

**Education Achievement Authority
of Michigan**
Equity. Choice. Reinvention.

**RESOLUTION 2012-43
APPROVAL OF THE JULY 2012 REVENUE AND EXPENDITURE REPORT**

The Executive Committee of the Education Achievement Authority resolves:

1. That the attached July 2012 Revenue and Expenditure Report of the Education Achievement Authority (the "Authority") of Michigan has been recommended for adoption by the Chancellor;
2. That the July 2012 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 July 31, 2012

Revenue		2012
Deposit MEEF		4,855,000
Other revenue (Refund)		42,337
Total Revenues		4,897,337

Expenses		
Curriculum		23,366
Special Education Implementation (Management)		560,298
Communications/PR and Parent Community Engagement (Site Based)		150,204
Technology Planning		76,715
Other (Grant Writing/ELL, Strat plan, SpEd audit, Imp support, LMS)		308,176
Instructional Support and Interns		3,519
Recruitment/Relocation/Staff Recruitment(Principals)		50,478
Signing Bonuses for Principals		243,059
Summer Academy (Teachers/Data Coaches)		12,129
Human Resources Outsourcing		164,985
Site based Staffing July-September		127,381
Other (Teacher Devp, Principal Devp, MBA/PhD Cohort, Charter school eval, Athletics)		38,483
Principals I-Pads and Admin Tablets		12,751
Site-based Evaluation Staff Tablets		3,774
Student, HR, Financial and Data Warehouse		13,061
Salaries		1,267,992
Employee Benefits		267,915
Recruitment/Relocation		75,642
Facilities		58,749
Administrative Support - DPS		77,032
Transportation Management		76,288
Professional Development		19,155
Legal		121,311
Other (Travel, Printing, Parking, Vehicles, Supplies, Accounting)		120,904
Total Expenses		3,873,367

Balance		1,023,970
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Education Achievement Authority
of Michigan
Equity. Choice. Reinvention.

RESOLUTION 2012-44 (A-B)
APPROVAL OF WORKERS COMPENSATION AND
EDUCATORS LEGAL LIABILITY INSURANCE POLICY CONTRACTS

The Executive Committee of the Education Achievement Authority resolves:

1. That the attached **A)** Workers Compensation Insurance Policy Contract with Hartford Fire Insurance Company and the **B)** Educators Legal Liability Insurance Policy Contract with Scottsdale Indemnity Company are 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 attached Workers Compensation and Educators Legal Liability Insurance Policy Contracts on behalf of the Authority;
3. That the Secretary of the Executive Committee of the Authority shall enter the terms of the attached Workers Compensation and Educators Legal Liability Insurance Policy Contracts 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



Arthur J. Gallagher Risk Management Services, Inc.

July 24, 2012

Elizabeth Ruiz
Education Achievement Authority of Michigan
3022 West Grand Blvd
Detroit, MI 48202

Re: New Placement for Workers Compensation and Educators Legal Liability

Dear Elizabeth:

Attached are our quotations for Workers Compensation and Educators Legal Liability coverage.

We would like to outline the following notable points for your consideration:

- Any entity not named above, may not be an insured entity. This may include partnerships and joint ventures.
- The insurance carriers are Workers Compensation – Hartford Fire Insurance Company & Educators Legal Liability – Scottsdale Indemnity Company.
- Our A.M. Best Rating Summary is attached for your review.
- The premium is subject to minimum premium
- The Workers Compensation policy premium is subject to audit. The premium is based upon payroll.
- The Educators Legal Liability policy is claims-made and contains the following restriction and claims reporting requirements:
 1. Retroactive Date: Inception
 2. Definition of claim: Refer to attached policy form
 3. Incident or Claim Reporting Provision: Refer to attached policy form
 4. Extended Reporting Period Option Details: Refer to attached policy form
- Claims Handling Instructions by Policy – Immediately Report all claims to Janet Manning at (586) 439-4305
- It is recommended that you consider purchasing coverage for the following excluded coverages, which are not included in your insurance program. Internet Liability, Pollution Liability, Professional Liability, and Mechanical Breakdown.

To bind this policy, please refer to the "Client Authorization to Bind Coverage" page attached.

1. Note any changes you desire to be made.
2. Date and sign.
3. Return prior to the effective date of coverage.

We appreciate your business and look forward to working with you in the coming year. Please contact me if you have any questions.

Sincerely,

Crawford Craft
Executive Vice President

300 Ottawa, N.W., Suite 301
Grand Rapids, MI 49503-2308
Main 616.233.0910
Fax 616.233.0923
ajgrms.com/grandrapids

Compensation Disclosure Schedule

Coverage(s)	Carrier Name(s)	Wholesaler, MGA, or Intermediary Name 1	Estimated Annual Premium 2	Comm % or Fee 3	Wholesaler, MGA or Intermediary % 4	AJG Owned? Yes or No
Workers Compensation	Hartford Fire Insurance Company	AJG – Aliso Viejo	\$12,132	10%	7.5%	Yes
Educators Legal Liability	Scottsdale Indemnity Company	AJG – Aliso Viejo	See Options on Coverage Highlights	8.5%	5%	Yes

Some carriers pay Gallagher supplemental or contingent commissions in addition to the policy commission. Contingent commissions are typically contingent upon performance factors such as growth, profit, volume or retention, while supplemental commissions are not. These supplemental or contingent commissions may range from less than 1% up to 10 % of the policy premium. Please refer to the Contingent and Supplemental Commission Disclosure or contact your Gallagher representative for additional information.

1. We were able to obtain more advantageous terms and conditions for you through an intermediary/ wholesaler.
2. If the premium is shown as an indication: The premium indicated is an estimate provided by the market. The actual premium and acceptance of the coverage requested will be determined by the market after a thorough review of the completed application.
* A verbal quotation was received from this carrier. We are awaiting a quotation in writing.
3. The commission rate is a percentage of annual premium excluding taxes & fees.
* Gallagher is receiving ___% commission on this policy. The fee due Gallagher will be reduced by the amount of the commissions received.
4. * The non-Gallagher intermediary/wholesaler did not provide their compensation information for this proposal. The usual and customary compensation to a wholesaler/ intermediary ranges from 5% to 12%, but we cannot verify that range is applicable in connection with this proposal.

Important Disclosures

The proposal is an outline of certain terms and conditions of the insurance proposed by the insurers, based on the information provided by your company. It does not include all the terms, coverages, exclusions, limitations and/or conditions of the actual policy contract language. The insurance policies themselves must be read for those details. Policy forms for your reference will be made available upon request.

We will not be operating in a fiduciary capacity, but only as your broker, obtaining a variety of coverage terms and conditions to protect the risks of your enterprise. We will seek to bind those coverages based upon your authorization; however, we can make no warranties in respect to policy limits or coverage considerations of the carrier. Actual coverage is determined by policy language, so read all policies carefully. Contact us with questions on these or any other issues of concern.

The information contained in this proposal is based on the historical loss experience and exposures provided to . This proposal is not an actuarial study. Should you wish to have this proposal reviewed by an independent actuary, we will be pleased to provide you with a listing of actuaries for your use.

If this proposal contains options to purchase TRIA/TRIPRA coverage, the proposed TRIA/TRIPRA program may not cover all terrorism losses. While the most recent legislation eliminated the distinction between foreign and domestic acts of terrorism, a number of lines of coverage excluded under the TRIEA legislation passed in 2005 remain excluded, including commercial automobile, burglary and theft insurance; surety insurance, farmowners multiple perils and professional liability (although directors and officers liability is specifically included) . If such excluded coverages are required, we recommend that you consider purchasing a separate terrorism policy. Please note that a separate terrorism policy for these excluded coverages may be necessary to satisfy loan covenants or other contractual obligations.

Compensation Disclosure

One of the core values highlighted in The Gallagher Way states, "We are an Open Society," and our open society extends to the compensation Gallagher receives. For more information on Gallagher's compensation arrangements, please visit <http://www.gjg.com/compdisclosure>. In general, Gallagher may be compensated as follows:

1. Gallagher Companies are primarily compensated from the usual and customary commissions or fees received from the brokerage and servicing of insurance policies, annuity contracts, guarantee contracts and surety bonds (collectively "insurance coverages") handled for a client's account, which such commissions and fees may vary from company to company and insurance coverage to insurance coverage. As permitted by law, Gallagher companies occasionally receive both commissions and fees. In placing, renewing, consulting on or servicing your insurance coverages, Gallagher Companies may participate in contingent commission arrangements with intermediaries and insurance companies that provide for additional contingent compensation if underwriting, profitability, volume or retention goals are achieved. Such goals are typically based on the total amount of certain insurance coverages placed by Gallagher with the insurance company and/or through the intermediary, not on an individual policy basis. As a result, Gallagher may be considered to have an incentive to place your insurance coverages with a particular insurance company.
2. Gallagher Companies may also receive investment income on fiduciary funds temporarily held by them, such as premiums or return premiums.
3. Gallagher Companies may access other facilities, including wholesalers, reinsurance intermediaries, captive managers, underwriting managers and others that act as intermediaries for both Gallagher and other brokers in the insurance marketplace. Gallagher Companies may own some of these facilities, in whole or in part. If such

a facility was utilized in the placement of a client's account, the facility may have earned and retained customary brokerage commission or fees for its work.

4. Gallagher assists its customers in procuring premium finance quotes and unless prohibited by law may earn compensation for this value added service.

If you have specific questions about the compensation received by Gallagher and its affiliates in relation to your insurance placements, please contact your Gallagher representative for more details.

In the event you wish to register a formal complaint regarding compensation Gallagher receives from insurers or third parties, please send an e-mail to Compensation_Complaints@ajg.com or send a letter to:

AVC Compliance Officer
Arthur J. Gallagher & Co.
Two Pierce Place, 20th Floor
Itasca, IL 60143



**COMMERCIAL ACCOUNTS
CONTINGENT AND SUPPLEMENTAL COMMISSION DISCLOSURE**

Effective October 1, 2009, Arthur J. Gallagher & Co., and its subsidiaries operating as insurance agents/brokers under the corporate holding company known as Arthur J. Gallagher Brokerage & Risk Management Services, LLC, resumed participating in contingent commission arrangements which are routinely offered by insurance companies and intermediaries to agents and brokers, after voluntarily foregoing the benefit of this type of compensation since January 1, 2005. Contingent commission arrangements provide for additional compensation if certain underwriting, profitability, volume or retention goals are achieved. Such goals are typically based on the total amount of certain insurance coverages placed by Gallagher with the insurance company and/or through the intermediary, not on an individual policy basis. As a result, Gallagher may be considered to have an incentive to place your insurance coverages with a particular insurance company.

During the time Gallagher's retail operations did not accept contingent commissions, some insurance markets and intermediaries, including Gallagher owned intermediaries, modified their commission schedule with Gallagher, resulting in an increase in some commission rates. The additional commissions, commonly referred to as "supplemental commissions", are known at the effective date of the policy, but some intermediaries and insurance companies are paying the commission increase apart and later from when the commission is normally paid at policy issuance.

Unlike contingent commissions, supplemental commission payments are determined without regard to any performance factors which are contingent on future growth, retention, profitability, etc.

Contingent and supplemental commission ranges from less than 1% up to 10% of written or earned premium on eligible lines of business (not all lines of business qualify).

NOTE: Upon request, your Gallagher representative can provide more specific market information regarding contingent and supplemental commission related to your insurance coverage.

Carrier Ratings and Admitted Status

Proposed Carriers	A.M. Best's Rating	Admitted/Non-Admitted
Hartford Fire Insurance Company	A+ XV	Admitted
Scottsdale Indemnity Company	A+ XV	Admitted

If the above indicates coverage is placed with a non-admitted carrier, the carrier is doing business in the state as a surplus lines or non-admitted carrier. As such, this carrier is not subject to the same regulations which apply to an admitted carrier nor do they participate in any insurance guarantee fund applicable in that state.

The above A.M. Best Rating was verified on the date the proposal document was created.

**Guide to Best Ratings
Rating Levels and Categories**

Level	Category	Level	Category	Level	Category
A++, A+	Superior	B, B-	Fair	D	Poor
A, A-	Excellent	C++, C+	Marginal	E	Under Regulatory Supervision
B++, B+	Good	C, C-	Weak	F	In Liquidation
				S	Suspended

Financial Size Categories

(In \$000 of Reported Policyholders' Surplus Plus Conditional Reserve Funds)

FSC I	Up to	1,000	FSC IX	250,000	to	500,000	
FSC II	1,000	to	2,000	FSC X	500,000	to	750,000
FSC III	2,000	to	5,000	FSC XI	750,000	to	1,000,000
FSC IV	5,000	to	10,000	FSC XII	1,000,000	to	1,250,000
FSC V	10,000	to	25,000	FSC XIII	1,250,000	to	1,500,000
FSC VI	25,000	to	50,000	FSC XIV	1,500,000	to	2,000,000
FSC VII	50,000	to	100,000	FSC XV	2,000,000	or more	
FSC VIII	100,000	to	250,000				

Best's Insurance Reports, published annually by A.M. Best Company, Inc., presents comprehensive reports on the financial position, history, and transactions of insurance companies operating in the United States and Canada. Companies licensed to do business in the United States are assigned a Best's Rating which attempts to measure the comparative position of the company or association against industry averages.

A Best's Financial Strength Rating opinion addresses the relative ability of an insurer to meet its ongoing insurance obligations. It is not a warranty of a company's financial strength and ability to meet its obligations to policyholders. View the A.M. Best Important Notice: Best's Credit Ratings for a disclaimer notice and complete details at <http://www.ambest.com/ratings/notice>.

Best's Credit Ratings are under continuous review and subject to change and/or affirmation. For the latest Best's Credit Ratings and Best Credit Reports (which include Best Ratings), visit the A.M. Best website at <http://www.ambest.com>. See Guide to Best's Credit Ratings for explanation of use and charges. Copies of the Best's Insurance Reports for carriers listed above are also available upon request of your Gallagher representative.

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Gallagher companies use A.M. Best Company's rating services to evaluate the financial condition of insurers whose policies we propose to deliver. Gallagher companies make no representations and warranties concerning the solvency of any carrier, nor does it make any representation or warranty concerning the rating of the carrier which may change.

GUIDE TO BEST'S FINANCIAL STRENGTH RATINGS – INSURER

A Best's Financial Strength Rating is an independent opinion of an insurer's financial strength and ability to meet its ongoing insurance policy and contract obligations. The rating is based on a comprehensive quantitative and qualitative evaluation of a company's balance sheet strength, operating performance and business profile.

Financial Strength Ratings – Insurer

	Rating	Descriptor	Definition
Secure	A++, A+	Superior	Assigned to companies that have, in our opinion, a superior ability to meet their ongoing insurance obligations.
	A, A-	Excellent	Assigned to companies that have, in our opinion, an excellent ability to meet their ongoing insurance obligations.
	B++, B+	Good	Assigned to companies that have, in our opinion, a good ability to meet their ongoing insurance obligations.
Vulnerable	B, B-	Fair	Assigned to companies that have, in our opinion, a fair ability to meet their ongoing insurance obligations. Financial strength is vulnerable to adverse changes in underwriting and economic conditions.
	C+, C+	Marginal	Assigned to companies that have, in our opinion, a marginal ability to meet their ongoing insurance obligations. Financial strength is vulnerable to adverse changes in underwriting and economic conditions.
	C, C-	Weak	Assigned to companies that have, in our opinion, a weak ability to meet their ongoing insurance obligations. Financial strength is very vulnerable to adverse changes in underwriting and economic conditions.
	D	Poor	Assigned to companies that have, in our opinion, a poor ability to meet their ongoing insurance obligations. Financial strength is extremely vulnerable to adverse changes in underwriting and economic conditions.
	E	Under Regulatory Supervision	Assigned to companies (and possibly their subsidiaries/affiliates) placed under a significant form of regulatory supervision, control or restraint - including cease and desist orders, conservatorship or rehabilitation, but not liquidation - that prevents conduct of normal, ongoing insurance operations.
	F	In Liquidation	Assigned to companies placed in liquidation by a court of law or by a forced liquidation.
	S	Suspended	Assigned to rated companies when sudden and significant events affect their balance sheet strength or operating performance and rating implications cannot be evaluated due to a lack of timely or adequate information.

Rating Outlooks

Assigned to an Interactive Financial Strength Rating to indicate its potential direction over an intermediate term, generally defined as 12 to 36 months.

Positive	Indicates possible rating upgrade due to favorable financial/market trends relative to the current rating level.
Negative	Indicates possible rating downgrade due to unfavorable financial/market trends relative to the current rating level.
Stable	Indicates low likelihood of a rating change due to stable financial/market trends.

Rating Modifiers

Modifier	Descriptor	Definition
u	Under Review	Indicates the rating may change in the near term, typically within six months. Generally is event driven, with positive, negative or developing implications.
pd	Public Data	Indicates rating assigned to insurer that chose not to participate in A.M. Best's interactive rating process.
s	Syndicate	Indicates rating assigned to a Lloyd's syndicate.

Affiliation Codes

Indicates rating is based on a type of affiliation with other insurers.

g	Group	p	Pooled	r	Reinsured
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Not Rated Categories

Assigned to companies reported on by A.M. Best, but not assigned a Best's Rating.

NR-1: Insufficient Data.	NR-2: Insufficient Size and/or Operating Experience.	NR-3: Rating Procedure Inapplicable.
NR-4: Company Request.	NR-5: Not Formally Followed.	

Rating Disclosure

A Best's Financial Strength Rating opinion addresses the relative ability of an insurer to meet its ongoing insurance obligations. The ratings are not assigned to specific insurance policies or contracts and do not address any other risks, including, but not limited to, an insurer's claims-payment policies or procedures; the ability of the insurer to dispute or deny claims payment on grounds of misrepresentation or fraud; or any specific liability contractually borne by the policy or contract holder. A Best's Financial Strength Rating is not a recommendation to purchase, hold or terminate any insurance policy, contract or any other financial obligation issued by an insurer; nor does it address the suitability of any particular policy or contract for a specific purpose or purchaser. In arriving at a rating decision, A.M. Best relies on third-party audited financial data and/or other information provided to it. While this information is believed to be reliable, A.M. Best does not independently verify the accuracy or reliability of the information. For additional details, see A.M. Best's Terms of Use at www.ambest.com.

