

PUBLIC SCHOOL ACADEMY CONTRACT

THIS PUBLIC SCHOOL ACADEMY CONTRACT (this "contract") is executed as of this 25th day of June, 2012, and between the PORT HURON AREA SCHOOL DISTRICT, a Michigan school district, 1925 Lapeer, Port Huron, Michigan 48060, (the "District"), and the St. Clair County Intervention Academy, 1170 Michigan Ave., Port Huron, Michigan 48060, a Michigan nonprofit corporation, (the "Academy").

RECITALS

- A. The District and the Academy are authorized to enter into this Contract pursuant to Part 6A of the Revised School Code (the "School Code").
- B. On May 21, 2012, the District's Board of Education (the "Board") approved the application submitted by the Academy to establish a public school academy in accordance with and pursuant to Part 6A of the School Code (the "Application").
- C. The Board has, by resolution adopted on June 25, 2012, approved the form of this Contract and authorized the execution and delivery of a Contract in substantially the same form as this Contract by the undersigned officers of the District and the performance of the terms hereof by such officers and by all other applicable officers, employees, agents and representatives of the District.
- D. The Board of Trustees of the Academy has, by resolution adopted on June 20, 2012, approved the form of this Contract and authorized the execution and delivery of this Contract by the undersigned officers of the Academy and the performance of the terms hereof by such officers and by all other applicable trustees, officers, employees and agents of the Academy.

NOW, THEREFORE, in consideration of the foregoing, and the mutual covenants and promises

Contained in this Contract, IT IS AGREED:

- 1. Definitions. For all purposes of this Contract and the schedules attached hereto all terms used herein and therein shall have the meanings ascribed to such terms in the preamble hereto and as follows:
 - a. "Applicable Law" means all federal and Michigan constitutions, laws, rules and regulations applicable to school districts in general by operation of law and by operation of this Contract with respect to duties and obligations.
 - b. "Education Records" shall have the meaning ascribed to that term under the federal Family Educational Rights and Privacy Act, 20 U.S.C. 1232g.

- c. "Fiscal Year" means the annual period beginning on July 1 of each year and ending on the next succeeding June 30.
2. Purpose and Mission Statement. The principle purpose of the Academy is to provide court adjudicated youth ages 12-19 education opportunities. The Board of the Academy shall control the policies of the Academy and shall facilitate its progress toward goals established by the Board in furtherance of the Academy's purpose. The academy is organized and shall be operated exclusively for educational purposes as a public school academy, pursuant to Part 6A of the School Code. The Academy shall be a public educational institution for individuals who reside, permanently or temporarily, in the Port Huron Area School District. Enrollment in the Academy may be open to all individuals who reside in this state who meet the admission policy and shall be open to all pupils who reside within the geographic boundaries of the Port Huron Area School District, subject to total enrollment limitations. The Academy shall be non-religious and shall accept students and hire staff without discrimination as to race, color, religion, national origin, sex, marital status, sexual orientation, educational affiliation, handicap status, or age, and shall comply with all applicable laws and regulations relating thereto.
3. Facilities. The Academy shall establish and maintain at all times during the term of this Contract a single site facility located within the jurisdiction of the District, as required by Part 6A of the School Code (the "Facilities"). A copy of the lease agreement for the Facilities (the "Lease") is attached to and incorporated by reference in this Contract as Exhibit A. The cost of acquiring or leasing and maintaining the Facilities shall be the sole responsibility of the Academy. The plans for constructing, reconstructing, renovating, remodeling, furnishing, refurbishing, equipping and/or re-equipping the Facilities shall be submitted to, and shall be subject to the approval of the necessary Michigan and local authorities prior to the commencement of any work on the Facilities.
4. Program and Curriculum. The Academy shall be responsible, subject to review and approval by the District, to develop and implement a delivery curriculum model, which shall include a description of the educational programs, curriculum and content standards for each program offered by the Academy (the "Program and Curriculum"). The current version of the Program and Curriculum, which have been approved by the District pursuant to this paragraph, are attached to and incorporated by reference in this Agreement as Exhibit B. Any revisions to the Program and Curriculum shall be submitted for review and approval by the District. The Program and Curriculum shall at all times at a minimum, address the following provisions:
- a. Curriculum. Subject to the conditions of this Contract, the Academy shall further design and implement its educational program, curriculum and content standards in a manner which is consistent with Applicable law including, without limitation those relevant requirements applicable to area vocational-technical education programs.

b. Records.

