6) having a family history of school failure; and (7) incarceration or substance abuse.

The FY 2013 Operating Budget for At-Risk funds is expected to be \$3,723,600.

Summary of Spending Within Major Expense Categories - Detail

FY 2013 Budget - General Fund Unrestricted			
Personnel	\$ 34,335,535	Supplies & Materials	\$ 1,917,205
Salaries/Wages	\$ 26,411,950	Instructional Supplies/Materials/Textbooks	\$ 698,175
401K	\$ 1,788,732	Office/ Admin/ Misc. Supplies	\$ 1,181,794
Health/Vision/Dental	\$ 3,889,726	Teaching/ Testing Supplies	\$ 37,326
FICA	\$ 2,020,514		
Unemployment Compensation	\$ 158,583	Equipment	\$ 720,725
Worker's Compensation	\$ 66,030	Vehicle/Travel	\$ 68,000
		Classroom Equipment	\$ 232,725
Purchased & Contracted Services	\$ 14,350,829	Office Equipment	\$ 270,000
Substitute Teachers	\$ 265,920	Athletics Equipment	\$ 150,000
Custodial/Maintenance	\$ 5,410,831		
Security	\$ 1,399,976	Utilities/Lease/ Insurance	\$ 5,452,809
Transportation	\$ 5,917,983	Electricity	\$ 2,554,329
Information Management (IT)	\$ 296,119	Natural Gas	\$ 1,714,541
Human Resource Services	\$ 285,000	Water & Sewer	\$ 351,772
Accounting Services	\$ 100,000	Telephone	\$ 204,974
Audit Services	\$ 75,000	Insurance	\$ 500,000
Legal	\$ 490,000	Lease	\$ 127,193
Administrative Support	\$ 110,000		
		Other Services (Athletics Stipends)	\$ 350,000
		Grand Total - General Fund	\$57,127,103

FY 2013 Budget- General Fund Restricted			
Personnel	\$ 8,369,682	Supplies & Materials	\$ 203,556
Salaries/Wages	\$ 6,438,217	Special Education Supplies	\$ 200,000
401K	\$ 359,873	Vocational Supplies	\$ 3,556
Health/Vision/Dental	\$ 1,024,343		
FICA	\$ 492,524	Equipment	\$ 147,701
Unemployment Compensation	\$ 38,629	Special Ed Equipment	\$ 147,701
Worker's Compensation	\$ 16,096		
Purchased & Contracted Services	\$ 5,522,470		
Substitute Teachers	\$ 100,250		
Security	\$ 744,720		
Transportation	\$ 2,000,000		
Special Education Management	\$ 2,000,000		
Special Education Support Staff	\$ 677,500		
		Grand Total - General Fund	\$14,243,409

FY 2013 Budget- Federal Funds			
Personnel	\$ 6,813,855	Supplies & Materials	\$ 5,550,840
Salaries/Wages	\$ 5,241,427	Office/Admin/Misc. Supplies	\$ 81,610
401K	\$ 247,134	Instructional Supplies/Materials/Textbooks	\$ 5,469,229
Health/Vision/Dental	\$ 879,773		
FICA	\$ 400,969	Equipment	\$ 4,662,597
Unemployment Compensation	\$ 31,448	Office Equipment	\$ 162,597
Worker's Compensation	\$ 13,104	Classroom Equipment	\$ 4,500,000
Purchased & Contracted Services	\$ 193,331	Title I/II Other*	\$ 7,683,970
Substitute Teachers	\$ 24,000	Travel	\$ 25,000
Information Management (IT)	\$ 169,331	Parent Involvement	\$ 639,531
		SES/ School of Choice	\$ 4,263,538
		PD/Interim Assessment	\$ 2,755,901
		Grand Total – Federal Fund	\$ 24,904,592

*Professional Development, Interim Assessments, SES, School of Choice and Parent Involvement

Central Administration Expenditures

The EAA of Michigan will allocate approximately 6.1% (\$5,614,411) of the Total Revenue to support central administration. The EAA of Michigan will collect a 3% indirect administrative fee from its charter schools equaling \$300,772 for the FY 2013 operational budget. In addition, the EAA of Michigan has received \$150,000 from the Gates Foundation for technology implementation and applied \$32,175 for Curriculum and Instruction Salaries.

State Funded Personnel		Federally Funded Personnel	
Department	Positions	Department	Positions
The Office of the Chancellor	3.00 Positions	Curriculum and Instruction	2.00 Positions
Curriculum and Instruction	5.85 Positions	Instructional Technology	2.00 Positions
Business and Finance	4.00 Positions		
Instructional Technology	0.50 Position	Grant Funded Personnel	
Technology	5.50 Positions	Curriculum and Instruction	0.15 Positions
Human Resources	2.00 Positions		
Communications	2.00 Positions		
Total	22.85 Positions	Total	4.15 Positions
Total Salaries			\$ 4,101,500

State Funded Operational Cost		Federally Funded Operational Cost	
Administrative Services	\$ 110,000	Office/Admin/Misc. Supplies	\$ 58,338
Vehicle/Parking/Travel	\$ 68,000	Travel	\$ 25,000
Office/Admin/Misc. Supplies	\$ 80,000	Office Equipment	\$ 132,597
Human Resource Services	\$ 285,000		
Accounting Services	\$ 100,000		
Auditing Services	\$ 75,000		
Other	\$ 636,344		
Total State Funded	\$ 1,844,344	Total Federal Funded	\$ 215,935
Grand Total Operational Cost			\$ 2,060,279

Appendix B – Glossary of Terms

Adequate Yearly Progress (AYP) - The measure of progress each year for a student, school, or school district that ensures that states/school districts/schools are meeting the requirements of the Federal No Child Left Behind Act of 2001 (NCLB) to adequately meet students' academic needs. Targets used to measure AYP are participation in and performance on statewide assessments in subjects such as math and English, and other indicators such as attendance and graduation rates.

Board of Directors - The Board is comprised of 11 appointed members consisting of a five member voting executive board.

Fiscal Year - The 12 month period to which the annual operating budget applies and at the end of which a government determines its financial position and the results of its operations. The EAA's fiscal year is July 1 through June 30.

Foundation Allowance - The major Michigan education grant to school districts which provides state funding to school districts for general operating purposes. State funds are provided by formula based on factors including enrollment.

Individuals with Disabilities Education Act (IDEA) - Primary federal funding stream for special education. In exchange for federal dollars, schools must guarantee that all children with disabilities receive a free appropriate public education.

Individualized Education Plan (IEP) - A plan written by the IEP team (including teachers, special education staff and parents) that specifically describes the programs and services necessary for a "free appropriate public education" for a child who has been determined after evaluation to be eligible for special education services.

Student-Centered System of Learning - This system allows students the time and resources needed to achieve learning targets and progress by mastering course content rather than clocking seat time.

Individualized Learning Plan (ILP) - Individualized Learning Plan (ILP) is a user's specific program or strategy of education or learning that takes into consideration the student's strengths and weaknesses; the ILP presumes that the needs of individual students are different and therefore must be addressed on an individual basis.

Limited English Proficiency (LEP) - Students who speak a language other than English and have not yet mastered English.

Michigan Educational Assessment Program (MEAP) - The State's state-wide system of annual assessment tests for core subjects such as reading and math in grades 3-8 and grade 11.

Michigan Merit Exam (MME) - The State's annual assessments for High School students, similar to the MEAP.

No Child Left Behind (NCLB) - The No Child Left Behind Act of 2001 is a reauthorization of the Elementary and Secondary Education Act, the central federal law in pre-collegiate education. The NCLB Act expanded the federal role in education and has become a focal point of education policy.

School Improvement Schools - A school (or school district) that has been designated as needing school improvement because it did not meet AYP targets for two or three consecutive years. Under NCLB, school choice and supplemental education services are to be offered to students in schools that are in School Improvement status.

Special Education - Gifted - Supplemental school-based programs for students exhibiting above average general and/or specific abilities, high levels of task commitment, and high levels of creativity.

Special Education - High Incidence - School-based programs for students who are evaluated as meeting the "exception ability" and "eligibility" criteria for Learning Support or Emotional Support. Students in High Incidence Programs are educated, to the extent possible, with regular education peers. This population of students is taught the General Education Curriculum but provided with accommodation strategies to meet their unique learning and/or behavioral needs in the Least Restrictive Environment.

Special Education - Low Incidence - School-based programs for students who are evaluated as requiring Autistic Support, Life Skills Support or Multiple Disabilities Support. These programs are named Low Incidence because there is a lower prevalence of their occurrence in the general education population. Students in Low Incidence Special Education Programs participate in an alternative curriculum developed to address their educational and functional needs.

Title I - The main federal grant for education under No Child Left Behind, designed "to ensure that all children have a fair, equal, and significant opportunity to obtain a high-quality education and reach, at a minimum, proficiency on challenging State academic achievement standards and state academic assessments." Title I funds are distributed to school districts proportionately based on the number of low income students they serve.

Title II (A) - An indirect federal grant dedicated for Improving Teacher Quality. This grant is used to "prepare, train, and recruit high-quality teachers and principals capable of ensuring increased academic achievement for all students."

Title II (D) - An indirect federal grant for Enhancing Education through Technology. This grant is used to "improve student academic achievement through the use of technology in elementary schools and secondary schools."

Education Achievement Authority
of Michigan
Equity. Choice. Reinvention.

RESOLUTION 2012-26
APPROVAL OF THE FY 2013 REVENUE AND EXPENDITURE REPORT

The Executive Committee of the Education Achievement Authority resolves:

1. That the FY 2013 Revenue and Expenditure Report of the Education Achievement Authority (the "Authority") of Michigan has been recommended for adoption by the Chancellor;
2. That the FY 2013 Revenue and Expenditure Report of the Authority as presented attached to this resolution is hereby approved and adopted;
3. That the Chancellor is hereby authorized to perform any acts in furtherance of this resolution including execution of any and all documents as he shall deem necessary to carry out the intent and purpose of this resolution;
4. That the Secretary of the Executive Committee of the Authority shall enter the terms of the Report 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

Financial Statement

Thru the Month Ending June 30, 2012

Revenue		2012
Deposit MEEF		3,855,000
Other revenue (Refund)		42,337
Total Revenues		3,897,337
Expenses		
Curriculum		18,739
Special Education Implementation (Management)		373,632
Communications/PR and Parent Community Engagement (Site Based)		68,749
Technology Planning		55,169
Other (Grant Writing/ELL, Strat plan, SpEd audit, Imp support, LMS)		276,870
Recruitment/Relocation/Staff Recruitment(Principals)		34,163
Human Resources Outsourcing		109,821
Other (Teacher Devp, Principal Devp, MBA/PhD Cohort, Charter school eval)		15,751
Principals I-Pads and Admin Tablets		12,751
Site-based Evaluation Staff Tablets		3,774
Student, HR, Financial and Data Warehouse		13,061
Salaries		1,108,213
Employee Benefits		195,549
Recruitment/Relocation		75,642
Facilities		22,576
Administrative Support - DPS		18,962
Transportation Management		36,288
Professional Development		16,467
Legal		87,673
Other (Travel, Printing, Parking, Vehicles, Supplies, Accounting)		108,010
Total Expenses		2,651,862
Balance		1,245,475

Education Achievement Authority
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**RESOLUTION 2012-27
APPROVAL OF REVISED SALARY SCHEDULE**

The Executive Committee of the Education Achievement Authority of Michigan resolves:

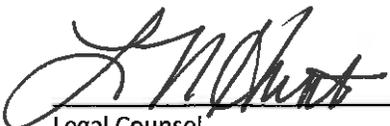
1. That the attached revised Salary Schedule for the Principal, Teacher, Counselor, and Media Specialist positions are approved by the Executive Committee of the Education Achievement Authority of Michigan;
2. That the Chancellor is authorized to pay salaries, in accordance with the attached revised Salary Schedule, to the abovementioned positions, and to take such other action as may be necessary or appropriate to implement this resolution;
3. That the Secretary of the Executive Committee of the Authority shall enter the terms of the Budget 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

"Teacher Group"

Cost Of Living Years	Teacher Job Category											
	Base		Teacher Leader		Master Teacher		Education Specialist		Total			
	Annually	Monthly	Daily	Annually	Monthly	Daily	Annually	Monthly	Daily	Annually	Monthly	Daily
1	\$ 50,000	\$ 4,167	###	\$ 55,000	\$ 4,583	###	\$ 60,000	5,000	273	929,500	76,958	3,585
2	\$ 50,500	\$ 4,208	###	\$ 55,550	\$ 4,629	###	\$ 60,600	5,050	275	934,000	77,408	3,600
3	\$ 51,005	\$ 4,250	###	\$ 56,106	\$ 4,675	###	\$ 61,206	5,101	278	938,500	77,858	3,615
4	\$ 51,515	\$ 4,293	###	\$ 56,667	\$ 4,722	###	\$ 61,818	5,152	281	943,000	78,308	3,630
5	\$ 52,030	\$ 4,336	###	\$ 57,233	\$ 4,769	###	\$ 62,436	5,203	284	947,500	78,758	3,645
6				\$ 63,061	\$ 5,255	287						
7				\$ 63,691	\$ 5,308	290						
8				\$ 64,328	\$ 5,361	292						
9				\$ 64,971	\$ 5,414	295						
10												

Cost Of Living Years	Counselor Job Category											
	Base		Lead Counselor		Master Counselor		Total		Total			
	Annually	Monthly	Daily	Annually	Monthly	Daily	Annually	Monthly	Daily	Annually	Monthly	Daily
1	\$ 50,000	\$ 4,167	###	\$ 58,000	\$ 4,833	###	\$ 65,000	5,417	295	929,500	76,958	3,585
2	\$ 50,500	\$ 4,208	###	\$ 58,580	\$ 4,882	###	\$ 65,650	5,471	298	934,000	77,408	3,600
3	\$ 51,005	\$ 4,250	###	\$ 59,166	\$ 4,930	###	\$ 66,307	5,526	301	938,500	77,858	3,615
4	\$ 51,515	\$ 4,293	###	\$ 59,757	\$ 4,980	###	\$ 66,970	5,581	304	943,000	78,308	3,630
5	\$ 52,030	\$ 4,336	###	\$ 60,355	\$ 5,030	###	\$ 67,639	5,637	307	947,500	78,758	3,645
6				\$ 68,316	\$ 5,693	311						
7				\$ 68,999	\$ 5,750	314						
8				\$ 69,689	\$ 5,807	317						
9				\$ 70,386	\$ 5,865	320						
10				\$ 71,090	\$ 5,924	323						

Cost Of Living Years	Media Specialist Job Category											
	Base		Media Specialist		Master Media Specialist		Total		Total			
	Annually	Monthly	Daily	Annually	Monthly	Daily	Annually	Monthly	Daily	Annually	Monthly	Daily
1	\$ 50,000	\$ 4,167	###	\$ 58,000	\$ 4,833	###	\$ 65,000	5,417	295	929,500	76,958	3,585
2	\$ 50,500	\$ 4,208	###	\$ 58,580	\$ 4,882	###	\$ 65,650	5,471	298	934,000	77,408	3,600
3	\$ 51,005	\$ 4,250	###	\$ 59,166	\$ 4,930	###	\$ 66,307	5,526	301	938,500	77,858	3,615
4	\$ 51,515	\$ 4,293	###	\$ 59,757	\$ 4,980	###	\$ 66,970	5,581	304	943,000	78,308	3,630
5	\$ 52,030	\$ 4,336	###	\$ 60,355	\$ 5,030	###	\$ 67,639	5,637	307	947,500	78,758	3,645
6				\$ 68,316	\$ 5,693	311						
7				\$ 68,999	\$ 5,750	314						
8				\$ 69,689	\$ 5,807	317						
9				\$ 70,386	\$ 5,865	320						
10				\$ 71,090	\$ 5,924	323						

Cost Of Living Years	School Administrator Job Category											
	Dean of Students		Academic Dean		Assistant Principal		Total		Total			
	Annually	Monthly	Daily	Annually	Monthly	Daily	Annually	Monthly	Daily	Annually	Monthly	Daily
1	\$ 65,000	\$ 5,417	###	\$ 75,000	\$ 6,250	###	\$ 90,000	7,500	409	929,500	76,958	3,585
2	\$ 65,650	\$ 5,471	###	\$ 75,750	\$ 6,313	###	\$ 90,900	7,575	413	934,000	77,408	3,600
3	\$ 66,307	\$ 5,526	###	\$ 76,508	\$ 6,376	###	\$ 91,809	7,651	417	938,500	77,858	3,615
4	\$ 66,970	\$ 5,581	###	\$ 77,273	\$ 6,439	###	\$ 92,727	7,727	421	943,000	78,308	3,630
5	\$ 67,639	\$ 5,637	###	\$ 78,045	\$ 6,504	###	\$ 93,654	7,805	426	947,500	78,758	3,645
6				\$ 94,591	\$ 7,883	430						
7				\$ 95,377	\$ 7,961	434						
8				\$ 96,492	\$ 8,041	439						
9				\$ 97,457	\$ 8,121	443						
10				\$ 98,432	\$ 8,203	447						

Cost Of Living Years	Phoenix											
	Base		Teacher Leader		Master Teacher		Education Specialist		Total			
	Annually	Monthly	Daily	Annually	Monthly	Daily	Annually	Monthly	Daily	Annually	Monthly	Daily
1	\$ 50,000	\$ 4,167	###	\$ 55,000	\$ 4,583	###	\$ 60,000	5,000	273	929,500	76,958	3,585
2	\$ 50,500	\$ 4,208	###	\$ 55,550	\$ 4,629	###	\$ 60,600	5,050	275	934,000	77,408	3,600
3	\$ 51,005	\$ 4,250	###	\$ 56,106	\$ 4,675	###	\$ 61,206	5,101	278	938,500	77,858	3,615
4	\$ 51,515	\$ 4,293	###	\$ 56,667	\$ 4,722	###	\$ 61,818	5,152	281	943,000	78,308	3,630
5	\$ 52,030	\$ 4,336	###	\$ 57,233	\$ 4,769	###	\$ 62,436	5,203	284	947,500	78,758	3,645
6				\$ 63,061	\$ 5,255	287						
7				\$ 63,691	\$ 5,308	290						
8				\$ 64,328	\$ 5,361	292						
9				\$ 64,971	\$ 5,414	295						
10												

Cost Of Living Years	Beaverton											
	Base		Teacher Leader		Master Teacher		Education Specialist		Total			
	Annually	Monthly	Daily	Annually	Monthly	Daily	Annually	Monthly	Daily	Annually	Monthly	Daily
1	\$ 50,000	\$ 4,167	###	\$ 55,000	\$ 4,583	###	\$ 60,000	5,000	273	929,500	76,958	3,585
2	\$ 50,500	\$ 4,208	###	\$ 55,550	\$ 4,629	###	\$ 60,600	5,050	275	934,000	77,408	3,600
3	\$ 51,005	\$ 4,250	###	\$ 56,106	\$ 4,675	###	\$ 61,206	5,101	278	938,500	77,858	3,615
4	\$ 51,515	\$ 4,293	###	\$ 56,667	\$ 4,722	###	\$ 61,818	5,152	281	943,000	78,308	3,630
5	\$ 52,030	\$ 4,336	###	\$ 57,233	\$ 4,769	###	\$ 62,436	5,203	284	947,500	78,758	3,645
6				\$ 63,061	\$ 5,255	287						
7				\$ 63,691	\$ 5,308	290						
8				\$ 64,328	\$ 5,361	292						
9				\$ 64,971	\$ 5,414	295						
10												

During Year 1, rubrics will be developed defining each job category based on the adopted evaluation for placement on the salary schedule in Year 2.

Education Achievement Authority
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RESOLUTION 2012-28
APPROVAL OF BLANKET STUDENT & ATHLETIC ACCIDENT COVERAGE PROPOSAL
WITH FIRST AGENCY/GUARANTEE TRUST LIFE INSURANCE

The Executive Committee of the Education Achievement Authority resolves:

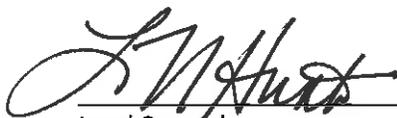
1. That the attached Blanket Student and Athletic Accident Coverage from First Agency/Guarantee Trust Life Insurance Proposal (the "Proposal"), as outlined, for the EAA of Michigan is approved by the Executive Committee of the Authority as the governing body of the Authority, subject to further negotiations and/or agreements between the parties to effectuate the agreement in accordance with the terms provided within the Proposal;
2. That the Chancellor of the Authority is authorized to execute the 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 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

BLANKET STUDENT AND ATHLETIC ACCIDENT COVERAGE

THE AGENCY: FIRST AGENCY, INC.

FIRST AGENCY, INC. of Kalamazoo, Michigan specializes in servicing programs of student and athletic accident coverage at both the interscholastic and intercollegiate levels, as well as special-risk programs such as summer camps and recreational leagues. This has been our only business since 1959. Our office currently serves over 1,000 high schools, colleges, universities, clubs, recreation departments and other athletic organizations in nearly 20 states.

THE UNDERWRITER: GUARANTEE TRUST LIFE INSURANCE COMPANY

GUARANTEE TRUST LIFE INSURANCE COMPANY of Illinois, founded in 1936, specializes in health, accident and athletic insurance plans for schools, colleges and universities, as well as many recreational youth leagues and special risk activities.

We at First Agency, Inc. are proud of our more than 50-year history of providing a continuous underwriting market for the insuring needs of educational clients, together with the reputation of the Company and its many representatives throughout the United States. GUARANTEE TRUST LIFE INSURANCE COMPANY has insured over 1 million students in more than 4,000 schools throughout the country.

*First Agency, Inc.
5071 West H Avenue
Kalamazoo, MI 49009-8501
Phone: (269) 381-6630
Fax: (269) 341-4614
www.1stagency.com*



G•T•L

Guarantee Trust Life Insurance Company
A Mutual Company
Glenview, Illinois 60025

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Bryan Cronen bcronen@1stagency.com
Joe Block jblock@1stagency.com
Lyndon Cronen*

BLANKET STUDENT AND ATHLETIC ACCIDENT COVERAGE

Coverage would be in force for all participants in school-sponsored and supervised student activities including interscholastic athletes as well as school-sponsored and supervised group travel.

An Accident is defined as an unexpected, sudden and definable event, which is the direct cause of a bodily Injury, independent of any illness, prior Injury, or congenital predisposition.

The coverage would be for those medical/dental expenses incurred within 52 weeks from the date of the original Accident. This plan includes a \$1,000 accidental death benefit and a \$5,000 dismemberment schedule. Treatment must begin within 60 days from the date of the Accident by a legally licensed medical or dental practitioner (not a member of the Insured's immediate family).

MEDICAL BENEFITS

DOCTOR'S FEES

Charges by doctors for medical and surgical treatment in hospitals, at home, office, school or scene of Accident Reasonable and Customary Expense

HOSPITAL FEES

1. Hospital room and board..... Reasonable and Customary Expense
2. Other hospital expense - including operating room, drugs, laboratory, anesthesia, supplies and charges of a registered professional nurse while hospital confined Reasonable and Customary Expense
3. Hospital emergency room charges and supplies Reasonable and Customary Expense

PHYSICAL THERAPY TREATMENTS..... Reasonable and Customary Expense

AMBULANCE SERVICES..... Reasonable and Customary Expense

X-RAYS - INCLUDING INTERPRETATION..... Reasonable and Customary Expense

DENTAL TREATMENT Reasonable and Customary Expense

EXCESS PROVISION

Payment of all medical/dental expenses incurred from Accidents is made ONLY IN EXCESS over any family or employer group coverage or plan that must contribute its maximum before this coverage has any liability. This is a program of supplemental coverage designed to pick up eligible balances left by the family or employer group insurance or plan and, if no other coverage or plan is available, to pay the medical/dental expenses incurred to the limits stated in the Policy.

PREMIUM

The premium to cover all students and athletic participants is outlined on the enclosed rate page. An important item of consideration for future years' premium is the percentage of parents who have some form of family coverage that might contribute toward payment of bills incurred. In any case, premiums in future years will be adjusted annually depending on the claim experience in your school.

HMO AND PPO PROVISIONS

If the Insured's primary coverage is an HMO (health maintenance organization) or PPO (preferred provider organization), this plan will provide benefits in excess of coverage provided by the Insured's HMO or PPO. If the Insured chooses not to use an authorized medical vendor (under HMO or PPO), it will pay the expense incurred that would have been honored had he or she used the proper medical vendor.

ACCIDENTAL DEATH AND DISMEMBERMENT BENEFIT

If, within 100 days from the date of an Accident, Injury from such Accident results in a loss covered by this benefit, We will pay the benefit in the amount set opposite such loss, as shown on the Schedule of Benefits. If the Insured sustains more than one such loss as the result of one Accident, We will pay only one amount, the largest to which the Insured is entitled.

Loss of hand or foot means loss by severance at or above the wrist or ankle joint. Loss of sight must be entire and irrecoverable. Loss of a thumb and index fingers means loss by severance at or above the metacarpophalangeal joints, which are the joints between the fingers and the hand. Any benefit payable under this part will be in addition to any benefit otherwise payable under this Policy.

Loss of Life	\$1,000
Loss of Both Hands	\$5,000
Loss of Both Feet	\$5,000
Loss of the Entire Sight of Both Eyes	\$5,000
Loss of One Hand and One Foot	\$5,000
Loss of One Hand and the Sight of One Eye	\$5,000
Loss of One Foot and the Sight of One Eye	\$5,000
Loss of One Hand or One Foot	\$1,000
Loss of the Entire Sight of One Eye	\$1,000

EXCLUSIONS

This Policy does not provide benefits for:

- Treatment, services or supplies which:
 - Are not Medically Necessary;
 - Are not prescribed by a Doctor as necessary to treat an Injury;
 - Are determined to be Experimental/Investigational in nature;
 - Are received without charge or legal obligation to pay;
 - Are received from persons employed or retained by the Policyholder or any Family Member, unless otherwise specified;
 - Are not specifically listed as Covered Charges in this Policy.
- Intentionally self-inflicted Injury, violating or attempting to violate any duly enacted law. Injury by acts of war, whether declared or not.
- Injury received while traveling or flying by air, except as a fare-paying passenger on a regularly scheduled commercial airline.
- Injury covered by Worker's Compensation or the Occupational Disease Law.
- Treatment of illness, disease, or infections, except pyogenic infections or bacterial infections, which result from the accidental ingestion of contaminated substances.
- Heat exhaustion.
- Treatment of Osgood-Schlatter's disease; appendicitis; osteomyelitis; pathological fractures; congenital weakness; TMJ; fainting; headaches; boils; spondylolysis; osteochondritis dissecans; detached retina unless directly caused by Injury; or Mental or Nervous Disorders whether or not caused by Injury.
- Injury contributed to by the use of alcohol or drugs not prescribed by a Doctor.
- Injury caused by or contributed to aggravation or reinjury of a Pre-existing Condition.
- Suicide or attempted suicide while sane; or self-destruction or an attempt to self-destroy while insane.
- Fighting, except as an innocent victim.
- Expense incurred for the use of orthotics unless used exclusively to promote healing.
- Heart and/or circulatory malfunction resulting from participation in a Covered Activity.
- Repetitive motion Injuries, strains, hernia, tendinitis and bursitis not related to a specific Injury.
- Any penalty imposed by Other Valid and Collectible Insurance or Plan for failure to follow plan procedures.