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Education Achievement Authority

Client Authorization to Bind Coverage

After careful consideration of your proposal dated 7/24/2012, we accept your insurance program subject to the following exceptions/changes:

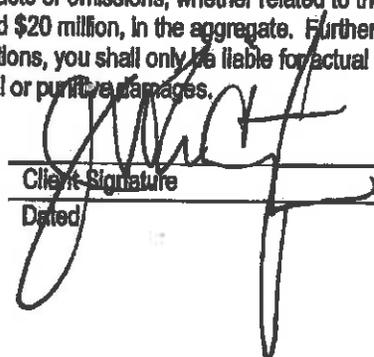
POLICY OPTIONS:

YES	NO	OPTION DESCRIPTION
<input checked="" type="checkbox"/>	<input type="checkbox"/>	Bind All Policies As Shown Herein Except As Listed Below:
<input type="checkbox"/>	<input type="checkbox"/>	Bind TRIA Terrorism Coverage As Quoted Except For the Following Policies
<input type="checkbox"/>	<input type="checkbox"/>	Provide Quotations or Additional Information on the following Coverage Considerations

It is understood this proposal provides only a summary of the details; the policies will contain the actual coverages.

We confirm the values, schedules, and other data contained in the proposal are from our records and acknowledge it is our responsibility to see that they are maintained accurately.

We agree that your liability to us arising from your negligent acts or omissions, whether related to the insurance placed pursuant to these binding instructions or not, shall not exceed \$20 million, in the aggregate. Further, without limiting the foregoing, we agree that in the event you breach your obligations, you shall only be liable for actual damages we incur and that you shall not be liable for any indirect, consequential or punitive damages.



Client Signature
Dated 7/30/12



EDUCATION ACHIEVEMENT AUTHORITY of Michigan
VENDOR CONTRACT JUSTIFICATION FORM

REQUESTER INFORMATION

Date: 8/2/12 Department: Finance Requisition No.: _____

Requester Contact Information: Dr. Rebecca Lee-Gwin (313) 456-3010
Name Telephone Number

CONTRACT INFORMATION

Vendor Name: Hartford Fire Insurance Company

Contract Price: \$12,132 Annual Premium

Funding Source: General Fund

Contract Term: Policy Period of 9/1/2012 to 9/1/2013

Equipment/Services to be Provided: Workers' compensation insurance to cover employee bodily injury by accident, disease, catastrophe, and terrorism.

Justification for Contract: Michigan Workers' Disability Compensation Act requires assurance by employers for payment of employee disability benefits.

LEVEL OF IMPORTANCE

Essential

Important

Desirable

REQUIRED APPROVALS

Principal/Department Head Date

Chancellor Date

Coverage: Workers Compensation
Carrier: Hartford Fire Insurance Company
Policy Period: 9/1/2012 to 9/1/2013

States Covered:

STATE

MICHIGAN

Other States Coverage: All States except those listed above and ND, WA, OH, WY, WV

Coverage:

DESCRIPTION	LIMIT	
Coverage A - Workers Compensation	Statutory	
Employers' Liability Limits: Bodily Injury by Accident	\$1,000,000	Each Accident
Employers' Liability Limits: Bodily Injury by Disease per Employee	\$1,000,000	
Employers' Liability Limits: Bodily Injury by Disease - Policy Limit	\$1,000,000	

Experience Modification Factor: MICHIGAN- 1.00

Endorsements include, but are not limited to:

DESCRIPTION

Catastrophe (Other Than Certified Acts of Terrorism) Premium Endorsement

Terrorism Risk Insurance Program Reauthorization Act Disclosure Endorsement

Limited Coverage for Monopolistic States, Territories, and Provinces Endorsement

Exclusions include, but are not limited to:

DESCRIPTION

Bodily Injury to an Employee While Employed in Violation of Law

Bodily Injury Intentionally Caused by Insured

Federal Employers' Liability Act

Assumptions under Contract

Other significant terms and conditions/restrictions:

DESCRIPTION

Estimated premium includes Catastrophe Other than Certified Acts of Terrorism Premium 1%

Policyholder Disclosure Notice Of Terrorism Insurance Coverage For Workers Compensation

Voluntary compensation for employees who are not covered by state statute

Premium \$12,132.00
ESTIMATED PROGRAM COST: **\$12,132.00**

TRIA/TRIPRA PREMIUM **INCLUDED**
(+ Additional Surcharges, Taxes and Fees as applicable)

Subject to Audit: Annually

Auditable Exposures:

STATE	CLASS CODE	DESCRIPTION	EXPOSURE	RATE
MI	8810	Clerical	\$1,920,000 - Payroll	.19
MI	8888	Professional	\$1,690,000 - Payroll	.43



Commercial Insurance Quote Proposal

**EDUCATION ACHIEVEMENT AUTHORITY OF
MICHIGAN**

Effective 9/1/2012 – 9/1/2013

Insurance Professional

**Tom Boobar
Arthur J Gallagher & Co Ins Brkrs**

July 18, 2012

Amend Discovery Election – 90 Days

Crisis Management

Tolling or Waving the Statute of Limitations

Wage and Hour Claim Endorsement

Amend Subrogation Provision – Final Judgment

Exclusions include, but are not limited to:

DESCRIPTION

Nuclear Energy Exclusion

Amend Insured Versus Insured Exclusion

Named Entity Claims Exclusion

Professional Services Error and Omission Exclusion

Sexual Misconducts, Child Abuse, Neglect Exclusion

Intellectual Property – Exclusion

Digitally Published Material - Exclusion

Fungi, Bacteria, Viruses- Exclusion

Defense Limitations:

Defense Limitation: Applies

Defense Cost Type: Other

Defense Cost Limits: In addition to Policy Limit

Other significant terms and conditions/restrictions:

DESCRIPTION

Premium is subject to minimum premium \$500

Subject to Audit: Not Auditable

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INSURANCE PROGRAM SUMMARY

Education Achievement Authority Of Michigan

Effective Date: 9/1/2012

Coverage	Premium	Commission
WC	\$12,132.00	17.5 %
Total Account Premium	\$12,132.00	
WC commission applies to standard premium before any discount.		

Premium may include surcharges, taxes, and assessments.

Commission percentages shown are for base commission only and do not include any applicable supplemental commission or other forms of compensation. The premiums identified above may contain surcharges and/or assessments to which the commission percentages shown above may not apply. Workers compensation commission percentage applies to the standard premium before application of any premium discount. Commission does not apply to retrospective premium adjustments.

PAYMENT PLAN

Direct Bill

Billing Plans	Down Payment	Installments
Full Pay	100%	
Two Pay	60%	40%
Three Pay	40%	2 @ 30%
Four Pay	30%	2 @ 25% and 1 @ 20%
Ten Pay	25%	9 @ 8.33%

Note: Installment fees apply; visit our Agent's Billing Guide and Bill Fee Schedule on the EBC or contact your local underwriter for more information

Agency Bill

Billing Plans	Down Payment	Installments
Full Pay	100%	
Two Pay	60%	40%
	76% (Work Comp)	25%
Three Pay	40% (Not available for Work Comp)	2 @ 30%
Four Pay	35%	3 @ 21.6%
	50% (Work Comp)	3 @ 16.6%
Ten Pay	25%	9 @ 8.33%

PAYROLL BILLING

Payroll Billing Workers' Compensation Option:

Cash flow is very important to business owners. Are you interested in paying your workers' compensation premium on a pay-as-you-go basis?

Go to www.xactpay.com to find out more about XactPAY®, our patent pending payroll billing solution for workers' compensation. Benefits to business owners include:

- ◆ No large down-payment
- ◆ Pay-as-you-go premium charges based on actual payroll
- ◆ Mitigation of audit surprises at the end of the policy period

TERMS & CONDITIONS

- ◆ If this quote proposal contains identical coverages, limits and deductibles to a previously issued quote proposal, this quote proposal will replace the previously issued quote proposal
- ◆ The quote is valid for 60 days from the date of the proposal or until the proposed policy inception date, whichever is earlier. Coverage may not be bound retroactively.
- ◆ This proposal provides a summary of coverages. For a complete description of coverages and all terms and conditions, please refer to The Hartford's policy forms, which are available upon request or online on the Electronic Business Center (EBC). In the event of a conflict, the actual terms, conditions, limitations and exclusions of the policy shall prevail. Insurance specifications and other requests for coverage that are not incorporated in this proposal, confer no rights and do not amend, extend or alter the coverage afforded by The Hartford.
- ◆ Whether or not this quote is for more than one line of insurance, it must be accepted or rejected by the recipient in its entirety. Please contact the underwriter in the event that only a portion of the quotation is desired.
- ◆ This proposal is subject to the cancellation provisions applicable to each policy.
- ◆ Prior to the effective date of coverage, The Hartford must be advised of any change in the information provided by, or required to be provided by, the applicant, or any change in the exposure basis, hazard or risk contemplated by this proposal since the original submission date. The Hartford reserves the right to modify or withdraw this proposal in the event of any of the above.
- ◆ All of the terms, conditions, and other requirements set forth in this proposal must be included in any quote presentation to the proposed insured.



QUOTE IS SUBJECT TO:

Unless otherwise stated below, coverage may be bound. However, we require compliance with these "Subject To" requirements within 30 days of policy inception, unless otherwise specified, to avoid cancellation of the policy.

General

- ◆ Favorable Loss Control inspection within 60 days.

Workers' Compensation

- ◆ Any pending rate or experience modification changes
- ◆ Confirmation of the number of employees by location prior to issuance.

The following short-rate fee disclosure applies to California policies:

The Hartford charges a fee if the insured cancels the policy before the end of the policy term. This means that the final premium may be increased by a short-rate or penalty cancellation fee, which varies depending on how early the policy is cancelled or whether your policy is subject to an annual minimum premium. The range of the penalty is 5% to 100% of the full policy premium.

Your Middle Market Underwriting and Service Team

The backbone of a successful relationship is our ability to provide local expertise, backed by national strength. We know you, your objectives and territories because of the success we have had combining our local expertise with national products and services.

The Hartford assigns local sales underwriters and service center teams to individual agencies. Our unique approach has led agency principals, producers and CSRs to rate us as superior among our largest competitors in delivering a "relationship of trust and mutual respect."

Team Member	Role	Phone Number
David Tresville David.Tresville@Thehartford.Com	Underwriter	(714) 674-1238
Jane Han Jhan@Thehartford.Com	Customer Service	(714) 674-1217



WORKERS' COMPENSATION

As one of the ten largest Workers' Compensation providers in the U.S., The Hartford offers a nationwide presence, professional claim handling, and the capability to address the indirect costs of employee injuries by helping get injured employees back to work as soon as medically appropriate.

Workers' Compensation Endorsements from The Hartford includes:

- Voluntary compensation for employees who are not covered by state statute
- An automatic waiver of our right to recover from other parties when required by a written contract. This saves time and eliminates the need for separate endorsements.

Employers' Liability Limit

\$1,000,000 / \$1,000,000 / \$1,000,000

Compulsory Coverage & Employers' Liability	Premium
Employers Liability	
Total Class Premium	\$11,133.00
Increased Limits Part Two	\$306.00
Premium Discount	\$-229.00
Catastrophe (9741)	\$361.00
Terrorism (9740)	\$361.00
Expense Constant	\$200.00
Total Estimated State Surcharge	\$0.00
Total Workers' Compensation Premium	\$12,132.00

Coverage	
States listed on policy	MI
States Excluded	none

State	Experience Modification	Tentative (T) Preliminary (P) Actual (A)
MI	No - Exp. Mod	A

Pending Rates

none

Additional Endorsements/Exclusions

Exclusions will apply per The Hartford's standard policy forms and endorsements and as may be contained in the additional endorsements set forth below.

Comments



**The Hartford
Middle Market & Specialty Commercial**

We're Putting Our Strength to Work for You

- The Hartford's property & casualty companies are rated "A" by A.M. Best Company.
- Our broad range of products offer unique competitive advantages, and our range of business insurance solutions addresses the needs of midsize to large clients. Whether your clients have basic coverage needs or more complex and difficult exposures, our highly trained professionals can work with you to satisfy those needs.
- Our financial strength and stability mean that you can count on The Hartford to perform when you need us most by delivering on our promise to pay claims fairly and promptly, saving time and improving client satisfaction. Some highlights of our claim service include 24/7 toll-free loss reporting; claim expertise aligned by type of claim; and medical management programs focused on achieving the best medical outcome and early return to work for injured workers. Our well-recognized loss control services assure that your clients have access to a broad scope of service, and technical expertise through local loss control consultants.



TERRORISM

DISCLOSURE PURSUANT TO TERRORISM RISK INSURANCE ACT

Terrorism Coverage and Premium

In accordance with the federal Terrorism Risk Insurance Act (as amended "TRIA"), we are required to make coverage available under your policy for "certified acts of terrorism." The actual coverage provided by your policy(ies) will be limited by the terms, conditions, exclusions, limits, and other provisions of your policy(ies), as well as any applicable rules of law.

The portion of your premium attributable to this terrorism coverage is shown in the premium section(s) of this quote proposal or binder.

Definition of Certified Act of Terrorism

A "certified act of terrorism" means an act that is certified by the Secretary of the Treasury, in concurrence with the Secretary of State and the Attorney General of the United States, to be an act of terrorism under TRIA. The criteria contained in TRIA for a "certified act of terrorism" include the following:

1. The act results in insured losses in excess of \$5 million in the aggregate, attributable to all types of insurance subject to TRIA; and
2. The act results in damage within the United States, or outside the United States in the case of certain air carriers or vessels or the premises of an United States mission; and
3. The act is a violent act or an act that is dangerous to human life, property or infrastructure and is committed by an individual or individuals acting as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion.

Disclosure of Federal Share of Terrorism Losses

The United States Department of the Treasury will reimburse insurers for 85% of that portion of insured losses attributable to certified acts of terrorism that exceeds the applicable insurer deductible. However, if aggregate industry insured losses under TRIA exceed \$100 Billion in a Program Year (January 1 through December 31), the Treasury shall not make any payment for any portion of the amount of such losses that exceeds \$100 billion. The United States government has not charged any premium for their participation in covering terrorism losses.

Cap on Insurer Liability for Terrorism Losses

If aggregate industry insured losses attributable to "certified acts of terrorism" under TRIA exceed \$100 Billion in a Program Year (January 1 through December 31), and we have met, or will meet, our insurer deductible under TRIA, we shall not be liable for the payment of any portion of the amount of such losses that exceed \$100 billion. In such case, your coverage for terrorism losses may be reduced on a pro-rata basis in accordance with procedures established by the Treasury, based on its estimates of aggregate industry losses and our estimate that we will exceed our insurer deductible. In accordance with the Treasury's procedures, amounts paid for losses may be subject to further adjustments based on differences between actual losses and estimates.

Note to Producer on TRIA: The premium for terrorism coverage and the TRIA disclosures above must be provided to the insured or prospect at the time of quoting. If you are not using this quote proposal, you can use Hartford's stand-alone TRIA disclosure form for quotes and binders, which is available on EBC or from the company.

APPENDIX - continued

Exposures

Workers' Compensation

See attached rating worksheets

PRODUCER'S FACT SHEET

NAMED INSURED: QUOTE ID # 72WEV DS9425
EDUCATION ACHIEVEMENT AUTHORITY OF MICHIGAN

PRODUCER'S NAME: PRODUCER'S CODE: 186505
ARTHUR J GALLAGHER & CO INS BRKRS

POLICY EFF DATE: 09/01/12 POLICY EXP DATE: 09/01/13

TRANSACTION TYPE: NEW BUSINESS QUOTE
HOUSING CODE: K2
TOTAL ESTIMATED ANNUAL PREMIUM: \$12,132.00

COMMISSION BREAKDOWN		
LOB	EST ANN PREMIUM	COMMISSION PERCENTAGE
WC	\$11,439.00	17.5
WC	\$493.00	.0
EXPENSE CONSTANT	\$200.00	.0
TOTAL	\$12,132.00	

THE COMMISSION RATE IS TENTATIVE AND SUBJECT TO ADJUSTMENT

TERMINAL ID: R072V17A
PRODUCER'S FACT SHEET PAGE 1

07-17-12 72 WEV DS9425 (09-01-13)





EDUCATION ACHIEVEMENT AUTHORITY of Michigan
VENDOR CONTRACT JUSTIFICATION FORM

REQUESTER INFORMATION

Date: 8/2/12 Department: Finance Requisition No.: _____

Requester Contact Information: Dr. Rebecca Lee-Gwin (313) 456-3010
Name Telephone Number

CONTRACT INFORMATION

Vendor Name: Scottsdale Indemnity Company

Contract Price: \$16,247 Annual Premium

Funding Source: General Fund

Contract Term: Policy Period of 9/1/2012 to 9/1/2013

Equipment/Services to be Provided: Educators legal liability insurance;
directors & officers with employment practices liability.

Justification for Contract: To protect against future risk/loss.

LEVEL OF IMPORTANCE

Essential

Important

Desirable

REQUIRED APPROVALS

Principal/Department Head Date

Chancellor Date

Coverage: Educators Legal Liability
Carrier: Scottsdale Indemnity Company
Policy Period: 9/1/2012 to 9/1/2013

Form Type:

COVERAGE	FORM TYPE	RETROACTIVE DATE	PENDING & PRIOR LITIGATION DATE
Educators Legal Liability (Directors & Officers with Employment Practices Liability)	Claims-Made	Inception date	Varies by Member

Coverage Options: Employment Practices Liability

TYPE	LIMIT	RETENTION	PREMIUM
Option 1	\$500,000	\$50,000	\$10,013
*Option 2	\$1,000,000	\$50,000	\$13,350
Option 3	\$2,000,000	\$50,000	\$16,888

Coverage Options: Insured Person and Organization

TYPE	LIMIT	RETENTION	PREMIUM
Option 1	\$50,000	\$50,000	\$2,173
*Option 2	\$1,000,000	\$50,000	\$2,897
Option 3	\$2,000,000	\$50,000	\$3,621

Definition of Claim:

DESCRIPTION
Refer to attached policy form

Incident or Claim reporting provision:

DESCRIPTION
Refer to attached policy form

Extended Reporting Period (ERP) Options*:

PREMIUM AMOUNT	PREMIUM DUE DATE	LENGTH
Refer to attached policy form		

*If ERP Coverage is desired, then that request must be in writing to the carrier

Endorsements Include, but are not limited to:

DESCRIPTION
Employment Practices Coverage Section
Insured Person and Organization Coverage Section
Added Definition of Insured
Advisory Board Extension
Allocation Provision



Flexible Underwriting for Every Risk

7/20/2012

Policy Form: BAM Non-Profit
(Copy of the Specimen Policy Form)

To: Nicole Davila - RPS - IL - CharterSafe

From: Joseph Kinsley

Re: Education Achievement Authority of Michigan

E-Risk Services, on behalf of Scottsdale Indemnity Company, is pleased to provide the below indication of terms and conditions for coverage on the above captioned. Please note that the limits of liability below are separate Limits of Liability for each of the Coverage Sections.

Any of the below Coverage Sections may be elected in any combination of limits and corresponding premiums, subject to the applicable minimum premium.