- i. The Academy shall adopt, abide by and enforce its own written record keeping policy. Such policy to be in compliance with Applicable Law, including, without limitation student portfolios, student attendance record keeping record retention.
- ii. The Academy shall adopt, abide by and enforce its own set of written policies concerning the maintenance and disclosure of student records. Such policies to be in compliance with Applicable Law, including without limitation the Freedom of Information Act, being Act No. 442, Public Acts of Michigan, 1976, and the Family education Rights and Privacy Act of 1974, 20 U.S.C. Section 1232g.

- c. Nonreligious Status. The educational program of the Academy shall be nonreligious and shall not discriminate against any student on the basis of religion or creed.
- d. Open Enrollment. Enrollment at the Academy shall be open to any student enrolled in the Port Huron Area School District who satisfies the lawful admission criteria established by the Academy. To the extent permitted by this Contract and 6A of the School Code, the Academy may decide, without a further amendment to this Contract, to offer an adult education program that is consistent with the Academy's Mission and Educational Goals. The Academy shall demonstrate to the satisfaction of the District that the Academy has made reasonable effort to promote enrollment openings in the Academy to eligible enrollees and that the Academy has an enrollment period for eligible students at least two weeks in duration which includes some evening and weekend times.
- e. Admissions. The Academy may enroll a maximum of 100 students at any one time, provided appropriate permitted spaces shall be available. If there are more applicants to enroll in the Academy than there are spaces available, students shall be selected to attend using a lottery random selection process. Student eligibility to enroll shall be subject to the Academy's Admission Policy, a copy of which is attached to and incorporated by reference in this Contract as Exhibit C. All admissions to the Academy shall be made without regard to religion, creed, race, color, sex, national origin, intellectual or athletic ability, measures of achievement or aptitude, or status as a person with disabilities.
- f. Students with Disabilities. To the extent required by Applicable Law, the Academy shall adopt and abide by a written policy concerning the education of students who have been identified as being "At Risk" or as having a disability, such policy to be in compliance with Applicable Law.

- g. Tuition. The Academy shall not charge tuition.
 - h. Calendar. The Academy shall adopt and follow a school calendar which is consistent with the annual school calendar approved by the District. The proposed calendar for the 2012/2013 school year is attached to and incorporated by reference in this Contract as Exhibit D.
5. Goals and Methods. The Academy shall be responsible, subject to review and approval by the District, to develop and implement educational goals and methods of accountability for Academy programs (the "Goals and Methods"). The current version of the Goals and Methods, which have been approved by the District pursuant to this paragraph, are attached to and incorporated by reference in this Agreement as Exhibit E. Any revisions to the Goals and Methods shall be submitted to review and approval by the District. The Goals and Methods shall contain at all times, at a minimum, the following provisions:
- a. Student Attendance. The Academy shall adopt, abide by and enforce its own written attendance policy. Such policy shall accommodate the attendance policies of the District in a manner that permits the District to comply with Michigan's compulsory attendance laws applicable and the day and hour requirements of the State School Aid Act, and all other provisions of Applicable Law.
 - b. Student Conduct and Discipline. The Academy shall adopt, abide by and enforce its own set of written policies concerning student conduct and student discipline. Such policies to be in compliance with Applicable Law, including, without limitation, the grounds and procedures established by federal and Michigan law for suspending, expelling or denying admission to a student.
 - c. Student Health, Safety and Welfare. The Academy shall adopt, abide by and enforce its own set of written policies and shall comply with Applicable Law, concerning student health, safety and welfare, including, without limitation the reporting of child abuse, immunizations, accident prevention disaster response and tagging of missing student records pursuant to Section 1134 of the School Code.
 - d. Corporal Punishment. The Academy shall adopt, abide by and enforce its own written policy concerning the infliction of corporal punishment upon students. Such policy to be in compliance with Applicable Law, including, without limitation, Section 1312 and 1313 of the School Code.
 - e. Accreditation. To the extent applicable, the Academy shall comply with the current and any future accreditation requirements contained in Section 1280 of the School Code or any successor provisions of Michigan law.