THE COVERAGE: BLANKET ACCIDENT

First Agency offers an excess or secondary blanket accident coverage which is designed to provide a minimum of the following four benefits:

1. Broad coverage;
2. Ease of administration;
3. Reasonable rates based on the claims experience of your school; and
4. Coverage is for all school-sponsored and supervised student activities including interscholastic athletics as well as school-sponsored and supervised group travel.

WHY BLANKET ACCIDENT COVERAGE?

As illustrated, the blanket accident coverage offered by our office is very broad and contains features that many competitive and voluntary (parent-purchased) programs of coverage do not offer. Outlined below are some of the many reasons a growing number of school districts are providing blanket accident coverage:

1. Positive public relations for the school;
2. When school coverage pays the medical/dental expenses, parents are less likely to pursue "borderline" negligence cases;
3. Administrators have peace of mind knowing they have all students, including interscholastic athletes, covered with the broadest benefits on the market today. Whereas, with the declining participation in voluntary (parent-purchased) coverage, an administrator is never sure that a family can withstand the payment of medical/dental expenses incurred from an Accident in a school-sponsored activity;
4. Strong feelings of moral obligation toward all students including interscholastic athletes;
5. Reduction of benefits in group or individual medical coverage (i.e., larger deductibles, higher co-pays and fewer overall benefits). In some cases coverage for dependent children may be excluded altogether;
6. Health care costs have increased dramatically in the last decade; and
7. The number of people without health insurance continues to grow.

CLAIMS PROCESSING:

First Agency, Inc. has a unique claims procedure available to all schools that purchase coverage from the first dollar (no deductible). At many of the schools we service, the school processes on-line the first \$500 of medical/dental expenses incurred per Accident with funds provided by the underwriting Company, Guarantee Trust Life Insurance Company. All on-line claim checks are submitted to First Agency, Inc. for review and countersignature. Although this option is available to each school, some prefer that First Agency, Inc. process all claims. The schools which process the first \$500 of each claim have indicated that it reduces paperwork and claims-processing time, making sure school personnel, medical vendors and parents have even greater satisfaction with the program. An important fact to consider is that the adjustment of claims should be made by the same agency that presents the program and makes the promises. All medical/dental expenses incurred are processed by First Agency, Inc. in Kalamazoo, Michigan for Guarantee Trust Life Insurance Company.

*** THIS BROCHURE IS NOT A CONTRACT OF INSURANCE ***

For complete details of all provisions, please read the Policy and/or Certificate of Insurance carefully

**2012/2013 STUDENT AND ATHLETIC
ACCIDENT INSURANCE PROPOSAL
FOR EDUCATION ACHIEVEMENT AUTHORITY OF MICHIGAN**

Education Achievement Authority of Michigan

Coverage would be in force for all participants in **SCHOOL-SPONSORED AND SUPERVISED STUDENT** activities including interscholastic athletics, sponsored group travel, and field trips.

An accident is defined as an unexpected, sudden and definable event, which is the direct cause of a bodily injury, independent of any illness, prior injury, or congenital predisposition.

The coverage would be for those medical/dental expenses **INCURRED WITHIN 52 WEEKS** from the date of the original accident. Treatment must begin within **60 DAYS** from the date of the accident by a legally licensed medical or dental practitioner (not a member of the insured's immediate family).

MEDICAL BENEFITS

Benefits are determined on the basis of **REASONABLE AND CUSTOMARY** for the geographic location where services are performed and are payable on the **100%** basis.

Payment of all medical/dental expenses incurred from accidents is made **ONLY IN EXCESS** over any family or employer group coverage or plan that must contribute its maximum before this coverage has any liability. This is a program of supplemental coverage designed to pick up eligible balances left by the family or employer group insurance or plan and, if no other coverage or plan is available, to pay the medical/dental expenses incurred to the limits stated in the policy.

For the parents to have payable coverage on their son or daughter, when a member of an HMO (health maintenance organization or PPO (preferred provider organization)), they must use the authorized medical vendors from the list provided them. Your coverage through our office is **EXCESS** coverage and does contain an exclusion for those bills incurred that were "payable" by other insurance or plan. If the parents or students choose not to use authorized medical vendors of their plan, they should be aware that your coverage will not be able to pay the bills incurred that would have been honored had they used the proper medical vendors.

REASONS WHY SCHOOL DISTRICTS PROVIDE BLANKET ACCIDENT COVERAGE

- ◆ Positive public relations for the schools;
- ◆ The number of people without health insurance continues to grow;
- ◆ When school coverage pays the medical/dental expenses, parents are less likely to pursue "borderline" negligence cases;
- ◆ Administrators have peace of mind knowing they have all students/athletes covered with the broadest benefits on the market today;
- ◆ Strong feelings of moral obligation;
- ◆ Reduction of benefits in parents group or individual medical coverage, (i.e. larger deductibles, higher co-pays and fewer overall benefits). In some cases coverage for dependent children may be excluded all together.

BASIC COVERAGE

Athletic Accident \$0 to \$25,000
Student Accident \$0 to \$25,000

CATASTROPHIC COVERAGE - 10-YEAR BENEFIT PERIOD

Athletic Accident \$25,000 to \$1 Million
Student Accident \$25,000 to \$1 Million

2012/2013 PROPOSAL

Additional Information:

Quote based on approximately 9,800 students, 9 (K-8) Schools, & 6 (9-12) High Schools.

- Senior High Varsity Interscholastic Athletics in Grades 9-12
- No organized Middle School Interscholastic Athletics, just PE Exposure

Elementary/Middle Schools (K-8)

Brenda Scott Elementary/Middle
Burns Elementary/Middle
Law Academy Pre K-8
Mary M. Bethune Elementary/Middle
Murphy Elementary/Middle
Nolan Elementary/Middle
Phoenix Academy
Stewart Elementary/Middle
Trix Elementary/Middle

High Schools (9-12)

Central Collegiate Academy
Denby High School
Ford High School
Mumford High School
Pershing High School
Southeastern High School of Technology and Law

COVERAGE OPTIONS

Premium to cover all students (with or without athletics) for the 2012/2013 year:

- Student (K-12) & Interscholastic Athletic Coverage (9-12) from \$0 to \$1,000,000 per claim - \$136,618.00
- Student (K-12) & Interscholastic Athletic Coverage (9-12) from \$0 to \$25,000 per claim - \$118,400.00 ✓
- Student Only (K-12) Coverage (no athletic coverage) from \$0 to \$1,000,000 per claim - \$35,185.00
- Student Only (K-12) Coverage (no athletic coverage) from \$0 to \$25,000 per claim - \$29,400.00

X Accepted By: _____
Signature Date



Arthur J. Gallagher Risk Management Services, Inc.
300 Ottawa Avenue NW, Suite 301
Grand Rapids, MI 49503-2336
Phone: 616-233-0910
Fax: 616-233-0923



5071 West H Avenue
Kalamazoo, MI 49009-8501
Phone: 269-381-6630
Fax: 269-341-4614

&

Guarantee Trust Life Insurance

Education Achievement Authority
of Michigan
Equity. Choice. Reinvention.

**RESOLUTION 2012-29
APPROVAL OF CLIENT SERVICES AGREEMENT WITH ADP RESOURCE
FOR EMPLOYEE PAYROLL PROCESSING**

The Executive Committee of the Education Achievement Authority resolves:

1. That the attached Client Services Agreement with ADP Resource, to provide employee payroll processing and tax filing, employee liens/withholding orders, unemployment administration, COBRA administration, and perform other related services, 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 Client Services Agreement with ADP Resource 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



Resource

HR solutions that fit.

ADP RESOURCE CLIENT SERVICES AGREEMENT

This Client Services Agreement (this "Agreement") is between ADP, Inc. ("ADP") and the other party executing this Agreement ("Client"), and will be effective and binding upon the parties upon the date of execution by both parties (the "Effective Date").

1. ADP Services. Subject to the terms and conditions of this Agreement, ADP will provide Client with the services (the "Services") described below.

Payroll Processing and Tax Filing: ADP will process payroll for Client's employees, deliver payroll to Client, process direct deposits to those employees electing such service, remit payroll taxes on Client's behalf to those federal, state, and local taxing jurisdictions designated by Client (not including the filing or depositing of excise, sales, use, corporate, or similar taxes), and file related tax returns (such as remitting of payroll taxes and filing of related taxes, the "Tax Filing Services"). ADP will also process calendar year-end W-2 forms for Client's employees. Upon Client's request, for an additional fee and after execution of any applicable documentation required by ADP, ADP will process payments for individuals that provide services to Client as independent contractors ("Independent Contractors") and will also process calendar year-end Forms 1099-MISC for any payments made to an Independent Contractor which are required to be reported.

Employee Liens/Withholding Orders: ADP will deduct and disburse payments for all employee liens and withholding orders that Client provides to ADP using the ADP web based tool Administer Lien.

Human Resources: ADP will provide Client with (i) administrative assistance with basic human resources tasks (e.g., processing and reporting new hires and processing employee terminations), (ii) guidance regarding commercially accepted human resource practices and applicable federal, state, or local employment laws, (iii) access to a dedicated human resources professional, (iv) customizable electronic employee handbook, (v) assistance with the development of job descriptions, (vi) access to training regarding employment practices such as performance management and sexual harassment, and (vii) access to an online resource and forms library.

Employee Service Center: ADP will provide Client's employees with toll-free access to ADP professionals who can answer basic payroll processing questions, address employment issues, and handle employment verification requests.

Employee Assistance Program: ADP will make available to Client's employees a confidential employee assistance program ("EAP") under which employees and dependents are entitled to up to three (3) visits to an EAP network provider.

Unemployment Administration: ADP will assist Client with unemployment claims administration and unemployment tax filings to help Client better manage claims and State unemployment costs. Client will have toll-free access to ADP professionals who can provide employer coaching for unemployment hearings. ADP will also provide Client with an annual unemployment tax management report and will audit charge statements related to Client's employees.

Workplace Safety: ADP will provide Client with guidance regarding generally accepted loss prevention and workplace safety practices regarding Client's employees and compliance with the various federal, state, and local workplace safety laws (e.g., Occupational Safety and Health Act (OSHA)). ADP will make available to Client, upon Client's request, access to training, posters and templates for Clients interested in conducting workplace safety self-assessments.

COBRA Administration: ADP will make available to Client nondiscretionary, ministerial recordkeeping and COBRA notification services regarding Client's group health plans identified by Client on ADP's Health Plan Information Forms. COBRA notification services will be provided to Client's employees and qualified beneficiaries that Client identifies to ADP

and that meet qualifying event requirements under COBRA. ADP will collect the applicable COBRA premium from the participating employees and beneficiaries and credit Client the amounts required for Client to pay the monthly premium directly to the health insurance carrier.

Premium Only Plan: If Client elects, and subject to Client meeting ADP's underwriting criteria, ADP will act as Client's plan service provider and prepare the plan document and a plan summary for Client's plan allowing employees to pay allowable benefits premiums on a pre tax basis.

Access to ADP Online Programs: ADP will provide Client with secure access to ADP's human resources online programs hosted by ADP allowing Client's designated personnel to input, access, and print employee related data. Client may elect to use the NetSecure product to view data or reports via a secure internet site. Client understands and agrees that if it elects to use NetSecure, it will designate and authorize certain of its personnel (e.g. Payroll Administrator) to register to use NetSecure and view certain confidential data for Client's employees (e.g., wage rates, amounts paid per period).

2. **Pricing.** Client agrees to pay ADP according to the attached Pricing Schedule for the Services.
3. **Term.** This Agreement is effective as of the Effective Date and will remain in effect until terminated as set forth in this Agreement.
4. **Terms and Conditions.** ADP's provision of the Services is subject to the Terms and Conditions incorporated herein and attached hereto.

ADP, Inc.



Name Robert K. Br. Ho.
(type or print)

Title BPC-DA Date 6/8/2012
(type or print)

CLIENT NAME EDUCATIONAL ACHIEVEMENT AUTHORITY

D/B/A/ if any _____

Signature 

Name _____
(type or print)

Title _____ Date _____
(type or print)

Federal I.D. Number 453549646

CLIENT ADDRESS FOR NOTICES:
(type or print)

3022 WEST GRAND BOULEVARD

SUITE 14-652

DETROIT, MICHIGAN 48202

THIS AGREEMENT AND ITS
ADDENDUMS ARE SUBJECT
TO CLIENT'S BOARD
APPROVAL. 8 JUN 2012



Terms and Conditions

1. GENERAL TERMS

- A. Accuracy of Client Information, Review of Data.** All Services provided hereunder will be based upon information provided to ADP by Client (including proof of federal, state and local tax identification). Upon receipt from ADP, whether electronically or otherwise, Client will promptly review all disbursement records and other reports prepared by ADP for validity and accuracy according to Client's records and Client agrees that it will promptly notify ADP of any discrepancies (but in any case before distributing any paychecks or relying on any such disbursement records or reports). To help prevent employee fraud, ADP recommends that Client have someone other than its designated payroll contact review its disbursement reports; a prompt and thorough review allows Client to spot and correct errors and inconsistencies.
- B. Use of Services.** CLIENT ACKNOWLEDGES AND AGREES THAT ADP'S SERVICES ARE NOT INTENDED TO BE AND WILL NOT BE RELIED UPON BY CLIENT AS EITHER LEGAL, FINANCIAL, INSURANCE OR TAX ADVICE. TO THE EXTENT CLIENT REQUIRES ANY SUCH ADVICE, CLIENT WILL SEEK SUCH ADVICE FROM QUALIFIED LEGAL, FINANCIAL, INSURANCE, ACCOUNTING OR OTHER PROFESSIONALS. Client further agrees to the following regarding its use of ADP's Services: (i) Client shall use the Services in accordance with the instructions and reasonable policies established by ADP from time to time and communicated to Client. (ii) Client shall use the Services only for the internal business purposes of Client. (iii) to the extent Client elects to decline any of the Services, relies on its own provision of Services, or delegates the performance of any such Services to a third party, ADP will not be responsible for such Services and Client will be solely responsible. (iv) Client shall not provide, directly or indirectly, any of the Services or any portion thereof to any party other than the Client, (v) Client shall not provide service bureau or other data processing services that make use of the Services or any part thereof without the express written consent of ADP. (vi) Client shall be responsible for ensuring that it and any of its employees, comply with all the terms of this Agreement and any online or shrink-wrap terms or other accompanying documentation ("Additional Terms"). (vii) Client, and not ADP, remains solely responsible for all decisions affecting its employees, (viii) Client remains responsible for the manner in which it uses ADP's Services, including the manner in which it interprets and acts upon any human resources guidance or recommendation provided by ADP, (viii) Client will be responsible for the consequences of any instructions Client may give to ADP, and (viii) ADP may suspend access to the Services by any employee or plan participant of Client if ADP has reason to believe that such employee or plan participant has violated such terms or is otherwise using any Service in an inappropriate manner.
- C. Compliance with Laws.** Client acknowledges that the Services are designed to assist Client in complying with applicable laws and governmental regulations, and that Client, and not ADP, shall be solely responsible for (i) compliance with all laws and governmental regulations affecting its business and (ii) any use Client may make of the Services (including any reports and worksheets produced in connection therewith) to assist it in complying with such laws, and governmental regulations. Unless otherwise agreed to, Client agrees that the Services will be utilized by Client solely in the United States. Client will not rely solely on its use of the ADP Services in complying with any laws and governmental regulations (including, but not limited to any applicable OFAC screening requirement). ADP Services do not include the preparation or administration of Affirmative Action Plans or the performance of any other government contracting or subcontracting requirement Client may have, unless agreed to in writing. Each party will be responsible for complying with all requirements of applicable law or regulation regarding security breaches and suspected security breaches involving personal information that is stored on the computer systems of such party or its subcontractors.
- D. Protection of Client Files and Transmission of Data.** ADP will employ commercially reasonable storage (including backup, archive and redundant data storage, on-site and off-site) and reasonable precautions to prevent the loss of or alteration to Client's data files and/or Client Content (as defined in Section 6.B) in ADP's possession, but ADP does not undertake to guarantee against any such loss or alteration. ADP is not, and will not be, Client's official record keeper. Accordingly, Client will, to the extent it deems necessary, keep copies of all source documents of the information delivered to ADP (including any Client Content). In the event that Client requests that ADP provide any Client Content or employee or plan participant information to any third party or to any non-U.S. Client location, Client represents that it has acquired any consents or provided any notices required to transfer such content or information and that such transfer does not violate any applicable international, federal, state or local laws and/or regulations. ADP represents that it is in compliance with the applicable provisions of the Massachusetts Standards for the Protection of Personal Information of

Residents of the Commonwealth (201 CMR 17.00) as of the effective date of such regulations.

- E. Additional Services Requested by Client.** ADP may provide to Client and Client may receive additional services hereunder beyond the Services (each, an "Additional Service") upon mutual agreement and by completion of the applicable agreement or work order form ("Additional Services Document"). Each Additional Services Document is incorporated into this Agreement by this reference as if set forth in this Agreement. Client acknowledges and agrees that a particular Additional Service may be performed by an affiliate of ADP, in lieu of ADP, in accordance with these Terms and Conditions. In the event that such Additional Services Document is separately executed by such affiliate of ADP, then the agreement for the Additional Service to be provided by such affiliate shall be deemed to be between Client and such affiliate of ADP.

2. PAYMENT SERVICES

- A. Funds.** If Client is receiving any of the Services that require ADP, as part of such Services, to impound funds from Client's bank account to pay Client's third party payment obligations (e.g., Tax Filing Services, WGFS, TotalPay Card, FSDD Services and/or ADPCheck Services) (collectively, "Payment Services"). Client shall have sufficient, collected funds in Client's account within the deadline established by ADP to satisfy such third-party payment obligations in their entirety. Should Client fail to have sufficient, collected funds by such established deadline(s), ADP shall have the sole discretion in determining whether any or all of the Payment Services will be suspended and whether Client will process payroll checks through its business bank account. Client agrees to cooperate with ADP and any other parties involved in processing any transactions hereunder to recover funds credited to any employee as a result of an error made by Client, ADP, or another party processing a transaction on behalf of ADP. ADP may commingle Client's impounded funds with other clients', ADP's or ADP-administered funds of a similar type. ALL AMOUNTS EARNED ON SUCH FUNDS WHILE HELD BY ADP WILL BE FOR THE SOLE ACCOUNT OF ADP.
- B. Debits.** Client shall be liable for debits properly initiated by ADP hereunder. Client unconditionally promises to pay to ADP the amount of any unfunded payroll file (including any debit that is returned to ADP because of insufficient or uncollected funds or for any other reason), upon demand and interest thereon at the rate set forth in Section 3A. Also, if any debit to an employee or other payee's account reversing or correcting a previously submitted credit(s) is returned for any reason, Client unconditionally promises to cooperate with ADP and pay the amount of such debit upon demand and interest thereon at the rate set forth in Section 3A. Client shall be liable for, and shall indemnify ADP against, any loss, liability, claim, damage or exposure arising from or in connection with any fraudulent or criminal acts of Client's employees or payees.

3. FEES, TAXES & PAYMENTS

- A. Fees.** Client shall pay ADP for the Services indicated on the Pricing Schedule at the rates set forth thereon for the first six months after the Effective Date (assuming no changes in requirements, specifications, volumes or quantities) (the "Initial Period"). Pricing, including within the Initial Period, may change commensurate with the highest number of active status employees reported by Client and on ADP's payroll system during the applicable billing period. Client shall pay ADP for the Services added by Client after the date hereof at ADP's then prevailing prices for such Services. ADP may increase prices for the Services at any time after the Initial Period upon at least thirty (30) days prior written notice to Client if such change is part of a general price change by ADP to its clients for affected items. Client will pay all of ADP's fees for Services via Automatic Clearing House (ACH) or such other manner as ADP in its sole discretion may request. If Client fails to pay any amount due hereunder (whether by acceleration or otherwise) that is not under good faith dispute, Client, after written notice, shall pay interest at the rate of 1.5% per month (or the maximum allowed by law if less) on such past due amount from the due date thereof until the payment date. Client shall reimburse ADP for any expenses incurred, including interest and reasonable attorney fees, in collecting amounts due ADP hereunder that are not under good faith dispute by Client.
- B. Taxes.** There shall be added to all payments hereunder amounts equal to any applicable taxes levied or based on this Agreement, exclusive of taxes based on ADP's net income.

4. ERISA

- A. ADP's Non-Fiduciary Status.** Client expressly acknowledges and agrees that ADP is not an "Administrator" or a "Plan Administrator" as defined in Section 3(16)(A) of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), and Section 414(g) of the Internal Revenue Code of 1986, as amended (the "Code"), respectively, nor is ADP a "fiduciary" within the meaning of ERISA Section 3(21), and Client shall not request or otherwise require ADP to act as such. ADP shall not exercise any discretionary authority or control respecting management of any of Client's benefit or welfare plans ("Plan" or "Plans") or management or disposition of any of Client's benefit or welfare Plan assets. ADP shall not render investment advice for a fee or other compensation, direct or indirect, with respect to any monies or other property of any Plan, nor does ADP have any authority or responsibility to do so. ADP has no discretionary authority or discretionary responsibility in the administration of the Plan(s)

- B. Use of ADP'S Name.** Client or the Plan Administrator must obtain the prior written consent of ADP to insert any references to ADP or its affiliates, or to their products or services, with respect to any communication or document pertaining to a Plan prepared by Client, or on behalf of Client (other than documents prepared by ADP), unless the reference only identifies ADP as a service provider or the reference is required in an IRS Form 5500 or similar filing or document required by ERISA. Without limiting the foregoing, in no event may Client or the Plan Administrator identify or refer to ADP as "administrator," "plan administrator," "plan sponsor," "fiduciary," "plan fiduciary," or similar title.
- C. COBRA Administration.** CLIENT AGREES THAT ADP SHALL RETAIN THE 2% ADMINISTRATIVE FEE, WHICH SHALL BE ADDED TO THE PREMIUM DUE. ALL AMOUNTS EARNED ON FUNDS OR PREMIUMS REMITTED TO ADP IN CONNECTION WITH THE SERVICES PENDING DISBURSEMENT TO CLIENT, CLIENT'S DESIGNEE OR TO PLAN PARTICIPANTS SHALL BE RETAINED BY ADP AS COMPENSATION. ADP MAY COMMINGLE SUCH FUNDS WITH SIMILAR FUNDS FROM OTHER CLIENTS AND WITH SIMILAR ADP AND ADP-ADMINISTERED FUNDS.
- 5. ADP PRODUCTS**
- A. Included in Services.** Services may include the provision of certain ADP Products and Client shall comply with the terms of this Agreement related to ADP Products. "ADP Products" shall mean (i) the computer software programs and modules delivered, or otherwise made available to Client as part of the Services, other than pre-packaged third party software, (ii) all manuals and related documentation generally provided or made available by ADP to Client in connection with such computer software programs and modules, (iii) tutorials and other training materials provided or made available by ADP to Client, (iv) all ADP provided manuals, including a customized electronic employee handbook prepared by ADP, and (v) other documentation related to the foregoing.
- B. License Rights.** The right to use the ADP Products is granted to Client for the sole purpose of utilizing the Services as provided herein and as set forth more fully in Additional Terms accompanying the ADP Products licensed by Client. Any license to ADP Products shall automatically terminate upon ADP ceasing to provide Client with the related Services; provided, however, that Client shall be entitled to retain any time collection equipment that has been purchased and paid for in full by Client.
- 6. ONLINE ACCESS**
- A. Access, Privacy, Transmissions, and Security Breaches.** Certain ADP Products or Services may be accessed by Client and its authorized employees and plan participants through the Internet at a website provided by ADP, including those hosted by ADP on behalf of Client (a "Site"). To the extent any Services are provided through the Internet, such Services are referred to as "Internet Services". Client acknowledges that ADP does not review the accuracy or completeness of any information submitted by Client or its employee or plan participants through the Site. Client agrees to take commercially reasonable precautions to maintain the privacy of usernames and passwords for any Internet Services. In addition, Client acknowledges that security of transmissions over the Internet cannot be guaranteed. ADP is not responsible for (i) Client's access to the Internet, (ii) interception or interruptions of communications through the Internet, or (iii) changes or losses of data through the Internet. In order to protect Client's data, ADP may suspend Client's or Client's employee(s) or plan participant(s) use of the ADP Products or Services via the Internet immediately, without prior notice, pending an investigation, if any breach of security is suspected.
- B. Client Content.** "Client Content" shall mean (i) payroll, benefits, human resources and similar information provided by Client or its employees or plan participants, including transactional information, (ii) Client's trademarks, trade names, service marks, logos and designs and (iii) any other information or materials provided by Client, regardless of form (e.g., images, graphics, text, etc.) that are included in any web-based ADP Product, whether included therein by ADP on behalf of Client as part of its setup services or directly by Client or any of its employees or plan participants. The following provisions shall apply with respect to Client Content:
- Client shall be solely responsible for updating and maintaining the completeness and accuracy of all Client Content.
 - Client shall be responsible for obtaining all required rights and licenses to use and display all Client Content in connection with Internet Services. Client hereby grants to ADP a non-exclusive, non-transferable license to use, edit, modify, adapt, translate, exhibit, publish, reproduce, copy (including back up copies) and display the Client Content as reasonably necessary to provide ADP Products or perform the Services covered under this Agreement.
 - Client and its employees and plan participants shall not include or provide to ADP for inclusion in any ADP Internet Services any Client Content which is obscene, offensive, inappropriate, threatening, malicious, which violates any applicable law or regulation or any contract, privacy or other third party right or which otherwise exposes ADP to civil or criminal liability. ADP reserves the right to exclude or immediately remove from any Internet Services any Client Content which it determines in its sole discretion violates the previous sentence, provided that ADP has no obligation to review or monitor the Client Content.
- iv.** Client agrees and understands that it is solely and exclusively responsible for removing any Client Content placed on the Site immediately upon termination of this Agreement. ADP shall have no obligation to assist Client in removing any such Client Content. Should Client fail to remove the Client Content within a reasonable period of time after termination of the Agreement, ADP reserves the right to remove the Client Content with no further obligation(s) to Client, including delivering the Client Content to Client.
- C. ADP Not Advisor.** Client acknowledges that, in making Internet Services available, ADP is not acting as an investment advisor, broker-dealer, insurance agent or intermediary or a financial or benefit planner. ADP is not providing any benefits or information related thereto.
- D. Links to Third Party Sites.** The Site(s) may contain links to other Internet sites. Links to and from a Site to other third party sites do not constitute an endorsement by ADP or any of its subsidiaries or affiliates of such third party sites or the acceptance of responsibility for the content on such sites.
- 7. DISCLAIMER OF WARRANTIES.** EXCEPT AS EXPRESSLY SET FORTH IN THIS AGREEMENT, ALL EQUIPMENT PROVIDED BY ADP OR ITS SUPPLIERS IS PROVIDED "AS IS" AND ADP AND ITS LICENSORS EXPRESSLY DISCLAIM ANY WARRANTY, EITHER EXPRESS OR IMPLIED, INCLUDING WITHOUT LIMITATION, ANY IMPLIED WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE, NON-INTERRUPTION OF USE, AND FREEDOM FROM PROGRAM ERRORS, VIRUSES OR ANY OTHER MALICIOUS CODE WITH RESPECT TO THE SERVICES, THE ADP PRODUCTS, ANY CUSTOM PROGRAMS CREATED BY ADP OR ANY THIRD-PARTY SOFTWARE DELIVERED BY ADP. ADP AND ITS LICENSORS FURTHER DISCLAIM ANY WARRANTY THAT THE RESULTS OBTAINED THROUGH THE USE OF THE SERVICES, THE ADP PRODUCTS, ANY CUSTOM PROGRAMS CREATED BY ADP OR ANY THIRD-PARTY SOFTWARE DELIVERED BY ADP WILL MEET CLIENT'S NEEDS.
- 8. INTELLECTUAL PROPERTY**
- A. Ownership and Proprietary Rights.** All ADP Products licensed to Client hereunder are the licensed and/or owned property of and embody the proprietary trade secret technology of ADP and/or its licensor(s) and are protected by copyright laws, international copyright treaties, as well as other intellectual property laws, that among other things, prohibit the unauthorized use and copying of any ADP Products. Client receives no rights to any ADP Products or any intellectual property of ADP or its licensors, except as expressly stated herein or in any Additional Terms.
- B. ADP Representation.** ADP hereby represents and warrants that: (a) the ADP Products, as provided by ADP and used in accordance with the terms of this Agreement, do not infringe any United States patent, copyright, trademark, trade secret, license or any other proprietary right of any third party and (b) ADP and/or ADP's licensors own all right, title and interest in and to the ADP Products.
- 9. NONDISCLOSURE**
- All Confidential Information disclosed hereunder will remain the exclusive and confidential property of the disclosing party. The receiving party will not disclose the Confidential Information of the disclosing party and will use at least the same degree of care, discretion and diligence in protecting the Confidential Information of the disclosing party as it uses with respect to its own Confidential Information. The receiving party will limit access to Confidential Information to its affiliates, employees and authorized representatives with a need to know and will instruct them to keep such information confidential. Notwithstanding the foregoing, the receiving party may disclose Confidential Information of the disclosing party to the extent necessary to comply with any law, rule, regulation or ruling applicable to it, as appropriate to respond to any summons or subpoena or in connection with any litigation. Upon the request of the disclosing party, the receiving party will return or destroy all Confidential Information of the disclosing party that is in its possession. Notwithstanding the foregoing, ADP may retain information for regulatory purposes or in back-up files, provided that ADP's confidentiality obligations hereunder continue to apply. Client agrees that ADP may use Client's and/or Client's employees' and participants' information for purposes other than performance of the Services, but only in an aggregated, anonymized form, such that neither Client nor Client's employees or participants may be identified. Client further agrees that it shall have no ownership interest in the foregoing aggregated, anonymized data. For purposes of this Section, "Confidential Information" shall mean: all information of a confidential or proprietary nature provided by the disclosing party to the receiving party for use in connection with ADP Products or Services, or both, but does not include (i) information that is already known by the receiving party, (ii) information that becomes generally available to the public other than as a result of disclosure by the receiving party in violation of this Agreement, and (iii) information that becomes known to the receiving party from a source other than the disclosing party on a non-confidential basis. Confidential Information of ADP also includes all ADP trade secrets, processes, proprietary data, information or documentation related thereto, or any pricing or product information furnished to Client by ADP. Confidential Information of Client also includes all personally identifiable payroll and employee-level data. With respect to disclosure of Confidential Information, the obligations, and duties of the parties provided in this Section shall not terminate or expire, but

rather survive the termination of this Agreement for a period of two (2) years from the effective date of termination of this Agreement.