BAM Non-Profit
(Copy of the Policy Form)

Employment Practices
(Coverage Highlights)

Limit	Retention	Premium
\$500,000	\$50,000	\$10,013
\$1,000,000	\$50,000	\$13,350
\$2,000,000	\$50,000	\$16,688

- Continuity Date: Inception
- Effective 2/1/2010, the E-Risk EPL HELPLINE has now been enhanced with an Online Unlawful Harassment Training module available to all managers and supervisors. The self-managed training module meets California's AB1825 requirements, as well as other state requirements. When EPL coverage is bound, to get started or simply log in to www.eriskeplhelpline.com and access the Training or E-Risk EPL HELPLINE representative at 1-877-568-6655.
- In the event that EPL coverage section is purchased, you will have access to a state-of-the-art EPL Risk Management service that provides Insureds the ability to access to an Online Resource Portal and more. To learn more about the E-Risk EPL HELPLINE, please visit: <http://www.eriskhrhelpline.com/hroverview/>.
- Third Party EPL is included.

Insured Person And Organization
(Coverage Highlights)

Limit	Retention	Premium
\$500,000	\$50,000	\$2,173
\$1,000,000	\$50,000	\$2,897
\$2,000,000	\$50,000	\$3,621

- Continuity Date: Inception

Fiduciary
(Coverage Highlights)

Limit	Retention	Premium
N/A - See Note Below		

- This coverage is not sought

Endorsements:

(Click on any item below to view the document content)

1. Declarations (EKI-D-2 (04/08))
2. Claim Notification - Michigan (EKI-343-MI (04/08))
3. Disclaimer Notice - Michigan (NOTX0175MI (04/08))
4. General Terms and Conditions (EKI-326 (04/08))
5. Employment Practices Coverage Section (EKI-P-7 (04/08))
6. Insured Person and Organization Coverage Section (EKI-P-8 (04/08))
7. Add Definition of Insured Person (EKI-93 (04/08))
8. Advisory Board Extension (EKI-99 (04/08))
9. Allocation Provision (Non Profit) (EKI-804 (01/09))
10. Amend Definition of Application (Non-Profit)-GT&C (EKI-909 (07/10))
11. Amend Discovery Election - 90 Days - IPO (EKI-803(01/09))
12. Amend Insured Versus Insured Exclusion (Non-Profit) (EKI-255 (08/09))
13. Amend Notice Provision-Charter School Program-EPL (Non-Profit) (EKI-264 (04/08))
14. Amend Notice Provision-Charter School Program - IPO (Non-Profit) (EKI-265 (04/08))
15. Amend Subrogation Provision - Final Judgment (EKI-805 (01/09))
16. Amend Warranty Provision Non-Rescindable Coverage (Non-Profit) (EKI-261 (04/09))
17. Amended Insured Versus Insured Exclusion - Foreign Jurisdiction - IPO (EKI-814 (05/09))
18. Amended Insured Versus Insured Exclusion Whistleblower Carveback - IPO (EKI-930 (02/11))
19. Amended Insured Versus Insured Exclusion with Creditor Committee Carveback (EKI-806 (01/09))
20. Cost of Investigations Coverage (Non-Profit) - IPO (EKI-807 (04/09))
21. Crisis Fund for Non-Profits - Crisis Communications Management Insurance (Non-Profit) - \$10,000 Crisis Fund (EKI-269 (04/08))
22. Excess Benefit Transaction Excise Tax Coverage Endorsement (EKI-104 (04/08))
23. Immigration Claim Endorsement (Non-Profit) - \$100,000 Sub-Limit (EKI-869 (08/09))
24. Named Entity Claims Exclusion (Non-Profit) (EKI-114 (04/08))
25. Named Entity Claims Exclusion-EPL (Non-Profit) (EKI-115 (04/08))
26. Outside Entity Coverage for Non-Profit Companies - IPO (EKI-355 (06/08))
27. Priority of Payments Provision (Non-Profit) (EKI-238 (04/08))
28. Professional Services Errors and Omissions Exclusions (EKI-121 (04/08))
29. Sexual Misconduct, Child Abuse, Neglect Exclusion (Non-Profit) (EKI-110 (04/08))
30. Sexual Misconduct, Child Abuse, Neglect Exclusion - EPL (Non-Profit) (EKI-111 (04/08))
31. State Amendatory Inconsistent - General Terms & Conditions (EKI-848 (05/09))
32. Tolling or Waiving the Statute of Limitations (EKI-802 (01/09))
33. Wage and Hour Claim Endorsement - Non-Profit - \$250,000 Sub-Limit (EKI-866 (07/09))
34. TRIA Disclosure Notice (NOTI0164CW (1-08))

Subject to Information:

1. PRIOR TO BINDING: CONFIRMATION NO CLAIMS, LITIGATION, EEOC MATTERS
2. Signed ERisk Application

Discovery Period:

- 365 days (1 year) at 30% additional premium
- 730 days (2 years) at 125% additional premium
- 1,095 days (3 years) at 150% additional premium

Run Off Options:

- 1 Year at 100% additional premium
- 2 Years at 125% additional premium
- 3 Years at 150% additional premium
- 4 Years at 165% additional premium
- 5 Years at 185% additional premium
- 6 Years at 200% additional premium

Indication Expiration Date: 8/19/2012, 30 days from the date of this letter.

Notes:

- Please be advised that a minimum total policy premium charge of \$500 will apply in the aggregate for all coverages bound
- The premium for certified acts of terrorism coverage under the Terrorism Risk Insurance Act of 2002 is 1% and is included in the premium stated above. You may decline to purchase terrorism coverage for certified acts of terrorism, however, you will have no coverage for losses resulting from certified acts of terrorism. If you decline the coverage a 1% premium reduction will apply.

Thank you for considering E-Risk Services for your insurance needs. If you have any questions regarding this indication or coverage, please feel free to call me.

Sincerely,
Joseph Kinsley

jkinsley@ERiskServices.com

**Northwest Professional Center
227 US Hwy 206, Suite 302
Flanders, NJ 07836-9174
Telephone: (800)-689-2550 / (973)-252-5141
Fax: (800)-689-2839 / (973)-252-5146
www.ERiskServices.com**

Combine EPL and IPO Coverage

Scottsdale Indemnity Company

Home Office:

One Nationwide Plaza • Columbus, Ohio 43215

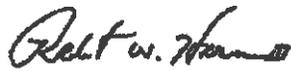
Administrative Office:

8877 North Gainey Center Drive • Scottsdale, Arizona 85258

1-800-423-7675

A STOCK COMPANY

In Witness Whereof, the Company has caused this policy to be executed and attested.



Secretary



President

The information contained herein replaces any similar information contained elsewhere in the policy.

CLAIM NOTIFICATION - MICHIGAN

The Notification section wherever found in this Policy is amended to include the following:

All notices to the Insurer shall be given in writing and sent by mail, prepaid express courier or by facsimile, to the applicable address shown in Item 8. of the Declarations. Notwithstanding the foregoing, notice given by or on behalf of the Parent Company or Parent Organization to any authorized agent of the Insurer within the state of Michigan, with particulars sufficient to identify the Parent Company or Parent Organization as a policyholder under this Policy, shall be deemed to be notice to the Insurer. Additionally, failure to give any notice required to be given by this Policy within the time specified in the Notification section shall not invalidate any claim made by the Parent Company or Parent Organization if it shall be shown not to have been reasonably possible to give such notice within the prescribed time and that notice was nonetheless given as soon as was reasonably possible.

All other terms, conditions and exclusions of the policy remain unchanged.

DISCLAIMER NOTICE - MICHIGAN

This policy is exempt from the filing requirements of section 2236 of the insurance code of 1956, 1956 PA 218, MCL 500.2236.

Scottsdale Indemnity Company

Scottsdale Indemnity Company, herein called the **Insurer**

BUSINESS AND MANAGEMENT INDEMNITY POLICY — NON-PROFIT ORGANIZATIONS

GENERAL TERMS AND CONDITIONS

In consideration of the payment of premium, in reliance on the **Application** and subject to the **Declarations**, and terms and conditions of this **Policy**, the **Insurer** and the **Insureds** agree as follows.

A. SEVERABILITY OF GENERAL TERMS AND CONDITIONS

These General Terms and Conditions apply to each and every Coverage Section of this **Policy**. The terms and conditions of each Coverage Section apply only to that Coverage Section and shall not be construed to apply to any other Coverage Section.

B. DEFINITIONS

Whenever used in this **Policy**, the terms that appear below in **boldface** type shall have the meanings set forth in this Definitions subsection of the General Terms and Conditions. However, if a term also appears in **boldface** type in a particular Coverage Section and is defined in that Coverage Section, that definition shall apply for purposes of that particular Coverage Section. Terms that appear in **boldface** in the General Terms and Conditions but are not defined in this Definitions subsection and are defined in other Coverage Sections of the **Policy** shall have the meanings ascribed to them in those Coverage Sections.

1. **Additional Insured Person Discovery Period** means any time after the effective date the **Parent Organization** cancels or elects to not renew the **Policy** which may be applicable pursuant to Section J. below.
2. **Application** means all applications, including any attachments thereto, and all other information and materials submitted by or on behalf of the **Insureds** to the **Insurer** in connection with the **Insurer** underwriting this **Policy** or any policy of which this **Policy** is a renewal or replacement. All such applications, attachments, information, materials and documents are deemed attached to and incorporated into this **Policy**.
3. **Discovery Period** means one of the periods described in Item 5. of the **Declarations** which is elected and purchased pursuant to Section H. below.
4. **Domestic Partner** means any natural person qualifying as a domestic partner under the provisions of any applicable federal, state or local law or under the provisions of any formal program established by the **Organization**.
5. **Extended Period** means the **Discovery Period**, **Run-Off Period**, or **Additional Insured Person Discovery Period**, if such provision is applicable pursuant to Section J. or is elected and purchased pursuant to Sections H. or I., respectively, below.
6. **Insurer** means the insurance company providing this insurance.
7. **Organization** means:
 - a. the **Parent Organization**; and
 - b. any **Subsidiary**,and includes any such organization as a debtor-in-possession or the bankruptcy estate of such entity under United States bankruptcy law or an equivalent status under the law of any other jurisdiction.
8. **Parent Organization** means the entity first named in Item 1. of the **Declarations**.
9. **Policy** means, collectively, the **Declarations**, the **Application**, this policy form and any endorsements.
10. **Policy Period** means the period from the effective date and hour of the inception of this **Policy** to the **Policy** expiration date and hour as set forth in Item 2. of the **Declarations**, or its earlier cancellation date and hour, if any.

11. **Run-Off Period** means one of the periods described in Item 6. of the Declarations, which is elected and purchased pursuant to Section I. below.
12. **Subsidiary** means any entity of which more than fifty percent (50%) of the outstanding securities or voting rights representing the present right to vote for the election of such entity's directors or managers are owned or controlled by the **Parent Organization**, directly or indirectly, if such entity:
 - a. was so owned on or prior to the inception date of this **Policy**; or
 - b. becomes so owned after the inception date of this **Policy**.
13. **Takeover** means:
 - a. the acquisition by any person or entity of more than fifty percent (50%) of the voting rights of the **Parent Organization** representing the present right to vote for the election of directors or trustees; or
 - b. the merger or consolidation of the **Parent Organization** into another entity such that the **Parent Organization** is not the surviving entity;

All definitions shall apply equally to the singular and plural forms of the respective words.

C. LIMITS OF LIABILITY AND RETENTIONS

1. The Limits of Liability and Retentions for each Coverage Section are separate Limits of Liability and Retentions pertaining only to the Coverage Section for which they are shown. The application of a Retention to Loss under one Coverage Section shall not reduce the Retention under any other Coverage Section, and no reduction in the Limit of Liability applicable to one Coverage Section shall reduce the Limit of Liability under any other Coverage Section.
2. In the event that any Claim is covered, in whole or in part, under more than one Coverage Section, the total applicable Retention shall not exceed the single largest applicable Retention. The largest applicable Retention shall apply only once to such Claim.

D. WARRANTY

It is warranted that the particulars and statements contained in the **Application** are the basis of this **Policy** and are to be considered as incorporated into and constituting a part of this **Policy** and each Coverage Section.

By acceptance of this **Policy**, the **Insureds** agree that:

1. the statements in the **Application** are their representations, that such representations shall be deemed material to the acceptance of the risk or the hazard assumed by **Insurer** under this **Policy**, and that this **Policy** and each Coverage Section are issued in reliance upon the truth of such representations; and
2. in the event the **Application**, including materials submitted or required to be submitted therewith, contains any misrepresentation or omission made with the intent to deceive, or contains any misrepresentation or omission which materially affects either the acceptance of the risk or the hazard assumed by **Insurer** under this **Policy**, this **Policy**, including each and all Coverage Sections, shall be void ab initio with respect to any **Insureds** who had knowledge of such misrepresentation or omission.

E. CANCELLATION

1. By acceptance of this **Policy**, the **Insureds** hereby confer to the **Parent Organization** the exclusive power and authority to cancel this **Policy** on their behalf. The **Parent Organization** may cancel this **Policy** in its entirety or any of the applicable Coverage Sections individually by surrender thereof to the **Insurer**, or by mailing written notice to the **Insurer** stating when thereafter such cancellation shall be effective. The mailing of such notice shall be sufficient notice and the effective date of cancellation shall be the date the **Insurer** received such notice or any later date specified in the notice, and such effective date shall become the end of the **Policy** or applicable Coverage Section. Delivery of such written notice shall be equivalent to mailing.
2. This **Policy** may be cancelled by the **Insurer** only for nonpayment of premium, by mailing written notice to the **Parent Organization** stating when such cancellation shall be effective, such date to be not less than ten (10) days from the date of the written notice. The mailing of such notice shall be sufficient notice and the effective date of cancellation stated in the notice shall become the end of the **Policy Period**. Delivery of such written notice by the **Insurer** shall be equivalent to mailing. If the foregoing notice period is in conflict with any governing law or regulation, then the notice period shall be deemed to be the minimum notice period permitted under the governing law or regulation.
3. If this **Policy** or any Coverage Section is cancelled, the **Insurer** shall retain the pro rata proportion of the premium therefore. Payment or tender of any unearned premium by **Insurer** shall not be a condition precedent to the effectiveness of cancellation.

F. ESTATES, LEGAL REPRESENTATIVES, AND SPOUSES

The estates, heirs, legal representatives, assigns, spouses and Domestic Partners of natural persons who are Insureds shall be considered Insureds under this Policy; provided, however, coverage is afforded to such estates, heirs, legal representatives, assigns, spouses and Domestic Partners only for a Claim arising solely out of their status as such and, in the case of a spouse or Domestic Partner, where the Claim seeks damages from marital community property, jointly held property or property transferred from the natural person who is an Insured to the spouse or Domestic Partner. No coverage is provided for any Wrongful Act of an estate, heir, legal representative, assign, spouse or Domestic Partner. All of the terms and conditions of this Policy including, without limitation, the Retentions applicable to Loss Incurred by natural persons who are Insureds shall also apply to Loss Incurred by such estates, heirs, legal representatives, assigns, spouses and Domestic Partners.

G. AUTHORIZATION CLAUSE

By acceptance of this Policy, the Parent Organization agrees to act on behalf of all Insureds, and the Insureds agree that the Parent Organization will act on their behalf, with respect to the giving of all notices to Insurer, the receiving of notices from Insurer, the agreement to and acceptance of endorsements, the payment of the premium and the receipt of any return premium.

H. DISCOVERY PERIOD

1. If this Policy or any Coverage Section is cancelled or is not renewed by the Insurer, for reasons other than non-payment of premium or if the Parent Organization elects to cancel or not to renew this Policy or a Coverage Section, then the Parent Organization shall have the right, upon payment of an additional premium calculated at that percentage shown in Item 5. of the Declarations of the total premium for this Policy, or the total premium for the cancelled or not renewed Coverage Section, whichever is applicable, to purchase an extension of the coverage granted by this Policy or the applicable cancelled or not renewed Coverage Section with respect to any Claim first made during the period of time set forth in Item 5. of the Declarations after the effective date of such cancellation or, in the event of a refusal to renew, after the Policy expiration date, but only with respect to any Wrongful Act committed before such date. The Parent Organization shall have the right to elect only one of the Discovery Periods set forth in Item 5. of the Declarations.
2. As a condition precedent to the right to purchase the Discovery Period set forth in subsection H.1. above, the total premium for the Policy must have been paid. Such right to purchase the Discovery Period shall terminate unless written notice, together with full payment of the premium for the Discovery Period, is received by Insurer within thirty (30) days after the effective date of cancellation, or, in the event of a refusal to renew, within thirty (30) days after the Policy expiration date. If such notice and premium payment is not so given to Insurer, there shall be no right to purchase the Discovery Period.
3. In the event of the purchase of the Discovery Period, the entire premium therefore shall be deemed earned at the commencement of the Discovery Period.
4. The exercise of the Discovery Period shall not in any way increase or reinstate the limit of Insurer's liability under any Coverage Section.

I. RUN-OFF COVERAGE

In the event of a Takeover:

1. The Parent Organization shall have the right, upon payment of an additional premium calculated at the percentage of the total premium for this Policy set forth in Item 6. of the Declarations, to an extension of the coverage granted by this Policy with respect to any Claim first made during the Run-Off Period, as set forth in Item 6. of the Declarations, but only with respect to any Wrongful Act committed before the effective date of the Takeover (herein defined as "Run-Off Coverage"); provided, however, such additional premium shall be reduced by the amount of the unearned premium from the date of the Takeover or the date of notice of the election of the Run-Off Coverage, whichever is later, through the expiration date set forth in Item 2. of the Declarations.
2. The Parent Organization shall have the right to elect only one of the periods designated in Item 6. of the Declarations. The election must be made prior to the expiration of the Policy Period. The right to purchase a Run-Off Period shall terminate on the expiration of the Policy Period.
3. If a Run-Off Period is elected and purchased:
 - a. Section E. above, is deleted in its entirety and neither the Insureds nor the Insurer may cancel this Policy or any Coverage Section thereof;
 - b. Section H. above, is deleted in its entirety; and
 - c. The exercise of the Run-Off Period shall not in any way increase or reinstate the limit of the Insurer's liability under any Coverage Section.

J. ADDITIONAL INSURED PERSON DISCOVERY PERIOD

If the **Parent Organization** cancels or elects not to renew this **Policy**, including all of the applicable **Coverage Sections**, then any **Insured Person** who was not actively serving in their capacity as an **Insured Person** shall be entitled to an extension of the coverage granted by this **Policy** with respect to any **Claim** first made during the **Additional Insured Person Discovery Period**, but only with respect to any **Wrongful Act** committed before such **Policy** cancellation or non-renewal.

The extension of coverage during the **Additional Insured Person Discovery Period** shall not apply to the **Organization** in any respect. The extension of coverage during the **Additional Insured Person Discovery Period** shall not apply to any **Insured Person** if the **Parent Organization** has elected for the **Discovery Period** or **Run-off Period** under Section H. or I. above.