- f. Access of Facilities. The Academy shall grant complete access to the Facilities by representatives of the District at any time without notice for the purpose of monitoring the Academy's performance in meeting the terms of this contract.
 - g. Work-Based Instruction. The Academy shall adopt, abide by and enforce its own written policies concerning any instructional, work-based or other services being provided by or made available to its students and locations other than the Facilities. These policies shall require written agreements signed by the student's instructor, the individual responsible for the education and welfare of the student at the alternative location and the student/and his/her parent if under the age of eighteen (18), as appropriate. The Academy shall be responsible to monitor and enforce the terms of these agreements. This provision is subject to any applicable single-site facility requirements of the School Code.
 - h. General Operations. The Academy shall adopt, abide by and enforce its own written policies concerning the general operations of the academy which are not specifically governed by or inconsistent with another portion of this Contract, such policies to be in compliance with Applicable Law.
6. Governance and Operation. The governance and operational structure of the Academy are described in Articles of Incorporation and Bylaws filed with the State of Michigan. In the event the District approves the Academy and enters into a contract with the Academy, the Academy proposes to file Amended Articles of Incorporation and Bylaws in substantially the same form as those attached to as Exhibit F, which are attached to and incorporated by reference in this contract. The proposed Amended Articles of Incorporation and Bylaws are approved by the District to the extent permissible under federal and Michigan law and subject to the Board's determination on regarding the makeup of the Board of Trustees of the Academy as well as all conditions of this Contract, including, without limitation, the provisions of this Contract, including the following:
- a. Nonreligious Status. The Academy agrees that it shall operate, in all respects, as a nonreligious, non-home-based public school. The Academy shall not be affiliated with any church or other religious organization.
 - b. Commitment to Nondiscrimination. The Academy shall comply with all federal, Michigan and local laws, rules, regulations and court decisions applicable to school districts in general, including, without limitation constitutional provisions, prohibiting discrimination on the basis of disability, race, creed, color, sex national origin, religion or other protected status.
 - c. Accountability. To the extent required by Part 6A of the School Code, the District shall oversee the Academy's compliance with all provisions of this

Contract and Applicable Law. In performing its oversight duties hereunder, the District may conduct, or cause to be conducted, legal, financial, educational or other reviews or audits of the Academy and its operations; provided, however, that reasonable expenses for all such audits and oversight duties of the District shall be borne by the Academy.

- d. Open Meetings Act. The Academy acknowledges and agrees that it is subject to the provisions of the Open Meetings Act, Act No. 267, Public Acts of Michigan, 1976, and that it will comply with the provisions of such law in connection with all of its activities.
- e. Operational Powers. Subject to the provision of other paragraphs of this Contract, the Academy shall be responsible for its own operations within the limitations of any funding derived by the Academy consistent with law, and shall have authority to independently exercise, also consistent with Applicable Law and this Contract, the following powers (including such other powers as provided for elsewhere in this Contract): contract for goods and services; prepare a budget; select and direct personnel, evaluate their performance, and determine their compensation and continued employment; procure insurance; own or lease facilities for school purposes; purchase lease or rent furniture; equipment and supplies; and accept and expend gifts, donations or grants of any kind in accordance with such conditions prescribed by the donor as are consistent with law and all other powers provided by law, not contrary to any of the terms of this Contract. The District shall be given written notice of all accepted gifts, donations and grants, and any conditions thereof, within ten (10) business days of receipt.
- f. Bidding Requirements. The Academy shall adopt, abide by and enforce its own written policy concerning the purchase of supplies, materials and equipment through a system of competitive bidding, as required by Michigan Law applicable to school districts in general, including, without limitation, Sections 1267 and 1274 of the School Code; provided, however, that such policy shall not apply to the purchase of such goods through the District.
- g. Reports. Upon the request of the District and at least annually, the academy shall provide the District a written revenue and expenditure report with comparison to the Academy budget, and a written report concerning Academy operations, including, without limitations progress made towards its educational goals and objectives, policy development issues, student attendance and student discipline information, and personnel matters.