10. **LIMITATION OF LIABILITY**

A. **Errors, Omissions and Willful Acts.** ADP shall correct any Client report, data or tax agency filings, as the case may be, produced incorrectly as a result of an ADP error, at no charge to Client. Additionally, ADP shall reimburse Client for actual damages incurred by Client as a direct result of the criminal or fraudulent acts or willful misconduct of ADP or any of its employees, any penalty imposed against Client as a result of an error or omission made by ADP in performing the Tax Filing Services or any interest assessed against Client as a result of ADP holding Client tax funds past the applicable due date due as a result of an error or omission made by ADP in performing the Tax Filing Services.

B. **Limit on Monetary Damages.** Notwithstanding anything to the contrary contained in this Agreement (other than and subject to Sections 8B and 10A) ADP's aggregate liability under this Agreement during any calendar year for damages (monetary or otherwise) under any circumstances for claims of any type or character made by Client or any third party arising from or related to ADP Products or Services, will be limited to the lesser of (i) the amount of actual damages incurred by Client or (ii) the average monthly charges for three (3) months for the affected ADP Products or Services during such calendar year. ADP will issue Client a credit(s) equal to the applicable amount and any such credit(s) will be applied against future Services.

C. **No Consequential Damages.** NEITHER ADP NOR CLIENT WILL BE RESPONSIBLE FOR SPECIAL, INDIRECT, INCIDENTAL, CONSEQUENTIAL OR OTHER SIMILAR DAMAGES (INCLUDING, WITHOUT LIMITATION, ANY LOST PROFITS OR DAMAGES FOR BUSINESS INTERRUPTION OR LOSS OF INFORMATION) THAT THE OTHER PARTY MAY INCUR OR EXPERIENCE IN CONNECTION WITH THIS AGREEMENT OR THE SERVICES OR ADP PRODUCTS, HOWEVER CAUSED AND UNDER WHATEVER THEORY OF LIABILITY, EVEN IF SUCH PARTY HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES.

D. **ADP Check Services/FSDD Services/Total Pay Card.** Neither ADP nor the bank shall be liable for any damages to Client arising from any decision to refrain from or delay originating any debit/credit entries or issuing ADP Checks in connection with Client's payroll (i) if after reasonable efforts to verify such debit/credit entries by the required security procedure have failed, (ii) due to Client's creditworthiness or (iii) because ADP has not received timely funds from Client as required by Section 2A. Client agrees that ADP shall not be liable for any damages to Client arising from any bank decision to withhold the release of a Client payroll that is processed on official bank checks.

11. **TERM AND TERMINATION; DEFAULT; REMEDIES UPON DEFAULT**

A. **Termination.** Either ADP or Client may terminate this Agreement upon at least thirty (30) days prior written notice. Either Party may also suspend performance and/or terminate this Agreement immediately upon written notice at any time if: (i) the other Party is in material breach of any material warranty, term, condition or covenant of this Agreement and fails to cure that breach within ten (10) business days after written notice thereof, (ii) the other party ceases business operations, or (iii) the other Party becomes insolvent, generally stops paying its debts as they become due or seeks protection under any bankruptcy, receivership, trust deed, creditors arrangement, composition or comparable proceeding, or if any such proceeding is instituted against the other (and not dismissed within ninety (90) days after commencement of one of the foregoing events). ADP may also suspend performance and/or terminate this Agreement immediately in the event of any wrongful or unauthorized use of or access to the ADP Products or any other systems of ADP used in the performance of its obligations under this Agreement by Client, any end user or any other third party. Notwithstanding anything herein to the contrary, Services may be immediately suspended or terminated by ADP without prior notice if (i) ADP has not received timely funds from Client as required by this Agreement, (ii) a bank notifies ADP that it is no longer willing to originate debits and credits for any reason, (iii) the authorization to debit Client's account is terminated or ADP reasonably believes that there is or has been fraudulent activity on the account, (iv) ADP reasonably determines that Client no longer meets ADP's credit/financial eligibility requirements for such Services or (v) Client has any material adverse change in its financial condition.

B. **Post-Termination.** If use of any ADP Products or Services are or may be terminated by ADP pursuant to Sections 11A or 11B, ADP shall be entitled to allocate any funds remitted or otherwise made available by Client to ADP in such priorities as ADP (in its sole discretion) may determine appropriate (including reimbursing ADP for payments made by ADP hereunder on Client's behalf to a third party) and if any such ADP Products or Services

are terminated, Client will immediately, (i) become solely responsible for all of its third-party payment obligations covered by such ADP Products or Services then or thereafter due (including, for Tax Filing Services, all related penalties and interest), (ii) reimburse ADP for all payments made by ADP hereunder on Client's behalf to any third party, and (iii) pay any and all fees and charges invoiced by ADP to Client relating to the ADP Products or Services. If ADP elects not to terminate any or all of the ADP Products or Services as permitted hereunder, ADP may require Client to pay its outstanding and all future third-party payment amounts covered by the ADP Products or Services and/or ADP's fees and charges for the ADP Products or Services to ADP by bank or certified check or by wire transfer as a condition to receiving further ADP Products or Services.

C. **Remedies Cumulative.** The remedies contained in this Section 11 are cumulative and in addition to all other rights and remedies available to ADP hereunder, by operation of law or otherwise.

12. **MISCELLANEOUS**

A. **Assignment.** Neither party may assign its rights or obligations under this Agreement without the prior written consent of the other party. However, ADP may assign its rights and obligations under this Agreement to a commonly controlled affiliate of ADP without the prior written notice or consent of Client in order for such affiliate to perform any or all of the Services, provided that ADP will remain responsible for the performance of such Services.

B. **Inducement/Entire Agreement/Modification.** Client has not been induced to enter into this Agreement by any representation or warranty not set forth in this Agreement. This Agreement contains the entire agreement of the parties with respect to its subject matter and supersedes all prior writings. This Agreement shall not be modified except by a writing signed by ADP and Client.

C. **Third-Party Beneficiaries.** With respect to the Services and ADP Products, ADP suppliers, vendors and referral partners may enforce the same disclaimers and limitations against Client as ADP may under this Agreement. Other than ADP suppliers, vendors, and referral partners who are intended third party beneficiaries with respect to Sections 7, 8B, and 10 of this Agreement, nothing in this Agreement creates, or will be deemed to create, third party beneficiaries of or under this Agreement. ADP has no obligation to any third party (including, without limitation, client's employees and/or any taxing authority) by virtue of this Agreement.

D. **Force Majeure.** Excluding any payment obligations to ADP as provided hereunder, any party hereto will be excused from performance under this Agreement for any period of time that the party is prevented from performing its obligations hereunder as a result of an act of God, war, utility or communication failures, or other cause beyond the party's reasonable control. Both parties will use reasonable efforts to mitigate the effect of a force majeure event.

E. **Waiver.** The failure of either party at any time to enforce any right or remedy available to it under this Agreement or otherwise with respect to any breach of failure by the other party shall not be construed to be a waiver of such right or remedy with respect to any other breach or failure by the other party.

F. **Severability.** If any of the provisions of this Agreement shall be invalid or unenforceable, such invalidity or unenforceability shall not invalidate or render unenforceable the entire Agreement, but rather the entire Agreement shall be construed as if not containing the particular invalid or unenforceable provision or provisions, and the rights and obligations of Client and ADP shall be construed and enforced accordingly.

G. **Relationship of the Parties.** The parties hereto expressly understand and agree that each party is an independent contractor in the performance of each and every part of this Agreement, is solely responsible for all of its employees and agents and its labor costs and expenses arising in connection therewith.

H. **Governing Law.** This Agreement is governed by the laws of the State of New York without giving effect to its conflict of law provisions. The parties agree to waive all rights or claims to a trial by jury.

I. **Conflicts Clause.** The terms of this Agreement are subject to any Additional Terms. In the event of a conflict between the terms of this Agreement and such Additional Terms, the terms of the Additional Terms shall control.

J. **Regulatory Notice.** No state or federal agency monitors or assumes any responsibility for the financial solvency of third-party tax filers.

K. **Use of Agents.** ADP may designate any agent or subcontractor, without notice to, or the consent of, Client, to perform such tasks and functions to complete any services covered under this Agreement. However, nothing in the preceding sentence shall relieve ADP from responsibility for performance of its duties under the terms of this Agreement.

L. **Notices.** All communications or notices required to be sent or given under this Agreement will be in writing and will be effective immediately if delivered in person or upon confirmation of signature recording delivery by overnight courier. A copy of all notices required under this Agreement must be sent to ADP at 10200 Sunset Drive, Miami, Florida 33173 Attention: Division Counsel. A copy of all notices required under this Agreement must be sent to the address for Client indicated in the signature block of this Agreement. In the event no address for Client is indicated, the address of Client at which the Services are delivered by ADP may be substituted.

M. **Legal Entity.** Each party represents that it is a legal entity authorized to conduct business in the states where this Agreement will be performed and that the officers who sign on behalf of such party are duly authorized to enter into this Agreement.

MODIFICATION ADDENDUM

This Modification Addendum ("Addendum"), made as of the 3rd day of June, 2012 by and between ADP, Inc. ("ADP Resource") and Education Achievement Authority ("Client"), contains changes, modifications, revisions and additions to the TLM Manager Sales Order Form – Subscription (and associated Terms and Conditions) between ADP Resource and Client (the "Agreement").

In consideration of the mutual covenants contained in the Agreement and in this Addendum, and for good and valuable consideration, notwithstanding anything to the contrary in the Agreement, ADP Resource and Client agree as follows:

- The "Company Name" provided on the first page of the Agreement incorrectly states that Client's name is Education Achievement Authorit. As a result, the Agreement is hereby amended to correctly define "Company Name" as Education Achievement Authority.
- **Section 7.A. of the Terms and Conditions** is hereby amended by adding the following to the end of the first sentence of this Section: ", unless such loss, damage or destruction is caused directly by ADP Resource."
- **Section 7.D. of the Terms and Conditions** is hereby amended by adding the following to the end of the seventh sentence of this Section: ", unless such loss is caused directly by ADP Resource."
- **Section 12.A. of the Terms and Conditions** is hereby amended by replacing the word "one" with the word "three" in romanette (ii) of the second sentence of this Section.

All other terms and conditions of the Agreement shall remain in full force and effect. In the event of any conflict between the terms and conditions of this Addendum and the terms and conditions of the Agreement, this Addendum shall prevail. The terms defined in the Agreement and used in this Addendum shall have the same respective meanings as set forth in the Agreement, unless clearly otherwise defined in this Addendum.

IN WITNESS WHEREOF, this Addendum to the Agreement is hereby executed by an authorized representative of each party hereto as of the date first above written.

EDUCATION ACHIEVEMENT AUTHORITY

By: _____

Name: _____

Title: _____

FEIN: 483549646

D/B/A, if any: _____

ADP, INC. (ADP RESOURCE)

By: _____

Name: Robert K. Beatty

Title: BPO. DM

ADDENDUM
to
ADP RESOURCE CLIENT SERVICES AGREEMENT

This Addendum, made as of the 8th day of JUNE, 2012 by and between ADP, Inc. ("ADP Resource") and Education Achievement Authority ("Client"), contains changes, modifications, revisions and additions to the ADP Resource Client Services Agreement dated _____ between ADP Resource and Client (the "Agreement").

In consideration of the mutual covenants contained in the Agreement and in this Addendum, and for good and valuable consideration, notwithstanding anything to the contrary in the Agreement, ADP Resource and Client agree as follows:

- As provided in the ADP Resource Pricing Schedule that is attached to the Agreement, Client has agreed to pay ADP Resource an implementation fee in the amount of \$10,000.00 ("Implementation Fee"). Notwithstanding anything to the contrary, in the event Client terminates the Agreement prior to June 27, 2012, ADP Resource shall refund Client \$6,000.00 of the Implementation Fee in exchange for providing ADP Resource with the unconditional right to retain the remaining \$4,000.00 of the Implementation Fee.

All other terms and conditions of the Agreement shall remain in full force and effect. In the event of any conflict between the terms and conditions of this Addendum and the terms and conditions of the Agreement, this Addendum shall prevail. The terms defined in the Agreement and used in this Addendum shall have the same respective meanings as set forth in the Agreement, unless clearly otherwise defined in this Addendum.

IN WITNESS WHEREOF, this Addendum to the Agreement is hereby executed by an authorized representative of each party hereto as of the date first above written.

EDUCATION ACHIEVEMENT AUTHORITY

ADP, INC. (ADP RESOURCE)

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

FEIN: 453549646

D/B/A, if any: _____

ADDENDUM
to
ADP RESOURCE CLIENT SERVICES AGREEMENT

This Addendum, made as of the 8th day of June, 2012 by and between ADP, Inc. ("ADP Resource") and Education Achievement Authority ("Client"), contains changes, modifications, revisions and additions to the ADP Resource Client Services Agreement dated 6/8/2012 between ADP Resource and Client (the "Agreement").

In consideration of the mutual covenants contained in the Agreement and in this Addendum, and for good and valuable consideration, notwithstanding anything to the contrary in the Agreement, ADP Resource and Client agree as follows:

- ADP Resource hereby acknowledges that Client is a tax-exempt entity. As such, ADP Resource agrees not to use any Client facility for any unauthorized purpose and will not act in any way that might jeopardize Client's tax-exempt status.
- Client hereby makes the following representations and warranties to ADP Resource to which ADP Resource has relied upon to enter into the Agreement:
 - **Organization and Good Standing.** Client is duly organized, validly existing and in good standing under the laws of the State of Michigan, has all requisite power and authority to own, operate and lease its properties and is duly authorized to do business in the State of Michigan.
 - **Power and Authorization.** Client has all requisite power to enter into the Agreement and to carry out and perform its obligations as set forth in the Agreement. All action required on the part of Client and its officers, directors and shareholders for the authorization, execution and delivery of the Agreement have been taken. The fully executed Agreement shall constitute the legal and binding obligation of Client in accordance with its terms, subject to (a) judicial principles respecting election of remedies or limiting the availability of specific performance, injunctive relief and other equitable remedies and (b) bankruptcy, insolvency, reorganization, moratorium or other similar laws not or hereafter in effect generally relating to or affecting creditors' rights.
 - **No Conflict or Breach.** The execution, delivery and performance by Client of its obligations under the Agreement will not result in any violation of, be in conflict with or constitute a default under, in any material respect, any material instrument, mortgage, deed of trust, loan, contract, commitment, judgment, decree, order or obligation binding upon Client or result in the creation of any mortgage, pledge, lien, encumbrance or charge upon any of its properties or assets.
- ADP Resource hereby makes the following representations and warranties to Client to which Client has relied upon to enter into the Agreement:
 - **Organization and Good Standing.** ADP Resource is duly organized, validly existing and in good standing under the laws of the State of Michigan, has all requisite power and authority to provide its Services, as such term is defined in the Agreement, and is duly authorized to do business in the State of Michigan.

- **Power and Authority.** ADP Resource has all requisite power to enter into the Agreement and to carry out and perform its obligations the Agreement. All action required on the part of the ADP Resource and its officers, and agents for the authorization, execution and delivery of the Agreement have been taken. The fully executed Agreement shall constitute the legal and binding obligations of ADP Resource in accordance with its terms, subject to (a) judicial principles respecting election of remedies or limiting the availability of specific performance, injunctive relief and other equitable remedies and (b) bankruptcy, insolvency, reorganization, moratorium or other similar laws not or hereafter in effect generally relating to or affecting creditors' rights.
- **No Conflict or Breach.** The execution, delivery and performance by ADP Resource of its obligations under the Agreement will not result in any violation of, be in conflict with or constitute a default under, in any material respect, any material instrument, mortgage, deed of trust, loan, contract, commitment, judgment, decree, order or obligation binding upon ADP Resource or result in the creation of any mortgage, pledge, lien, encumbrance or charge upon any of its properties or assets.
- **No Debarment, Pending Governmental Action or Record of Violations.** ADP Resource has not been debarred by the Federal, State or any local unit of government from providing services, nor is it currently the subject of any debarment or similar proceedings. ADP Resource has no record of violation of any Federal, State or local government's procurement, contracting or ethics rules.
- **Conflicts; No Undue or Improper Influence or Inducement.** ADP Resource represents and warrants that it has disclosed in writing any existing conflicts of interest involving Client, and that it will disclose in writing to Client any conflicts that arise during the term of the Agreement. ADP Resource represents and warrants that it has not and will not offer to Client or any of Client's employees any unlawful inducement, prohibited benefit, or improper incentive to enter into this or any other agreement with Client
- **Performance of Services; Compliance with Law.** The Services will be performed in a diligent manner in accordance with industry practices, by individuals of suitable training and skill. ADP Resource's actions and performance of the Services throughout the term of the Agreement shall be in full compliance with all applicable federal, state and local laws, rules, regulations and standards, including all laws applicable to Client's operations or to which Client is otherwise bound. ADP Resource has and will maintain throughout the term of the Agreement, all licenses, permits, authorizations and approvals necessary for the lawful conduct of its business. No representation or warranty of ADP Resource contained in this Agreement contains any untrue statement of material fact or omits to state a material fact necessary to make the statements and facts contained herein not misleading.
- During the term of the Agreement and upon reasonable notice from Client, ADP Resource shall provide Client and its agents, regulators, accountants and inspectors access to, and any assistance and information that they may reasonably require with respect to the Services to, among other things, verify the security of Client's Confidential Information

and examine ADP Resource's performance of the Services to enable Client to confirm ADP Resource's compliance with the Agreement and applicable law.

- ADP Resource agrees to maintain accurate books and records in connection with ADP Resource's performance of the Services. Unless returned to Client, upon its written request, all such books and records will be held and preserved for the duration of the Agreement and for a period of six years after the expiration or termination of the Agreement.
- At all times during the term of the Agreement, ADP Resource shall procure and maintain, at its sole cost and expense, the following types and amounts of insurance coverage issued by an insurance company reasonably acceptable to Client:
 - Commercial General liability, covering bodily and personal injury, property damage, and contractual liability insuring the activities of ADP Resource under the Agreement, in a minimum amount of One Million Dollars (\$1,000,000) per claim and Five Million Dollars (\$5,000,000) in the annual aggregate, adding Client as an additional insured with respect to the Agreement.
 - Commercial Automobile liability with limits of One Million Dollars (\$1,000,000) per claim and Five Million Dollars (\$5,000,000) in the annual aggregate, adding Client as an additional insured with respect to the Agreement.
 - Worker's compensation insurance in amounts required in accordance with applicable laws.
 - Errors and Omissions/Professional liability with limits no less than One Million Dollars (\$1,000,000) per claim and Three Million Dollars (\$3,000,000) in the annual aggregate.
- Upon request by Client, ADP Resource shall provide Client with copies of the certificates of insurance for the aforementioned insurance coverage set forth in this Addendum. Such certificates of insurance shall not be materially amended or cancelled without thirty days prior written notice to Client; provided that, prior to such cancellation, ADP Resource shall have new insurance policies in place that meet the requirements herein. Notwithstanding the foregoing, ADP reserves the right to self-insure coverage (directly or through the corporate risk management programs of its ultimate corporate parent, Automatic Data Processing, Inc.), in whole or in part, in the amounts and categories designated above, in lieu of ADP's obligations to maintain insurance as set forth above, at any time. This foregoing does not replace or otherwise amend, in any respect, the limitations on ADP's liability as set forth elsewhere in this Agreement.
- **Terms and Conditions, Section 3.A. of the Agreement** is hereby amended by deleting the words "six months" and replacing them with the words "three years".
- **Terms and Conditions, Section 3.A. of the Agreement** is further amended by adding the following to end of this Section: "Notwithstanding anything to the contrary, Client shall not be responsible for any fees not agreed to in writing by both ADP Resource and Client."

- **Terms and Conditions, Section 11.A. of the Agreement** is hereby deleted and replaced with the following:

“**Termination.** Except during the Initial Period, the parties may terminate this Agreement upon at least thirty (30) days prior written notice.

Either Party, however, may suspend performance and/or terminate this Agreement immediately for Cause upon written notice at any time including during the Initial Period. For purposes of this Agreement Cause is defined as if: (i) the other Party is in material breach of any material warranty, term, condition or covenant of this Agreement, (ii) the other party ceases business operations, or (iii) the other Party becomes insolvent, generally stops paying its debts as they become due or seeks protection under any bankruptcy, receivership, trust deed, creditors arrangement, composition or comparable proceeding, or if any such proceeding is instituted against the other (and not dismissed within ninety (90) days after commencement of one of the foregoing events). However, should Client wish to suspend performance or terminate this Agreement for Cause during the Initial Period, Client agrees to provide ADP with written notice of the alleged breach for Cause and provide ADP a thirty (30) day period in which to cure any such alleged breach (“Cure Period”).

In the event Client terminates this Agreement without Cause during the Initial Period or if Client violates any of the terms of this Agreement that would permit ADP to suspend performance or terminate this Agreement for Cause during the Initial Period, then Client shall pay ADP, as liquidated damages, an amount equal to the estimated Service fees that would have been due for the remaining months in the Initial Period. Client hereby extends its authorization under that certain Client Account Agreement and Authorization to Debit/Credit form executed by Client to permit ADP to debit the foregoing liquidated damages from Client’s designated bank account.

Should ADP not be able to cure any breach associated with a Cause event during the Cure Period, Client shall be allowed to terminate the Agreement effective on the date the Cure Period ends.

ADP may also suspend performance and/or terminate this Agreement immediately and at any time during the term of this Agreement in the event of any wrongful or unauthorized use of or access to the ADP Products or any other systems of ADP used in the performance of its obligations under this Agreement by Client, any end user or any other third party. Notwithstanding anything herein to the contrary, Services may be immediately suspended or terminated by ADP at any time during the term of this Agreement without prior notice if (i) ADP has not received timely funds from Client as required by this Agreement, (ii) a bank notifies ADP that it is no longer willing to originate debits and credits for any reason, (iii) the authorization to debit Client’s account is terminated or ADP reasonably believes that there is or has been fraudulent activity on the account, (iv) ADP reasonably determines that Client no longer meets ADP’s credit/financial eligibility requirements for such Services or (v) Client has any material adverse change in its financial condition.”

- **Terms and Conditions, Section 12.H. of the Agreement** is hereby amended by replacing “New York” in the first sentence of this Section with “Michigan”.

All other terms and conditions of the Agreement shall remain in full force and effect. In the event of any conflict between the terms and conditions of this Addendum and the terms and conditions of the Agreement, this Addendum shall prevail. The terms defined in the Agreement and used in this Addendum shall have the same respective meanings as set forth in the Agreement, unless clearly otherwise defined in this Addendum.

IN WITNESS WHEREOF, this Addendum to the Agreement is hereby executed by an authorized representative of each party hereto as of the date first above written.

**EDUCATION ACHIEVEMENT
AUTHORITY**

By: [Signature]
Name: _____
Title: _____
FEIN: 453549246
D/B/A, if any: _____

ADP, INC. (ADP RESOURCE)

By: [Signature]
Name: Rosario K. Butte
Title: BPO DM

Education Achievement Authority
of Michigan

Equity. Choice. Reinvention.