K. ALTERNATIVE DISPUTE RESOLUTION

The **Insureds** and the **Insurer** shall submit any dispute or controversy arising out of or relating to this **Policy** or the breach, termination or invalidity thereof to the alternative dispute resolution ("ADR") process described in this subsection.

Either an **Insured** or the **Insurer** may elect the type of ADR process discussed below; provided, however, that the **Insured** shall have the right to reject the choice by the **Insurer** of the type of ADR process at any time prior to its commencement, in which case the choice by the **Insured** of ADR process shall control.

There shall be two choices of ADR process: (1) non-binding mediation administered by any mediation facility to which the **Insurer** and the **Insured** mutually agree, in which the **Insured** and the **Insurer** shall try in good faith to settle the dispute by mediation in accordance with the then-prevailing commercial mediation rules of the mediation facility; or (2) arbitration submitted to any arbitration facility to which the **Insured** and the **Insurer** mutually agree, in which the arbitration panel shall consist of three disinterested individuals. In either mediation or arbitration, the mediator or arbitrators shall have knowledge of the legal, corporate management, and insurance issues relevant to the matters in dispute. In the event of arbitration, the decision of the arbitrators shall be final and binding and provided to both parties, and the award of the arbitrators shall not include attorneys' fees or other costs. In the event of mediation, either party shall have the right to commence arbitration in accordance with this section; provided, however, that no such arbitration shall be commenced until at least sixty (60) days after the date the mediation shall be deemed concluded or terminated. In all events, each party shall share equally the expenses of the ADR process. Either ADR process may be commenced in New York, New York or in the state indicated in Item 1. of the Declarations as the principal address of the **Parent Organization**. The **Parent Organization** shall act on behalf of each and every **Insured** in connection with any ADR process under this section.

L. TERRITORY

Coverage under this **Policy** shall extend to **Wrongful Acts** taking place or **Claims** made anywhere in the world.

M. ASSISTANCE, COOPERATION AND SUBROGATION

The **Insureds** agree to provide **Insurer** with such information, assistance and cooperation as **Insurer** reasonably may request, and they further agree that they shall not take any action which in any way increases **Insurer's** exposure under this **Policy**. In the event of any payments under this **Policy**, **Insurer** shall be subrogated to the extent of such payment to all of the **Insureds'** rights of recovery against any person or entity. The **Insureds** shall execute all papers required and shall do everything that may be necessary to secure and preserve such rights, including the execution of such documents as are necessary to enable **Insurer** effectively to bring suit or otherwise pursue subrogation in the name of the **Insureds**, and shall provide all other assistance and cooperation which **Insurer** may reasonably require.

N. ACTION AGAINST INSURER, ALTERATION AND ASSIGNMENT

Except as provided in Section J. above, Alternative Dispute Resolution, no action shall lie against **Insurer** unless, as a condition precedent thereto, there shall have been compliance with all of the terms of this **Policy**. No person or organization shall have any right under this **Policy** to join **Insurer** as a party to any action against the **Insureds** to determine their liability, nor shall **Insurer** be impleaded by the **Insureds** or their legal representative. No change in, modification of, or assignment of interest under this **Policy** shall be effective except when made by a written endorsement to this **Policy** which is signed by an authorized representative of the **Insurer**.

O. ENTIRE AGREEMENT

By acceptance of this **Policy**, the **Insureds** agree that this **Policy** embodies all agreements existing between them and **Insurer** or any of their agents relating to this insurance. Notice to any agent or knowledge possessed by any agent or other person acting on behalf of **Insurer** shall not effect a waiver or a change in any part of this **Policy** or estop **Insurer** from asserting any right under the terms of this **Policy** or otherwise, nor shall the terms be deemed waived or changed except by written endorsement or rider issued by **Insurer** to form part of this **Policy**.

Scottsdale Indemnity Company

Scottsdale Indemnity Company, herein called the Insurer

BUSINESS AND MANAGEMENT INDEMNITY POLICY — NON-PROFIT ORGANIZATIONS

EMPLOYMENT PRACTICES COVERAGE SECTION

In consideration of the payment of premium, in reliance on the Application and subject to the Declarations, and terms and conditions of this Policy, the Insurer and the Insureds agree as follows:

A. INSURING CLAUSES

1. Employee Insuring Clause

Insurer shall pay the Loss of the Insureds which the Insureds have become legally obligated to pay by reason of an Employment Practices Claim first made against the Insureds during the Policy Period or, if elected, the Extended Period, and reported to the Insurer pursuant to subsection E.1. herein, for an Employment Practices Wrongful Act taking place prior to the end of the Policy Period.

2. Third-Party Insuring Clause

In the event Third-Party Coverage is affirmatively designated in Item 3. of the Declarations relating to this Coverage Section, the Insurer shall pay the Loss of the Insureds which the Insureds have become legally obligated to pay by reason of a Third-Party Claim first made against the Insureds during the Policy Period or, if elected, the Extended Period, and reported to the Insurer pursuant to subsection E.1. herein, for a Third-Party Wrongful Act taking place prior to the end of the Policy Period.

B. DEFINITIONS

1. Claim means any:

- a. Employment Practices Claim; or
- b. Third-Party Claim.

2. Continuity Date means the Continuity Date set forth in Item 3. of the Declarations relating to this Coverage Section.

3. Costs, Charges and Expenses means reasonable and necessary legal costs, charges, fees and expenses incurred by any of the Insureds in defending Claims and the premium for appeal, attachment or similar bonds arising out of covered judgments, but with no obligation to furnish such bonds and only for the amount of such judgment that is up to the applicable Limit of Liability. Costs, Charges and Expenses do not include salaries, wages, fees, overhead or benefit expenses of or associated with officers or employees of the Organization.

4. Employee means any person who was, now is or shall become:

- a. a full-time or part-time employee of the Organization, including voluntary, seasonal, and temporary employees;
- b. any individual who applies for employment with the Organization; and
- c. any natural person who is a leased employee or is contracted to perform work for the Organization, or is an independent contractor for the Organization, but only to the extent such individual performs work or services for or on behalf of the Organization.

5. Employment Practices Claim means:

- a. a written demand against an Insured for damages or other relief;
- b. a civil, judicial, administrative, regulatory or arbitration proceeding or a formal governmental investigation against an Insured seeking damages or other relief, commenced by the service of a complaint or similar pleading, including any appeal therefrom;

- c. a civil proceeding against an **Insured** before the Equal Employment Opportunity Commission or any similar federal, state or local governmental body, commenced by the filing of a notice of charges, investigative order or similar document; or
- d. a criminal proceeding brought for an **Employment Practices Wrongful Act** in a court outside of the United States against any **Insured**, commenced by a return of an indictment or similar document, or receipt or filing of a notice of charges,

brought by or on behalf of an **Employee** in their capacity as such. **Employment Practices Claim** does not include a labor or grievance proceeding, which is pursuant to a collective bargaining agreement.

6. Employment Practices Wrongful Act means any actual or alleged:

- a. violation of any common or statutory federal, state, or local law prohibiting any kind of employment-related discrimination;
- b. harassment, including any type of sexual or gender harassment as well as racial, religious, sexual orientation, pregnancy, disability, age, or national origin-based harassment, or unlawful workplace harassment, including workplace harassment by any non-employee;
- c. abusive or hostile work environment;
- d. wrongful discharge or termination of employment, whether actual or constructive;
- e. breach of an actual or implied employment contract;
- f. wrongful deprivation of a career opportunity, wrongful failure or refusal to employ or promote, or wrongful demotion;
- g. employment-related defamation, libel, slander, disparagement, false imprisonment, misrepresentation, malicious prosecution, or invasion of privacy;
- h. wrongful failure or refusal to adopt or enforce workplace or employment practices, policies or procedures, solely as respects employment-related discrimination or harassment;
- i. wrongful discipline;
- j. employment-related wrongful infliction of emotional distress, mental anguish, or humiliation;
- k. **Retaliation**;
- l. negligent evaluation; or
- m. negligent hiring or negligent supervision of others in connection with a. through l. above, but only if employment-related and claimed by or on behalf of any **Employee** and only if committed or allegedly committed by any of the **Insureds** in their capacity as such.

7. Insured Persons means all persons who were, now are or shall become:

- a. a director, officer, trustee, volunteer or committee member of the **Organization**;
- b. any **Employee**; and
- c. the functional equivalent of a director, officer, trustee, volunteer or committee member or **Employee** in the event the **Organization** incorporated or domiciled outside the United States.

8. Insureds means the **Organization** and any **Insured Persons**.

- 9. **Interrelated Wrongful Acts** means all **Wrongful Acts** that have as a common nexus any fact, circumstance, situation, event, transaction, cause or series of facts, circumstances, situations, events, transactions or causes.
- 10. **Loss** means the damages, judgments, settlements, pre-judgment or post-judgment interest awarded by a court, front pay and back pay, and **Costs, Charges and Expenses** incurred by any of the **Insureds**.

Loss does not include:

- a. taxes, fines or penalties;
- b. matters uninsurable under the laws pursuant to which this **Policy** is construed;
- c. punitive or exemplary damages, liquidated damages awarded by a court pursuant to a violation of the Equal Pay Act, the Age Discrimination in Employment Act or the Family Medical Leave Act, all as amended, or

any rules or regulations promulgated thereunder, or similar provisions of any common or statutory federal, state or local law, or the multiple portion of any multiplied damage award, except to the extent that such punitive, exemplary, or liquidated damages or the multiple portion of any multiplied damage award are insurable under the internal laws of any jurisdiction which most favors coverage for such damages and which has a substantial relationship to the Insureds, Insurer, this Policy or the Claim giving rise to such damages;

- d. the cost of any remedial, preventative or other non-monetary relief, including without limitation any costs associated with compliance with any such relief of any kind or nature imposed by any judgment, settlement or governmental authority;
 - e. amounts owed under any employment contract, partnership, stock or other ownership agreement, or any other type of contract;
 - f. disability, social security, workers compensation, medical insurance, retirement or pension benefit payments, or settlement amounts representing benefit payments;
 - g. the costs to modify or adapt any building or property to be accessible or accommodating, or to be more accessible or accommodating, to any disabled person;
 - h. the cost of creating or reinstating employment;
 - i. any amount owed as wages to any Employee, other than front pay or back pay; or
 - j. any amount for which the Insured is not financially liable or legally obligated to pay.
11. **Retaliation** means any actual or alleged response of any of the Insureds to:
- a. the disclosure or threat of disclosure by an Employee to a superior or to any governmental agency of any act by any of the Insureds where such act is alleged to be a violation of any federal, state local or foreign law, whether common or statutory, or any rule or regulation promulgated thereunder;
 - b. the actual or attempted exercise by an Employee of any right that such Employee has under law, including rights under any worker's compensation law, the Family and Medical Leave Act, the Americans with Disabilities Act or any other law relating to employee rights;
 - c. the filing of any claim under the Federal False Claims Act or any similar federal, state, local or foreign "whistleblower" law or "whistleblower" provision of any law; or
 - d. any legally-protected Employee work stoppage or slowdown.
12. **Third-Party** means any natural person who is a customer, vendor, service provider, client, or other business invitee of the Organization; provided, however, Third-Party shall not include any Employee.
13. **Third-Party Claim** means:
- a. any written demand for damages or other relief against an Insured;
 - b. a civil judicial, administrative or arbitration proceeding against an Insured seeking damages or other relief, including any appeal therefrom; or
 - c. a criminal proceeding brought for an Employment Practices Wrongful Act in a court outside of the United States against any Insured, commenced by a return of an indictment or similar document, or receipt or filing of a notice of charges;
- brought by or on behalf of a Third-Party in their capacity as such.
14. **Third-Party Wrongful Act** means any actual or alleged:
- a. harassment of a Third-Party, including but not limited to any type of sexual or gender harassment as well as racial, religious, sexual orientation, pregnancy, disability, age, or national origin-based harassment; or
 - b. discrimination against a Third-Party, including but not limited to any such discrimination on account of race, color, religion, age, disability or national origin.
15. **Wrongful Act** means:
- a. Employment Practices Wrongful Act; or
 - b. Third-Party Wrongful Act.

C. EXCLUSIONS

Insurer shall not be liable for Loss under this Coverage Section on account of any Claim:

1. for actual or alleged bodily injury, sickness, disease or death of any person, or damage to or destruction of any tangible or intangible property including loss of use thereof, whether or not such property is physically injured; provided, however, this exclusion shall not apply to mental anguish, emotional distress or humiliation;
2. alleging, based upon, arising out of, attributable to, directly or indirectly resulting from, in consequence of, or in any way involving:
 - a. any **Wrongful Act**, fact, circumstance or situation which has been the subject of any written notice given under any other policy of which this **Policy** is a renewal or replacement or which it succeeds in time; or
 - b. any other **Wrongful Act** whenever occurring which, together with a **Wrongful Act**, which has been the subject of such notice, would constitute **Interrelated Wrongful Acts**;
3. alleging, based upon, arising out of, attributable to, directly or indirectly resulting from, in consequence of, or in any way involving:
 - a. the actual, alleged or threatened discharge, dispersal, release, escape, seepage, migration or disposal of **Pollutants**; or
 - b. any direction or request that any **Insured** test for, monitor, clean up, remove, contain, treat, detoxify or neutralize **Pollutants**, or any voluntary decision to do so;

Including without limitation any such **Claim** by or on behalf of the **Organization**, its securities holders or creditors based upon, arising out of, or attributable to the matters described in this exclusion. Provided, however, this exclusion shall not apply to that part of any **Claim** under this Coverage Section where such **Claim** is for **Retaliation**.

For purposes of this exclusion, **Pollutants** means any substance exhibiting any hazardous characteristics as defined by, or identified on, a list of hazardous substances issued by the United States Environmental Protection Agency or any federal, state, county, municipal or local counterpart thereof or any foreign equivalent. Such substances shall include, without limitation, solids, liquids, gaseous, biological, bacterial or thermal irritants, contaminants or smoke, vapor, soot, fumes, acids, alkalis, chemicals or waste materials (including materials to be reconditioned, recycled or reclaimed). **Pollutants** shall also mean any other air emission or particulate, odor, waste water, oil or oil products, infectious or medical waste, asbestos or asbestos products, noise, fungus (including mold or mildew and any mycotoxins, spores, scents or byproducts produced or released by fungi, but does not include any fungi intended by the **Insured** for consumption) and electric or magnetic or electromagnetic field;

4. for any actual or alleged violation of the responsibilities, obligations or duties imposed by the Employee Retirement Income Security Act of 1974, the National Labor Relations Act, the Worker Adjustment and Retraining Notification Act, the Consolidated Omnibus Budget Reconciliation Act of 1985, the Occupational Safety and Health Act, all as amended, or any rules or regulations promulgated thereunder, or similar provisions of any common or statutory federal, state or local law; provided, however, this exclusion does not apply to any such **Claim** alleging violations of the Equal Pay Act or **Retaliation**;
5. alleging, based upon, arising out of, attributable to, directly or indirectly resulting from, in consequence of, or in any way involving any **Wrongful Act** actually or allegedly committed subsequent to a **Takeover**;
6. alleging, based upon, arising out of, attributable to, directly or indirectly resulting from, in consequence of, or in any way involving:
 - a. any prior or pending litigation or administrative or regulatory proceeding, demand letter or formal or informal governmental investigation or inquiry, including without limitation any investigation by the United States Department of Labor or the United States Equal Employment Opportunity Commission, filed or pending on or before the **Continuity Date**;
 - b. any fact, circumstance, situation, transaction or event underlying or alleged in such litigation or administrative proceeding, demand letter or formal or informal governmental investigation or inquiry, including any investigation by the United States Department of Labor or the United States Equal Employment Opportunity Commission; or
7. alleging, based upon, arising out of, attributable to, directly or indirectly resulting from, in consequence of, or in any way involving any **Wrongful Act**, fact, circumstance, or situation which any of the **Insured Persons** who were, now are, or shall be directors, officers, trustees, managers or supervisory employees, had knowledge of prior to the **Continuity Date** where such **Insured Persons** had reason to believe at the time that such known **Wrongful Act** could reasonably be expected to give rise to such **Claim**;
8. alleging, based upon, arising out of, attributable to, directly or indirectly resulting from, in consequence of, or in any way involving, any actual or alleged responsibility, obligation or duty of any **Insured** pursuant to any workers compensation, unemployment insurance, social security, disability benefits or pension benefits or similar law; provided, however, this exclusion shall not apply to any such **Claim** alleging **Retaliation**; or

9. for that portion of **Loss** which is covered under any other Coverage Section of this Policy.

No **Wrongful Act** of one or more **Insureds** shall be imputed to any other **Insureds** for the purpose of determining the applicability of any of the above exclusions.

D. LIMIT OF LIABILITY AND RETENTIONS

1. The liability of the **Insurer** shall apply only to that part of **Loss** which is excess of the Retention amount applicable to this Coverage Section, as shown in Item 3. of the Declarations. Such Retention shall be borne uninsured by the **Insureds** and at their own risk. If different parts of a single **Claim** are subject to different applicable Retentions under this Coverage Section, the applicable Retentions will be applied separately to each part of such **Loss**, but the sum of such Retentions shall not exceed the largest applicable Retention.
2. The amount shown in Item 3.1. of the Declarations relating to this Coverage Section shall be the maximum aggregate Limit of Liability of the **Insurer** under this Coverage Section.
3. All **Claims** arising out of the same **Wrongful Act** and all **Interrelated Wrongful Acts** shall be deemed to be a single **Claim**, and such **Claim** shall be deemed to have been made at the earliest of the following times, regardless of whether such date is before or during the **Policy Period**:
 - a. the time at which the earliest **Claim** involving the same **Wrongful Act** or **Interrelated Wrongful Acts** is first made; or
 - b. the time at which the **Claim** involving the same **Wrongful Act** or **Interrelated Wrongful Acts** shall be deemed to have been made pursuant to subsection E.2. below.
4. Payments of **Loss**, other than **Costs, Charges and Expenses**, by **Insurer** shall reduce the Limit of Liability under this Coverage Section. **Costs, Charges and Expenses** are not part of and are in addition to the Limit of Liability. Payment of **Costs, Charges and Expenses** by the **Insurer** shall not reduce the Limit of Liability. If such Limit of Liability is exhausted, the obligations of the **Insurer** under this Coverage Section shall be completely fulfilled and extinguished.