- h. Term. This Contract is effective for a period of five school years, commencing on July 1, 2012 and terminating on June 30, 2017. This Contract may be renewed at the end of the term of any renewal term for an additional five year period by mutual written agreement of the District and the Academy. The Contract is subject to mandatory review at least every five years by the District.
- i. Termination/Revocation. This Contract may be terminated at any time upon the mutual written consent of the District and the Academy. Further, this Contract may be revoked and terminated by the District at any time, without the consent of the Academy, if the Board determines in its sole discretion that one or more of the following have occurred:
- i. The Academy fails to abide by and meet the standards established in the Goals and Methods.
 - ii. Part 6A of the School Code or other relevant law governing the existence of the Academy is declared invalid or unconstitutional by a court of law having jurisdiction over the Academy and the District.
 - iii. The Academy fails to comply with all laws made applicable to public school academies under Part 6A of the School Code and Applicable Law.
 - iv. The Academy fails to meet generally accepted public sector accounting principles.
 - v. The Academy materially breaches any provision of this Contract and does not cure such material breach within thirty (30) days.
 - vi. Substantial failure to comply with applicable laws and/or State Board rules.

Notwithstanding applicable law to the contrary, in the event of termination of this Contract title to all assets and property of the Academy acquired after the date of this Contract with state aid monies shall vest in the District. Notice of Termination shall be provided in writing, to the Academy within seven (7) days of the decision to terminate.

- j. Dissolution. In the event the Academy should cease operations for what-ever reason, including the non-renewal or revocation of the Articles of Incorporation of the Academy, it is agreed that the District shall supervise and have authority to conduct the winding up of the business and affairs of the Academy; provided, however, that in doing so, the District does not assume any liability incurred by the Academy beyond the funds allocated to the Academy through the District as fiscal agent to the Academy under this Contract. The District's authority hereunder shall include, to the extent permitted herein, the transfer of any assets acquired by lease, purchase or donation by the Academy during the time of its existence, to the District within which the Academy is located.
- k. Information. The Academy shall make information concerning its operation and management available to the public and to the District in the same manner as required by Michigan law for school districts. The Academy shall collect, maintain and make available to the public and the District, in accordance with applicable law, at least all of the following information concerning the operation and management of the Academy:
- i. A copy of this Contract.
 - ii. A list of currently serving members of the board of directors of the Academy, including name, address, and term of office; copies of policies approved by the board of directors; board meeting agendas and minutes; a copy of the budget approved by the board of directors and of any amendments to the budget; and copies of bills paid for amounts of \$10,000.00 or more as they were submitted to the board of directors.
 - iii. Quarterly financial reports submitted to the District.
 - iv. A current list of teachers and school administrators working at the Academy that includes their individual salaries as submitted to the registry of educational personnel; copies of the teaching or school administrator's certificates or permits of current teaching and administrative staff; and evidence of compliance with the criminal background and records checks and unprofessional conduct check required under Michigan law for all teachers and administrators working at the public school academy.
 - v. Curriculum documents and materials given to the District.
 - vi. Proof of insurance as required by this Contract.
 - vii. Copies of facility leases or deeds, or both, and of any equipment leases.

- viii. Copies of any management contracts or services contracts approved by the board of directors.
- ix. All health and safety reports and certificates, including those relating to fire safety, environmental matters, asbestos inspection, boiler inspection, and food service.
- x. Any management letters issued as part of the annual financial audit.
- xi. Any other information specifically required under Michigan law.