RESOLUTION 2012-30
APPROVAL TO ENTER INTO AGREEMENT WITH ARAMARK MANAGEMENT SERVICES
FOR FACILITIES MANAGEMENT & CUSTODIAL SERVICES

The Executive Committee of the Education Achievement Authority resolves:

1. That the attached Agreement with ARAMARK Management Services Limited Partnership, to provide custodial, grounds, facility maintenance, waste management and pest control services, 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 Agreement 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

Brian P. Pressler
Vice President
Chief Financial Officer



June 29, 2012

Dr. John Covington
Chancellor
Education Achievement Authority of Michigan
3022 West Grand Boulevard, Suite 14-652
Detroit, Michigan 48202

Re: Letter of Intent for Custodial, Grounds, Facility Maintenance, Waste Management and Pest Control Services

Dear Dr. Covington:

I am pleased that the Education Achievement Authority of Michigan (the "Authority") intends to partner with ARAMARK Management Services Limited Partnership ("ARAMARK") with regard to the services (the "Services") set forth in the Contract. For the purposes of this Letter of Intent, the term "Contract" shall be defined as the partially executed draft of the Custodial, Grounds, Facility Maintenance, Waste Management and Pest Control Services Contract by and between the Authority and ARAMARK exchanged between the parties' attorneys on Friday, June 29, 2012 (the "Contract"), which has been negotiated in accordance with the Authority's Request for Proposals for Custodial, Grounds and Facility Maintenance Services dated April 9, 2012, as amended by Addendum #1 dated April 24, 2012 (collectively the "RFP") and ARAMARK's proposal submitted in response to the RFP dated May 10, 2012 (the "Proposal").

The purpose of this Letter of Intent (the "Letter of Intent") is to: (i) express the mutual intent of the Authority and ARAMARK to finalize and execute the Contract in substantially the form exchanged between the parties' attorneys on Wednesday, June 27, 2012; (ii) express the mutual agreement of the parties that effective July 1, 2012, ARAMARK shall commence providing the Services to the Authority in a manner consistent with the requirements set forth in the Contract; (iii) authorize ARAMARK during the period of finalization of the Contract to incur costs in anticipation of the finalization, approval and execution of the Contract, including, for example, hiring costs, employee travel costs, payroll costs, building survey costs, and costs associated with the implementation of the CMMS System; and (iv) provide for reimbursement by the Authority of other ARAMARK start-up costs actually incurred as provided for herein ((iii) and (iv) collectively, "Direct Costs"). The parties agree to continue in good faith toward finalization and execution of the Contract within the thirty (30) days of the date of this Letter of Intent. If finalization and execution of the Contract is not completed within thirty (30) days of the date of this Letter of Intent, this Letter of Agreement shall automatically terminate, unless otherwise mutually agreed to by the parties in writing.

The Authority agrees that so long as the parties are proceeding toward completion and execution of the Contract, the Authority shall, in accordance with the terms and conditions of the Contract, cooperate fully with ARAMARK, in good faith, in ARAMARK's preparation for and performance of the Services. Either party shall have the right to withdraw from negotiations with respect to the Contract by written notice to the other party, in which event the Services shall cease upon five (5) days from the delivery date of such notice, unless otherwise mutually agreed to by the parties in writing.

ARAMARK shall invoice the Authority in accordance with the Contract on July 1, 2012 in the amount of Four Hundred Sixty-Seven One Hundred Fifty-Three dollars and Eighty-Three Cents (\$467,153.83) (the "Monthly Fee Amount") and the Authority shall pay ARAMARK the Monthly Fee Amount within thirty (30) days of receipt of the invoice.

1101 Market Street
Philadelphia, PA 19107-2988
phone 215.238-7138
pressler-brian@aramark.com
aramarkschools.com

If the Contract is not finalized and executed within thirty (30) days of the date of this Letter of Intent, then (i) the parties shall work in good faith to promptly reconcile the Monthly Fee Amount against the Direct Costs; and (ii) if the sum of the amount of (a) the Direct Costs plus (b) ten percent (10%) of the aggregate amount of such Direct Costs (the "Fee" and together with the Direct Costs, the "Reimbursement Fee"), is higher than (c) the Monthly Fee Amount, then the Authority shall – in addition to the Monthly Fee Amount paid in accordance with the previous paragraph – pay ARAMARK the difference between the Reimbursement Fee and the Monthly Fee Amount within thirty (30) days of completion of the reconciliation and receipt of an invoice related thereto. If the Reimbursement Fee is lower than the Monthly Fee Amount, then ARAMARK shall reimburse the Authority for the difference between the Monthly Fee Amount and the Reimbursement Fee within thirty days (30) of the reconciliation and receipt of an invoice. The amount of the Capital Investment (which is defined below) shall be excluded from the calculation of the Direct Costs for purposes of this paragraph. ARAMARK agrees to provide the Authority with a detailed accounting of all Direct Costs, and any disputed amounts contained in the accounting for the Direct Costs shall be communicated in writing by the Authority within ten (10) days of the Authority's receipt of such accounting and the parties agree to negotiate in good faith regarding the resolution of such disputed amounts. The Fee is comprised of ARAMARK's general and administrative expenses and management fee.

If any amount due to ARAMARK under this Letter of Intent is not paid in full within thirty (30) days of the Authority's receipt of the invoice, then the unpaid portion will bear interest, from the invoice due date, at a rate of one and one-half percent (1.5%) per month (or, if prohibited by law, then at the maximum rate legally permitted) (the "Interest Rate").

ARAMARK shall make a capital investment in custodial, grounds, and maintenance equipment for the Authority in an amount up to Four Hundred Ninety Nine Thousand Five Hundred Eighty Three and 00/100 Dollars (\$499,583.00) (collectively, the "Capital Investment"). The Capital Investment shall be amortized on a straight-line basis over a six year period, commencing upon the date the equipment is placed in service. Certain of the Capital Investment shall consist of equipment and supplies using ARAMARK's proprietary SpaceCare QL technology ("SpaceCare Investment"). All items purchased using the SpaceCare Investment shall remain the property of ARAMARK. Title to the items purchased with the remaining portion of the Capital Investment shall remain in ARAMARK until the Capital Investment is completely amortized, at which time title will transfer to the Authority. If the Contract is not executed in the time period provided for above, or if this Letter of Intent is otherwise terminated by either party as provided for herein, excluding the SpaceCare Investment, the Authority shall have the right to elect to purchase the equipment that has not been fully amortized by reimbursing ARAMARK for the total unamortized balance of the Capital Investment, excluding the SpaceCare Investment, as of the date of termination. If so elected, in the event such payments owing to ARAMARK are not paid to ARAMARK within thirty (30) days of the scheduled payment date, the Authority agrees to pay interest on such amounts at the Interest Rate from the scheduled payment date until the date paid. The right of ARAMARK to charge interest for late payment shall not be construed as a waiver of ARAMARK's right to receive timely payment. The Authority agrees to provide ARAMARK with adequate facilities to store all items purchased with the Capital Investment which facilities ARAMARK will be able to secure.

ARAMARK shall provide all employees necessary to provide the Services in accordance with the terms and conditions of the Contract. Notwithstanding the foregoing, the Authority acknowledges and agrees that during the initial start-up period of operations, being that period of time between July 1, 2012 and August 31, 2012, ARAMARK may not be fully staffed and the program and Services contemplated under the Contract may not be fully operational.

Each party represents and warrants that it has the requisite authority to enter into this Letter of Intent and to perform its duties hereunder, that the individual signing below on that party's behalf has all requisite authority and approvals to do so and to bind that party, and that it has done and will do all things

necessary so that this Letter of Intent will be valid, binding, and legally enforceable upon that respective party. This Letter of Intent will automatically terminate on the date on which the parties execute the Contract. It is further agreed by the parties that if the Contract is finalized and executed in the time period provided for herein, the Authority will not be liable for the Reimbursement Fee, it being understood that all fees will be paid in accordance with the terms and conditions of the Contract.

Please counter-execute this Letter of Intent, indicating the Authority's acceptance of the terms and conditions of this Letter of Intent. We at ARAMARK look forward to our partnership with the Authority and the opportunity to serve the needs of your students, faculty and staff.

Very truly yours,

**ARAMARK MANAGEMENT SERVICES LIMITED
PARTNERSHIP**

By its General Partner,
ARAMARK SMMS LLC

By: 
Brian Pressler
Vice President

Agreed to this ___ day of _____ 2012, by:

EDUCATION ACHIEVEMENT AUTHORITY OF MICHIGAN

By: _____
Dr. John Covington
Chancellor

**CUSTODIAL, GROUNDS, FACILITY MAINTENANCE, WASTE MANAGEMENT
AND PEST CONTROL SERVICES CONTRACT**

This **CUSTODIAL, GROUNDS, FACILITY MAINTENANCE, WASTE MANAGEMENT AND PEST CONTROL SERVICES CONTRACT** (the "Contract") is entered into as of the 1st day of July, 2012 (the "Effective Date") by and between the **EDUCATION ACHIEVEMENT AUTHORITY OF MICHIGAN**, a Michigan public body corporate, whose address is 3022 West Grand Boulevard, Suite 14-652, Detroit, Michigan 48202 (the "Authority") and **ARAMARK MANAGEMENT SERVICES LIMITED PARTNERSHIP**, a Delaware limited partnership, whose address is 1101 Market Street, Philadelphia, Pennsylvania 19103 (the "Contractor"). The Authority and Contractor may each be referred to herein as a "Party" and collectively as the "Parties."

Recitals

A. The Authority issued a Request For Proposals for Custodial, Grounds and Facility Maintenance Services dated April 9, 2012, as amended by the Addendum dated April 24, 2012 (collectively the "RFP"), the purpose of which was to solicit proposals from qualified entities with the ability to deliver a turnkey solution to provide the cleaning, grounds and maintenance services for the Authority's Facilities, including the provision of all necessary supplies, equipment and other services requested by the Authority.

B. In response to the RFP, the Contractor submitted to the Authority a Proposal dated May 10, 2012 (the "Proposal") to provide all services contemplated by the RFP.

C. Pursuant to the terms of the RFP, the Contractor is required to enter into a written contract in accordance with the Authority's written acceptance of its Proposal.

D. The Parties agree that certain terms, conditions and provisions of the RFP and the Proposal must be further clarified and that certain additional terms and conditions need to be expressly set forth by way of this Contract.

E. Moreover, the Authority solicited proposals from qualified entities to manage and provide the waste management and pest control services for the Authority's Facilities, and for ease of contract management, the Parties desire to include those services within the scope of this Contract.

NOW THEREFORE, in consideration of the foregoing and the mutual covenants set forth herein, the Parties agree as follows:

I. RESTATEMENT CONSTITUTES THE CONTRACT

A. Incorporation by Reference. The object of this Contract is to formalize in one document the complete agreement between the Parties, and to do so by specifically incorporating by reference into this Contract, the RFP, all Addenda to the RFP, the Proposal and other related documents, and by including certain additional necessary or appropriate Contract terms, particularly where the Contract terms agreed to by the Parties during the RFP negotiation process do not correspond with the RFP and/or the Proposal.

B. Order of Precedence. The Contract Documents, which are all incorporated herein by reference, include the following:

1. This Contract, including all Attachments hereto;
2. The Contractor's Proposal; and
3. The RFP.

To the extent that the terms and conditions of the Contract Documents are in conflict, the terms and conditions shall be interpreted in the above-referenced order from 1 to 3. However, the Parties also agree that where there is not a conflict between any of the terms and conditions contained in the above-referenced Contract Documents, all of the Contract Documents shall be binding upon both Parties, except to the extent the exceptions contained in the Contractor's Proposal are not expressly accepted by the Authority in writing and incorporated into this Contract.

II. CONTRACT DURATION AND TERMINATION

- A. **Initial Term.** The term of this Contract shall be for a period of three (3) years, commencing July 1, 2012 and ending June 30, 2015 (the "Initial Term").
- B. **Renewal Term(s).** The Authority shall have the option to extend this Contract by up to three (3) additional years on a year-to-year basis, subject to the written approval of the Authority, in its sole and absolute discretion (each a "Renewal Term"). Nothing in this Contract requires the Authority to exercise its option for a Renewal Term and Contractor has no expectation of a contract beyond the Initial Term, or a Renewal Term if any are exercised.
- C. **Termination for Cause by Authority.** In the event the Contractor fails, at any time, to comply with, fully perform and strictly adhere to any covenant, condition or representation contained in this Contract and the other Contract Documents, whether it be performed by the Contractor, its agents or employees, the Authority shall have the right to provide written notice to Contractor of such failure. If such failure is not cured to the Authority's satisfaction within twenty (20) days from the time of receipt of such notice, the Authority shall have the right to terminate this Contract upon sixty (60) days' written notice. Furthermore, in addition to the rights of the Authority under Section III.C., if the Authority must regularly request that the Contractor cure breaches of this Contract, such circumstances shall be grounds for termination of this Contract for cause, even if each breach on its own would not be material. Notwithstanding the foregoing, if any actions or inactions of the Contractor, its agents or employees, poses a serious or imminent threat to the health and safety of any person the Authority may terminate this Contract immediately if such default is not cured by Contractor within twenty-four (24) hours of Contractor's receipt of written notice of such default. Furthermore, if Contractor becomes insolvent, or seeks protection of any bankruptcy court, the Authority may immediately terminate this Contract.
- D. **Termination for Cause by Contractor.** If Authority fails to pay Contractor any amounts due Contractor hereunder within the time period provided in this Contract for such payment, and such failure continues for a period of thirty (30) days following written notice by Contractor to Authority of such failure, then Contractor may terminate this Contract upon thirty (30) days' written notice.

- E. Termination for Convenience.** Notwithstanding Section II.C. above, either Party, on at least six (6) months advanced written notice to the other Party, may terminate this Contract, or any portion thereof, for any reason, including convenience, without incurring any penalty, expense or liability to the other Party, except the Authority's obligation to pay for Services actually performed under the Contract prior to the effective date of the termination.
- F. Effect of Termination.** If this Contract is terminated in accordance with any of the provisions contained herein, all rights of the Contractor under this Contract shall cease. Regardless of the basis for termination, the Authority shall neither be liable to, nor obligated to pay, the Contractor for any incidental or consequential damages or lost profits, or costs incurred for Services not actually performed.

III. SCOPE OF SERVICES

The Contractor shall perform the Custodial Services, Grounds Services, Facility Maintenance Services, Waste Management Services and Pest Control Services (all as defined herein and collectively referred to herein as the "Services") for those Authority facilities set forth in **Attachment A** (each a "Facility" and collectively the "Facilities"). The Services provided by Contractor for the Facilities shall include the full scope and manner of Services as set forth in this Contract, including the responsibility of the Contractor to provide all labor necessary to fully perform the Services at the Facilities.

- A. Scope of Custodial Services.** The Contractor shall manage and provide the Custodial Services as described in the RFP and this Contract for the Facilities listed in **Attachment A**. The Custodial Services include all labor, supplies, materials and equipment necessary to provide the manner, scope and frequency of duties/tasks set forth in **Attachment B** of this Contract (the "Custodial Services").
- B. Scope of Grounds Services.** The Contractor shall manage and provide the Grounds Services as described in this Contract for the Facilities listed in **Attachment A**. The Grounds Services include all labor, supplies, materials and equipment necessary to provide the manner, scope and frequency of duties set forth in **Attachment C** of this Contract (the "Grounds Services").
- C. Scope of Facility Maintenance Services.** The Contractor shall manage and provide the Facility Maintenance Services as described in this Contract for the Facilities listed in **Attachment A**. The Facility Maintenance Services include all labor and tools necessary to provide the manner, scope and frequency of duties set forth in **Attachment D** of this Contract (the "Facility Maintenance Services"). The Authority shall be responsible for all parts, materials and supplies for the Facility Maintenance Services in accordance with Section VI.C. of this Contract.
- D. Scope of Waste Management Services.** The Contractor shall manage and provide the Waste Management Services as described in this Contract for the Facilities listed in **Attachment A**. The Waste Management Services shall include all labor, supplies, materials and equipment necessary to provide the manner, scope and frequency of duties set forth in **Attachment E** of this Contract (the "Waste Management Services").

- E. **Scope of Pest Control Services.** The Contractor shall manage and provide the Pest Control Services as described in this Contract for the Facilities listed in Attachment A. The Pest Control Services shall include all labor, supplies, materials and equipment necessary to provide the manner, scope and frequency of duties set forth in Attachment F of this Contract (the "Pest Control Services").
- F. **Standards of Services.** The Contractor shall perform all Services in a professional and workmanlike manner, utilizing trained and licensed (when legally required) personnel in accordance with the terms and conditions of this Contract. The Contractor shall re-perform any Services, at no additional cost or expense to the Authority, that do not meet the quality standards of the Authority or terms and conditions of this Contract. The Contractor expressly acknowledges that the Contractor's failure to perform the Services and maintain the quality, cleanliness and operational standards of the Authority and this Contract, including Attachments hereto, shall be grounds for termination of part or all of this entire Contract by the Authority. It is expected that Contractor personnel are scheduled to ensure all Facilities are open and operational each day.
- G. **Services During Scheduled Breaks and Summer Vacation.** The performance of Services during the Authority's scheduled breaks and summer vacation must be coordinated with the Authority Liaison. The Contractor's schedule and duties must be developed with the goal of minimizing interference with any scheduled instructional or extra-curricular activities, or with contracted work being performed by others. The Contractor shall utilize "team cleaning" during any scheduled breaks and the summer vacation to address the Authority's Facility usage and energy conservation initiatives.
- H. **Snow Removal Services.** For those Facilities listed in Attachment A where the Contractor shall perform all routine snow and ice removal from, and application of salt/ice melt to, all parking lots, driveways, walkways, sidewalks adjacent to, and entrances of, the Facilities, and those other areas listed/identified in Attachment C. When snow continues to fall, it is expected that Contractor personnel will re-clear the designated areas as needed to assure maximum safety for visitors/users of the Facilities. Snow removal services that must be performed on evenings, weekends or holidays due to the weather shall be included in the Contractor's Contract Price and shall not be eligible for charges for Additional Services. All necessary salt/ice melt will be procured in accordance with Section VI.A. of this Contract.
- I. **Emergency Services.** The Contractor agrees to respond to any emergency requests made necessary by rain, plumbing failure, mechanical failures, leaks, accidents or as otherwise reasonably requested by the Authority; 24 hours per day, 7 days per week, 365 days per year. Any Services of this nature must be pre-approved by the Authority Liaison or other designated administrator on-call. Any additional charges for these Services shall be in accordance with the Emergency Rate set forth in Section V.B. of this Contract. The Contractor will be expected to answer any after-hours security calls and to respond to "after-hours" issues at the Facilities and must answer calls from the security phone(s). If such response is

due to the acts or omissions of the Contractor or its employees or agents, there shall be no additional charges to the Authority. Any invoice for these Services must include the Facility, date, area(s) affected, scope of work performed, hours expended by contract personnel, and name of person authorizing the work.

- J. Holiday Services.** The Contractor is not required to provide Services on the holidays listed below; however, Contractor employees and work crews must be scheduled in such a way as to ensure that all Facilities are clean and ready to open the next business day. If work is requested by the Authority Liaison for an observed holiday listed below, the Contractor may charge the Authority for these Services at the Holiday Rate provided in Section V.B. of this Contract. Notwithstanding the above, the Contractor will be required to provide the Services in all Authority Facilities during all break periods. The observed holidays are as follows:

New Year's Day	Good Friday	Memorial Day
Independence Day	Labor Day	Thanksgiving Day and Day after Thanksgiving
Christmas Eve	Christmas Day	New Year's Eve

- K. Weekend Services.** The Contractor will be required to provide coverage on Saturdays and/or Sundays, potentially on very short notice. The Authority will endeavor to provide the Contractor with as much advanced notice as possible to ensure all activities and events are covered. The Contractor shall provide coverage for the activities and events at Authority Facilities on Saturdays and Sundays, during the Initial Term and Renewal Term(s), if any. Due to the fluctuating and limited usage of the Facilities on the weekends, the Contractor may charge the Authority for these Weekend Services at the Weekend Rate set forth in Section V.B. of this Contract.

IV. CONTRACTOR PERSONNEL

- A. Management Personnel.** The Contractor shall provide all personnel necessary for the efficient management of the Services, which shall consist, at a minimum, of one (1) full-time manager who shall be on-site at the Facilities (the "Contractor Manager"). The Contractor Manager will act as the Contractor's main point of contact and representative for Contractor's day-to-day performance of the Services, and will interact directly with Authority Liaison on a daily basis regarding the performance of the Services. The Contractor shall provide the Authority Liaison with a list of all Management Personnel, including the number for the Contractor-provided cellular telephone where Management Personnel may be reached at all times. The Contractor Manager will be the individual called from the Authority's security phone. Once assigned to work under the Contract, the Contractor must provide written notification to the Authority Liaison if the Contractor Manager is replaced or removed from working under this Contract by the Contractor. The Contractor Manager will be required to answer each call from the Authority Liaison within thirty (30) minutes of the time the call is placed and failure to answer the call within said thirty (30) minutes will be considered

non-compliance and will be subject to a Deduction under Section XIII of this Contract. Furthermore, the Contractor Manager must:

1. Be authorized by the Contractor to act as the Contractor's agent in all communications with the Authority Liaison, with the exception of amendments to this Contract.
2. Have full authority from the Contractor to schedule working hours, Facility staff assignments and cleaning/custodial, grounds and facility maintenance procedures.
3. Be able to inspect Facilities at times other than during normal working hours as necessary, and must respond, either directly or through a supervisor, to security calls for doors not being secured etc.

B. Service Personnel. It is the Contractor's responsibility to maintain the standard of cleanliness, appearance and operational functions of the Facilities specified in this Contract. Accordingly, it is the responsibility of the Contractor to provide sufficient personnel, including substitute employees as needed, who are properly trained and licensed (when legally required) to ensure that the requirements and standards are met and that each Facility is effectively cleaned, maintained and operational on a daily basis in accordance with the terms and conditions of this Contract. The Contractor shall provide all employees and agents it deems necessary for the efficient provision of the Services; provided that the following coverage parameters are maintained:

1. The Services shall be provided twelve (12) months each year at all Facilities.
2. Each Facility has coverage with a lead/day custodian.
3. Each Facility which has a boiler(s) has a licensed boiler operator in accordance applicable Federal, State and Local laws, rules, regulations and ordinances.
4. All Contractor employees and agents are staffed so that all Facilities have appropriate staffing coverage to perform all Services and accommodate all daily and weekend coverage without delay or obstruction, provided that, at a minimum: all High Schools have appropriate coverage from 6 a.m. to 10 p.m.; and all Pre-K/K-8 Schools have appropriate coverage from 7 a.m. to 7 p.m., daily Monday through Friday, unless the Contractor receives the prior written consent of the Authority Liaison.
5. All Facilities used for daily, after-school or weekend activities or events (including all curricular, extra-curricular, athletic and rental/outside activities and events) are cleaned and prepared, and activities or events are set-up and broken down, at or before the scheduled times identified by the Authority.
6. All necessary efforts are made to ensure that the routine cleaning of, or performance of Services for, the Facilities do not interfere with any scheduled activity/event in a Facility.
7. All Facilities are cleaned, prepared and operationally functional prior to the beginning of each school day.

8. All Services are timely performed so that the atmosphere at all Facilities may contribute to a positive learning environment.
 9. All Summer Cleaning tasks/duties are performed, and during the Summer months, the Contractor agrees to modify its coverage schedules for certain Facilities in order to cooperate with the Authority's energy conservation policies and practices, under which certain Facilities are open for limited hours, or closed, during portions of the Summer months. The Authority will communicate to Contractor the applicable policies and practices reasonably in advance of Summer Cleaning.
- C. Compensation of Contractor Personnel.** The Contractor shall be responsible for all salaries, benefits, payroll and other taxes, fees, and other charges or insurance required by any federal, state and local law, statute or regulation (including, but not limited to, unemployment taxes, Social Security contributions, worker's compensation premiums and all similar taxes and payments), attributable to each Contractor employee or agent.
- D. Scheduling and General Coverage of Services.** The Contractor shall perform the Services set forth in the Contract Documents during the coverage hours set forth herein or as otherwise approved by the Authority Liaison in writing. The Contractor agrees to provide the staffing levels set forth in **Attachment I** and in accordance with its Pricing Form attached hereto as **Attachment G** throughout the Initial Term and any Renewal Term(s) of this Contract, and agrees that it will not modify these staffing levels, or the coverage hours detailed in Section IV.B.2., for the Services without the prior written consent of the Authority Liaison. The Contractor shall schedule, assign duties for, and make appropriate Facility assignments for its employees and agents to promote flexibility in the cleaning and maintenance functions and performance of the Services, and to ensure the unimpeded delivery of the instructional and extra-curricular programs and general operations of the Authority. Furthermore, the Contractor's schedules and assignment of responsibilities and duties shall be structured in a manner which allows the same to be shifted (flexed) to accommodate the daily changing needs of the Authority Facilities. The Contractor shall provide an organization chart showing lines of communication, as well as copies of the Facility assignments to the Authority Liaison so that the Authority's administration, staff and personnel may be adequately informed of the schedules and assignments for both operational and safety purposes. If any Contractor employee Facility assignments and/or duties are modified by the Contractor, the Contractor shall immediately inform the Authority Liaison via electronic mail, and the Contractor shall provide copies of the updated organizational chart, work schedules, duties and/or Facility assignments to the Authority Liaison within three (3) business days of such modification.
- E. Substitute Scheduling.** It is expected that the Contractor will provide coverage to perform all Services in accordance with the terms and conditions of this Contract. Accordingly, the Contractor should maintain a pool of trained, licensed (where legally required) and qualified substitutes with the required fingerprinting and criminal background checks, available on short notice, to ensure that the

Facilities are adequately staffed by Contractor in order to perform the Services. For example, if the absence of a Contractor employee or agent renders a Facility without coverage in the positions of building lead or building manager, the Contractor must provide substitute coverage to accommodate the lapse in coverage created by such absence. If there are temporary absences in other positions besides the building lead or building manager positions, the Contractor shall manage its staffing so that all Services meet the requirements of this Contract. The Contractor shall be responsible for all costs and expenses (including compensation) for all substitute employees or personnel required by the Contractor to perform the Services as part of the Contract Price. For safety purposes, the Contractor is required to promptly inform the respective Facility administrator and the Authority Liaison via electronic mail when there will be a change of Contractor employees due to absenteeism. If the Contractor Manager is unavailable under the Contract for any substantial period of time (*i.e.*, more than three (3) consecutive work days), the Contractor shall immediately inform the Authority Liaison of the absence and how the Contractor will ensure completion of the respective duties and work. Notwithstanding anything herein contained to the contrary, the Authority acknowledges and agrees that during the initial start-up period of operations, which shall be defined as the period between July 1, 2012 and August 31, 2012, the Contractor may not be fully staffed in all aspects of the Services and the program may not be fully operational.