E. NOTIFICATION

1. The **Insureds** shall, as a condition precedent to their rights to payment under this Coverage Section only, give to **Insurer** written notice of any **Claim** made against the **Insureds** as soon as practicable, but in no event later than sixty (60) days after such **Claim** is first made against the **Insureds**, or the expiration of the **Policy Period**, whichever is later. If any **Claim** is first made against the **Insureds** during the **Extended Period**, if purchased, written notice to **Insurer** must be given as soon as practicable, but in no event later than sixty (60) days after such **Claim** is first made against the **Insureds**, or the end of the **Extended Period**, whichever is later.
2. If, during the **Policy Period** or the **Discovery Period**, any of the **Insureds** first becomes aware of a specific **Wrongful Act** which may reasonably give rise to a future **Claim** covered under this Policy, and if the **Insureds**, during the **Policy Period** or the **Discovery Period**, if purchased, given written notice to **Insurer** as soon as practicable of:
 - a. a description of the **Wrongful Act** allegations anticipated;
 - b. the identity of the potential claimants;
 - c. the circumstances by which the **Insureds** first became aware of the **Wrongful Act**;
 - d. the identity of the **Insureds** allegedly involved;
 - e. the consequences which have resulted or may result; and
 - f. the nature of the potential monetary damages and non-monetary relief;

then any **Claim** made subsequently arising out of such **Wrongful Act** shall be deemed for the purposes of this Coverage Section to have been made at the time such written notice was received by the **Insurer**. No coverage is provided for fees, expenses and other costs incurred prior to the time such **Wrongful Act** results in a **Claim**.

3. Notice to **Insurer** shall be given to the address specified in Item 8. of the Declarations for this Policy.

F. SETTLEMENT AND DEFENSE

1. It shall be the duty of the **Insurer** and not the duty of the **Insureds** to defend any **Claim**. Such duty shall exist even if any of the allegations are groundless, false or fraudulent. The **Insurer's** duty to defend any **Claim** shall cease when the Limits of Liability have been exhausted.
2. The **Insurer** may make any investigation it deems necessary and shall have the right to settle any **Claim**; provided, however, no settlement shall be made without the consent of the **Parent Company**, such consent not

to be unreasonably withheld.

3. Notwithstanding subsection 1. above, in the event that any Claim is brought as a class action, and all or any part of such Claim involves any actual or alleged violation of the Fair Labor Standards Act of 1938, as amended, or any similar state law, regulation or code, then it shall be the duty of the Insureds and not the duty of the Insurer to defend any such Claim.
4. The Insureds agree not to settle or offer to settle any Claim, incur any Costs, Charges and Expenses or otherwise assume any contractual obligation or admit any liability with respect to any Claim without the prior written consent of the Insurer, such consent not to be unreasonably withheld. The Insurer shall not be liable for any settlement, Costs, Charges and Expenses, assumed obligation or admission to which it has not consented. The Insureds shall promptly send to the Insurer all settlement demands or offers received by any Insured from the claimant(s).
5. If the Insurer does not have the duty to defend a Claim, then the Insurer shall have the right and shall be given the opportunity to effectively associate with, and shall be consulted in advance by, the Insureds regarding the defense and negotiation of any settlement of any Claim.
6. The Insureds agree to provide the Insurer with all information, assistance and cooperation which the Insurer reasonably requests and agree that, in the event of a Claim, the Insureds will do nothing that shall prejudice the position of the Insurer or its potential or actual rights of recovery.
7. If the Insurer does not have the duty to defend a Claim, the Insurer shall, on a quarterly basis, advance on behalf of the Insureds covered Costs, Charges and Expenses, which the Insureds have incurred in connection with Claims made against them, prior to disposition of such Claims. Any advancement of Costs, Charges and Expenses shall be subject to the condition that such advanced amounts shall be repaid to the Insurer by the Insureds severally according to their respective interests if and to the extent the Insureds shall not be entitled to coverage for such Costs, Charges and Expenses under the terms and conditions of this Policy.

G. OTHER INSURANCE

1. For any Employment Practices Claim, if any Loss covered under this Coverage Section is covered under any other valid and collectible insurance, then this Policy shall be primary insurance; provided that with respect to that portion of an Employment Practice Claim made against any leased, temporary or independently contracted Employee, Loss, including Costs, Charges and Expenses, payable on behalf of such Employee under this Coverage Section will be specifically excess of and will not contribute with such other insurance, including but not limited to any such other insurance under which there is a duty to defend, unless such insurance is specifically stated to be in excess over the Limit of Liability of this Coverage Section.
2. For any Third-Party Claim, if any Loss covered under this Coverage Section is covered under any other valid and collectible insurance, then this Policy shall be specifically excess of and will not contribute with such other insurance, including but not limited to any such other insurance under which there is a duty to defend, unless such other insurance is specifically stated to be excess over the Limit of Liability of this Coverage Section.

H. ALLOCATION

If the Insurer does not have the duty to defend a Claim, then the following subsections shall apply to such Claim.

1. If, in any Claim covered in whole or in part under this Coverage Section, the Insureds who are afforded coverage for such Claim incur Loss jointly with others, or incur an amount consisting of both Loss covered by this Policy and loss not covered by this Policy because such Claim includes both covered and uncovered matters, then the Insureds and the Insurer shall allocate such amount between covered Loss and uncovered loss based upon the relative legal and financial exposures and the relative benefits obtained by the parties to covered and uncovered matters.
2. If there can be an agreement between Insureds and the Insurer on an allocation of Costs, Charges and Expenses, the Insurer shall advance on a current basis covered Costs, Charges and Expenses. If there can be no agreement on allocation of Costs, Charges and Expenses, the Insurer shall advance on a current basis Costs, Charges and Expenses which the Insurer believes to be covered under this Policy until a different allocation is negotiated or arbitrated. Any advancement of Costs, Charges and Expenses shall be subject to, and conditioned upon receipt by the Insurer of, a written undertaking by the Insureds that such advanced amounts shall be repaid to the Insurer by the Insureds severally according to their respective interests if and to the extent that Insureds shall not be entitled under the terms and conditions of the Policy to coverage for such Costs, Charges and Expenses.
3. Any negotiated or arbitrated allocation of Costs, Charges and Expenses on account of a Claim shall be applied retroactively to all Costs, Charges and Expenses on account of such Claim, notwithstanding any prior advancement to the contrary. Any allocation or advancement of Costs, Charges and Expenses on account of a Claim shall not apply to or create any presumption with respect to the allocation of other Loss on account of such Claim or any other Claim.

Scottsdale Indemnity Company

Scottsdale Indemnity Company, herein called the **Insurer**

BUSINESS AND MANAGEMENT INDEMNITY POLICY — NON-PROFIT ORGANIZATIONS

INSURED PERSON AND ORGANIZATION COVERAGE SECTION

In consideration of the payment of premium, in reliance on the **Application** and subject to the **Declarations**, and terms and conditions of this **Policy**, the **Insurer** and the **Insureds** agree as follows:

A. INSURING CLAUSE

Insurer shall pay the **Loss** of the **Insureds** which the **Insureds** have become legally obligated to pay by reason of a **Claim** first made against the **Insureds** during the **Policy Period** or, if elected, the **Extended Period**, and reported to the **Insurer** pursuant to Section E.1. herein, for any **Wrongful Act** taking place prior to the end of the **Policy Period**.

B. DEFINITIONS

1. Claim means:

- a. a written demand against any **Insured** for monetary damages or non-monetary or injunctive relief;
- b. a civil proceeding against any **Insured** seeking monetary damages or non-monetary or injunctive relief, commenced by the service of a complaint or similar pleading;
- c. a criminal proceeding against any **Insured**, commenced by a return of an indictment or similar document, or receipt or filing of a notice of charges;
- d. an arbitration proceeding against any **Insured** seeking monetary damages or non-monetary or injunctive relief; or
- e. a civil, administrative or regulatory proceeding or a formal governmental investigation against any **Insured** commenced by the filing of a notice of charges, investigative order or similar document.

2. Continuity Date means the date set forth in Item 3. of the **Declarations** relating to this **Coverage Section**.

3. Costs, Charges and Expenses means reasonable and necessary legal costs, charges, fees and expenses incurred by any of the **Insureds** in defending **Claims** and the premium for appeal, attachment or similar bonds arising out of covered judgments, but with no obligation to furnish such bonds and only for the amount of such judgment that is up to the applicable **Limit of Liability**. **Costs, Charges and Expenses** do not include salaries, wages, fees, overhead or benefit expenses of or associated with officers or employees of the **Organization**.

4. Insured Persons means all persons who were, now are or shall become:

- a. a director, officer, trustee, volunteer, committee member or employee of the **Organization**; and
- b. the functional equivalent of a director, officer, trustee, volunteer, committee member or employee in the event the **Organization** is incorporated or domiciled outside the United States.

5. Insureds mean the **Organization** and the **Insured Persons**.

6. Interrelated Wrongful Acts means all **Wrongful Acts** that have as a common nexus any fact, circumstance, situation, event, transaction, cause or series of facts, circumstances, situations, events, transactions or causes.

7. Loss means damages, judgments, settlements, pre-judgment or post-judgment interest awarded by a court, and **Costs, Charges and Expenses** incurred by any of the **Insureds**.

Loss does not include:

- a. taxes, fines or penalties;
- b. matters uninsurable under the laws pursuant to which this **Policy** is construed;

- c. punitive or exemplary damages, or the multiple portion of any multiplied damage award, except to the extent that such punitive or exemplary damages, or the multiple portion of any multiplied damage award are insurable under the Internal laws of any jurisdiction which most favors coverage for such damages and which has a substantial relationship to the Insureds, Insurer, this Policy or the Claim giving rise to such damages;
 - d. the cost of any remedial, preventative or other non-monetary relief, including without limitation any costs associated with compliance with any such relief of any kind or nature imposed by any judgment, settlement or governmental authority;
 - e. any amount for which the Insured is not financially liable or legally obligated to pay;
 - f. the costs to modify or adapt any building or property to be accessible or accommodating or more accessible or accommodating, to any disabled person; or
 - g. any amounts owed or paid under any written or express contract or agreement.
8. **Personal Injury Act** means false arrest, wrongful detention or imprisonment, malicious prosecution, invasion of privacy, or wrongful entry or eviction.
9. **Publisher Liability Act** means defamation, infringement of copyright or trademark, unauthorized use of title, plagiarism or misappropriation of ideas.
10. **Wrongful Act** means any actual or alleged error, omission, misleading statement, misstatement, neglect, breach of duty or act, **Publisher Liability Act** or **Personal Injury Act** allegedly committed or attempted by any Insured, while acting in their capacity as such, or any matter claimed against any Insured Persons solely by reason of his or her serving in such capacity.

C. EXCLUSIONS

Insurer shall not be liable for Loss under this Coverage Section on account of any Claim:

- 1. for actual or alleged bodily injury, sickness, disease, death, assault, battery, mental anguish, emotional distress, or damage to or destruction of any tangible or intangible property including loss of use thereof, whether or not such property is physically injured;
- 2. alleging, based upon, arising out of, attributable to, directly or indirectly resulting from, in consequence of, or in any way involving:
 - a. any **Wrongful Act**, fact, circumstance or situation which has been the subject of any written notice given under any other policy of which this Policy is a renewal or replacement or which it succeeds in time; or
 - b. any other **Wrongful Act**, whenever occurring, which together with a **Wrongful Act** which has been the subject of such prior notice, would constitute **Interrelated Wrongful Acts**;
- 3. alleging, based upon, arising out of, attributable to, directly or indirectly resulting from, in consequence of, or in any way involving:
 - a. the actual, alleged or threatened discharge, dispersal, release, escape, seepage, migration or disposal of **Pollutants**; or
 - b. any direction or request that any Insured test for, monitor, clean up, remove, contain, treat, detoxify or neutralize **Pollutants**, or any voluntary decision to do so;

For purposes of this exclusion, **Pollutants** means any substance exhibiting any hazardous characteristics as defined by, or identified on, a list of hazardous substances issued by the United States Environmental Protection Agency or any federal, state, county, municipal or local counterpart thereof or any foreign equivalent. Such substances shall include, without limitation, solids, liquids, gaseous, biological, bacterial or thermal irritants, contaminants or smoke, vapor, soot, fumes, acids, alkalis, chemicals or waste materials (including materials to be reconditioned, recycled or reclaimed). **Pollutants** shall also mean any other air emission or particulate, odor, waste water, oil or oil products, infectious or medical waste, asbestos or asbestos products, noise, fungus (including mold or mildew and any mycotoxins, spores, scents or byproducts produced or released by fungi, but does not include any fungi intended by the Insured for consumption) and electric or magnetic or electromagnetic field;

- 4. for any actual or alleged violation of the responsibilities, obligations or duties imposed by Employee Retirement Income Security Act of 1974, as amended, or any rules or regulations promulgated thereunder, or similar provisions of any federal, state or local statutory or common law;
- 5. brought or maintained by, on behalf of, in the right of, or at the direction of any Insured in any capacity, unless such Claim:
 - a. is brought derivatively on behalf of the **Organization** and is instigated and continued totally independent

of, and totally without the solicitation, assistance, active participation of, or intervention of, any **Insured**;

- b. is brought or maintained by any **Insured** in the form of a cross-claim, third-party claim or other proceeding for contribution or indemnity which is part of, and directly results from a **Claim** that is covered by this Coverage Section; or
 - c. is brought or maintained by any bankruptcy trustee or bankruptcy appointed representative of the **Organization**;
6. alleging, based upon, arising out of, attributable to, directly or indirectly resulting from, in consequence of, or in any way involving:
- a. any dishonest, deliberately fraudulent or criminal act of any **Insured**; provided, however this exclusion 6.a. shall not apply unless and until there is a final judgment against such **Insured** as to such conduct; or
 - b. the gaining of any profit, remuneration or financial advantage to which any **Insured Person** was not legally entitled; provided, however, that this exclusion 6.b. shall not apply unless and until there is a final judgment against such **Insured Person** as to such conduct;

when this exclusion applies, the **Insured** shall reimburse the **Insurer** for any **Costs, Charges or Expenses** advanced;

7. for the return by any of the **Insured Person** of any remuneration paid to them without the previous approval of the appropriate governing body of the **Organization**, which payment without such previous approval shall be held to be in violation of law;
8. against any of the **Insured Person** of any **Subsidiary** or against any **Subsidiary** alleging, based upon, arising out of, attributable to, directly or indirectly resulting from, in consequence of, or in any way involving any **Wrongful Act** actually or allegedly committed or attempted by a **Subsidiary** or **Insured Person** thereof:
- a. before the date such entity became a **Subsidiary** or after the date such entity ceased to be a **Subsidiary**; or
 - b. occurring while such entity was a **Subsidiary** which, together with a **Wrongful Act** occurring before the date such entity became a **Subsidiary**, would constitute **Interrelated Wrongful Acts**;
9. alleging, based upon, arising out of, attributable to, directly or indirectly resulting from, in consequence of, or in any way involving any **Wrongful Act** actually or allegedly committed subsequent to a **Takeover**;
10. for a **Wrongful Act** actually or allegedly committed or attempted by any of the **Insured Person** in his or her capacity as a director, officer, trustee, manager, member of the board of managers or equivalent executive of a limited liability **Organization** or employee of, or independent contractor for or in any other capacity or position with any entity other than the **Organization**;
11. alleging, based upon, arising out of, attributable to, directly or indirectly resulting from, in consequence of, or in any way involving:
- a. any prior or pending litigation or administrative or regulatory proceeding, demand letter or formal or informal governmental investigation or inquiry filed or pending on or before the **Continuity Date**; or
 - b. any fact, circumstance, situation, transaction or event underlying or alleged in such litigation or administrative or regulatory proceeding, demand letter or formal or informal governmental investigation or inquiry;
12. alleging, based upon, arising out of, attributable to, directly or indirectly resulting from, in consequence of, or in any way involving, any **Wrongful Act**, fact, circumstance or situation which any of the **Insureds** had knowledge of prior to the **Continuity Date** where such **Insureds** had reason to believe at the time that such known **Wrongful Act** could reasonably be expected to give rise to such **Claim**;
13. alleging, based upon, arising out of, attributable to, directly or indirectly resulting from, in consequence of, or in any way involving any employment or employment-related matters brought by or on behalf of or on the right of an applicant for employment with the **Organization** or any **Insured Person**;
14. alleging, based upon, arising out of, attributable to, directly or indirectly resulting from, in consequence of, or in any way involving the actual or alleged breach of any contract or agreement; provided, however, this exclusion shall not apply to **Costs, Charges and Expenses**; or
15. for that portion of **Loss** which is covered under any other Coverage Section of this **Policy**.

No **Wrongful Act** of one or more **Insureds** shall be imputed to any other **Insureds** for the purpose of determining the applicability of any of the above exclusions.

D. LIMIT OF LIABILITY AND RETENTIONS

1. The liability of the Insurer shall apply only to that part of Loss, which is excess of the Retention amounts applicable to this Coverage Section, as shown in Item 3. of the Declarations. Such Retentions shall be borne uninsured by the Insureds and at their own risk. If different parts of a single Claim are subject to different applicable Retentions under this Coverage Section, the applicable Retentions will be applied separately to each part of such Loss, but the sum of such Retentions shall not exceed the largest applicable Retention.
2. The amount shown in Item 3. of the Declarations relating to this Coverage Section shall be the maximum aggregate Limit of Liability of Insurer under this Coverage Section.
3. All Claims arising out of the same Wrongful Act and all Interrelated Wrongful Acts shall be deemed to constitute a single Claim and shall be deemed to have been made at the earliest of the following times, regardless of whether such date is before or during the Policy Period:
 - a. the time at which the earliest Claim involving the same Wrongful Act or Interrelated Wrongful Act is first made; or
 - b. the time at which the Claim involving the same Wrongful Act or Interrelated Wrongful Acts shall be deemed to have been made pursuant to Section E.2., below.
4. Payments of Loss, other than Costs, Charges and Expenses by Insurer shall reduce the Limit of Liability under this Coverage Section. Costs, Charges and Expenses are not part of and are in addition to the Limit of Liability. Payment of Costs, Charges and Expenses by the Insurer does not reduce the Limit of Liability. If such Limit of Liability is exhausted, the obligations of the Insurer under this Coverage Section are completely fulfilled and extinguished.

E. NOTIFICATION

1. The Insureds shall, as a condition precedent to their rights to payment under this Coverage Section only, give Insurer written notice of any Claim as soon as practicable, but in no event later than sixty (60) days after the end of the Policy Period. If any Claim is first made against the Insureds during the Extended Period, if purchased, written notice to Insurer must be given as soon as practicable, but in no event later than sixty (60) days after the end of the Extended Period.
2. If, during the Policy Period or the Discovery Period, if purchased, any of the Insureds first becomes aware of a specific Wrongful Act which may reasonably give rise to a future Claim covered under this Policy, and if the Insureds, during the Policy Period or the Discovery Period, if purchased, give written notice to Insurer as soon as practicable of:
 - a. a description of the Wrongful Act allegations anticipated;
 - b. the identity of the potential claimants;
 - c. the circumstances by which the Insureds first became aware of the Wrongful Act;
 - d. the identity of the Insureds allegedly involved;
 - e. the consequences which have resulted or may result; and
 - f. the nature of the potential monetary damages and non-monetary relief;

then any Claim made subsequently arising out of such Wrongful Act shall be deemed for the purposes of this Coverage Section to have been made at the time such notice was received by the Insurer. No coverage is provided for fees, expenses and other costs incurred prior to the time such Wrongful Act results in a Claim.