L. Approval of Management Agreement. The District must review and approve any agreements between the Academy and an educational management organization before such an agreement is final a valid.

7. Personnel. The Academy shall be solely responsible to develop and implement policies and guidelines concerning employment matters such as employee relationships, job descriptions, and terms and conditions of employment in accordance with law and the terms of this Contract (the "Personnel Policies"). The current version of the Personnel Policies are attached to and incorporated by reference in this Contract as Exhibit G. The Personnel Policies shall address at all times, at a minimum, the following provisions:

- a. Hiring of Personnel. All persons who perform services for the Academy shall be "at-will" employees or volunteers of the Academy. The Academy may select its personnel directly without prior authorization from the District, subject to compliance with all applicable federal and Michigan rules and regulations, including, without limitation, requirements concerning the recruitment of applicants and the use of background and criminal checks. The Academy shall inform the District's Superintendent or designee of all personnel selected in order that their hiring may be approved by the District in accordance with section 506 of the School Code. Such approval shall not be unreasonably withheld. It is the intent of the parties hereto not to create a joint-employer relationship. The Academy may terminate the employment of any personnel so long as such employees are not terminated for constitutionally impermissible reasons or reasons prohibited by Applicable Law. All teachers and employees are required to be certified, authorized or permitted as required by the School Code and the implementing regulations.
- b. Employee Compensation, Evaluation and Discipline. The Academy shall adopt, abide by and enforce written policies in compliance with Applicable Law concerning the recruitment, promotion, discipline and termination of personnel; methods of evaluation performance; and a plan for resolving

employee-related problems, including complaint and grievance procedures; provided, however, the Academy shall not have the authority, by virtue of such policies or procedures or other action of the Academy, to change the "at-will" nature of the employment relationship. The Academy shall be independently responsible for the supervision and evaluation of the employees of the Academy.

- c. Payroll. The Academy shall adopt, abide by and enforce written policies concerning the payment of employees of the Academy and the procedures for recording employee work hours, overtime, absences, leaves, vacation and other adjustments, all in compliance with Applicable Law.
- d. Benefits. Academy employees shall be entitled to receive those benefits as determined by the Academy, subject to those guidelines attached to and incorporated by reference in this Contract as Exhibit G.
- e. Equal Opportunity Employer. The Academy affirms that it shall not discriminate against any employee on the basis of race, creed, color, sex, national origin, religion, ancestry or age in its recruitment, selection, training, utilization, termination or other employment-related activities.
- f. Employee Records. The Academy shall adopt, abide by and enforce written policies concerning the maintenance and disclosure of employee records, in compliance with Applicable Law, including, without limitation, the requirements of the Freedom Information Act, being Act No. 442, Public Acts of Michigan 1976 and the Bullard-Plawecki Employee Right to Know Act, being Act No 397, Public Acts of Michigan 1978.
- g. Employee Welfare and Safety. The Academy shall adopt, abide by and enforce written policies concerning employee welfare and safety, in compliance with Applicable Law, including, without limitation, the requirements of the Workers Disability Compensation Act, being Act No. 317, Public Acts of Michigan, 1969, and the federal Family and Medical Leave Act, 29 U.S.C 2601, as well as adopt and implement a policy in writing prohibiting sexual harassment by Academy Employees, administrators, trustees and pupils directed toward other employees, administrators, trustees or pupils and prescribe penalties therefore pursuant to Section 1300a of the School Code.