- F. Certified Pool Operator Position.** As required by law, and unless notified otherwise by the Authority in writing, the Contractor must provide at least one (1) employee during each day shift at each Facility which has a swimming pool, and at least one (1) employee during each evening shift at each Facility that has a swimming pool, who is trained and certified as a Certified Pool Operator (“CPO”) and who is capable of emergency shutdown, pool deck and locker room cleaning, water testing/balancing and record keeping for swimming pools at the Facilities. The Contractor agrees to follow all applicable state and county laws, rules and regulations regarding the over sight of swimming pools, including the completion of all necessary forms and providing copies of the necessary forms to the Authority Liaison. The Contractor shall be responsible to provide CPO training for the individuals designated with this responsibility. Copies of the required certification shall be provided to the Authority.
- G. Personnel Actions.** If Contractor incurs any costs, including reasonable legal fees, retroactive costs and/or wages and damages, as a result of any personnel action taken by Contractor at the written direction of the Authority, which action the Contractor would not have taken but for the Authority’s direction, then, provided the Contractor advises the Authority in writing and in advance of taking such action that such action may not be legally permissible, Authority shall, to the extent permitted by law, reimburse the Contractor for such reasonable costs.
- H. Restriction on Hiring Supervisory Employees of Other Party.** For Purposes of this Section, the term “Supervisory Employees” is defined as those employees who performed management or professional services for the Facilities, directly or indirectly, at any time during the then previous twelve (12) months. Contractor

agrees that no Supervisory Employees of Authority will be hired by Contractor during the Initial Term or Renewal Term(s), if any, of this Contract and during the twelve (12) months after the expiration, non-renewal or termination of this Contract. Authority acknowledges that the Contractor has invested considerable amounts of time and money in training its Supervisory Employees in the systems, procedures, methods, forms, reports, formulas, computer programs, plans, techniques and other valuable information that are proprietary and unique to the Contractor's manner of conducting its business and that the Contractor makes such information available to its Supervisory Employees, its subsidiaries and affiliates, on a confidential basis. Therefore, unless consented to in writing by the Contractor, the Authority agrees that no Supervisory Employees of Contractor, its subsidiaries or affiliates, will be hired by Authority during the Initial Term or Renewal Term(s), if any, of this Contract and during the twelve (12) months after the expiration, non-renewal or termination of this Contract, and that Authority will not permit any Supervisory Employees of Contractor, its subsidiaries or affiliates to provide services for the Facilities directly or indirectly (through consulting contracts, contracts with third parties that employ or otherwise retain any Supervisory Employees, or otherwise) during the Initial Term or Renewal Term(s), if any, of this Contract and during the twelve (12) months after the expiration or earlier termination of this Contract. Additionally, the Authority agrees that if it violates the conditions set forth in this Section, the Authority will pay to Contractor, and Contractor will accept as liquidated damages and not as a penalty, an amount equal to 1.5 times the annual salary (base and bonus) of the Supervisory Employee(s) retained by the Authority or allowed to work on the Facilities in violation of this Section.

V. PRICING AND PAYMENT TERMS

A. **Contract Price.** The Contractor shall perform all Services for the annual sum as follows:

1. Five Million Six Hundred Five Thousand Eight Hundred Forty-Six and 00/100 Dollars (\$5,605,846.00) for Year 1 of the Initial Term;
2. Five Million Seven Hundred Seventy-Four Thousand Twenty-Two and 00/100 Dollars (\$5,774,022.00) for Year 2 of the Initial Term; and
3. Five Million Nine Hundred Forty-Seven Thousand Two Hundred Forty-Two and 00/100 Dollars (\$5,947,242.00) for Year 3 of the Initial Term;

(each is the respective annual "Contract Price" as referred to herein), as set forth on Contractor's Pricing Form attached hereto and incorporated herein by reference as **Attachment G** (the "Pricing Form"). Except as set forth herein, the Contract Price includes all costs and expenses for the Services for Monday through Friday coverage, provided however, the Contractor agrees to cooperate with the Authority to utilize "flex scheduling" in order to avoid charges for Additional Services when possible. The respective annual Contract Price shall remain firm for each year of the Initial Term and shall not be increased, except to the extent the Authority expands the list of Facilities set forth in **Attachment A**, requests an expansion of the scope of Services under this Contract, or to the

extent set forth in Section V.G. of this Contract. If the Contract Price is to be increased in accordance with the foregoing, such increase shall be mutually agreed upon in writing by the Parties prior to the implementation of such increased pricing. Moreover, the Contract Price is based upon the information the Authority provided in its RFP. If such information is found to be materially incorrect, the Parties agree to negotiate in good faith any adjustment to the Contract Price necessitated by the materially incorrect information. Additionally, the Contractor agrees to convene at least every six (6) months with representatives of the Authority, for the purpose of evaluating the efficiency of the performance of this Contract, so that further efficiencies may be uncovered and implemented into the Contract. As part of this process, the Contractor agrees discuss and negotiate in good faith any potential pass through of savings with the Authority.

B. Additional Services. If the Contractor is requested by the Authority to perform any Emergency Services (*see* Section III.I.), Holiday Services (*see* Section III.J.), Weekend Services (*see* Section III.K.) or any other services which are outside the scope of the Services set forth in this Contract (collectively the “Additional Services”), the Contractor must receive prior written approval from the Authority Liaison before rendering or invoicing for such Additional Services. Any Additional Services which are not specifically addressed in this Contract shall be charged at the respective rate set forth below, or based upon a mutually negotiated price agreed upon in writing prior to the commencement of such Additional Services. If the Authority requests, in writing, that the Contractor perform Additional Services, the Contractor may charge the Authority at the following rates:

Custodial Services

Hourly Rate: \$ 12.60	Emergency Rate: \$ 18.90
Weekend Rate: \$ 18.90	Holiday Rate: \$ 25.20

Grounds Services

Hourly Rate: \$ 15.60	Emergency Rate: \$ 23.40
Weekend Rate: \$ 23.40	Holiday Rate: \$ 31.20

Facility Maintenance Services

Hourly Rate: \$25.85 (Plumber)	Emergency Rate: \$38.78 (Plumber)
\$25.85 (Electrician)	\$38.78 (Electrician)
\$25.85 (HVAC Tech.)	\$38.78 (HVAC Tech.)
\$25.85 (Boiler Optr.)	\$38.78 (Boiler Optr.)
Weekend Rate: \$38.78 (Plumber)	Holiday Rate: \$51.70 (Plumber)
\$38.78 (Electrician)	\$51.70 (Electrician)
\$38.78 (HVAC Tech)	\$51.70 (HVAC Tech)
\$38.78 (Boiler Optr.)	\$51.70 (Boiler Optr.)

C. Invoicing. The Contractor shall invoice the Authority as follows:

1. **Contract Price Invoicing.** Contractor shall invoice the Authority for the Contract Price in twelve (12) equal monthly installments on a once-per-month basis for all Services rendered under the Contract and the invoice shall be itemized on a Facility-by-Facility basis. Any Contractor invoices for Additional Services shall itemize charges for labor, equipment and supplies and any additional charges, if applicable, for each Facility. Invoices shall be submitted to the Deputy Chancellor Business and Fiscal Affairs and Operations, Education Achievement Authority of Michigan, 3022 West Grand Boulevard, Suite 14-652, Detroit, Michigan 48202, or as otherwise indicated to the Contractor in writing.
2. **Additional Services Charges.** Invoices for approved Additional Services shall include the date and times the Additional Services were completed, the name of the Facility, the type of Additional Services performed and the number of hours (or ¼ hour fraction thereof) worked. Invoices for Additional Services shall be separate from the Contract Price invoice, but shall be sent to the Authority together with the Contract Price invoice. Charges for these Additional Services shall be in accordance with rates set forth above.

D. Payments. Payment of undisputed amounts in each invoice shall be made within thirty (30) days of receipt of the invoice. The Authority will issue one (1) payment per month for the payment of the Contract Price and Additional Services, if any. Disputes regarding amounts contained in any invoice will be communicated to the Contractor Manager by the Authority Liaison, in writing, within ten (10) days of the receipt of the disputed invoice. Payments of disputed amounts will be delayed unless Contractor is able to resolve the matter to the Authority's satisfaction within ten (10) business days prior to payment due date. The Authority will not be assessed any late payment penalties, fines or charges for disputed amounts not timely paid due to Contractor's failure to timely resolve the matter as set forth above. If any undisputed amount due to the Contractor in accordance with this Contract is not paid in full by the Authority within thirty (30) days of the Authority's receipt of the invoice, then the unpaid portion will bear interest, from the invoice due date, at a rate of one and one-half percent (1.5%) per month (or, if prohibited by law, then at the maximum rate legally permitted)(the "Interest Rate").

E. Rate Adjustment. Adjustments to the Contract Price for the Services or rates for the Additional Services for any Renewal Term(s) will be effective July 1 of that contract year. Unless otherwise agreed to by the Parties in writing, the rates for the first Renewal Term, if exercised by the Authority, shall be determined by adjusting the rates for year three of the Initial Term by the lesser of: i) the percentage increase or decrease, if any, between the index number, as established by the Consumer Price Index, All Items, for the Detroit Metropolitan Area, published by the United States Department of Labor, Bureau of Labor Statistics for the prior calendar year; or ii) three percent (3%). The rates for any subsequent Renewal Term(s) or extensions of the Contract shall be determined by the above

formula. Rates may not otherwise be modified unless upon the mutual written agreement of the Parties.

- F. **Rates for Expansion of Authority's Facilities.** As contemplated under the RFP, the Authority anticipates expanding the number of Facilities which is operates beginning in the 2013-14 school year. In accordance with Contractor's Pricing Form, the amount of \$2.3887 per square foot will be utilized to develop the increase in the Contract Price to account for the expanded scope of Facilities and Services required by the Authority. The Parties agree to negotiate in good faith to develop a mutually agreeable increase to the Contract Price if the number of Facilities is expanded.
- G. **Adjustment for Certain Changes.** If Contractor's costs increase due causes beyond Contractor's control, such as an increase in federal, state or local minimum wage rates, legally mandated health insurance, or an increase in employer contributions to social security or payroll taxes (including retroactive changes to such contributions), then Contractor shall give Authority written notice of such increase, and the Parties agree to negotiate in good faith any increase to the Contract Price for the next Contract year (i.e., the next year of the Initial Term or a Renewal Term). Following such mutual written agreement, the Contract Price for the next Contract year shall be adjusted automatically to reflect the full amount of such agreed upon increase in the Contract Price.

VI. SUPPLIES AND EQUIPMENT

- A. **Consumable Supplies.** The Contractor shall provide all consumable supplies and materials (e.g., paper towel, toilet paper, trash liners, soap, sanitary products, floor wax or other applications, tissue, air fresheners, salt/ice melt, athletic field supplies or related grounds supplies) which are necessary for the performance of the Custodial Services and Grounds Services (the "Consumable Supplies"). The Contractor shall be responsible to manage the inventory and shall submit to the Authority a monthly report detailing all consumption of Consumable Supplies (including type and quantity of each Consumable Supply for each Authority Facility). For "core" supplies, the Contractor may be required to only use products approved by the Authority Liaison. The Contractor shall continue the Authority's "green cleaning" initiatives. Prior to any such changes in supplies, the Contractor must receive approval in advance and in writing from the Authority Liaison. The Contractor will be required to keep an adequate inventory of Consumable Supplies at each Facility. The Contractor shall be responsible to procure any necessary fuel/oil for any mowers or snow blowers used to perform the Grounds Services.
- B. **Cleaning Supplies.** The Contractor shall provide all cleaning supplies and materials (e.g., mops, buckets, brooms, brushes, dusters, pads, chemicals and solutions) necessary for the performance of the Custodial Services (the "Cleaning Supplies"). The Contractor shall be responsible to manage the inventory and shall submit to the Authority a monthly report detailing all consumption of such Cleaning Supplies (including type and quantity of each Cleaning Supply for each Authority Facility). For "core" supplies, the Contractor may be required to only

use products approved by the Authority Liaison. The Contractor shall continue the Authority's "green cleaning" initiatives. Prior to any such changes in supplies, the Contractor must receive approval in advance and in writing from the Authority Liaison. The Contractor will be required to keep an adequate inventory of Cleaning Supplies at each Facility.

- C. **Facility Maintenance Supplies.** The Contractor shall be responsible for securing all facility maintenance supplies and parts (e.g., filters, belts, hoses, valves, fixtures etc.) necessary to perform the Facility Maintenance Services (collectively the "Maintenance Supplies") through the vendor(s) selected and approved by the Authority. The Authority will provide the Contractor with the name of the approved vendor(s) which may be utilized by the Contractor to secure the necessary supplies and parts. The Contractor will be responsible for ordering all necessary supplies and parts through the applicable approved vendor(s). The Authority will be responsible for the cost of such Maintenance Supplies and all such orders shall be titled in the name of the Authority (using the Authority's tax identification information) and such Maintenance Supplies shall be solely used to perform the Services. Invoicing and payment of these Facility Maintenance Services supplies and parts will be directly between the vendor and the Authority. Notwithstanding the foregoing, the Contractor will be responsible for the payment of any orders of excess or incorrect Maintenance Supplies placed by the Contractor, its employees or agents. The Contractor shall be responsible to manage the inventory and shall submit to the Authority a monthly report detailing all consumption of such Maintenance Supplies (including type and quantity of each Maintenance Supply for each Authority Facility). The Contractor may not order any Facility Maintenance Supplies in one order or lot that exceeds \$5,000 without the Authority Liaison's prior written approval.
- D. **Equipment.** The Contractor must provide all equipment and small hand tools necessary to perform the Services. The Contractor agrees to implement a computer/web-based work-order system for all Facilities which will be utilized for the work-order systems and communication regarding Facility needs and usage. Title to all equipment shall remain with the Contractor and all general and customary maintenance and repair for the equipment will be performed by Contractor at its sole cost and expense. The Contractor shall ensure that it maintains its computer/web-based work-order system in accordance with the Authority's technology system for security purposes.

Capital Investment. In consideration of the Authority's agreement to award this Contract to Contractor, Contractor shall make a capital investment in custodial, grounds, and maintenance equipment for the Authority in an amount up to Four Hundred Ninety Nine Thousand Five Hundred Eighty Three and 00/100 Dollars (\$499,583.00)(collectively, the "Capital Investment"). The Capital Investment shall be amortized on a straight-line basis over a six (6) year period, commencing upon the date the equipment is placed in service. Certain of the Capital Investment shall consist of equipment and supplies using Contractor's proprietary SpaceCare QL technology ("SpaceCare Investment"). All items purchased using the SpaceCare Investment shall remain the property of Contractor. Title to the

items purchased with the remaining portion of the Capital Investment shall remain in the Contractor until the Capital Investment is completely amortized, at which time title will transfer to the Authority. Upon expiration or earlier termination of this Contract by either party for any reason whatsoever prior to the complete amortization of the Capital Investment, excluding the SpaceCare Investment, the Authority shall have the right to elect to purchase the equipment that has not been fully amortized by reimbursing the Contractor for the total unamortized balance of the Capital Investment, excluding the SpaceCare Investment, as of the date of expiration or termination. If so elected, in the event such payments owing to Contractor are not paid to Contractor within thirty (30) days of the scheduled payment date, the Authority agrees to pay interest on such amounts at the Interest Rate from the scheduled payment date until the date paid. The right of Contractor to charge interest for late payment shall not be construed as a waiver of Contractor's right to receive timely payment.

- E. **Purchasing Issues.** Contractor shall manage all purchases of products, supplies, equipment and services utilized in the Services, which purchases shall be made through Authority's group purchasing agreements and/or through Contractor's purchasing program. To the extent that Contractor provides any products or supplies to the Authority for the Custodial Services or Grounds Services on a cost-reimbursable basis, Contractor is entitled to receive and retain all cash discounts and all other discounts, rebates and allowances otherwise available to Contractor under its arrangements with its distributors and suppliers. Authority is entitled to receive all purchasing discounts and rebates provided by Authority's group purchasing program based upon such program's arrangements with distributors and suppliers for the Maintenance Supplies.

VII. COMPLIANCE WITH LAWS AND AUTHORITY POLICIES

- A. **Compliance with Laws.** While performing the Services or while in or on the Facilities, the Contractor and its employees and agents shall comply with all applicable federal, state and local laws, rules, regulations and ordinances, including all licensing and permitting requirements applicable to providing the Services required under this Contract, including, but not limited to, pesticide applicator license, pool operator license, chauffeur's license, drivers' licenses, and boiler operator licenses etc. The Contractor, including all employees and agents, shall perform all Services in accordance with all applicable State and Local licensing laws including, but not limited to: the Electrical Administrative Act, PA 217 of 1956, as amended; the Forbes Mechanical Contractors Act, PA 192 of 1984, as amended; the State Plumbing Act, PA 733 of 2002; the Boiler Act, PA 290 of 1965, as amended; and the Elevator Safety Act, PA 227 of 1967. The Authority shall use its best efforts, as reasonably requested by the Contractor, to assist the Contractor to comply with any and all applicable federal, state or local laws, rules, regulations and ordinances. The Contractor represents and warrants to the Authority that it shall at all times be in compliance with any and all applicable federal, state and local laws, rules, ordinances, policies and regulations and licensing and permitting requirements applicable to providing the Services.

The Contractor shall indemnify, defend and hold the Authority harmless from any liability arising from Contractor's failure to so comply.

- B. Compliance with Authority Policies.** While performing the Services or while in or on the Facilities, the Contractor, its employees and agents shall be responsible for knowing and shall be subject to, and adhere to, all the rules, regulations, policies and procedures of the Authority. These include, but are not limited to, all policies concerning the use of the Facilities and appropriate behavior of persons in the Facilities, such as the prohibitions of sexual harassment or the use or possession of tobacco or alcohol.
- C. Fingerprinting and Criminal Background Checks.** The Contractor acknowledges and recognizes that all Contractor employees and agents must perform their duties while in a school environment involving students, parents or community members, and therefore, it is mandatory that every possible precaution be taken by the Contractor to ensure the Contractor's employees and agents are of high character, able work cooperatively with Authority employees and ensure the best possible educational environment for Authority students. Furthermore, all personnel, employees and agents of Contractor who will be on any Authority Facility or property regularly and continuously to carry out the Services contemplated by this Contract, shall be fingerprinted and subjected to criminal history and background checks through the Michigan State Police and Federal Bureau of Investigation, as detailed in Public Act 84 of 2006, as amended, prior to commencing any Services under this Contract by presenting themselves for proper fingerprinting and criminal backgrounds checks, as directed by the Authority or required by law, or provide written notification to the Authority that Contractor's employee(s) or agent(s) have previously completed fingerprinting and a criminal history and background check in connection with working for Contractor in another Michigan school district, intermediate school district, public school academy or nonpublic school (each an "Agency") and that employee or agents consents in writing to the sharing or transferring of the appropriate fingerprinting and criminal history background report from the other Agency. If Contractor wishes to receive a copy of any report, it shall have the employee provide written consent to the Authority acknowledging its consent to provide Contractor with a copy of the report. Additionally, unless notified it is not subject to Michigan Public Act 84 of 2006, as amended, the Contractor represents and warrants to the Authority that it will at all times during the Initial Term or any Renewal Term of this Contract be in compliance with the provisions of Michigan Public Act 84 of 2006, as amended, including, but not limited to, reporting to the Authority within three (3) business days of when it, or any of its agents, employees or representatives who will be on the Authority Facilities or property regularly and continuously to carry out the Services contemplated by this Contract, is/are charged with a crime listed in Section 1535a(1) or 1539b(1) of the Revised School Code, being MCL 380.1535a(1) and 380.1539b(1), or a substantially similar law, and to immediately report to the Authority if that person is subsequently convicted, pleads guilty or pleads no contest to that crime. The Contractor shall indemnify, defend and hold the Authority, its employees, Board

of Education, and each member thereof, in their official and individual capacities, agents and consultants, harmless from and against any and all claims, counter-claims, suits, debts, demands, actions, judgments, liens, liabilities, costs, expenses, including actual attorney's fees and actual expert witness fees, arising out of or in connection with any violation of, or the Contractor's failure to comply with, the requirements of Michigan Public Act 84 of 2006, as amended, or this paragraph. The Contractor shall be responsible for all costs and expenses associated with the above-required fingerprinting and background checks. The Contractor shall supply all necessary data and information, as requested by the Authority, to enable the Authority to properly submit Contractor and its employees and agents for inclusion in the State of Michigan Department of Education's list of "registered educational personnel."

- D. **OSHA Compliance.** All Services to be furnished by the Contractor and the Contractor's working conditions and employment practices shall comply with all applicable state and federal requirements, including, but not limited to, the Federal and State Occupational Safety and Health Acts. If the Authority or Contractor fined for any such violations, the Contractor shall be liable for all costs and expenses associated with responding to, or paying, any such non-compliance issues or fines.
- E. **Nondiscrimination in Employment.** The Contractor shall comply with all Federal and State laws pertaining to Equal Employment Opportunity and Affirmative Action requirements and all subsequent amendments thereto and applicable orders.
- F. **Prevailing Wage Issues.** It is the understanding of the Parties that the Services contemplated under this Contract are not subject to Michigan's Prevailing Wage Act (MCL 408.551 *et seq.*). If any Services are deemed to be subject to Michigan's Prevailing Wage Act, then the Parties agree to negotiate in good faith any required adjustments to the Contract Price as of the Effective Date, and to enter into a separate agreement regarding those services subject to Michigan's Prevailing Wage Act.

VIII. INSURANCE, INDEMNIFICATION, DAMAGE TO PROPERTY AND LIMITATION OF LIABILITY

- A. **Insurance Requirements.** The Contractor shall maintain the following insurance in force at all times during the Initial Term, and any Renewal Term(s), of the Contract, with an "A-" rated Best insurance carrier reasonably acceptable to the Authority. The Contractor shall not commence any Services under the Contract until the Contractor has obtained all insurances stated in these requirements, all insurances have been reviewed and approved by the Authority and the Certificates of Insurance have been provided to the Authority. Notice of cancellation of any insurance policies required herein shall be subject to ACORD 25 Certificate of Liability standards, and will be delivered, as applicable, in accordance with policy provisions. The Authority shall be named as additional insured for the minimum limits listed below and these coverages and limits are to be considered minimum requirements under this Contract and shall in no way limit the liability or

obligations of the Contractor under any other provision of this Contract, except as set forth in Section VIII.E. Any insurance coverage (additional insured or otherwise) that the Contractor provides for the Authority shall only cover insured liability assumed by Contractor in this Contract; such insurance coverage shall not otherwise cover liability arising solely out of the wrongful or negligent acts or omissions of the Authority.

<u>Policy Type</u>	<u>Minimum Limits</u>
Workers' Compensation	Statutory
Commercial General Liability*	
Bodily Injury	\$1,000,000 each person \$1,000,000 each occurrence
Property Damage	\$1,000,000 each occurrence
Commercial Automobile Liability	
Bodily Injury	\$1,000,000 each person \$1,000,000 each occurrence
Property Damage	\$1,000,000 each occurrence
Excess Umbrella Liability	\$5,000,000 each occurrence
Employer's Liability	\$1,000,000 each occurrence

*Note: Commercial General Liability to include blanket contractual liability coverage.

The Contractor shall not commence any Services under this Contract until it has secure the aforementioned insurance coverages and provided the Authority with the appropriate certificates of insurance evidencing the same.

- B. General Indemnification.** Except as provided for herein, each Party (the "Indemnifying Party") shall indemnify, defend and hold harmless the other Party, its Board of Directors, its Directors, in their official and individual capacities, its administrators, employees, agents, contractors, subsidiaries, affiliates, officers, successors and assignees, from and against any and all claims, counter claims, suits, debts, demands, actions, judgments, liens, costs, expenses, damages, and liabilities, including reasonable attorney's fees and reasonable expert witness fees arising out of or in connection with Indemnifying Party's performance of this Contract and/or from the Indemnifying Party's violation of any of the terms of the Contract, including, but not limited to: (i) the negligent acts or willful misconduct of the Indemnifying Party, its officers, directors, employees, successors, assignees, contractors, subcontractors and agents; (ii) any breach of the terms of this Contract by the Indemnifying Party, its officers, directors, employees, successors, assignees, contractors, subcontractors and agents; (iii) any violation or breach of any applicable Federal, State or local law, rule, regulation, ordinance, policy and/or licensing and permitting requirements applicable to this Contract; or (iv) any breach of any representation or warranty by the Indemnifying Party, its officers, directors, employees, successors, assignees, contractors and agents under

this Contract. The Indemnifying Party shall notify the other Party by certified mail, return receipt requested, immediately upon actual knowledge of any claim, suit, action, or proceeding for which the other Party may be entitled to indemnification under this Contract. The Parties acknowledge and agree that: (i) the foregoing is not intended to, and shall either, impair, divest, delegate, or contravene any constitutional, statutory, and/or other legal right, privilege or power of the Authority nor waive its defense of governmental immunity; and (ii) the extent of the Authority's obligation to provide indemnification under this Contract shall be limited to the Authority's extent permitted by law. This paragraph shall survive the expiration or earlier termination of this Contract.

C. Environmental Indemnification, Hazardous Substances and Pre-Existing Conditions.

1. Throughout the Initial Term, or any Renewal Term of this Contract, Contractor shall not permit itself or its agents or employees to use, generate, store or dispose of any Hazardous Substances in, on, under, upon or affecting any Authority property in violation of any applicable law or regulation. Without limiting any other provisions of this Contract, Contractor shall indemnify, defend and hold harmless the Authority, its Board of Directors, its Board Directors in their official and individual capacities, administrators, employees, agents, contractors, successors and assignees, from and against all liabilities, claims, notices of violation, administrative or governmental notices, losses, costs and expenses (specifically including, without limitation, reasonable attorneys', engineers', consultants' and experts' fees, costs and expenses) to the extent arising from Contractor's, its employees' or agents' noncompliance with this Contract or with any applicable environmental law or regulation. As used herein, the term "Hazardous Substances" shall mean (i) any hazardous or non-hazardous regulated waste, material or substance as defined by any federal, state and local environmental law, including, but not limited to, Federal Water Pollution Control Act (33 U.S.C. §§ 1251 et seq.) ("Clean Water Act"), the Resource Conservation & Recovery Act (42 U.S.C. § 6901 et seq.) ("RCRA"), Safe Drinking Water Act (42 U.S.C. § 300 et seq.), Toxic Substances Control Act (15 U.S.C. § 2601 et seq.), Clean Air Act (42 U.S.C. § 7401 et seq.), the Comprehensive Environmental Response, Compensation and Liability Act (42 U.S.C. §§ 9601 et seq.) ("CERCLA"), the Emergency Planning and Community Right to Know Act, 42 U.S.C. §§ 11001 et seq. ("EPCRA"), the Hazardous Materials Transportation Act (49 U.S.C. § 1801 et seq.), the Rivers and Harbors Act (33 U.S.C. § 407 et seq.), the Oil Pollution Act of 1990 (33 U.S.C. § 2701 et seq.), the Michigan Natural Resources and Environmental Protection Act (MCL § 324.101 et seq.) the administrative rules and regulations promulgated under such statutes, or any other similar federal, state or local law or administrative rule or regulation of similar effect, each as amended and as in effect and as adopted as of the date of execution of this Contract, (ii) any other pollutant, contaminant, hazardous

substance, asbestos, lead, mold, fungi, mildew, solid waste, hazardous material, radioactive substance, toxic substance, noxious substance, hazardous waste, particulate matter, airborne or otherwise, chemical waste, medical waste, crude oil or any fraction thereof, radioactive waste, petroleum or petroleum-derived substance or waste, asbestos, PCBs, radon gas, all forms of natural gas, or any hazardous or toxic constituent of any of the foregoing, whether such substance is in liquid, solid or gaseous form, or (iii) any such substance the release, discharge or spill of which requires activity to achieve compliance with applicable law. This paragraph shall survive the expiration or earlier termination of this Contract. It is understood by the Parties that the above definition of "Hazardous Substances" is intended by the Parties to be amended as the above-referenced or applicable laws are amended or enacted, such that the law at the time of any occurrence applies to that occurrence.