3. Notice to Insurer shall be given to the address shown under Item 8. of the Declarations for this Policy.

F. SETTLEMENT AND DEFENSE

1. It shall be the duty of the Insurer and not the duty of the Insureds to defend any Claim. Such duty shall exist even if any of the allegations are groundless, false or fraudulent. The Insurer's duty to defend any Claim shall cease when the Limit of Liability has been exhausted.
2. The Insurer may make any investigation it deems necessary, and shall have the right to settle any Claim; provided, however, no settlement shall be made without the consent of the Parent Company, such consent not to be unreasonably withheld.
3. The Insureds agree not to settle or offer to settle any Claim, incur any Costs, Charges and Expenses or otherwise assume any contractual obligation or admit any liability with respect to any Claim without the prior written consent of the Insurer, such consent not to be unreasonably withheld. The Insurer shall not be liable for any settlement, Costs, Charges and Expenses, assumed obligation or admission to which it has not consented.

The **Insureds** shall promptly send to the **Insurer** all settlement demands or offers received by any **Insured** from the claimant(s).

4. The **Insureds** agree to provide the **Insurer** with all information, assistance and cooperation which the **Insurer** reasonably requests and agree that, in the event of a **Claim**, the **Insureds** will do nothing that shall prejudice the position of the **Insurer** or its potential or actual rights of recovery.

G. OTHER INSURANCE

If any **Loss** covered under this Coverage Section is covered under any other valid and collectible insurance, then this **Policy** shall cover the **Loss**, subject to its terms and conditions, only to the extent that the amount of the **Loss** is in excess of the amount of such other insurance whether such other insurance is stated to be primary, contributory, excess, contingent or otherwise, unless such other insurance is written only as specific excess insurance over the Limit of Liability for this Coverage Section.

Scottsdale Indemnity Company			Endorsement No. 1
Attached To And Forming Part of Policy Number	Endorsement Effective Date (12:01 A.M. Standard Time)	Named Insured	Agent No.
EK		Education Achievement Authority of Michigan	29406

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

ADD DEFINITION OF INSURED PERSON

This endorsement modifies Insurance provided under the following:

INSURED PERSON AND ORGANIZATION COVERAGE SECTION

The following is added to Section **B. DEFINITIONS**, subsection **4.**:

Insured Persons means all persons who were, now are or shall become:

Individuals working for the **Organization** in the following positions:

- 1.
- 2.
- 3.
- 4.
- 5.

All other terms and conditions of this Policy remain unchanged.

Scottsdale Indemnity Company			Endorsement No. 2
Attached To And Forming Part of Policy Number	Endorsement Effective Date (12:01 A.M. Standard Time)	Named Insured	Agent No.
EK		Education Achievement Authority of Michigan	29406

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

ADVISORY BOARD EXTENSION

This endorsement modifies insurance provided under the following:

INSURED PERSON AND ORGANIZATION COVERAGE SECTION

The following is added to Section B. **DEFINITIONS**, subsection 4.:

Insured Persons means all persons who were, now are or shall become:

members of the Advisory Board of the Organization.

All other terms and conditions of this Policy remain unchanged.

Scottsdale Indemnity Company			Endorsement No. 3
Attached To And Forming Part of Policy Number	Endorsement Effective Date (12:01 A.M. Standard Time)	Named Insured	Agent No.
EK		Education Achievement Authority of Michigan	29406

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

ALLOCATION PROVISION

This endorsement modifies insurance provided under the following:

GENERAL TERMS AND CONDITIONS COVERAGE SECTION

The following Section P., **ALLOCATION**, is added to the General Terms and Conditions Section.

P. ALLOCATION

1. In the event the Insurer has the duty to defend a Claim under any Coverage Section in which both Loss that is covered by the applicable Coverage Section and loss which is not covered by the applicable Coverage Section is incurred, either because such Claim includes both covered and uncovered matters or because such Claim is made against both covered and uncovered parties, then:
 - a. this Policy shall pay one hundred percent (100%) of Costs, Charges and Expenses incurred by such Insured on account of such Claim; and
 - b. there shall be a fair and equitable allocation of any remaining loss incurred by such Insured on account of such Claim between covered Loss and uncovered loss based upon the relative legal and financial exposures and the relative benefits obtained.

2. In the event the Insured has the duty to defend a Claim under any Coverage Section in which both Loss that is covered by the applicable Coverage Section and loss which is not covered by the applicable Coverage Section is incurred, either because such Claim includes both covered and uncovered matters or because such Claim is made against both covered and uncovered parties, then the Insured and the Insurer shall use their best efforts to determine a fair and proper allocation as between such insured and uninsured loss, taking into account the relative legal and financial exposures and the relative benefits obtained.

All other terms and conditions of this Policy remain unchanged.

Scottsdale Indemnity Company			Endorsement No. 4
Attached To And Forming Part of Policy Number	Endorsement Effective Date (12:01 A.M. Standard Time)	Named Insured	Agent No.
EK		Education Achievement Authority of Michigan	29406

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

AMEND DEFINITION OF APPLICATION

This endorsement modifies insurance provided under the following:

GENERAL TERMS AND CONDITIONS

Section B., **DEFINITIONS**, subsection 2. is replaced with the following:

2. **Application** means all applications, including any attachments thereto, and all other information and materials submitted by or on behalf of the **Insureds** to the **Insurer** in connection with the **Insurer** underwriting this **Policy**. All such applications, attachments, information, materials and documents are deemed attached to and incorporated into this **Policy**.

All other terms and conditions of this **Policy** remain unchanged.

Scottsdale Indemnity Company			Endorsement No. 5
Attached To And Forming Part of Policy Number EK	Endorsement Effective Date (12:01 A.M. Standard Time)	Named Insured Education Achievement Authority of Michigan	Agent No. 29406

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

AMEND DISCOVERY ELECTION - 90 DAYS

This endorsement modifies insurance provided under the following:

GENERAL TERMS AND CONDITIONS

Section H., **DISCOVERY PERIOD**, subsection 2., is replaced by:

2. As a condition precedent to the right to purchase the **Discovery Period** set forth in subsection H.1. above, the total premium for the **Policy** must have been paid. Such right to purchase the **Discovery Period** shall terminate unless written notice, together with full payment of the premium for the **Discovery Period**, is received by **Insurer** within ninety (90) days after the effective date of cancellation, or, in the event of a refusal to renew, within ninety (90) days after the **Policy** expiration date. If such notice and premium payment is not so given to **Insurer**, there shall be no right to purchase the **Discovery Period**.

All other terms and conditions of this **Policy** remain unchanged.

Scottsdale Indemnity Company			Endorsement No. 6
Attached To And Forming Part of Policy Number	Endorsement Effective Date (12:01 A.M. Standard Time)	Named Insured	Agent No.
EK		Education Achievement Authority of Michigan	29406

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

AMEND INSURED VERSUS INSURED EXCLUSION

This endorsement modifies Insurance provided under the following:

INSURED PERSON AND ORGANIZATION COVERAGE SECTION

Section C., **EXCLUSIONS**, subsection 5., is amended by adding the following:

Is brought or maintained by any former director or officer of the **Organization** and where such **Claim** is solely based upon and arising out of **Wrongful Acts** committed subsequent to the date such director or officer ceased to be a director or officer of the **Organization** and where such **Claim** is first made two (2) years subsequent to the date such director or officer ceased to be a director or officer of the **Organization**.

All other terms and conditions of this **Policy** remain unchanged.

Scottsdale Indemnity Company			Endorsement No. 7
Attached To And Forming Part of Policy Number EK	Endorsement Effective Date (12:01 A.M. Standard Time)	Named Insured Education Achievement Authority of Michigan	Agent No. 29406

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

AMEND NOTICE PROVISION - CHARTER SCHOOL PROGRAM - EPL

This endorsement modifies insurance provided under the following:

EMPLOYMENT PRACTICES COVERAGE SECTION

The following is added to Section E. **NOTIFICATION:**

A Claim shall be deemed to have been first made against the Insureds on the date an Insured who is an executive officer, director, trustee, business officer, or Superintendent, or general counsel or human resources director (or equivalent positions) of any Organization becomes aware of such Claim.

All other terms and conditions of this Policy remain unchanged.

Scottsdale Indemnity Company			Endorsement No. 8
Attached To And Forming Part of Policy Number	Endorsement Effective Date (12:01 A.M. Standard Time)	Named Insured	Agent No.
EK		Education Achievement Authority of Michigan	29406

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

AMEND NOTICE PROVISION - CHARTER SCHOOL PROGRAM - INSURED PERSON AND ORGANIZATION

This endorsement modifies insurance provided under the following:

INSURED PERSON AND ORGANIZATION COVERAGE SECTION

The following is added to Section E. **NOTIFICATION:**

A **Claim** shall be deemed to have been first made against the **Insureds** on the date an **Insured** who is an executive officer, director, trustee, business officer, Superintendent or general counsel (or equivalent position) of any **Organization** becomes aware of such **Claim**.

All other terms and conditions of this Policy remain unchanged.

Scottsdale Indemnity Company			Endorsement No. 9
Attached To And Forming Part of Policy Number	Endorsement Effective Date (12:01 A.M. Standard Time)	Named Insured	Agent No.
EK		Education Achievement Authority of Michigan	29406

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

AMEND SUBROGATION PROVISION - FINAL JUDGMENT

This endorsement modifies insurance provided under the following:

GENERAL TERMS AND CONDITIONS SECTION

Section M., **ASSISTANCE, COOPERATION AND SUBROGATION**, is deleted in its entirety and replaced by the following:

M. ASSISTANCE, COOPERATION AND SUBROGATION

The Insureds agree to provide Insurer with such information, assistance and cooperation as Insurer reasonably may request, and they further agree that they shall not take any action which in any way increases Insurer's exposure under this Policy. In the event of any payments under this Policy, Insurer shall be subrogated to the extent of such payment to all of the Insureds' rights of recovery against any person or entity. The Insureds shall execute all papers required and shall do everything that may be necessary to secure and preserve such rights, including the execution of such documents as are necessary to enable Insurer effectively to bring suit or otherwise pursue subrogation in the name of the Insureds, and shall provide all other assistance and cooperation which Insurer may reasonably require. In no event, however, shall the Insurer exercise its right of subrogation against an Insured under this Policy unless such Insured has been convicted of a deliberate criminal act; or has committed a deliberate fraudulent act, if a final judgment establishes that such deliberate fraudulent act was committed; or has obtained any profit or advantage to which a final judgment establishes the Insured was not legally entitled.

All other terms and conditions of this Policy remain unchanged.

Scottsdale Indemnity Company			Endorsement No. 10
Attached To And Forming Part of Policy Number EK	Endorsement Effective Date (12:01 A.M. Standard Time)	Named Insured Education Achievement Authority of Michigan	Agent No. 29406

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

AMEND WARRANTY PROVISION - NON-RESCINDABLE COVERAGE

This endorsement modifies Insurance provided under the following:

GENERAL TERMS AND CONDITIONS

Under Section D. **WARRANTY**, paragraph 2. is replaced by:

2. In the event the **Application**, including materials submitted or required to be submitted therewith, contains any misrepresentation or omission made with the intent to deceive, or contains any misrepresentation or omission which materially affects either the acceptance of the risk or the hazard assumed by the **Insurer** under this **Policy**, this **Policy**, including each and all Coverage Sections, shall not afford coverage to the following **Insureds** for any **Claim** alleging, based upon, arising out of, attributable to, directly or indirectly resulting from, in consequence of, or in any way involving, any untruthful or inaccurate statements, representations or information:
 - a. any **Insured** who is a natural person and who knew the facts misrepresented or the omissions, whether or not such individual knew of the **Application**, such materials, or this **Policy**;
 - b. any **Organization** or **Sponsor Organization** to the extent it indemnifies any **Insured** referred to in subsection a. above; and
 - c. any **Organization**, **Sponsor Organization**, **Plan**, or any other entity that is an **Insured**, if any past or present chief executive officer, chief financial officer, general counsel, risk manager or human resources director (or equivalent positions) of the **Parent Organization** knew the facts misrepresented or the omissions, whether or not such individual knew of the **Application**, such materials, or this **Policy**.

With respect to any statement, representation or information contained in the **Application**, or in the materials submitted or required to be submitted therewith, and solely with respect to the above exclusion, no knowledge possessed by any **Insured** who is a natural person shall be imputed to any other **Insured** who is a natural person.

The following condition is added:

NON-RESCINDABLE

The **Insurer** shall not be entitled under any circumstances to rescind any Coverage Section of this **Policy** with respect to any **Insured**. Nothing contained in this section shall limit or waive any other rights or remedies available to the **Insurer**.

The title and any headings in this endorsement are solely for convenience and form no part of the terms and conditions of coverage.

All other terms and conditions of this Policy remain unchanged.

Scottsdale Indemnity Company			Endorsement No. 11
Attached To And Forming Part of Policy Number EK	Endorsement Effective Date (12:01 A.M. Standard Time)	Named Insured Education Achievement Authority of Michigan	Agent No. 29406

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

AMENDED INSURED VERSUS INSURED EXCLUSION - FOREIGN JURISDICTION

This endorsement modifies insurance provided under the following:

INSURED PERSON AND ORGANIZATION COVERAGE SECTION

Section C., **EXCLUSIONS**, is amended by adding the following to subsection 5.:

is brought or maintained in a jurisdiction outside the United States of America, Canada or Australia by any **Insured Persons** of the **Organization** solely where such **Organization** is domiciled or chartered in such foreign jurisdiction;

All other terms and conditions of this **Policy** remain unchanged.

Scottsdale Indemnity Company			Endorsement No. 12
Attached To And Forming Part of Policy Number	Endorsement Effective Date (12:01 A.M. Standard Time)	Named Insured	Agent No.
EK		Education Achievement Authority of Michigan	29406

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

AMENDED INSURED VERSUS INSURED EXCLUSION WHISTLEBLOWER CARVEBACK

This endorsement modifies insurance provided under the following:

INSURED PERSON AND ORGANIZATION COVERAGE SECTION

The following is added to Section C., **EXCLUSIONS**, subsection 5.:

- Is brought or maintained by an employee of the **Organization** who is not or was not a director or officer of the **Organization**, including any such **Claim** brought or maintained under the Federal False Claims Act or any similar federal, state, local or foreign "whistleblower" law or "whistleblower" provision of any law.

All other terms and conditions of this **Policy** remain unchanged.

Scottsdale Indemnity Company			Endorsement No. 13
Attached To And Forming Part of Policy Number	Endorsement Effective Date (12:01 A.M. Standard Time)	Named Insured	Agent No.
EK		Education Achievement Authority of Michigan	29406

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

AMENDED INSURED VERSUS INSURED EXCLUSION WITH CREDITOR COMMITTEE CARVEBACK

This endorsement modifies insurance provided under the following:

INSURED PERSON AND ORGANIZATION COVERAGE SECTION

Section C., **EXCLUSIONS**, subsection 5., is amended by adding the following:

- Is brought or maintained by any bankruptcy trustee or bankruptcy appointed representative of the **Organization**, or creditors committee of the **Organization**, or any assignee thereof;

All other terms and conditions of this **Policy** remain unchanged.

Scottsdale Indemnity Company			Endorsement No. 14
Attached To And Forming Part of Policy Number	Endorsement Effective Date (12:01 A.M. Standard Time)	Named Insured	Agent No.
EK		Education Achievement Authority of Michigan	29406

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

COST OF INVESTIGATIONS COVERAGE

This endorsement modifies insurance provided under the following:

INSURED PERSON AND ORGANIZATION COVERAGE SECTION

It is agreed that:

The following is added to Section B., **DEFINITIONS**:

Cost of Investigation means reasonable and necessary legal costs, charges, fees and expenses incurred by any of the **Insureds** in investigating a written demand, by one or more of the securities holders of the **Organization** upon the board of directors, the management board of the **Organization** or the **Organization**, to bring a civil proceeding, including any derivative action, against any of the directors and officers on behalf of the **Organization**.

The following is added to Section B., **DEFINITIONS**, subsection 1.:

a written demand, by one or more of the securities holders of the **Organization** upon the board of directors, the management board of the **Organization** or the **Organization**, to bring a civil proceeding, including any derivative action, against any of the directors and officers on behalf of the **Organization**.

Section B., **DEFINITIONS**, subsection 3. is deleted in its entirety and is replaced by:

3. Costs, Charges and Expenses means:

- a. reasonable and necessary legal costs, charges, fees and expenses incurred by any of the **Insureds** in defending **Claims** and the premium for appeal, attachment or similar bonds arising out of covered judgments, but with no obligation to furnish such bonds and only for the amount of such judgment that is up to the applicable Limit of Liability and;
- b. cost of investigation.

Costs, Charges and Expenses do not include salaries, wages, fees, overhead or benefit expenses of or associated with officers or employees of the **Organization**.

All other terms and conditions of this **Policy** remain unchanged.

Scottsdale Indemnity Company			Endorsement No. 15
Attached To And Forming Part of Policy Number EK	Endorsement Effective Date (12:01 A.M. Standard Time)	Named Insured Education Achievement Authority of Michigan	Agent No. 29406

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

CRISIS FUND FOR NON-PROFITS - CRISIS COMMUNICATIONS MANAGEMENT INSURANCE

This endorsement modifies insurance provided under the following:

INSURED PERSON AND ORGANIZATION COVERAGE SECTION

In consideration of the premium amount of , the following coverage is added. All terms and conditions of this Coverage Section are applicable unless modified in this endorsement.

The following is added to A., **INSURING CLAUSE:**

CRISIS MANAGEMENT COVERAGE

This Policy shall pay the **Crisis Management Loss** of the **Organization** arising from a **Crisis Management Event** first commencing during the **Policy Period**, up to the amount of the **Crisis Management Fund**.

With respect to this endorsement, the following additional definitions apply:

Material Effect shall mean the publication of unfavorable information regarding the **Organization** which can reasonably be considered to lessen public confidence in the competence of the **Organization**. Such publication must occur in either:

1. A daily newspaper of general circulation in the geographic area of the **Organization**; or
2. A radio or television news report on an **Organization** received in the geographic area of the **Organization**.

Crisis Management Event shall mean one of the following events which, in the good faith opinion of the **Organization**, did cause or is reasonably likely to cause, a **Material Effect**:

1. **Management Crisis:**

The death, incapacity or criminal indictment of any director, trustee or officer, including but not limited to the executive director, of the **Organization**, or any employee of the **Organization** on whom the **Organization** maintains key person life insurance.