2. Notwithstanding anything to the contrary in this Contract, except where Contractor uses, generates, stores or disposes of any Hazardous Substances in violation of Section VIII.C.1., Contractor shall have no duty to investigate, detect, prevent, handle, encapsulate, remove, or dispose of, and will have no responsibility to Authority or others for any exposure of persons or property to any Hazardous Substances at Authority's Facilities or their surrounding premises; and such duties have not been included in the Contract Price. Notwithstanding the foregoing, each Party shall promptly notify the other Party in writing if it becomes aware of the existence, release or disturbance of any Hazardous Substances at the Authority's Facilities. Contractor acknowledges that it is aware of and will be solely responsible for training and supervising its employees with respect to Hazardous Substances, and that it is Contractor's sole responsibility to review with its employees, prior to the start of work, the asbestos management plans (as updated) for the Authority's Facilities to ensure that its employees do not disturb any actual or suspect asbestos. The Authority agrees to provide copies of its asbestos management plans and to promptly provide any updates thereto as they may be updated from time to time. The Authority and Contractor will comply with all applicable federal, state, and local laws and regulations, which have been or will be enacted during the Initial Term or Renewal Term(s), if any, of this Contract, regarding such Hazardous Substances on the Facilities' premises to the extent applicable. Contractor employees will not be required to work in any location where it is known they will be exposed to Hazardous Substances. Each Party is obligated to notify the other to the extent it has knowledge of such situation and Contractor shall then remove its employee from exposure risk. Working in a location where non-friable asbestos or non-friable suspect asbestos is present does not constitute exposure. The Contractor has advised the Authority that it does not provide or assume any responsibility to monitor or remediate Hazardous Substances or any similar conditions, and that all determinations and corrective actions regarding Hazardous Substances and any similar

conditions shall be made by Authority or a third party retained by Authority. Notwithstanding, this provision is not intended to interfere with the Contractor's obligation to notify pursuant to Section VIII.C.2 of this Contract. In no case will any Contractor employee act in the capacity of a "Designated Person" (within the meaning of the Asbestos Hazard Emergency Response Act ("AHERA")), which duties remain solely with the Authority.

3. Notwithstanding anything to the contrary contained in this Contract, neither Contractor nor any of its affiliates will be responsible for any conditions that existed in, on, or upon the Facilities or the Authority's equipment or systems before the Effective Date of this Contract (the "Pre-Existing Conditions"), including, without limitation, environmental impairments, and other conditions.

D. Repairs to Property Damage. Damage to any Authority Facilities or properties caused by the Contractor, its agents or employees shall be repaired so that Facilities or properties are in as good condition as before entering into the Contract. All repairs shall be accomplished at no cost to the Authority.

E. Limitation of Liability. Except as set forth in Sections VIII.B and VIII.C. above, the Contractor's liability under this Contract shall not under any circumstances exceed the greater of the Contractor's total fees paid by the Authority under this Contract or the actual proceeds of insurance for the applicable claim (including the deductible portion). Notwithstanding anything contained in this Contract to the contrary, in no event will either Party be liable to the other Party for any loss of business, business interruption, consequential, special, indirect or punitive damages.

IX. FACILITIES ISSUES

A. Facility Security. Exterior doors and gates are to be unlocked and locked at the times specified by the Authority Liaison. Contractor is responsible, to the extent set forth in this paragraph, for the security of each Facility during the cleaning and maintenance operations. Contractor shall secure each Facility at the end of each shift and set the alarm (secure all doors, turn off all but designated lights, turn off ceiling fans, and close all windows, secure equipment rooms and storage buildings). Office, classroom, storage buildings and other doors are to be unlocked or opened only during the time that cleaning is actually being done or those are in use by Contractor and all are to be re-locked as soon as the Services have been completed. For the safety of students and the public at large, storage buildings, maintenance equipment rooms and custodial closet doors are to be kept shut and locked when not in use. The Authority shall provide Contractor with alarm codes for each Facility. A set of security codes for all Facilities shall be issued to the Contractor Manager. Alarm codes must not be traded between or shared among Contractor employees and agents, except as required to be shared between Contractor's supervisors assigned to perform Services at the Facilities. Previously assigned alarm codes must not be forwarded by Contractor to new employees. Notification to the Authority Liaison shall be immediate with the

reassignment or termination of any individual who has been assigned an alarm code. The Contractor shall respond to any night calls.

- B. Keys and Key Fobs/Cards.** Keys and key fobs/cards to the Facilities will be supplied by the Authority to the Contractor Manager in the appropriate quantities so that the Contractor Manager and Contractor's supervisors have the necessary keys and key fobs/cards. All keys will be issued to, and must be signed out by, the Contractor's Manager. The Authority will provide the Contractor Manager with appropriate keys for all Facilities. At no time shall Contractor or its employees or agents make copies of any keys or key fobs/cards issued by the Authority; if additional keys or key fobs/cards are needed, the Contractor Manager must submit a request to the Authority Liaison. There will be a \$50.00 charge for the replacement of any lost or stolen key or key fob/card and a \$25.00 charge to re-issue entrance keys to a new Contractor Manager. The Authority reserves the right to inventory the keys and key fobs/cards issued to Contractor at any time. All lost keys assigned to Contractor or to any of Contractor's employees or agents, (whether interior or exterior keys), must be reported, via the Authority's lost key report form, to the Authority Liaison within 24 hours of discovery of the loss. If the Authority must re-key any locks due to Contractor's breach of this provision, the cost will be deducted from the monthly payment. Contractor is prohibited from lending Authority keys or key fobs/cards to anyone. Contractor and its employees and agents are also prohibited from leaving key rings/fobs in janitor closets or from lying on carts or equipment, or otherwise out of their possession. All keys assigned to Contractor Manager and/or Contractor employees or agents shall be returned to the Authority Liaison when his/her services in the assigned Facility end. All keys shall be returned to the Authority Liaison at the expiration or earlier termination of this Contract. Keys and key fobs/cards shall not be traded between Contractor employees or agents, nor forwarded to new employees; instead, the keys must be returned to the Authority Liaison to be re-issued to the Contractor.
- C. Quality Control Inspections.** The Contractor Manager, the Authority Liaison and other personnel as deemed appropriate by the Authority Liaison will perform periodic inspections of each Facility to: (1) ensure tasks are completed according to the cleaning frequency requirements, maintenance and repair requirements and all grounds are appropriately groomed and maintained, (2) ensure that the quality of the Services are satisfactory, and (3) to ensure Contractor's compliance with other terms of this Contract. These inspections will be conducted at least 12 times a year in each Facility, however, the Authority's Superintendent, the Authority Liaison and/or the respective Facility administrator may also periodically inspect the Facilities, which deficiencies and all unsatisfactory performance will be reported to the Contractor Manager by the Authority Liaison. In addition, an inspection of all Facilities will be conducted prior to each school year. An inspection may also be conducted in conjunction with the Authority's insurance carrier during the term of this Contract. These requirements are not intended to limit Contractor's responsibility to inspect or control its own work, nor does it limit the Authority's right to inspect any Facility at any time. The Contractor

Manager will use the required inspection forms or pre-printed forms provided to Contractor by the Authority or forms mutually agreed upon between the Authority and Contractor. Upon completion of each inspection, Contractor will provide a copy of the inspection form to the Authority Liaison present during the inspection before leaving the Facility. Contractor will be granted a reasonable time to correct the deficiencies. Where it is necessary, in the Authority Liaison's opinion, to correct unsatisfactory performance to conduct activities and events in a clean and safe environment, the Authority shall give written notice to Contractor and Contractor shall have two (2) days to correct any unsatisfactory performance, and if not corrected by Contractor, all reasonable costs incurred by the Authority to correct the deficiencies will be deducted from the monthly Contract Price invoice payment to Contractor.

- D. **Manufacturer's Recommendations.** Contractor shall ensure that all applicable supplies, materials and equipment manufacturers' recommendations on cleaning and maintenance are followed. Some examples include wood floor care in gyms, new furniture cleaning, pool equipment repair and equipment maintenance, etc.
- E. **Energy Conservation.** Contractor shall make reasonable efforts to conserve energy whenever possible as Contractor is performing the Services. Only areas in use shall have lights on and doors and windows shall remain closed whenever the heating or cooling systems are operating. The Contractor shall not adjust or otherwise modify any Authority energy/utility systems and shall ensure its employees and agents comply with the Authority energy policies or directives.
- F. **Hazardous Substances – Pesticide Application.** The Authority, pursuant to the Natural Resources and Environmental Protection Act, Michigan Public Act 451 of 1994, is subject to strict regulations relative to the application of any pesticides, herbicides or fertilizers on Authority property, and persons are prohibited from doing so unless there is strict compliance with certain provisions of the PA 451 of 1994, as amended. The Contractor shall not spray, permit the spraying of, or use any pesticides, herbicides or fertilizers in, on or around Authority property without the prior written consent of the Authority Liaison.
- G. **School Closings.** Contractor is required to work on all "calamity days" and certain activities and events may still take place (e.g., athletic events). A "calamity day" is understood to be, for example, a snow day or other day in which classes may be cancelled but the Facilities are still operational. In addition to snow removal around Facility entrances, Contractor must perform those other tasks as are necessary to ensure each Facility is cleaned and prepared for the events and activities taking place and for next school day.
- H. **Renovations to Facilities.** During times of any construction, the Authority Liaison may request Contractor to re-assign the work normally performed in the areas affected by such construction/renovation.
- I. **Asbestos/Lead.** Like many older schools, the Authority's Facilities include some asbestos containing building materials. Some of the most common locations include old floor tile, old HVAC pipe wrap, plaster, some old ceiling tile, and some old glue holding chalkboards to classroom walls. Each Facility has, and the

Authority Liaison has, a copy of the Authority's asbestos management plan for each school. These are available for public inspection. The Contractor acknowledges that unless material within the Facilities (e.g., floor, walls, ceiling, pipe wrap) has been tested and is found to be not asbestos containing as disclosed in an asbestos management plan, the Contractor must treat that material as if it contains asbestos. The Contractor's employees will not be required to work in any location where they will be exposed to friable asbestos or friable suspect asbestos. All of the Contractor's employees assigned to the Authority should familiarize themselves with the various sources of asbestos in the Facilities to which they are assigned. Some of the asbestos management restrictions are as follows:

1. Determine whether something contains asbestos by reviewing the management plan prior to any activity that would scrape, sand, or otherwise disturb that material.
2. Do not remove or otherwise disturb asbestos wrapped pipes
3. Do not grind or remove asbestos containing floor tile.
4. Do not disturb asbestos containing ceiling tile.
5. Do not remove chalkboards without the Authority's Designee's pre-approval, for some of these have asbestos glue.
6. Do not disturb any other known or suspect asbestos.

X. RECORD KEEPING AND SAFETY ISSUES

- A. Material Safety Data Sheets.** In accordance with applicable laws, before bringing any new chemicals onto a Facility, the Contractor must provide one copy of the Material Safety Data Sheets ("MSDS") to the Authority Liaison. The Contractor must maintain a complete and up-to-date inventory of MSDS for all chemicals used in each Facility. This inventory must be stored in two duplicate notebooks labeled "MSDS," one stored in the principal's office and one stored in the appropriate custodial or maintenance office area(s). In addition, a master MSDS notebook with a section for each Facility in the Authority must be provided to and kept current for the Authority's Operations Department office. The MSDS notebook must also include Michigan's Right-To-Know procedures.
- B. Injuries to Contractor Personnel.** The Contractor shall be responsible and liable for the safety, injury and health of its personnel while its employees and agents are performing the Services for the Authority, except to the extent caused by the gross negligence of the Authority or its employees.
- C. Procedures.** The Contractor should maintain, in each Facility, a Procedures Manual specific for that Facility which may include the following:
 1. Emergency and safety procedures.
 2. Contractor's standard policies and procedures.
 3. List of Contractor personnel assigned to the Facility.
- D. Other Record Keeping.** The Contractor shall report, in writing, any damage that occurs as a result of one or more of the Contractor's employees or agents. The Contractor shall inform the applicable Facility Administrator and the Authority

Liaison of any vandalism, evidence of attempts to force entry, and all other damages to persons or property at any Facility. The Contractor's employees and agents shall report, in writing, any items that require maintenance or repair that are discovered during the Initial Term or any Renewal Term(s) of the Contract.

E. Contractor Personnel Expectations. All of Contractor's employees and agents are to present themselves in an appropriate manner and attire consistent with the terms and conditions of this Contract. The Contractor must have safety procedures in place for its employees and agents while performing the Services. For example, it is anticipated that such procedures would address the following:

1. Prohibit custodial closets, mechanical rooms or maintenance facilities to stand open and unattended.
2. Prohibit Contractor employees or agents from congregating or having food/drink in unauthorized areas.
3. Prohibit Contractor employees or agents from copying, distributing or loaning any key or key fob/card to Authority Facilities.
4. Prohibit Contractor employees or agents from disturbing papers on desks, opening drawers or cabinets, using telephones or computers or tampering with personal property owned by the Authority or its employees, students or occupants.
5. Prohibit custodial products and/or equipment/supplies from remaining unattended.
6. Prohibit leaving custodial carts unattended in corridors for more than a few minutes (for safety, security, and aesthetic reasons).
7. Prohibit leaving any vehicle or machine/equipment unattended that is not properly disabled/secured.
8. Prohibit leaving lights on or doors open in unattended sections.
9. Prohibit the playing of radios, or other similar devices, at a volume that is audible in other areas of a Facility.
10. Prohibit the use any Authority or Contractor equipment that is not required to perform duties or Services.
11. Prohibit the transport of any Authority-owned equipment or supplies to another Authority Facility without the prior express written permission of the Authority Liaison.
12. Prohibit visitors, spouses or children of the Contractor's employees or agents in any Facilities during working hours unless they are bona fide employees of the Contractor, they receive prior approval from the Authority Liaison or are bona fide students of the Authority or parents thereof.

F. Uniforms and ID Badges. For safety reasons, at all times while performing the Services, all Contractor employees and agents are required to wear attire/uniforms that are agreed upon by Contractor and Authority in writing. Uniforms shall be provided by Contractor or its employees or agents at no cost to the Authority. Furthermore, at all times while on or in the Facilities to perform the Services, all Contractor employees shall wear a Contractor-issued identification badge which must be approved by the Authority in writing. All identification badges must

include a picture and name of the individual, be worn above the waist, and be clearly visible at all times for safety purposes.

- G. Training Requirements.** All Contractor employees and agents performing any Services shall be properly trained in the duties and functions they are performing to ensure they are performed in accordance with the terms and conditions of this Contract and will applicable laws. The Contractor shall also provide orientation/training on all Authority protocol, policies and procedures. The Contractor must show proof that it has provided blood-borne pathogen training and sexual harassment prevention training to its employees and agents as required by applicable codes and laws.
- H. Communication.** Effective communication between the Contractor and the Authority is necessary for effective delivery of the Services across all Facilities. Accordingly, it will be necessary for the Contractor Manager to maintain regular and open communication with the Authority Liaison, Authority administration, as well as the respective Facility administrators. Furthermore, it is expected that at times, it may be necessary for respective Facility administrators to communicate emergency work orders/tasks to other Contractor employees or agents in order to maintain safety and operational functions of the Facility. The Authority will require a cell phone system, a radio system, or other acceptable communication system to be in place to contact personnel at all Authority Facilities. For example, the Contractor may provide one cell phone for each Facility that is rotated between shifts that that any necessary communications may be easily facilitated.
1. **Emergency Contacts.** The Contractor will be responsible to provide the Authority Liaison with an emergency contact person and cellular telephone number for each Facility.
 2. **Communication Logs.** A daily log shall be maintained at each Facility office where authorized staff may enter suggestions or complaints on areas of Services. The Contractor will write the corrective action taken and sign the log book daily. If approved by the Authority Liaison in writing, the Contractor's employees may use e-mail or other electronic system to fulfill this requirement.
 3. **Call Center.** The Contractor shall staff and maintain a "call center" which shall be available and utilized by the Facilities and Authority to contact and/or notify the Contractor regarding Facilities issues and problems.

XI. RELATIONSHIP OF THE PARTIES

- A. Independent Contractor.** It is expressly agreed between Contractor and the Authority that Contractor will act as an independent contractor in the performance of all Services under the Contract and under no circumstances shall any of the employees of one Party be deemed the employees of the other Party for any purpose. Accordingly, Contractor shall meet all of its obligations and responsibilities for payment of all taxes including Federal, State and Local taxes arising out of Contractor's Services in accordance with the Contract, including by

way of illustration but not limitation, Federal and State income tax, FICA, FUTA, Social Security tax, Unemployment Insurance taxes, Workers' Compensation Insurance and any other taxes or business license fees as required and Contractor will indemnify, defend and hold the Authority harmless for the payment of such sums, interest, penalties, or cost of collection of same, including reasonable attorney fees. The Contract shall not be construed as authority for either Party to act for the other Party in any agency or other capacity or to make commitments of any kind for the account of, or on behalf of, the other Party, except to the extent, and for the purposes, expressly provided for and set forth herein, and no partnership or joint venture is created hereby. Nothing in this Contract shall be construed to interfere with or otherwise affect the rendering of Services by Contractor in accordance with its independent and professional judgment. The Contract shall be subject to Contractor's performance of the Services substantially in accordance with generally accepted practices and principals. No tenure or other rights/benefits typically arising out of an employee-employer relationship shall arise out of this Contract on behalf of Contractor, its employees or agents.

XII. AUTHORITY LIAISON AND NOTICES

- A. Authority Liaison.** For purposes of this Contract, the Authority Liaison shall be the Deputy Chancellor Business and Fiscal Affairs and Operations; provided, however, the Authority may at any time designate another individual to serve in this capacity upon written notice to the Contractor Manager.
- B. Notices.** Unless otherwise provided in this Contract, all notices, requests, demands and other communications shall be in writing and are effective three (3) days after deposit in the U.S. mail, certified and postage paid, or upon receipt if personally delivered or sent by next-business-day delivery via a nationally recognized overnight courier to the addresses set forth below. The Authority or the Contractor may from time to time designate any other address for this purpose by providing written notice to the other Party.
- To the Authority.** All required notices to the Authority shall be delivered to the Chancellor, Education Achievement Authority of Michigan, 3022 West Grand Boulevard, Suite 14-652, Detroit, Michigan 48202, with a copy to Jeremy S. Motz, Esq., Clark Hill PLC, 151 S. Old Woodward Avenue, Birmingham, Michigan 48009.
 - To the Contractor.** All required notices to the Contractor shall be delivered to: ARAMARK Management Services Limited Partnership, Attn: Vice President and Chief Financial Officer, ARAMARK Education (K-12), ARAMARK Tower, 1101 Market Street, Philadelphia, Pennsylvania 19107-2988, with copy to: ARAMARK Management Services Limited Partnership, Attn: Vice President and Associate General Counsel, ARAMARK Education (K-12), ARAMARK Tower, 1101 Market Street, Philadelphia, Pennsylvania 19107-2988

XIII. DEDUCTIONS AND INCENTIVES

- A. **Temporary Closures.** If one or more Facilities are closed for more than three (3) consecutive days for “calamities,” Facility renovations, and/or a problem with a Facility, the Authority Liaison may request that Services be temporarily suspended in the applicable Facility(s). If this occurs, the Authority’s invoice for that month will be reduced by the aggregate amount of the Contractor’s hourly wage rates at the applicable Facility(ies) for the applicable day(s) that Services were cancelled, provided that the Contractor’s employees at such Facility(ies) were not deployed elsewhere in the Facilities and/or were not on vacation. If any such service reductions can be reasonably anticipated by the Authority, the Authority Liaison will provide as much lead time to the Contractor Manager as possible.
- B. **Fines for OSH/MIOSHA Violations.** If the Authority is assessed any fines for OSHA/MIOSHA violations arising out of these Services and attributable to the Contractor, the Contractor shall reimburse the Authority for these fines by commensurately reducing the charges on the next Contract Price invoice.

XIV. ACCOUNTABILITY

In order to ensure that the Services are provided in accordance with the Contract Documents and in a manner which both enhances both the interior and exterior of all Facilities and contributes to a positive learning environment for the Authority’s students, in addition to the regular inspections and audits of the Services to be performed by the Authority, the Contractor acknowledges and agrees that it shall:

- A. Provide and maintain appropriate levels of customer service for all students, staff and parents of the Facilities.
- B. Provide and maintain a **clean** environment within each Facility.
- C. Provide and maintain a program for routine and preventative maintenance within all Facilities.
- D. Identify and process all work orders in an effective and efficient turn-around timeframe (with health, safety, welfare issues having highest priority).
- E. Cooperatively work with the Authority’s administration, principals and staff and provide all reasonably requested data, information and reports relative to the Services and make such data, information and reports available via a “data dashboard.”
- F. Utilize industry standards for the Services as a learning tool for students in establishing the standards that these students should set for their every-day lives.

Furthermore, in addition to the Quality Control Inspections under Section IX.C., the Parties’ representatives will meet on a regular basis, at least once per quarter, to review and discuss any ongoing operational matters relevant to the Services under this Contract (the “Joint Review Meetings”). As part of these Joint Review Meetings, the Contractor agrees to provide all reasonably requested data and reports relative to the Services including, without limitation, a breakdown of labor, equipment, supplies and any other costs.

XV. MISCELLANEOUS

- A. Governing Law.** The Contract shall be governed by and construed in accordance with the laws of the State of Michigan. The parties hereby agree to the exclusive jurisdiction and venue of courts sitting in Wayne County, Michigan.
- B. Taxes.** Contractor is responsible for sales taxes and any other applicable taxes related to the Services provided under the Contract.
- C. No Assignment or Sub-Contracting.** Neither the Authority nor the Contractor shall assign or subcontract this Contract without the prior written consent of the other Party, which consent shall not be unreasonably withheld; provided, however, that either Party may assign this Contract to an Affiliate without the consent of the other Party. For purposes of this Contract, "Affiliate" shall mean an entity which controls, is controlled by or is under common control with the assigning Party or its ultimate parent entity.
- D. No Waiver.** No waiver of any term or condition of this Contract shall be valid or binding on either Party unless the same shall have been mutually assented to in writing by both Parties. The failure of either Party to enforce at any time any of the provisions of this Contract, or the failure to require at any time performance by the other Party of any of the provisions of this Contract, shall in no way be construed to be a present or future waiver of such provisions, nor in any way affect the validity of either Party to enforce each and every such provision thereafter.
- E. Severability.** In the event any provision(s) of this Contract shall be illegal or invalid for any reason, said provision(s) shall be deemed to be fully severable without affecting the remaining provisions of this Contract and this Contract shall be construed and enforced as if said illegal or invalid provision(s) had never been inserted herein.
- F. Counterparts.** This Contract may be executed in two or more counterparts, each of which shall be deemed an original and all of which together shall constitute one instrument.
- G. Entire Agreement.** This instrument contains the entire Contract entered into between the Parties hereto, its terms may not be modified except in writing signed by the Contractor and the Authority. This Contract supersedes and takes the place of all prior contracts, and/or understandings, whether written or oral between the Authority and the Contractor.
- H. Non-Appropriation of Funds.** The Authority represents (1) that it has adequate funds to meet its obligations under this Contract during the 2012-2013 fiscal year, (2) that it intends to maintain this Contract from the full period set forth herein and has no reason to believe that it will not have sufficient funds to enable it to make all payments due hereunder during such period, and (3) that it will use its best effort to obtain the appropriations and that the availability of funds is contingent upon varied sources. If the Authority determines, in its sole and absolute discretion, that it lacks adequate funds to pay part or all of the payments for the Services described in this Contract, the Authority's obligation under this

Contract will terminate as of the date that the funding expires without further obligation to the Contractor.

- I. **Force Majeure.** In the event Contractor is unable to provide Services herein specified because of any act of God (excluding inclement weather), civil disturbance, fire, flood, riot, war, picketing, strike, lockout, labor dispute, oil or fuel shortage or embargo, governmental action or any condition or cause beyond the Contractor's control, the Authority shall excuse the Contractor from performance under this Contract. A change in market condition does not constitute force majeure. The Authority shall have the right to take over the Services if the Contractor is prevented from operating for the reasons described above, and may provide such Services with school employees or other persons, as the Authority may deem appropriate until Contractor is able to resume its regular operations and the Authority shall receive a credit from Contractor for the days the Contractor failed to provide such Services on a pro-rata basis. Notwithstanding the foregoing, in the event of a strike, the Contractor shall procure replacement personnel necessary to perform the Services. If the Contractor does not procure such replacement personnel, the Authority may procure the same and deduct the associated costs and expenses from any amounts owed to the Contractor, or terminate the Contract.
- J. **Insolvency.** In the event that Contractor becomes insolvent or seeks the protection of the U.S. Bankruptcy Court, then the Authority, at its option, may immediately terminate this Contract.
- K. **Advertising.** The Contractor shall not use this Contract as part of any commercial advertising without the prior written consent of the Authority.
- L. **No Conflicts, Undue or Improper Influence or Inducement.** The Contractor represents and warrants that it has disclosed in writing any existing conflicts of interest involving the Authority, and that it will disclose in writing to the Authority any conflicts that may arise during the Initial Term or any Renewal Term(s) of this Contract. Contractor further represents and warrants that it has not and will not offer the Authority or any of the Authorities employees any unlawful inducement, prohibited benefit or improper incentive to enter into this or any other agreement with the Authority.
- M. **No Debarment, Pending Governmental Action or Record of Violations.** The Contractor represents and warrants that it has not been debarred by either the Federal, State or local governmental unit from providing services, nor is it currently the subject of any debarment or similar proceeding. Furthermore, Contractor warrants that it has no written record of violation of any Federal, State or local government's procurement, contracting or ethics rules.
- N. **Confidential Information and Proprietary Materials.** All financial, statistical, operating and personnel materials and information, including, but not limited to, technical manuals, plans, policy and procedure manuals and computer programs relative to or utilized in Contractor's business or the business of any subsidiary or affiliate of Contractor, shall be the property of Contractor and shall be confidential. Authority shall keep such information confidential and shall so

instruct its agents, employees, and independent contractors, and the use of such information by Authority in any manner shall not affect Contractor's ownership or the confidential nature of such information. Authority shall not photocopy or otherwise duplicate any such materials without the prior written consent of Contractor. Authority agrees that all computer software programs, signage and marketing, educational and promotional literature and material (collectively referred to as "Proprietary Materials"), used by Contractor on the Facilities in connection with the Services provided by Contractor under this Contract shall remain the property of Contractor. Upon termination of this Agreement, all use of trademarks, service marks and logos owned by Contractor or licensed to Contractor by third parties shall be discontinued by Authority, and Authority shall immediately return to Contractor all Proprietary Materials. Notwithstanding the foregoing, if in connection with the Services the Contractor assists the Authority in the development of specific policies and procedures and protocol for the operation of the Facilities, such policies and procedures and protocol shall be the property of the Authority and the Authority's continued use of the same shall not be in violation of this Contract.