2. **Member Abuse:**

The public announcement or accusation that an individual under the management control of the **Organization** has intentionally caused bodily injury to, or death of, a member or proposed member of the **Organization**, or has sexually abused a member of the **Organization**.

3. **Debt default:**

The public announcement that the **Organization** has defaulted or intends to default on its debt.

4. **Bankruptcy:**

The public announcement that the **Organization** intends to file for bankruptcy protection or that a third-party is seeking to file for involuntary bankruptcy on behalf of the **Organization**, or the imminence of bankruptcy proceedings, whether voluntary or involuntary.

5. **Contribution Revocation:**

The withdrawal or return of any non-governmental grant, contribution or bequest in excess of \$500,000.

Provided, however, that the term **Crisis Management Event** shall not include any event relating to:

- a. any **Claim** which has been reported, or any circumstances of which notice has been given, under any policy of which this **Policy** is a renewal or replacement or which it may succeed in time;
- b. (I) any pending or prior litigation or administrative or regulatory proceeding, demand letter or formal or informal governmental investigation or inquiry, including any investigation by the U.S. Department of Labor or the U.S. Equal Employment Opportunity Commission, filed or pending as of ; or (II) any fact, circumstance, situation, transaction or event underlying or alleged in such litigation or administrative or regulatory proceeding, demand letter or formal or informal governmental investigation or inquiry, including any investigation by the U.S. Department of Labor or the U.S. Equal Employment Opportunity Commission;
- c. the actual, alleged or threatened discharge, dispersal, release, escape seepage, migration or disposal of **Pollutants**; or any direction or request to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize **Pollutants**, or any voluntary decision to do so; or
- d. the hazardous properties of nuclear materials.

For the purpose of this endorsement, a **Crisis Management Event** shall first commence when the **Organization** or any of its directors or executive officers shall first become aware of the event during the **Policy Period** and shall conclude at the earliest of the time when the **Crisis Management Firm** advises the **Organization** that the crisis no longer exists or when the **Crisis Management Fund** has been exhausted.

Crisis Management Firm shall mean any public relations firm, crisis management firm or law firm hired by the **Organization** or its directors, officers or employees to perform **Crisis Management Services** in connection with a **Crisis Management Event**, the selection of which has been consented to by the **Insurer**, the consent for which shall not be unreasonably withheld. Attached to this endorsement is a list of firms which have been pre-approved by the **Insurer** and may be hired by the **Organization** without further approval by the **Insurer**:

Crisis Management Fund shall mean \$10,000.

Crisis Management Loss shall mean the following amounts incurred during the pendency of or within ninety (90) days prior to and in anticipation of, the **Crisis Management Event**, regardless of whether a **Claim** is ever made against an **Insured** arising from the **Crisis Management Event** and, in the case where a **Claim** is made, regardless of whether the amount is incurred prior to or subsequent to the making of the **Claim**:

1. Amounts for which the **Organization** is legally liable for the reasonable and necessary fees and expenses incurred by a **Crisis Management Firm** in the performance of **Crisis Management Services** for the **Organization** arising from a **Crisis Management Event**; and
2. Amounts for which the **Organization** is legally liable for the reasonable and necessary printing, advertising, mailing of materials, or travel by directors, officers, employees or agent of the **Organization** or the **Crisis Management Firm**, in connection with the **Crisis Management Event**.

Crisis Management Services means those services performed by a **Crisis Management Firm** in advising the **Organization** or any of its directors, officers or employees on minimizing the potential harm to the **Organization** arising from the **Crisis Management Event**, including but not limited to maintaining and restoring public confidence in the **Organization**.

With respect to this endorsement, Section C., **EXCLUSIONS**, are not applicable to **Crisis Management Loss**.

With respect to this endorsement, the following is added to Section D., **LIMIT OF LIABILITY AND RETENTIONS**:

The limit of the **Insurer's** liability for **Crisis Management Loss** arising from all **Crisis Management Events** occurring during the **Policy Period**, in the aggregate, shall be the amount set forth in this endorsement as the **Crisis Management Fund**. This limit shall be the maximum limit of the **Insurer** under this **Policy** regardless of the number of **Crisis Management Events** occurring during the **Policy Period**, provided however, that this single **Crisis Management Event(s)** limit shall be part of and not in addition to the **Limit of Liability** stated in Item 3. of the **Declarations** for this Coverage Section, which shall in all events be the maximum liability of the **Insurer** for all **Loss** under this **Policy**.

There shall be no retention amount applicable to **Crisis Management Loss**.

With respect to this endorsement, the following notification is added to Section E., **NOTIFICATION**:

An actual or anticipated **Crisis Management Event** shall be reported to the **Insurer** as soon as practicable, but in no event later than thirty (30) days after the **Organization** first incurs **Crisis Management Loss** for which the coverage will be requested under this endorsement.

With respect to this endorsement, Section F., **SETTLEMENT AND DEFENSE**, is amended as follows:

There shall be no requirement for the **Organization** to obtain prior written approval of the **Insurer** before incurring any **Crisis Management Loss**, provided that the **Crisis Management Firm** selected by the **Organization** to perform the **Crisis Management Services** has been approved by the **Insurer**.

All other terms and conditions of this **Policy** remain unchanged.

Scottsdale Indemnity Company			Endorsement No. 16
Attached To And Forming Part of Policy Number	Endorsement Effective Date (12:01 A.M. Standard Time)	Named Insured	Agent No.
EK		Education Achievement Authority of Michigan	29406

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

EXCESS BENEFIT TRANSACTION EXCISE TAX COVERAGE ENDORSEMENT

This endorsement modifies Insurance provided under the following:

INSURED PERSON AND ORGANIZATION COVERAGE SECTION

The following is added to Section B. DEFINITIONS:

Excess Benefit Transaction Excise Tax means any excise tax imposed by the Internal Revenue Service on an **Insured Person** who is an **Organization Manager** as a result of such **Insured Person's** participation in an **Excess Benefit Transaction**;

Organization Manager means "organization manager" as that term is defined in Section 4958 of the Internal Revenue Code of 1986, as amended;

Excess Benefit Transaction means an "excess benefit transaction" as that term is defined in Section 4958; and

Disqualified Person means a "disqualified person" as that term is defined in Section 4958.

Section B. DEFINITIONS, Section 7., paragraph a. is replaced by the following:

- a. taxes, fines or penalties other than **Excess Benefit Transaction Excise Tax**; provided, however, coverage for such **Excess Benefit Transaction Excise Tax** shall not include:
 - i. any **Excess Benefit Transaction Excise Tax** exceeding \$10,000;
 - ii. any **Excess Benefit Transaction Excise Tax** expressly prohibited in the bylaws, certificate of incorporation or other organizational documents of the **Insured Organization**;
 - iii. any excise tax imposed by the Internal Revenue Service on any **Disqualified Person** for any **Excess Benefit Transaction**.

All other terms and conditions of this Policy remain unchanged.

Scottsdale Indemnity Company

Endorsement No.
17

Attached To And Forming Part of Policy Number	Endorsement Effective Date (12:01 A.M. Standard Time)	Named Insured	Agent No.
EK		Education Achievement Authority of Michigan	29406

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

IMMIGRATION CLAIM ENDORSEMENT

This endorsement modifies insurance provided under the following:

EMPLOYMENT PRACTICES COVERAGE SECTION

I. It is agreed that the Employment Practices Coverage Section is amended as follows:

The following is added to Section A., **INSURING CLAUSES**:

Immigration Claim Insuring Clause

Insurer shall pay the **Costs, Charges and Expenses** of the **Insureds** which the **Insureds** have become legally obligated to pay by reason of an **Immigration Claim** first made against the **Insureds** during the **Policy Period** or, if elected, the **Extended Period**, and reported to the **Insurer** pursuant to subsection E.1. herein, for an **Immigration Wrongful Act** taking place prior to the end of the **Policy Period**.

The following is added to Section B., **DEFINITIONS**, subsection 1.:

Immigration Claim.

The following is added to Section B., **DEFINITIONS**, subsection 15.:

Immigration Wrongful Act.

The following is added to Section B., **DEFINITIONS**:

Immigration Wrongful Act means any actual or alleged violation(s) of the Immigration Control Act of 1986 or any other similar federal or state laws or regulations.

Immigration Claim means any criminal investigation of any of the **Insureds** by any governmental agency for actually or allegedly hiring or harboring illegal aliens.

Solely as respects coverage provided by this endorsement, Section D., **LIMIT OF LIABILITY AND RETENTIONS**, subsection 4. is deleted in its entirety and replaced with the following:

4. Payments of **Costs, Charges and Expenses** by **Insurer** shall reduce the **Limit(s)** of **Liability** under this Coverage Section. **Costs, Charges and Expenses** are part of, and not in addition to, the **Limit(s)** of **Liability**. If such **Limit(s)** of **Liability** are exhausted by payment of **Costs, Charges and Expenses**, the obligations of the **Insurer** under this Coverage Section are completely fulfilled and extinguished.

The following is added to Section G., **OTHER INSURANCE**:

For any **Immigration Claim**, if any **Costs, Charges and Expenses** covered under this Coverage Section are covered under any other valid and collectable insurance, then this **Policy** shall be primary insurance.

II. It is agreed that the **DECLARATIONS** is amended as follows:

The maximum aggregate **Limit of Liability** for all **Costs, Charges and Expenses** as a result of all **Immigration Claims** shall be **\$100,000**, which sum shall be part of and not in addition to the **Limit of Liability** identified in Item 3.1. of the **Declarations** relating to the **Employment Practices Coverage Section**.

The following is added to Item 3., **Employment Practices Coverage Section**, Section 2., **Retention**, of the **Declarations**:

each Immigration Claim

All other terms and conditions of this Policy remain unchanged.

Scottsdale Indemnity Company			Endorsement No. 18
Attached To And Forming Part of Policy Number	Endorsement Effective Date (12:01 A.M. Standard Time)	Named Insured	Agent No.
EK		Education Achievement Authority of Michigan	29406

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

NAMED ENTITY CLAIMS EXCLUSION

This endorsement modifies insurance provided under the following:

INSURED PERSON AND ORGANIZATION COVERAGE SECTION

The following is added to Section C. **EXCLUSIONS**:

Insurer shall not be liable for **Loss** under this Coverage Section on account of any **Claim**:

brought by or on behalf of the following, in any capacity:

committees, advisory boards, panels and departments or any similar entity or subdivision thereof

All other terms and conditions of this Policy remain unchanged.

Scottsdale Indemnity Company			Endorsement No. 19
Attached To And Forming Part of Policy Number	Endorsement Effective Date (12:01 A.M. Standard Time)	Named Insured	Agent No.
EK		Education Achievement Authority of Michigan	29406

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

NAMED ENTITY CLAIMS EXCLUSION - EPL

This endorsement modifies insurance provided under the following:

EMPLOYMENT PRACTICES COVERAGE SECTION

The following is added to Section C. **EXCLUSIONS**:

Insurer shall not be liable for Loss under this Coverage Section on account of any Claim:

brought by or on behalf of the following, in any capacity:

the state of Michigan, the agencies, committees, advisory boards, panels and departments or any similar entity or subdivision thereof

All other terms and conditions of this Policy remain unchanged.

Scottsdale Indemnity Company			Endorsement No. 20
Attached To And Forming Part of Policy Number	Endorsement Effective Date (12:01 A.M. Standard Time)	Named Insured	Agent No.
EK		Education Achievement Authority of Michigan	29406

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

OUTSIDE ENTITY COVERAGE FOR NON-PROFIT COMPANIES

This endorsement modifies insurance provided under the following:

INSURED PERSON AND ORGANIZATION COVERAGE SECTION

Section **B. DEFINITIONS**, subsection **10.**, is replaced by the following:

10. Wrongful Act means:

any actual or alleged error, omission, misleading statement, misstatement, neglect, breach of duty or act, **Publisher Liability Act or Personal Injury Act** allegedly committed or attempted by any **Insured**, while acting in their capacity as such, or any matter claimed against an **Insured Person** solely by reason of his or her serving in such capacity; or

any actual or alleged error, omission, misleading statement, misstatement, neglect, breach of duty or act of any of the **Insured Persons**, while acting in their capacity as a director, officer, trustee, governor, executive director or similar position of any **Outside Entity** where such service is with the knowledge and consent of the **Organization**. In the event of a dispute between the **Organization** and **Insured Person** over whether the **Organization** had knowledge and consented to such service, the **Insurer** shall act in accordance with the decision of the **Organization**.

The following is added to **Section B. DEFINITIONS**:

Outside Entity means any non-profit company which is exempt from taxation under the Internal Revenue Code, as amended, in which any of the **Insured Persons** is, with the knowledge and consent of the **Organization**, serving as a director, officer, trustee, governor, executive director or similar position of such non-profit company.

Section **C. EXCLUSIONS**, subsection **7.**, is replaced by:

- 7. for the return by any of the **Insured Persons** of any remuneration paid to them without the previous approval of the appropriate governing body of the **Organization** or **Outside Entity**, which payment without such previous approval shall be held to be in violation of law;

Section **C. EXCLUSIONS**, subsection **10.**, is replaced by:

- 10. for a **Wrongful Act** actually or allegedly committed or attempted by any of the **Insured Persons** in his or her capacity as a director, officer, trustee, manager, member of the board of managers or equivalent executive of a limited liability company or employee of, or independent contractor for or in any other capacity or position with any entity other than the **Organization**; provided, however, that this exclusion shall not apply to **Loss** resulting from any such **Claim** solely to the extent that:
 - a. such **Claim** is based on the service of any of the **Insured Persons** as a director, officer, trustee, governor, executive director or similar position of any **Outside Entity** where such service is with the knowledge and consent of the **Organization**; and
 - b. such **Outside Entity** is not permitted or required by law to provide indemnification to such **Insured Person**; and
 - c. such **Loss** is not covered by insurance provided by any of the **Outside Entity's Insurer(s)**;

Section **C. EXCLUSIONS**, subsection **13.**, is replaced by:

- 13. alleging, based upon, arising out of, attributable to, directly or indirectly resulting from, in consequence of, or in any way involving any employment or employment-related matters brought by or on behalf of or in the right of an applicant for employment with the **Organization** or any **Insured Person**, or an applicant for employment with an **Outside Entity** or any director, officer, trustee, governor, executive director, management committee member, member of the board of managers, or employee of an **Outside Entity**;

The following is added to **Section C. EXCLUSIONS**:

Insurer shall not be liable for Loss under this Coverage Section on account of any Claim:

brought or maintained by, on behalf of, in the right, or at the direction of any Outside Entity, or any past, present or future duly elected or appointed director, officer, trustee, governor, manager, general counsel, risk manager, management committee member, member of the board of managers, or equivalent executives of any Outside Entity;

All other terms and conditions of this Policy remain unchanged.

Scottsdale Indemnity Company			Endorsement No. 21
Attached To And Forming Part of Policy Number EK	Endorsement Effective Date (12:01 A.M. Standard Time)	Named Insured Education Achievement Authority of Michigan	Agent No. 29406

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

PRIORITY OF PAYMENTS PROVISION

This endorsement modifies insurance provided under the following:

INSURED PERSON AND ORGANIZATION COVERAGE SECTION

The following condition is added:

PAYMENT PRIORITY

If the amount of any Loss which is otherwise due and owing by the Insurer exceeds the then-remaining Limit of Liability applicable to the Loss, the Insurer shall pay the Loss, subject to such Limit of Liability, in the following priority:

- a. first, the Insurer shall pay any non-indemnifiable Loss covered under this Coverage Section in excess of any applicable Retention shown in Item 3. of the Declarations; and
- b. second, only if and to the extent the payment under a. above does not exhaust the applicable Limit of Liability, the Insurer shall pay any remaining Loss under this Coverage Section in excess of the Retention shown in Item 3. of the Declarations.
- c. subject to the foregoing, the Insurer shall, upon receipt of a written request from the Chief Executive Officer of the Parent Organization, delay any payment of Loss otherwise due and owing to or on behalf of the Organization until such time as the Chief Executive Officer of the Parent Organization designates, provided the liability of the Insurer with respect to any such delayed Loss payment shall not be increased, and shall not include any interest, on account of such delay.

All other terms and conditions of this Policy remain unchanged.

Scottsdale Indemnity Company			Endorsement No. 22
Attached To And Forming Part of Policy Number	Endorsement Effective Date (12:01 A.M. Standard Time)	Named Insured	Agent No.
EK		Education Achievement Authority of Michigan	29406

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

PROFESSIONAL SERVICES ERRORS AND OMISSIONS EXCLUSIONS

This endorsement modifies Insurance provided under the following:

INSURED PERSON AND ORGANIZATION COVERAGE SECTION

The following is added to Section C. **EXCLUSIONS**:

Insurer shall not be liable for Loss under this Coverage Section on account of any Claim:

alleging, based upon, arising out of, or attributable to, directly or indirectly resulting from, in consequence of, or in any way involving the rendering or failure to render professional services.

All other terms and conditions of this Policy remain unchanged.

Scottsdale Indemnity Company			Endorsement No. 23
Attached To And Forming Part of Policy Number	Endorsement Effective Date (12:01 A.M. Standard Time)	Named Insured	Agent No.
EK		Education Achievement Authority of Michigan	29406

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

SEXUAL MISCONDUCT, CHILD ABUSE, NEGLECT EXCLUSION

This endorsement modifies insurance provided under the following:

INSURED PERSON AND ORGANIZATION COVERAGE SECTION

The following is added to Section C. **EXCLUSIONS**:

Insurer shall not be liable for Loss under this Coverage Section on account of any Claim:

alleging, based upon, arising out of, or attributable to, directly or indirectly resulting from, in consequence of, or in any way involving any **Sexual Misconduct**, child abuse, or neglect, including but not limited to employment, supervision, reporting to authorities, failure to so report or retention of any person.

The following is added to Section B. **DEFINITIONS**:

Sexual Misconduct means any licentious, immoral or sexual behavior, sexual abuse, sexual assault, or molestation intended to lead to or culminating in any attempted or actual sexual act.

All other terms and conditions of this Policy remain unchanged.

Scottsdale Indemnity Company			Endorsement No. 24
Attached To And Forming Part of Policy Number	Endorsement Effective Date (12:01 A.M. Standard Time)	Named Insured	Agent No.
EK		Education Achievement Authority of Michigan	29406

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

SEXUAL MISCONDUCT, CHILD ABUSE, NEGLECT EXCLUSION - EPL

This endorsement modifies insurance provided under the following:

EMPLOYMENT PRACTICES COVERAGE SECTION

The following is added to Section C. **EXCLUSIONS:**

Insurer shall not be liable for Loss under this Coverage Section on account of any Claim:

alleging, based upon, arising out of, or attributable to, directly or indirectly resulting from, in consequence of, or in any way involving any **Sexual Misconduct**, child abuse, or neglect, including but not limited to employment, supervision, reporting to authorities, failure to so report or retention of any person.