WHEREAS, the Parties have executed this Custodial, Grounds and Facility Maintenance Services Contract as of the Effective Date.

**EDUCATION ACHIEVEMENT
AUTHORITY OF MICHIGAN**

By: _____

Its: _____

Date: _____

**ARAMARK MANAGEMENT SERVICES
LIMITED PARTNERSHIP**

By: ARAMARK SMMS LLC

Its: General Partner

By:  _____
Brian Pressler

Its: Vice President and CFO

Date: June 29, 2012

ATTACHMENT A

List of Authority Facilities

Facilities subject to the Services:

1. Central High School
2. Denby High School
3. Ford High School
4. Mumford High School
5. Pershing High School
6. Southeastern High School
7. Bethune Elementary/Middle School
8. Burns Elementary/Middle School
9. Law Elementary/Middle School
10. Murphy Elementary/Middle School
11. Nolan Elementary/Middle School
12. Phoenix Academy
13. Brenda Scott Elementary/Middle School
14. Stewart Elementary/Middle School
15. Trix Elementary/Middle School

The Parties understand and agree that this list of schools subject to the Services may be updated in accordance with the Contract as the Authority expands its educational operations.

ATTACHMENT B

Custodial Services

In addition to this Attachment B, the scope and frequency of cleaning and minor maintenance and grounds duties and tasks expected of the Contractor for the Custodial Services is set forth in this Contract and the detailed protocol set forth in Section 9.A. of Contractor's Proposal (to the extent such protocol is not in conflict with the rest of this Contract). These attachments are not intended to specify the manner in which the tasks must be performed, but rather to demonstrate the minimum expectations of the Authority so that the Facilities are cleaned and maintained as necessary for the Authority's educational mission, operations and expectations. In addition to these expectations, the Contractor shall perform the following duties as part of the Custodial Services:

See Attachment H

ATTACHMENT C

Grounds Services

The scope and frequency of grounds maintenance duties and tasks expected of the Contractor for the Grounds Services is set forth in this Attachment C, and Section 9.C. of Contractor's Proposal (to the extent such protocol is not in conflict with the rest of this Contract). These attachments are not intended to specify the manner in which the tasks must be performed, but rather to demonstrate the minimum expectations of the Authority so that the Facilities are maintained as necessary for the Authority's educational mission, operations and expectations. In addition to these expectations, the Contractor shall perform the following duties as part of the Grounds Services:

1. Responsibility to maintain and service the Facilities.
2. Perform all aspects of the Grounds Services utilizing licensed or skilled tradespersons as required by law, and operate all Equipment in accordance with all applicable laws, as well as in a manner which promotes safety.
3. All Authority Facilities are to be mowed and trimmed to maintain a professional, neat and uniform appearance. Facilities shall be trimmed every time they are mowed and at the same time they are mowed. Minor tree trimming and minor shrub/brush clean-up is also required.
4. Mowing must be available at all times between April 1st and November 30th.
5. Mowing frequency shall occur at least once every seven (7) days at each Facility between April 1 and November 30, such that the grass cutting or clippings are not of sufficient quantity to detract from the overall site appearance. Under no circumstances shall the Contractor dump clippings or other lawn debris on Authority property. If the time between mowing must be extended for any reason, thereby causing an excessive amount of clippings on the lawn, the clippings shall be eliminated by whatever means are available to the Contractor and at no expense to the Authority.
6. All litter such as paper, cans, bottles, etc. must be picked up and disposed of prior to mowing. All trash containers shall be emptied regularly and disposed of legally or deposited in the Authority's dumpster at the Facility.
7. All grass termination at various paving and concrete details shall be maintained to keep grass overgrowth off sidewalks and out of bedded areas. Trimming shall be done in all areas that are inaccessible to mowing equipment. This includes fence lines, back stops, play areas, playground equipment, under fixed bleachers, next to buildings where established plantings are not present, curb lines, cracks in hard play surfaces, and around all other obstacles to provide a neat and even appearance to the entire Facility shall be done simultaneously with each mowing. Additionally, vertical edging to remove grass overgrowth around lawn perimeters, sidewalks and bedded areas shall be done twice per month between April 15 and June 15, and once per month between June 15 and November 30. Trimmers shall be used to maintain a crisp and neat appearance. Care shall be used when trimming around trees and posts to prevent damage to these items and as to not "girdle" said trees/posts with clippings.
8. Mowing shall be coordinated to prevent the depositing of clippings/mowing debris into planters, flowerbeds, or into base mounted equipment such as A/C condensers. Any

clippings or debris blown into these areas shall be removed immediately by the Contractor at no additional charge.

9. Leaves are to be cleaned out of landscape beds and from lawn areas at least once between April 1 and April 30, and once again between October 15 and November 15. A final clean up shall take place in mid-late November after a majority of leaves have fallen from the trees.
10. For those Facilities and respective athletic fields which are equipped with automatic irrigation systems which are in good working condition as of the Effective Date or are put into good working condition by the Authority (collectively the "Irrigation System"), the Contractor shall monitor sprinkler times and is responsible to coordinate mowing schedules. The Contractor is responsible to notify the Authority of any sprinkler malfunction or maintenance problem. The Contractor shall maintain and be responsible for minor repairs to the Irrigation System.
11. The spreading of additional red clay or slag on ball fields shall be done as requested by the Authority or necessary to maintain the fields.
12. Applying approved athletic field paint to line ball fields, natural turf fields and synthetic turf fields (however only line synthetic turf fields for designated events) as necessary in accordance with the Authority's athletic schedule.
13. Spreading mulch one time per year in designated areas as requested by the Authority.
14. Weed flower beds as necessary to maintain weed free environment and apply a pre-emergent weed killer in flowers beds in Spring.
15. Minor tree and shrub trimming to maintain neat appearance.
16. Mowing of natural turf athletic fields as necessary to provide proper turf height for all athletic events. Contractor shall utilize "mulching" mowers so that grass clippings are not deposited or left of fields in clumps. If clumps of clippings occur, the Contractor shall remove or alleviate said clumps.
17. Maintenance of artificial turf fields, if any, as requested by Authority or necessary to maintain operational function.
18. Cleaning all stadiums promptly after all homes games/contests. This is especially important when rentals of the same are scheduled.
19. Install and remove the wind screens around the tennis courts annually.
20. Over-seeding and aeration of athletic fields.
21. Application of pesticides and herbicides to maintain satisfactory appearance of all lawns. Such application shall be done in accordance with all laws. The Contractor shall give the Authority written notice at least two (2) weeks prior to any such application.
22. Inspections of all playground equipment.
23. The Contractor will be responsible for clearing snow and ice in all parking lots and related drives all designated Authority Facilities. The Contractor shall be responsible for ALL parking lot, driveways, walkways and Facility entrances areas. The Contractor shall be responsible for application of salt/ice melt to the walks, stairs, pathways, sidewalks and areas adjacent to the Facilities, as well as the parking lots. Additionally, the Contractor shall be

responsible for removing snow and applying salt/ice melt to paved areas and sidewalks/walkways around all athletic fields as requested by the Authority.

24. The Contractor shall ensure that all designated areas shall be completely plowed and cleared of snow/ice. All surfaces, including parking lots, driveways, etc. must be cleared of snow and have salt applied at least two (2) hours prior to the listed start time for the Facility. The Contractor shall ensure all play pads are cleared of snow within forty-eight (48) hours, but no salt/ice-melt shall be applied to play pads.
25. When snow continues to fall after the snow has been initially plowed/removed, Contractor may be required to clear the designated areas as needed to assure maximum safety for Facility users.
26. Snow removal must be available 24 hours a day, 7 days a week (at no additional charge).
27. Snow removal shall occur when two (2) inches or more of snow/sleet etc. accumulates on the ground surfaces, including parking lots, driveways, etc. Snow removal shall occur as to maintain all surfaces, including parking lots, driveways, etc., in a "slip free" condition, clear of snow and ice at all times.
28. Snow/sleet must be removed from the ground surfaces (i.e., parking lots, driveways, etc.) and placed in collection areas in a manner which does not create snow piles/mounds which may cause dangerous conditions at any Facility. The Contractor shall provide loaders, dump trucks etc. to remove any excess snow accumulation. The Contractor shall not push snow into unauthorized areas, and if done, the Contractor, at its sole cost and expense, shall be required to remove snow from unauthorized areas. If Contractor damages Authority property (e.g., grass, parking blocks, signs, etc.) it shall be repaired at Contractor's sole cost and expense to a condition as good as prior to such damage.
29. The Contractor is required to check parking lots and driveways and salt as needed maintaining slip free pavement.
30. Contractor will provide necessary salt/ice melt for application at Authority Facilities. The Contractor shall spread salt/ice melt only at spread rates approved by the Authority. The Contractor shall provide a monthly detailed accounting of the quantity of salt, location of use and time of application, to avoid excessive use of product. Contractor shall not use Authority-provided salt for any purpose other than application at Authority Facilities.
31. All snow removal services must be available between November 1 and April 30.
32. Under no circumstances shall the Contractor dump or store snow from other locations on Authority property.

ATTACHMENT D

Facility Maintenance Services

The scope and frequency of facility maintenance duties and tasks expected of the Contractor for the Facility Maintenance Services are set forth in this Attachment D, and Section 9.B. of Contractor's Proposal (to the extent such protocol is not in conflict with the rest of this Contract). These attachments are not intended to specify the manner in which the tasks must be performed, but rather to demonstrate the minimum expectations of the Authority so that the Facilities are maintained as necessary for the Authority's educational mission, operations and expectations. In addition to these expectations, the Contractor shall perform the following duties as part of the Facility Maintenance Services:

1. All testing and preventative maintenance of, and basic repairs for, all Facility mechanical systems (plumbing, electrical, HVAC etc.). Contractor's preventive maintenance shall consist of a planned maintenance program that is designed to maintain equipment in an operable condition, which will be performed on the Facilities' equipment/systems. This preventative maintenance includes cleaning of all machinery and equipment in boiler, fan, and air compressor rooms, and all building systems' mechanical equipment. This preventative maintenance also includes daily swimming pool maintenance. Basic repairs of Facility components is also included in the preventative maintenance program, consisting of basic parts/component replacement, repair of equipment, door repairs, hardware repairs etc.
2. Operation, Inspection and Maintenance of all boilers and hot water heaters in the Facilities in accordance with all applicable local, state and federal laws, rules, regulations and ordinances (including the City of Detroit's Ordinances).
3. Maintenance of all Heating, Ventilation, Air Conditioning ("HVAC") Systems, including:
 - a. Maintenance, troubleshooting and repair of chillers, hot water and steam boilers systems.
 - b. Perform preventive maintenance on district HVAC equipment, boilers, chillers, unit vents, R.T.U's, exhaust fans, on regularly scheduled basis.
 - c. Perform Rule 27 boiler inspections, and other inspections required by State and Local laws, rules, regulations and ordinances.
 - d. Assist in utility outages which includes restarts following outages.
 - e. Maintain and monitor Authority's Facilities/Energy Management Systems.
 - f. Provide energy management consultation services to the Authority.
4. Maintenance and basic repairs of all Plumbing components, fixtures and equipment, including repair and maintenance of domestic cold/hot water systems, toilets, urinals, sinks, drinking fountains, school sumps, water lines, drains, district irrigation systems, etc.
5. Maintenance and basic repairs of all Electrical and Lighting components, fixtures and equipment, including troubleshooting and repair of ballasts, lights, photocells, clocks, fire panels, fire suppression systems, electrical outlets, light switches and controls, electric restroom fixtures, scoreboards, kitchen appliances, electrical panels, automatic doors, bleachers, electric basketball backboards, etc., and programing of Facility time clocks.
6. Cleaning and maintenance of any swimming pools, including:
 - a. Troubleshooting and repair of pumps, filters, feeders, valves, diving board, and all other mechanical aspects of swimming pool.

- b. Routine testing and maintaining of pool chemicals. (Pool operator's certification required).
 - c. Perform preventive maintenance on pool and pool components.
 - d. Perform shocking, backwashing, and draining of pool.
7. Minor Carpentry and Painting work as requested by the Authority.
 8. Cleaning and Maintenance of all lockers, including re-combination of designated lockers on an annual basis (typically during the summer cleaning cycles).
 9. Manufacturers' Recommendations – The Contractor shall ensure that all applicable equipment manufacturers' recommendations for repair and maintenance are followed. Some examples include wood floor care in gyms, new furniture cleaning, equipment repair and maintenance etc.
 10. Implementation of a Computerized Maintenance System ("CMS") to be utilized in the Facilities for work orders and facility maintenance scheduling.

The Parties agree that the Contractor will also provide corrective maintenance, consisting of a planned or unplanned maintenance activity designed to be a major repair/replacement of an entire component of the equipment/systems, and return the equipment/systems to its normal operating condition, if said component of the equipment/systems has failed. The Authority shall be responsible for the costs for all parts for such corrective maintenance. If requested, Contractor will provide the labor for such corrective maintenance at no additional charge, if the corrective maintenance can be accomplished during Contractor's normal business hours by Contractor's employees or by Contractor's purchased skilled trades services, provided such purchased skilled trades services aggregate amount does not exceed \$316,000 per year unless mutually agreed upon by the Parties in writing, and it is further agreed that Contractor must obtain the Authority's prior written approval if the cost for purchased skilled trades for a single project will exceed \$10,000. Labor needed during non-business hours (e.g., emergency) shall be at an additional charge as set forth in the Additional Services pricing in the Contract, or at a mutually agreed upon "project price" as negotiated by the Parties. The Contractor shall promptly notify the Authority Liaison in writing of any issues or problems which may result in corrective maintenance.

ATTACHMENT E

Waste Management Services

The scope and frequency of waste management duties and tasks expected of the Contractor for the Facilities are set forth below. These specifications are not intended to specify the manner in which the tasks must be performed, but rather to demonstrate the minimum expectations of the Authority so that the Facilities are maintained as necessary for the Authority's educational mission, operations and expectations.

As part of the Contract Price, at least one (1) eight (8) yard waste dumpster shall be placed at each Facility. Contractor shall, or shall arrange to have, each waste dumpster emptied on a weekly basis or as otherwise necessary to maintain efficient usage of the waste dumpster. Each waste dumpster shall be placed in a location agreed upon by the Parties in writing. The Contractor shall ensure that each waste dumpster is secured so that, for example, it cannot be utilized by the general public or for non-Authority activities. It is understood by the Parties that such waste dumpsters may not be utilized for the disposal of construction waste.

ATTACHMENT F

Pest Control Services

The scope and frequency of Pest Control Services, including duties and tasks expected of the Contractor for the Facilities, are set forth below. These specifications are not intended to specify the manner in which the tasks must be performed, but rather to demonstrate the minimum expectations of the Authority so that the Facilities are maintained as necessary for the Authority's educational mission, operations and expectations.

The Contractor shall provide all supplies, materials, technical support, and labor to legally and environmentally treat all Facilities and/or property to control pests. Material Safety Data Sheets ("MSDS") will be maintained and provided to Authority for all pesticides or chemicals used in accordance with applicable laws and this Contract.

Contractor shall be responsible for proper notifications of application of pesticides. Pesticides will be used only when absolutely necessary and in that situation, treatment will be scheduled for after school, where signs will be posted by the Contractor according to State and Federal laws.

Signs will declare the time and place of scheduled treatment and the materials to be used will be listed on the sign. The Contractor will cooperate with the Authority regarding any other notification of application deemed appropriate by the Authority. "Pests" will mean small ants, flying ants, carpenter ants, spiders, roaches (all species), silver fish, outside invaders, soil ants, pharaoh ants, rats, mice, and stinging insects.

ATTACHMENT G
Contractor's Pricing Form
ATTACHED

PROPOSAL PRICING FORM

EDUCATION ACHIEVEMENT AUTHORITY OF MICHIGAN

REQUEST FOR PROPOSALS FOR CUSTODIAL, GROUNDS AND FACILITY MAINTENANCE SERVICES

CONTRACTOR INFORMATION:

CONTRACTOR'S NAME: ARAMARK Management Services Limited Partnership

CONTACT PERSON: Mark Green, Director of Business Development

ADDRESS: 2300 Warrenville Road

CITY/STATE: Downers Grove, IL 60515

TELEPHONE NUMBER: 847-624-1035

FAX NUMBER: 215-238-8169

E-MAIL ADDRESS: green-mark@aramark.com

A. CUSTODIAL SERVICES PRICING:

This Pricing is to reflect an award by the Authority of ALL Custodial Services contemplated in the RFP for ALL Facilities, including all personnel, supplies and equipment necessary to perform the Custodial Services in accordance with the terms and conditions of the RFP and the Contract. These are to be expressed as not-to-exceed amounts and all amounts are to include wages, benefits, overhead and profit to perform all Custodial Services.

1. All Custodial Services Year 1: \$ 3,067,916
2. All Custodial Services Year 2: \$ 3,100,785
3. All Custodial Services Year 3: \$ 3,256,601
4. Number of total man-hours budgeted per year under quoted Pricing:
 - a. Custodial Management: 2,080
 - b. Custodial Labor: 150,700
5. Number of total FTEs budgeted per year under quoted Pricing:
 - a. Custodial Management: 1
 - b. Custodial Labor: 72.5
6. Amount Pricing would be increased/decreased if the School District requested a permanent addition/removal of portions of the Custodial Services:
 - a. ½ FTE: 14,865 (Lead Custodian)
 - 13,136 (Day Custodian)
 - 13,136 (Night Custodian)

b. 1 FTE: 38,688 (Lead Custodian)
26,208 (Day Custodian)
26,208 (Night Custodian)

7. **Additional Services Hourly Pricing:**

The hourly rates set forth below are for work requested by the School District that is outside the scope of the Custodial Services under an award of the Contract:

(i) Hourly Rate: \$ 12.60
(ii) Weekend Rate: \$ 18.90
(iii) Holiday Hourly Rate: \$ 25.20
(iv) Emergency Hourly Rate: \$ 18.90

B. **GROUNDS SERVICES PRICING**

This Pricing is to reflect an award by the Authority of ~~ALL~~ Grounds Services contemplated in the RFP, including all personnel, supplies and equipment necessary to perform the Grounds Services for all applicable Facilities in accordance with the terms and conditions of the RFP and the Contract. These are to be expressed as not-to-exceed amounts and all amounts are to include wages, benefits, overhead and profit to perform all Grounds Services.

1. **Grounds Services Year 1:** \$ 286,433
2. **Grounds Services Year 2:** \$ 437,000
3. **Grounds Services Year 3:** \$ 49,732

4. **Number of total man-hours budgeted per year under quoted Pricing:**

a. Grounds Management: N/A
b. Grounds Labor: N/A

5. **Number of total FTEs budgeted per year under quoted Pricing:**

a. Grounds Management: N/A
b. Grounds Labor: N/A

6. **Amount Pricing would be increased/decreased if the School District requested a permanent addition/removal of certain portions of Grounds Services:**

a. 1/2 FTE: 16,224
b. 1 FTE: 32,448

7. **Additional Services Hourly Pricing:**

The hourly rates set forth below are for work requested by the School District that is outside the scope of the Grounds Services under an award of the Contract:

(i) Hourly Rate: \$ 15.60
(ii) Weekend Rate: \$ 23.40
(iii) Holiday Hourly Rate: \$ 31.20

(iv) **Emergency Hourly Rate: \$ 23.40**

C. FACILITY MAINTENANCE SERVICES PRICING:

This Pricing is to reflect an award by the Authority of ALL Facility Maintenance Services contemplated in the RFP for ALL Facilities, including all personnel, supplies and equipment necessary to perform the Custodial Services in accordance with the terms and conditions of the RFP and the Contract. These are to be expressed as not-to-exceed amounts and all amounts are to include wages, benefits, overhead and profit to perform all Facility Maintenance Services.

1. **All Facility Maintenance Services Year 1: \$ 2,111,498**
2. **All Facility Maintenance Services Year 2: \$ 2,175,277**
3. **All Facility Maintenance Services Year 3: \$ 2,240,909**
4. **Number of total man-hours budgeted per year under quoted Pricing:**
 - a. Facility Maintenance Management: **2,000**
 - b. Facility Maintenance Labor: **54,080**
5. **Number of total FTEs budgeted per year under quoted Pricing:**
 - a. Facility Maintenance Management: **1**
 - b. Facility Maintenance Labor: **26**
6. **Amount Pricing would be increased/decreased if the School District requested a permanent addition/removal of portions of the Custodial Services:**
 - a. $\frac{1}{2}$ FTE: **20,331** (Plumber)
 - 20,331** (Electrician)
 - 20,331** (HVAC Technician)
 - 20,331** (Boiler Operator)
 - b. 1 FTE: **53,768** (Plumber)
 - 53,768** (Electrician)
 - 53,768** (HVAC Technician)
 - 53,768** (Boiler Operator)
7. **Additional Services Hourly Pricing:**

The hourly rates set forth below are for work requested by the School District that is outside the scope of the Custodial Services under an award of the Contract:

 - (i) **Hourly Rate: \$ 25.85** (Plumber)
 - \$ 25.85** (Electrician)
 - \$ 25.85** (HVAC Technician)
 - \$ 25.85** (Boiler Operator)

- (ii) **Weekend Rate:** \$ 38.78 (Plumber)
 \$ 38.78 (Electrician)
 \$ 38.78 (HVAC Technician)
 \$ 38.78 (Boiler Operator)
- (iii) **Holiday Hourly Rate:** \$ 51.70 (Plumber)
 \$ 51.70 (Electrician)
 \$ 51.70 (HVAC Technician)
 \$ 51.70 (Boiler Operator)
- (iv) **Emergency Hourly Rate:** \$ 38.78 (Plumber)
 \$ 38.78 (Electrician)
 \$ 38.78 (HVAC Technician)
 \$ 38.78 (Boiler Operator)

D. CUSTODIAL, GROUNDS AND FACILITY MAINTENANCE SERVICES PRICING:

This Pricing is to reflect an award by the School District of ALL Custodial Services and Grounds Services and Facility Maintenance Services contemplated in the RFP to a single Contractor, including all personnel, supplies and equipment necessary to perform these Services in accordance with the terms and conditions of the RFP and the Contract. These are to be expressed as not-to-exceed amounts and all amounts are to include wages, benefits, overhead and profit to perform all Custodial Services and Grounds.

- 1. All Services Year 1: \$ 5,605,846
- 2. All Services Year 2: \$ 5,774,022
- 3. All Services Year 3: \$ 5,947,242
- 4. Number of total man-hours budgeted per year under quoted Pricing:
 - a. Management: 4,160
 - b. Labor: 204,780
- 5. Number of total FTEs budgeted per year under quoted Pricing:
 - a. Management: 2
 - b. Labor: 98.5
- 6. Please indicate any changes to the FTE and Additional Services Pricing set forth in the service specific categories above, if any.

E. WAGES & BENEFITS OFFERED BY CONTRACTOR

As set forth in the RFP, the Contractor shall include the scale of wages and summary of benefits what would be offered to its employees.

F. CONSUMABLE SUPPLIES PRICE INDEXING

If the Authority's enrollment were to increase or decrease significantly from the figures set forth in the RFP, the Authority is seeking pricing on a "cost per pupil" basis to be used to develop the increase/decrease in Contractor's pricing under the Contract if the Authority's enrollment increases or decreases from its anticipated figures.

\$ 8.70

G. EXPANSION PRICING

The Authority is seeking pricing on a "cost per square foot" basis to be used to develop the increase in Contractor's pricing under the Contract when the Authority expands its operations to additional buildings beginning in the 2013-14 school year. This cost per square foot pricing should include all costs for management, labor (including wages and benefits), cleaning and consumable supplies, costs for preventative maintenance, etc.

\$ 2.3887

H. PERFORMANCE BOND

Please provide the cost to supply a performance bond for the first year labor cost of the Contract, indicate add/deduct the sum of: **\$ 54,000**

I. ACKNOWLEDGEMENT OF ADDENDA TO RFP

The Contractor acknowledges receipt of the following addenda:

Addendum Number	<u>1</u>	dated	<u>4/18/2012</u>
Addendum Number	<u>2</u>	dated	<u>4/18/2012</u>
Addendum Number	_____	dated	_____
Addendum Number	_____	dated	_____
Addendum Number	_____	dated	_____
Addendum Number	_____	dated	_____

The undersigned understands that the Authority reserves the right to accept or reject in whole or in part any and all Proposals, to waive informalities and irregularities therein, and to award the Contract to other than the lowest Contractor and to award the Contract to one (1) or more Contractors in the School District's sole and absolute discretion.

If award is made to our firm based upon our Proposal, we agree to enter into the attached form of Contract with the Authority to furnish the Services in strict accordance with this Request For Proposal, the Contract and our Proposal.

My signature certifies that the Proposal as submitted complies with all terms and conditions as set forth in this Request For Proposal, unless specifically enumerated as an exception as part of our Proposal.

I hereby certify that I am authorized to sign as a Representative for the firm.

CONTRACTOR HEREBY SUBMITS THIS PROPOSAL PRICING FORM IN ACCORDANCE WITH THE TERMS AND CONDITIONS OF THE RFP.

DATE: _____

(Signature/Principal)

Brian Pressler

(Name Printed)

BEA

ATTACHMENT H

Custodial Cleaning Duties and Frequency Charts

ATTACHED

EDUCATION ACHIEVEMENT AUTHORITY OF MICHIGAN
 CUSTODIAL ROUTINE CLEANING – FREQUENCY CHART
 CLASSROOMS BASED ON EVERY OTHER DAY CLEANING

AREA	DAILY	EVERY OTHER DAY	WEEKLY	AS NEEDED	NOTES ...
Empty Trash	X				
Empty Pencil Sharpener		X			Replace liner as needed
Dust Horizontal Surfaces – High				X	Keep free of dust and dirt accumulation
Dust Horizontal Surfaces – Low			X		Keep free of dust and dirt accumulation
Dust/Clean Computers		X			Keep free of dust and dirt accumulation
*Clean Chalkboards/Whiteboards					Do not clean any areas indicating "SAVE"
Clean Erasers (if applicable)				X	Use a wet cloth or vacuum
Clean/Wipe Student Desks			X		Remove graffiti, tape, glue and gum, etc.
Clean Sink/Drinking Fountain	X				
Clean Counter Areas		X			
Check Dispensers	X				
Clean Entrance Door Glass		X			Replenish supplies as needed
Spot Clean Walls/Doors			X		
Clean Door Handles			X		
Vacuum Carpeted Areas		X			
Dust Mop Floor		X			
Spot Mop Floor				X	
Spot Clean Carpeting				X	
Shut Off Lights	X				
Secure Windows/Lock Doors	X				
Report Burned Out Bulbs/Repairs	X				Document repairs in the daily log book
Portable Classrooms				X	Pending weather conditions
Sweep Ramp/Salt and Shovel					

NOTES

"AS NEEDED" refers to the visual appearance and condition which requires the task to be completed.

*Promethean Boards (Interactive White Boards) are cleaned by the instructional staff...clean with damp cloth or baby wipes. NO CHEMICALS!!!

EDUCATION ACHIEVEMENT AUTHORITY OF MICHIGAN
 CUSTODIAL ROUTINE CLEANING – FREQUENCY CHART
 EARLY CHILDHOOD, KINDERGARTEN, SPECIAL EDUCATION, HOME-ECONOMIC CLASSROOMS BASED ON DAILY CLEANING

AREA	DAILY	EVERY OTHER DAY	WEEKLY	AS NEEDED	NOTES ...
Empty Trash	X				Replace liner as needed
Empty Pencil Sharpener	X				
Dust Horizontal Surfaces – High				X	Keep free of dust and dirt accumulation
Dust Horizontal Surfaces – Low			X		Keep free of dust and dirt accumulation
Dust/Clean Computers			X		Keep free of dust and dirt accumulation
*Clean Chalkboards/Whiteboards	X				Do not clean any areas indicating "SAVE"
Clean Erasers (if applicable)				X	Use a wet cloth or vacuum
Clean/Wipe Student Desks	X				Remove graffiti, tape, glue and gum, etc.
Clean Sink/Drinking Fountain	X				
Clean Counter Areas	X				
Check Dispensers	X				
Clean Entrance Door Glass	X				Replenish supplies as needed
Spot Clean Walls/Doors			X		
Clean Door Handles	X				
Vacuum Carpeted Areas	X				
Dust Mop Floor	X				
Mop Floor - Completely	X				
Spot Clean Carpeting				X	
Shut Off Lights	X				
Secure Windows/Lock Doors	X				
Report Burned Out Bulbs/Repairs	X				Document repairs in the daily log book

NOTES

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EDUCATION ACHIEVEMENT AUTHORITY OF MICHIGAN
 CUSTODIAL ROUTINE CLEANING – FREQUENCY CHART
 RESTROOMS, LOCKER ROOMS, SHOWER ROOMS AND POOL AREA BASED ON EVERY DAY CLEANING

AREA	DAILY	EVERY OTHER DAY	WEEKLY	AS NEEDED	NOTES ...
Sweep Floor/Flush Toilets & Urinals	X				
Empty Trash/Sanitary Receptacles	X				Replace Liner as needed
Disinfect/Clean Toilets & Urinals	X				Use a "Red" Johnny Mop
Disinfect/Clean Sinks	X				Use a "Blue" Johnny Mop
Clean Walls and Showerheads			X		Use tile and grout cleaner as needed
Check Dispensers	X				Replenish supplies as needed
Clean Mirrors and Door Handles	X				
Clean Partitions			X		Remove graffiti/marks
Dust and Clean Horizontal Surfaces			X		
Spot Clean Walls and Doors			X		
Clean Locker Tops		X			
Clean Locker Fronts					
Clean Vents/Exhaust Fans				X	Remove graffiti/marks
Floor Drains/Add Water				X	Keep free of dust and dirt accumulation
Mop Floor	X		X		This procedure prevents sewer gas odors
Auto Scrub and Mop Pool Deck	X				
Clean Bleachers					
Shut Off Lights	X			X	Sweep/dust mop and wet mop
Secure Windows/Lock Doors	X				
Report Burned Out Bulbs/Repairs	X				
					Document repairs in the daily log book

NOTES
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**EDUCATION ACHIEVEMENT AUTHORITY OF MICHIGAN
CUSTODIAL ROUTINE CLEANING – FREQUENCY CHART
OFFICE, MEDIA CENTER AND LARGE GROUP INSTRUCTION AREAS BASED ON EVERY OTHER DAY CLEANING**

AREA	DAILY	EVERY OTHER DAY	WEEKLY	AS NEEDED	NOTES ...
Empty Pencil Sharpener		X			
Empty Trash	X				
Dust Horizontal Surfaces – High					Replace liner as needed
Dust Horizontal Surfaces – Low			X	X	Keep free of dust and dirt accumulation
Dust/Clean Computers			X		Keep free of dust and dirt accumulation
*Clean Chalkboards/Whiteboards		X			Keep free of dust and dirt accumulation
Clean Erasers (if applicable)					Do not clean any areas indicating "SAVE"
Clean Desks/Tables			X	X	Use a wet cloth or vacuum
Clean Office Phones			X		Do not touch or remove anything
Clean Counter Areas		X			
Clean Sink/Drinking Fountain	X				
Check Dispensers	X				
Spot Clean Walls/Doors			X		Replenish supplies as needed
Clean Door Handles			X		
Clean Windows/Glass		X			
Vacuum Carpeted Areas		X			
Dust Mop Floor		X			
Spot Mop Floor				X	
Spot Clean Carpeting				X	
Restrooms	X				Refer to restroom procedures
Clinic Areas	X				Disinfect beds and mop floor daily
Shut Off Lights	X				
Secure Windows/Lock Doors	X				
Report Burned Out Bulbs/Repairs	X				Document repairs in the daily log book

NOTES

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EDUCATION ACHIEVEMENT AUTHORITY OF MICHIGAN
 CUSTODIAL ROUTINE CLEANING - FREQUENCY CHART
 AUDITORIUM AND LECTURE ROOMS BASED ON EVERY OTHER DAY CLEANING

AREA	DAILY	EVERY OTHER DAY	WEEKLY	AS NEEDED	NOTES ...
Empty Pencil Sharpener		X			
Empty Trash	X				
Dust Horizontal Surfaces -- High					Replace liner as needed
Dust Horizontal Surfaces -- Low			X	X	Keep free of dust and dirt accumulation
*Clean Chalkboards/Whiteboards		X			Keep free of dust and dirt accumulation
Clean Erasers (if applicable)				X	Do not clean any areas indicating "SAVE"
Clean Desks/Tables				X	Use a wet cloth or vacuum
Spot Clean Seats				X	Remove graffiti, tape, glue and gum, etc.
Remove Debris From Seats		X			
Sweep and Spot Mop Stage		X			
Spot Clean Walls/Doors				X	
Clean Door Handles			X		
Vacuum Carpeted Areas		X			
Dust Mop/Sweep Floor		X			
Spot Mop Floor				X	
Spot Clean Carpeting				X	
Clean Restrooms	X				Refer to restroom procedures
Shut Off Lights	X				
Secure Area/Lock Doors	X				
Report Burned Out Bulbs/Repairs	X				Document repairs in the daily log book

NOTES

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EDUCATION ACHIEVEMENT AUTHORITY OF MICHIGAN
 CUSTODIAL ROUTINE CLEANING – FREQUENCY CHART
 LOUNGES BASED ON EVERY DAY CLEANING

AREA	DAILY	EVERY OTHER DAY	WEEKLY	AS NEEDED	NOTES ...
Empty Pencil Sharpener	X				
Empty Trash	X				
Dust Horizontal Surfaces – High					Replace liner daily
Dust Horizontal Surfaces – Low			X	X	Keep free of dust and dirt accumulation
*Clean Chalkboards/Whiteboards	X				Keep free of dust and dirt accumulation
Clean Erasers (if applicable)					Do not clean any areas indicating "SAVE"
Clean Desks/Table Areas	X			X	Use a wet cloth or vacuum
Clean Counter Tops	X				
Clean Sinks/Drinking Fountains	X				
Sweep and Spot Mop Stage		X			
Check Dispensers	X				
Spot Clean Walls/Doors			X		
Clean Door Handles			X		
Vacuum Carpeted Areas	X				
Dust Mop Floor	X				
Mop Floor	X				
Spot Clean Carpeting					
Shut Off Lights	X			X	
Secure Windows/Lock Doors	X				
Report Burned Out Bulbs/Repairs	X				Document repairs in the daily log book

NOTES

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EDUCATION ACHIEVEMENT AUTHORITY OF MICHIGAN
 CUSTODIAL ROUTINE CLEANING – FREQUENCY CHART
 KITCHEN AND CAFETERIAS BASED ON EVERY DAY CLEANING

AREA	DAILY	EVERY OTHER DAY	WEEKLY	AS NEEDED	NOTES ...
Empty Trash	X				Replace liner daily
Empty Recyclables	X				Empty into proper waste or recycling dumpster
Dust Horizontal Surfaces – High			X		Keep free of dust and dirt accumulation
Dust Horizontal Surfaces – Low			X		Keep free of dust and dirt accumulation
Clean Vents/Exhaust Fans			X		Keep free of dust and dirt accumulation
Clean Lunch Tables	X				After the last lunch clean and disinfect all tables
Clean Sinks/Drinking Fountains	X				Disinfect hand sinks only
Check Dispensers	X				Replenish supplies as needed
Spot Clean Walls/Doors	X				
Clean Door Handles	X				
Clean Windows/Glass	X				
Dust Mop/Sweep Floor	X				
Mop Entire Floor or Auto Scrub	X				Sweep and mop under all portable equipment
Clean Matting	X				Use a degreaser
Floor Drains/Add Water			X		This procedure prevents sewer gas odors
Shut Off Lights	X				
Secure Windows/Lock Doors	X				
Report Burned Out Bulbs/Repairs	X				Document Repairs in the daily log book

NOTES

“AS NEEDED” refers to the visual appearance and condition which requires the task to be completed.

EDUCATION ACHIEVEMENT AUTHORITY OF MICHIGAN
 CUSTODIAL ROUTINE CLEANING – FREQUENCY CHART
 MULTIPURPOSE ROOM, GYMNASIUM AND DANCE STUDIOS BASED ON EVERY DAY CLEANING

AREA	DAILY	EVERY OTHER DAY	WEEKLY	AS NEEDED	NOTES ...
Empty Trash	X				
Dust Horizontal Surfaces – High				X	Replace liner as needed
Dust Horizontal Surfaces – Low			X		Keep free of dust and dirt accumulation
Clean Vents/Exhaust Fans				X	Keep free of dust and dirt accumulation
Clean Sinks/Drinking Fountains	X				Keep free of dust and dirt accumulation
Dust Mop/Sweep Floor	X				
Spot Mop Floors	X				Sweep floors before, between and after all activities
Auto Scrub Floor			X		
Clean Bleacher Seats				X	Needs to be done after activities
Sweep/Spot Mop Underneath				X	Needs to be done after activities
Spot Clean Walls/Doors				X	
Clean Door Handles			X		
Clean Door Glass and Mirrors	X				
Shut Off Lights	X				
Secure Windows/Lock Doors	X				
Report Burned Out Bulbs/Repairs	X				Document Repairs in the daily log book

NOTES

“AS NEEDED” refers to the visual appearance and condition which requires the task to be completed.
 Instructional staff are responsible for cleaning all equipment in these areas
 “Promethean Boards (Interactive White Boards) are cleaned by the instructional staff...clean with damp cloth or baby wipes. NO CHEMICALS!!!

EDUCATION ACHIEVEMENT AUTHORITY OF MICHIGAN
 CUSTODIAL ROUTINE CLEANING -- FREQUENCY CHART
 WRESTLING, WEIGHT AND FITNESS AREAS BASED ON EVERY DAY CLEANING

AREA	DAILY	EVERY OTHER DAY	WEEKLY	AS NEEDED	NOTES ...
Empty Trash	X				
Dust Horizontal Surfaces -- High			X		Replace liner as needed
Dust Horizontal Surfaces -- Low			X		Keep free of dust and dirt accumulation
Clean Vents/Exhaust Fans				X	Keep free of dust and dirt accumulation
Dust Mop/Sweep Floor	X				Keep free of dust and dirt accumulation
Spot Clean Walls/Doors			X		Remove gum and black marks
Clean Door Handles			X		Remove graffiti and scuff marks
Clean Mirrors	X				
Check Dispensers	X				
Wet Mop Wrestling Mats	X				Replenish supplies as needed
Wet Mop Floor	X				Use a disinfecting solution
Auto Scrub, if applicable	X				Use a disinfecting solution
Shut Off Lights	X				
Secure Windows/Lock Doors	X				
Report Burned Out Bulbs/Repairs	X				Document Repairs in the daily log book

NOTES

"AS NEEDED" refers to the visual appearance and condition which requires the task to be completed.

Instructional staff are responsible for cleaning all equipment in these areas

"Promethean Boards (Interactive White Boards) are cleaned by the instructional staff...clean with damp cloth or baby wipes. NO CHEMICALS!!!"

EDUCATION ACHIEVEMENT AUTHORITY OF MICHIGAN
 CUSTODIAL ROUTINE CLEANING – FREQUENCY CHART
 HALLS BASED ON EVERY DAY CLEANING

AREA	DAILY	EVERY OTHER DAY	WEEKLY	AS NEEDED	NOTES ...
Empty Trash	X				
Dust Horizontal Surfaces – High				X	Replace liner as needed
Dust Horizontal Surfaces – Low			X		Keep free of dust and dirt accumulation
Clean Locker Tops			X		Keep free of dust and dirt accumulation
Clean Locker Fronts			X		Keep free of dust and dirt accumulation
Clean Sinks/Drinking Fountains	X				Remove any graffiti, stickers, scuff marks, etc.
Dust Mop/Sweep Floor	X				Mop floor underneath drinking fountains
Vacuum Carpet	X				Remove gum and black marks
Entrance Matting	X				
Auto Scrub Floor	X		X		Vacuum daily and clean underneath matting weekly
Spot Mop	X				
Clean Windows/Showcase Fronts	X		X		Spot mop areas not accessible with auto scrubber
Clean Entrance Glass	X				
Spot Clean Walls/Doors			X		Remove graffiti and scuff marks
Clean Door Handles			X		
Clean Univents				X	Keep free of dust and dirt accumulation
Shut Off Lights	X				
Secure Windows/Lock Doors	X				
Report Burned Out Bulbs/Repairs	X				Document repairs in the daily log book

NOTES

“AS NEEDED” refers to the visual appearance and condition which requires the task to be completed.

EDUCATION ACHIEVEMENT AUTHORITY OF MICHIGAN
 CUSTODIAL ROUTINE CLEANING - FREQUENCY CHART
 VESTIBULE, ENTRANCE, LOBBY, STAIRS AND ELEVATORS BASED ON EVERY DAY CLEANING

AREA	DAILY	EVERY OTHER DAY	WEEKLY	AS NEEDED	NOTES ...
Empty Trash	X				
Dust Horizontal Surfaces - High			X		Replace liner as needed
Dust Horizontal Surfaces - Low			X		Keep free of dust and dirt accumulation
Dust Mop/Sweep Floor/Stairs	X				Keep free of dust and dirt accumulation
Vacuum Carpet	X				Remove gum and black marks
Entrance Matting	X				
Sweep Outside of Entry Door			X		Vacuum daily and clean underneath matting weekly
Auto Scrub Floor	X			X	Remove debris and trash
Spot Mop	X				
Clean Windows and Glass	X				Spot mop areas not accessible with auto scrubber
Spot Clean Walls/Doors			X		
Clean Door Handles			X		Remove graffiti and scuff marks
Clean Univents					
Shut Off Lights	X			X	Keep free of dust and dirt accumulation
Secure Windows/Lock Doors	X				
Report Burned Out Bulbs/Repairs	X				Document repairs in the daily log book

NOTES

"AS NEEDED" refers to the visual appearance and condition which requires the task to be completed.

ATTACHMENT I

Contractor's Staffing Levels

Custodial Area Supervisor Night	1	Other	Full Time
Maintenance Area Supervisor Days	1	Other	Full Time
Facilities General Manager	1	POM	Full Time
Skilled Maintenance Personnel	2	POM	Full Time
Facility Maintenance Building supervisors	16	POM	Full Time
High Pressure Boiler operators	8	POM	Full Time
Custodian - Days	15	Custodial	Full Time
Custodian - Days	4	Custodial	Part Time
Custodian Night Leads	15	Custodial	Full Time
Custodians - Night cleaners	20	Custodial	Full Time
Custodians - Night cleaners	45.5	Custodial	Part Time
Admin HRA	1	Other	Full Time
Warehouse Driver	1	Other	Full Time
Call Center Admin	2	Other	Full Time
Grounds Athletic Crew	2	Grounds	Full Time

Education Achievement Authority
of Michigan
Equity. Choice. Reinvention.

**RESOLUTION 2012-31
APPROVAL TO ENTER INTO AGREEMENT WITH PLANTE & MORAN, PLLC
TO CONTRACT FOR AUDITING AND CONSULTING SERVICES**

The Executive Committee of the Education Achievement Authority resolves:

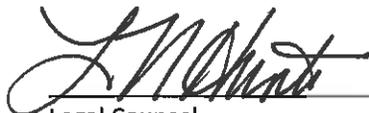
1. That the attached Agreement with Plante & Moran, PLLC will provide the following services:
a) assess EAA's current processes and controls in the areas of: fiscal management, procurement, financial accounting controls, student activity accounts and provide a summary report evaluating compliance with state and federal regulations, citing areas in need of further investigation or suggesting procedural changes; b) provide ongoing consulting services on an hourly basis for evaluating the adequacy and results of EAA services and to assist in establishing and maintaining internal controls, including monitoring ongoing EAA activities; and, c) conduct the annual financial audit as required by state law;
2. That the Chancellor of the Authority is authorized to finalize the terms and execute the Agreement on behalf of the Authority;
3. That the Secretary of the Executive Committee of the Authority shall enter the terms of the Letter of Intent 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

April 30, 2012

Dr. John William Covington, Ed. D.
Education Achievement Authority of Michigan
3022 W. Grand Blvd. Suite 14-652
Detroit, MI 48202

Dear Dr. Covington:

We are complimented by your selection of our firm to assist you. We are sending this letter and the accompanying Professional Services Agreement, which is hereby incorporated as part of this engagement letter, to confirm our understanding of the nature and limitations of the consulting services we will provide and the terms of our engagement with Education Achievement Authority of Michigan (the Authority).

Scope of Services

We understand your needs and the objectives of this initiative are to:

- Gain an understanding of your current processes and controls in the following areas:
 - Fiscal management
 - Procurement
 - Financial and accounting controls
 - Student activity accounts at schools
 - Grants management and compliance
- Review documentation of these processes
- Identify areas where current processes may fall short of best practices or compliance requirements applicable to a Michigan public school system, and make recommendations for improvements
- Partner with you to design a structure and culture that meets the highest standards for ensuring compliance in an efficient and accurate manner

We understand the objective of this project is to provide your Board, funding agencies, and the public with a degree of comfort that your procedures have been evaluated by an experienced and independent third-party. The project will provide the Authority's management team and constituents with information to evaluate the state of readiness for full operation as a public school system effective July 1, 2012. We understand you are not required to undergo an independent financial statement audit for June 30, 2012. Should you elect to have the 2012 financial statements audited, a separate engagement letter would be initiated for that engagement.

Following is our proposed approach to this initial assessment:

Phase I – Initial Assessment

1. Step 1 - Review of Existing Procedures

Prior to interviewing your management team, we would plan to obtain and review the EAA Standard Operations and Procedures Manual which outlines your current internal business processes. We would then interview your management team to supplement our understanding of your current processes. We would then consider areas where internal controls may be enhanced or additional areas need further development.

2. Step 2 - Interviews to Map Current Processes

We will facilitate meetings with your management team to confirm and observe that the described procedures are being adhered to in processing of transactions during the start-up phase. We will observe the relevant accounting activities and consider whether additional controls or practices should be considered.

3. Evaluate Current State and Report

Based on the information obtained from the report reviews and interview process we will provide you with our observations of your current processes and controls. We will provide a summary report of the areas we addressed, and communicate areas where we believe you are currently not complying with federal or state requirements or where internal controls may allow noncompliance or errors to occur.

Our goal is to bring our expertise and knowledge in the K12 fiscal management area to aid you in evaluating and improving your current state. We will discuss our findings and concerns with you and offer suggestions of areas where deeper investigation or procedural changes are warranted. We can then assist you in determining the best approach for developing later phases of an improvement process.

Fees and Payment Terms

Our fees reflect our estimate of the work required to perform this engagement. We have estimated total hours of approximately 80 to 100 to perform the activities described above, and our fees are estimated to be \$14,000 to \$18,000. Additional costs associated with travel will be charged for any mileage and parking.

As you probably realize, our primary cost is salaries that are paid currently. Accordingly, our invoices, which will be rendered as services are provided are due when received. We will require a \$5,000 retainer prior to starting the engagement. In the event an invoice is not paid timely, a late charge in the amount of 1.25 percent per month will be added, beginning 30 days after the date of the invoice.

If you are in agreement with our understanding of this engagement, as set forth in this engagement letter and the accompanying Professional Services Agreement, please sign the enclosed copy of this letter and return it to us with the accompanying Professional Services Agreement.

We are very excited at the prospect of working with your organization, and are committed to providing value and exceeding your expectations. We are prepared to start the project within two weeks of your authorization to proceed and we will discuss a project timeline with your project team.

Very truly yours,

PLANTE & MORAN, PLLC



Teresa L. Pollock
Partner, K12 Industry

cc: Dr. Rebecca Lee-Gwin, Ed. D.

Agreed and Accepted

We accept this engagement letter and the accompanying Professional Services Agreement, which set forth the entire agreement between Education Achievement Authority of Michigan and Plante & Moran, PLLC with respect to the services specified in the "Scope of Services" section of this engagement letter. This agreement may be amended by written agreement between Plante & Moran, PLLC and Education Achievement Authority of Michigan.

Education Achievement Authority of Michigan

Dr. John William Covington, Ed. D.

Date

Chancellor

Professional Services Agreement – Consulting Services

Management Responsibilities – The consulting services we will provide are inherently advisory in nature. We have no responsibility for any management decisions or management functions in connection with our engagement to provide these services. Further, you acknowledge that Education Achievement Authority of Michigan is responsible for all such management decisions and management functions; for evaluating the adequacy and results of the services we will provide and accepting responsibility for the results of those services; and for establishing and maintaining internal controls, including monitoring ongoing activities, in connection with our engagement. You have designated Rebecca Lee-Gwin to oversee the services we will provide.

1. **Nature of Services** – Our project activities will be based on information and records provided to us by Education Achievement Authority of Michigan. We will rely on such underlying information and records and our project activities will not include audit or verification of the information and records provided to us in connection with our project activities.

The project activities we will perform will not constitute an examination or audit of any Education Achievement Authority of Michigan's financial statements or any other items, including Education Achievement Authority of Michigan's internal controls. In addition, our engagement is not designed and cannot be relied upon to disclose errors, fraud or illegal acts that may exist. However, we will inform you of any such matters that come to our attention.

2. **Confidentiality, Ownership and Retention of Workpapers** – During the course of this engagement, P&M and P&M staff may have access to proprietary information of Education Achievement Authority of Michigan, including, but not limited to, information regarding trade secrets, business methods, plans, or projects. We acknowledge that such information, regardless of its form, is confidential and proprietary to Education Achievement Authority of Michigan, and we will not use such information for any purpose other than our consulting engagement or disclose such information to any other person or entity without the prior written consent of Education Achievement Authority of Michigan

In some circumstances, we may use third party service providers to assist us with our engagement. In order to enable these service providers to assist us in this capacity, we must disclose information to these service providers that is relevant to the services they provide. Disclosure of such information shall not constitute a breach of the provisions of this agreement.

Professional standards require that we create and retain certain workpapers for engagements of this nature. All workpapers created in the course of this engagement are and shall remain the property of Plante & Moran, PLLC. We will maintain the confidentiality of all such workpapers as long as they remain in our possession.

Both Education Achievement Authority of Michigan and Plante & Moran, PLLC acknowledge, however, that we may be required to make our workpapers available to regulatory authorities or by court order or subpoena. Disclosure of confidential information in accordance with requirements of regulatory authorities or pursuant to court order or subpoena shall not constitute a breach of the provisions of this agreement. In the event that a request for any confidential information or workpapers covered by this agreement is made by regulatory authorities or pursuant to a court order or subpoena, we agree to inform Education Achievement Authority of Michigan in a timely manner of such request and to cooperate with Education Achievement Authority of Michigan should you attempt, at your cost, to limit such access. This provision will survive the termination of this agreement.

We reserve the right to destroy, and it is understood that we will destroy, workpapers created in the course of this engagement in accordance with our record retention and destruction policies, which are designed to meet all relevant regulatory requirements for retention of workpapers. P&M has no obligation to maintain workpapers other than for its own purposes or to meet those regulatory requirements.

Upon Education Achievement Authority of Michigan's written request, we may, at our sole discretion, allow others to view any workpapers remaining in our possession if there is a specific business purpose for such a review. We will evaluate each written request independently. You acknowledge and agree that we will have no obligation to provide such access or to provide copies of our workpapers, without regard to whether access had been granted with respect to any prior requests.

3. **Fee Estimates** – In any circumstance where we have provided estimated fees, fixed fees or not to exceed fees, these estimated, fixed or not-to-exceed fees are based on Education Achievement Authority of Michigan personnel providing P&M staff the assistance necessary to satisfy Education Achievement Authority of Michigan responsibilities under the scope of services. Assistance includes Education Achievement Authority of Michigan personnel being available and cooperative and providing needed information in a timely and orderly manner. In the event that the actual work required for this engagement varies from our estimates due to undisclosed or unforeseen facts regarding these matters, we will notify you and discuss with you the adjustments to our estimated fees for the additional time we incur as a result. Any additional fees will be determined based on the actual time that P&M staff expend at our standard hourly rates, plus all reasonable and necessary travel and out-of-pocket costs incurred, and included as an adjustment to our invoices related to this engagement. You acknowledge and agree that payment for all such adjustments will be made in accordance with the payment terms provided in this agreement.

Professional Services Agreement – Consulting Services

4. **Payment Terms** – Our invoices for professional services are due upon receipt unless otherwise specified in our engagement letter. In the event any of our invoices are not paid in accordance with the terms of this agreement, we may elect, at our sole discretion, to suspend work until we receive payment in full for all amounts due or terminate this engagement. In the event that work is suspended, for nonpayment or other reasons, and subsequently resumed, we offer no guarantee, express or implied, that we will be able to meet any previously established deadlines related to the completion of our consulting work or issuance of our consulting report upon resumption of our work.
5. **Termination of Engagement** – This agreement may be terminated by either party upon written notice. Upon notification of termination, our services will cease and our engagement will be deemed to have been completed. You will be obligated to compensate us for all time expended and to reimburse us for all out-of-pocket expenditures through the date of termination of this engagement.
8. **Governing Law** – This agreement shall be governed by and construed in accordance with the laws of the State of Michigan.

End of Agreement – Management Consulting Services