The following is added to Section B. **DEFINITIONS:**

Sexual Misconduct means any licentious, immoral or sexual behavior, sexual abuse, sexual assault, or molestation intended to lead to or culminating in any attempted or actual sexual act.

All other terms and conditions of this Policy remain unchanged.

Scottsdale Indemnity Company			Endorsement No. 25
Attached To And Forming Part of Policy Number	Endorsement Effective Date (12:01 A.M. Standard Time)	Named Insured	Agent No.
EK		Education Achievement Authority of Michigan	29406

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

STATE AMENDATORY INCONSISTENT

This endorsement modifies insurance provided under the following:

GENERAL TERMS AND CONDITIONS

It is agreed that in the event there is an inconsistency between a state amendatory endorsement attached to this Policy and any term or condition of this Policy, then where permitted by law, the Insurer shall apply those terms and conditions of either the amendatory endorsement or the Policy which are more favorable to the Insured.

All other terms and conditions of this Policy remain unchanged.

Scottsdale Indemnity Company			Endorsement No. 26
Attached To And Forming Part of Policy Number	Endorsement Effective Date (12:01 A.M. Standard Time)	Named Insured	Agent No.
EK		Education Achievement Authority of Michigan	29406

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

TOLLING OR WAIVING THE STATUTE OF LIMITATIONS

This endorsement modifies insurance provided under the following:

INSURED PERSON AND ORGANIZATION COVERAGE SECTION

The following is added to Section B., **DEFINITIONS**, subsection 1.

- f. a written request received by the Insureds to toll or waive the statute of limitations regarding a potential Claim. Such Claim shall be commenced by the receipt of such request.

All other terms and conditions of this Policy remain unchanged.

Scottsdale Indemnity Company

Endorsement No.
27

Attached To And Forming Part of Policy Number	Endorsement Effective Date (12:01 A.M. Standard Time)	Named Insured	Agent No.
EK		Education Achievement Authority of Michigan	29406

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

WAGE AND HOUR CLAIM ENDORSEMENT - NON-PROFIT

This endorsement modifies insurance provided under the following:

EMPLOYMENT PRACTICES COVERAGE SECTION

I. It is agreed that the Employment Practices Coverage Section is amended as follows:

Section A., **INSURING CLAUSES**, is amended by adding the following:

3. Wage and Hour Claim Insuring Clause

Insurer shall pay the Loss of the Insureds which the Insureds have become legally obligated to pay by reason of a Wage and Hour Claim first made against the Insureds during the Policy Period or, if elected, the Extended Period, and reported to the Insurer pursuant to Section E.1. herein, for a Wage and Hour Wrongful Act taking place prior to the end of the Policy Period.

Section B., **DEFINITIONS**, subsection 1. is amended by adding the following:

c. Wage and Hour Claim.

Section B., **DEFINITIONS**, subsection 15. is amended by adding the following:

c. Wage and Hour Wrongful Act.

Section B., **DEFINITIONS**, is amended by adding the following:

Wage and Hour Wrongful Act means any actual or alleged violation(s) of the Fair Labor Standards Act or any similar federal, state or local law governing or relating to the payment of wages, overtime, on-call time, rest periods, minimum wages or the classification of Employees for the purpose of determining Employees' eligibility for compensation under such law(s); provided, however, Wage and Hour Wrongful Act shall not include actual or alleged violations of the Equal Pay Act of 1963, or any amendments thereto.

Wage and Hour Claim means:

- a. a written demand against an Insured for damages or other relief; or
- b. a civil, judicial, administrative, regulatory or arbitration proceeding or a formal governmental investigation against an Insured seeking damages or other relief, commenced by the service of a complaint or similar pleading, including any appeal therefrom;

brought by or on behalf of one or more Employees solely alleging any Wage and Hour Wrongful Act, including any class action or a collective action under § 216(b) of the Fair Labor Standards Act or any similar federal, state or local law.

Solely with respect to coverage provided by this endorsement, Section D., **LIMIT OF LIABILITY AND RETENTIONS**, subsection 4. is deleted in its entirety and replaced with the following:

4. Payments of Loss by Insurer shall reduce the Limit(s) of Liability under this Coverage Section. Costs, Charges and Expenses are part of, and not in addition to, the Limit(s) of Liability, and payment of Costs, Charges and Expenses reduces the Limit(s) of Liability. If such Limit(s) of Liability are exhausted by payment of Loss, the obligations of the Insurer under this Coverage Section are completely fulfilled and extinguished.

Section F., **SETTLEMENT AND DEFENSE**, subsection 3. is deleted in its entirety.

Section G., **OTHER INSURANCE**, is amended by adding the following:

For any **Wage and Hour Claim**, if any **Loss** covered under this Coverage Section is covered under any other valid and collectable insurance, then this **Policy** shall be primary Insurance.

Section H., **ALLOCATION**, is deleted in its entirety.

II. It is agreed that the Declarations is amended as follows:

The maximum aggregate Limit of Liability for all **Loss** as a result of all **Wage and Hour Claims** shall be \$250,000, which sum shall be part of and not in addition to the Limit of Liability identified in Item 3.1. of the Declarations relating to the Employment Practices Coverage Section.

Item 3., Employment Practices Coverage Section, Section 2., Retention, of the Declarations is amended by adding the following:

each **Wage and Hour Claim**

All other terms and conditions of this **Policy** remain unchanged.

Scottsdale Indemnity Company

POLICYHOLDER DISCLOSURE

NOTICE OF TERRORISM INSURANCE COVERAGE

TERRORISM RISK INSURANCE ACT

Under the Terrorism Risk Insurance Act of 2002, as amended pursuant to the Terrorism Risk Insurance Program Reauthorization Act of 2007, effective January 1, 2008 (the "Act"), you have a right to purchase insurance coverage for losses arising out of acts of terrorism, as defined in Section 102(1) of the Act: The term "certified acts of terrorism" means any act that is certified by the Secretary of the Treasury - in concurrence with the Secretary of State, and the Attorney General of the United States - to be an act of terrorism; to be a violent act or an act that is dangerous to human life, property, or infrastructure; to have resulted in damage within the United States, or outside the United States in the case of certain air carriers or vessels or the premises of a United States mission; to have been committed by an individual or individuals as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion.

You should know that where coverage is provided by this policy for losses resulting from "certified acts of terrorism," such losses may be partially reimbursed by the United States Government under a formula established by federal law. However, your policy may contain other exclusions which might affect your coverage, such as an exclusion for nuclear events. Under the formula, the United States Government generally reimburses 85% of covered terrorism losses exceeding the statutorily established deductible paid by the insurance company providing the coverage. The premium charged for this coverage is provided below and does not include any charges for the portion of loss that may be covered by the Federal Government under the Act.

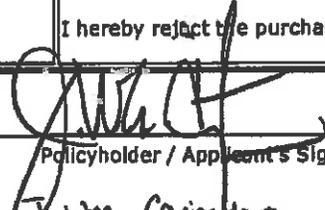
You should also know that the Act, as amended, contains a \$100 Billion Cap that limits United States Government reimbursement as well as insurers' liability for losses resulting from "certified acts of terrorism" when the amount of such losses in any one calendar year exceeds \$100 billion. If the aggregate insured losses for all insurers exceed \$100 billion, your coverage may be reduced.

CONDITIONAL TERRORISM COVERAGE

The federal Terrorism Risk Insurance Program Reauthorization Act of 2007 is scheduled to terminate at the end of December 31, 2014, unless renewed, extended or otherwise continued by the federal government. Should you select Terrorism Coverage provided under the Act and the Act is terminated December 31, 2014, any terrorism coverage as defined by the Act provided in the policy will also terminate.

IN ACCORDANCE WITH THE ACT, YOU MUST CHOOSE TO SELECT OR REJECT COVERAGE FOR "CERTIFIED ACTS OF TERRORISM" BELOW:

<input checked="" type="checkbox"/>	I hereby elect to purchase certified terrorism coverage for a premium of Amount To Be Determined. I understand that the federal Terrorism Risk Insurance Program Reauthorization Act of 2007 may terminate on December 31, 2014. Should that occur my coverage for terrorism as defined by the Act will also terminate.
<input type="checkbox"/>	I hereby reject the purchase of certified terrorism coverage.



 Policyholder / Applicant's Signature*

 J. Wm. Covington
 Print Name*

 7/30/12
 Date*

Education Achievement Authority of Michigan

 Named Insured / Firm

 Not Available
 Policy Number, if available

*If rejected, signature required & completed form must be faxed to E-Risk Services @ (973) 252-5146. Please contact your broker with any questions.

**Education Achievement Authority
of Michigan**
Equity. Choice. Reinvention.

**RESOLUTION 2012-45
APPROVAL OF AMENDMENT TO POLICY 4365 - HR PAYROLL PROCEDURES**

The Executive Committee of the Education Achievement Authority resolves:

1. That the attached Policy 4365, HR Payroll Procedures, is hereby amended as indicated and adopted;
2. That in the event any policy, part of a policy is judged to be inconsistent with law, inoperative by a court of competent jurisdiction or is invalidated by a policy or contract duly adopted by this Committee, the remaining policies and parts of policies shall remain in full effect.

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 _____, 2012.

By: _____
President

By: _____
Secretary



Legal Counsel
Approved as to Form

4365 Human Resources Payroll Procedures

Employment Status Categories

It is the intent of the Education Achievement Authority of Michigan to clarify the definitions of employment classifications so that employees understand their employment status and benefit eligibility. These classifications are provided by the Fair Labor Standards Act of 1938 (FLSA). Each employee is designated as either NONEXEMPT or EXEMPT which is notated in the employee's offer letter or contract.

- **NONEXEMPT** – employees entitled to their regular wage/salary and if applicable, overtime pay under the specific provisions of the FLSA. Nonexempt employees at Education Achievement Authority of Michigan include, but are not limited to administrative assistants, building engineers, and maintenance staff.
- **EXEMPT** – employees excluded from specific provisions from minimum wage, equal pay and overtime pay requirements of the FLSA. Exempt employees at Education Achievement Authority of Michigan executive, administrative or professional employees, including teachers and academic administrative personnel.

An employee classification of EXEMPT or NONEXEMPT classification may be changed only upon written notification by the CEO, depending on job function and responsibilities.

- **REGULAR FULL-TIME** – employees who are not assigned to a probationary period and are regularly scheduled to work less than 30 hours per week. While they receive all legally mandated benefits (such as Social Security, and workers' compensation insurance ~~and PSERS contributions~~), they are not eligible for all of Education Achievement Authority of Michigan's other benefit programs or holiday pay compensation.
- **PART TIME AND TEMPORARY** – employees who are not assigned to a probationary period and are regularly scheduled to work less than 30 hours per week. While they receive all legally mandated benefits (such as Social Security, and workers' compensation insurance ~~and PSERS contributions~~), they are not eligible for all of Education Achievement Authority of Michigan's other benefit programs or holiday pay compensation.

Employment of Minors

Employees under 18 years of age are prohibited by law from performing certain types of work such as machine operation, or any other activities, which might expose them to conditions, defined by the FLSA as hazardous to minors. Additional limitations apply to employment of persons under the age of 16. In no case may minors under the age of 14 be employed in the organization. Minors must earn at least minimum wage and should work no more than 8 hours per day (non-school day) or 3 hours per day (school day).

Job Posting/Hiring Procedures/Transfers

Education Achievement Authority of Michigan is committed to hiring a diverse workforce and the most qualified candidates who are aligned with our mission and values. When appropriate, Education Achievement Authority of Michigan will notify employees or available job openings and post the job openings for general public view. To apply for an internal transfer, follow the steps outlined below:

1. Speak with your current supervisor and/or principal about your desire to apply for a new position.
2. Email Director of Recruitment, with your interest to apply for a different position from your current position. Please confirm that you have spoken to your current supervisor.
3. Apply online for the position that you are interested in at www.michigan.gov/eas.
4. Recruitment and HR will speak with your current supervisor about your performance to date. Any candidates on an improvement plan will not be eligible for a position change.
5. If eligible to move forward in the position change process, you will interview and/or demo with members of the leadership team.
6. Recruitment with notified Candidates of their status.

Employment Documentation Requirements

In order to be employed by Education Achievement Authority of Michigan, either as a full time, part time, or temporary employee, all employees are required to submit the following documents in order to receive pay. These documents are administered to the employee before or at the time of hire. Any misrepresentations or falsifications of the information provided, or failure to submit any of the following forms may result in the exclusion of the individual from further consideration for employment or, if the person has been hired, termination of employment.

Required by all Education Achievement Authority of Michigan New Hires and Employees

Required Documentation

Personnel File

Personnel Action Form

IRS Form W-4

Immigration Services Form I-9 (w/copies of identification)

Direct Deposit Form and Voided Check

Criminal History Records Background Check

Completed TB Test

*In addition, timely updated contact information and other appropriate information must be submitted.

Contracts and Offer Letters

Upon offer of employment, all full time or part time employees receive an offer letter which outlines official employment with the Education Achievement Authority of Michigan can only be finalized by EAA Board action.. The offer letter shall include the title of the position the employee will fill, job description, designation of supervisor and compensation Once the Chancellor has acquired approval by the EAA Board, a contract shall be provided to the new employee. Copies of both documents (offer letter and contract) will be maintained in the employee's personnel file. If the employee's title or job description significantly changes, a new

offer letter or contract will be produced to outline the new terms of employment; however, in the interim assigned duties are to be performed as assigned.

Work Hours

The work schedule for an employee will vary on job title, staffing needs, operational demands and may necessitate variations in starting and ending times, as well as variations in the total hours that may be scheduled each day and week. Each employee should refer to their offer letter or contract for their designated work schedule. However, it is subject to change as needed by the supervisor. Full time employees work hours are considered eight or eight and half hours a day (including a thirty minute break) five days a week.

Federal and state laws require Education Achievement Authority of Michigan to keep an accurate record of time worked in order to calculate employee pay and benefits. Full-time employees are required to follow daily check in procedures that are provided by the department supervisor. Nonexempt employees should accurately record the time they begin and end their work on a time sheet. They should also record the beginning and ending time of any split shift or departure from work for personal reasons. Time sheets for NONEXEMPT and PART TIME employees are to be submitted to the department supervisor at the employee's assigned work location. Logging time in and out of work is to be done by employees for themselves only. Signing other employees in or out will result in discipline.

Overtime Provisions

Overtime compensation is paid to all NONEXEMPT employees in accordance with federal and state wage and hour restrictions. When operating requirements or other needs cannot be met during regular working hours, nonexempt employees will be given the opportunity to volunteer for overtime work assignments. Overtime pay is based on actual hours worked. Time off on personal leave, vacation leave or any leave of absence will not be considered hours worked for purposes of performing overtime calculations. Overtime is calculated as having worked more than 40 hours within one work week (not including lunch breaks). Overtime work must always be approved before it is performed.

Employee Request to Review Personnel Files

An official personnel file for each employee will be kept secured with the Human Resources Department. In addition to the employment documentation referenced above, all benefits enrollment forms; proof of dependent eligibility; contracts and/or offer letters; evaluations or performance reviews; educational transcripts; degrees or certification; and application materials will be kept in this file. Employees may have access to their file (except for confidential letters of reference) at a reasonable time during business hours by submitting a written (email) request in advance to the Human Resources Department.

Release of personnel file information to anyone other than the employee would be executed only through a federal, state, or local court order; an employee signed release or on a "need to know" basis as determined by the Director of Human Resources. Personnel files are the property of Education Achievement Authority of Michigan and may not be removed from Education Achievement Authority of Michigan without written authorization from the Director of HR.

Education Achievement Authority of Michigan will maintain a physical personnel record for the 5 years required by law.

Changes in Personal Data

The information in the employee's personnel file is permanent and confidential, and must be kept up to date. The employee should inform Education Achievement Authority of Michigan immediately, whenever there are changes in personal data such as address, telephone number, direct deposit information, marital status, changes in number of dependents, and emergency contact information. This information should be provided directly to the Human Resources Department. Payroll Period, Pay Dates, Direct Deposit

Education Achievement Authority of Michigan pays employees on a monthly schedule (12 pays per fiscal year). Pay dates are the last Friday of every pay period. For a more specific and updated pay schedule, please contact the Human Resources Department. Education Achievement Authority of Michigan requires all employees to participate in direct deposit for payroll purposes.

Payroll and Tax Deductions

The amount of tax deductions depends on the employee's income level, marital status and number of allowances the employee claims on the W-4 form. Deductions from an employee's gross pay period earnings are of two types: mandatory and voluntary. Mandatory deductions are those required by federal or state law or court order. Education Achievement Authority of Michigan is required by law to make the following deductions from an employee's check:

Mandatory Deductions

Federal Income Tax

Michigan State Income Tax

Medicare

Detroit Local Income Tax

Social Security Tax

Voluntary deductions are those requested by the employees to be made on their behalf and may include contributions towards health insurance premiums, tax-sheltered annuities, etc. Voluntary deductions will not be made without the employee's written request or authorization.

**Education Achievement Authority
of Michigan**
Equity. Choice. Reinvention.

**RESOLUTION 2012-46
APPROVAL OF AMENDMENT TO POLICY 2610 - PURCHASING GOODS & SERVICES**

The Executive Committee of the Education Achievement Authority resolves:

1. That the attached Policy 2610, Purchasing Goods and Services, is hereby amended as indicated and adopted;

2. That in the event any policy, part of a policy is judged to be inconsistent with law, inoperative by a court of competent jurisdiction or is invalidated by a policy or contract duly adopted by this Committee, the remaining policies and parts of policies shall remain in full effect.

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

Proposed Revision to Policy

2610 Purchasing Goods and Services

The Chancellor or his/her designee shall be the sole purchasing agent for the Education Achievement Authority of Michigan.

Purchasing From Education Achievement Authority of Michigan Employees

The Board shall not purchase equipment or supplies from an employee of the EAA of Michigan, nor from a member of a household of an employee, nor from any firm in which an employee or member of his/her household holds a ten percent or greater financial interest.

Purchases through the EAA of Michigan

Board members and employees shall not make any purchase through the Education Achievement Authority of Michigan for personal use. The name of the Education Achievement Authority of Michigan or school, or an employee's position, shall not be used in such manner that discounts or causes preferences to be given to such persons. Purchasing equipment and supplies by the EAA of Michigan for resale to employees is prohibited.

Emergency Purchases

Emergency purchases may be made without using the quotation or bidding process. Such emergencies may arise because of an accident or other unforeseen/extenuating occurrence that could affect the life, health, welfare or safety of the EAA of Michigan's students or employees. Such emergency purchases may be approved by the Chancellor and/or his/her designee. The Chancellor and/or his/her designee shall submit a full report to the Board.

Approved: _____

LEGAL REF: MCL 15.321-330; 380.1216; 380.1274