- h. Employee Conflicts of Interest. All Academy employees shall comply with applicable Michigan law concerning employee actual and potential conflicts of interest.
 - i. Multiple Positions. The Academy shall prohibit any individual from being employed by the Academy in more than one full-time position and simultaneously being compensated at a full-time rate for each of those positions.
 - j. District Employees / Services. The District does not agree to provide any employees to the Academy pursuant to this Contract. The District agrees only to provide the services to the Academy expressly provided herein and as required by applicable law. In the event the Academy requests the District provide additional services or employees such will be covered pursuant to a separate agreement between the District and the Academy.
 - k. Prohibition Against Certain Familiar Relationships. The Academy shall prohibit the following family relations between the Academy's Board of Trustees, individuals with an ownership interest in or who are officers or employees of an educational management organization involved with the Academy and employees of the Academy.
 - i. Husband and wife
 - ii. Direct descendant
 - iii. Grandchild
 - iv. Sibling, step sibling and half sibling
 - v. Brother or sister in law
 - vi. Son or daughter in law
 - vii. First cousin
8. Teaching Techniques. If the Academy develops new teaching techniques or methods or significant revisions to known teaching techniques or methods, the Academy shall report those to the District.
9. Assessment of Pupil Performance. The Academy agrees to achieve its educational goals in accordance with the applicable law, including to the extent applicable, Sections 1277, 1277a, 1278, 1278a, 1279a-3 and 1280 of the School Code.

10. Financial Matters.

- a. Funding. The Academy shall exercise control over its finances and operating funds and expenditures. The Academy may derive its funding through state school aid payments in accordance with this paragraph, below, through providing educational and other services in accordance with service and other agreements as permitted by this Contract and Applicable Law, through private contributions to the Academy, through federal and state grant programs for which the Academy is eligible, and through other lawful sources.
- b. School Aid Payments. State school aid payments for the Academy, if any, provided by the State of Michigan shall be authorized by and paid through the District, as the fiscal agent of the Academy, in accordance with Section 507 of the School Code and at the times, in the manner and to the extent provided in the State School Aid Act, being Act No. 94, Public Acts of Michigan, 1979, and the School Code.
- c. Transfer Students. Funding for students transferring into or out of the Academy during the school year shall be in accordance with the regulations and policies of the Michigan Department of Education, the District.
- d. Budget. The Academy shall be responsible for all costs associated with its school operations, including the cost of contracting for goods and services. The Academy shall provide the district with a copy of the proposed annual budget for the upcoming Fiscal Year of the Academy at least sixty (60) days prior to the commencement of such Fiscal Year. The proposed annual budget for the initial year of this Contract is attached to and incorporated by reference in this Contract as Exhibit H. To the extent applicable, the Academy shall comply with all requirements contained in the uniform Budgeting and Accounting Act, being Act No. 2, Public Acts of Michigan 1968, and Budget hearings of Local Governments, being Act No. 43, Public Acts of Michigan, 1963 (Second Extra Session), and all other applicable budgeting and accounting laws and regulations applicable to school districts in general.
- e. Annual Audit. The Academy agrees to engage and participate in an independent, outside audit by a certified public accountant approved by the District of its financial and administrative operations on an annual basis and in accordance with generally accepted public sector accounting principles. The Academy agrees to provide the District with two (2) copies of its audited

financial report within ninety (90) days after the end of each Fiscal year of the Academy. Any cost associated with the audit of the Academy shall be borne by the Academy.

- f. Fee. Pursuant to MCL §380.502(6) the Academy agrees to pay to the District an annual fee for considering the Academy's application, for issuing this Contract, and for providing oversight of this Contract equal to 3% of the total state school aid received by the Academy in each school year the Academy is in operation pursuant to this Contract. The District shall deduct the 3% fee from the Academy's state school aid prior to turning said state aid over to the Academy.
11. Policies. To the extent the Academy has not adopted written policies as provided herein, or to the extent this Contract does not require the Academy to adopt written policies concerning certain matters, the Academy shall comply with any applicable policies, in each case other than employment policies, of the District. The Academy shall furnish to the District copies of all written policies and procedures of the Academy upon adoption of such policies by the Academy.
12. Transportation. Transportation services, if any, provided to students of the Academy shall be the responsibility of the Academy. In providing any transportation services to students, the Academy shall comply with the relevant provisions of the federal, state and local law, including those provisions regulating driver and vehicle requirements and certification.
13. Insurance. The academy shall provide at all times during the term of this Contract insurance coverage as set forth in the schedule attached to and incorporated by reference in this Contract as Exhibit I. The Academy shall name the District, the Board, and its officers, employees, agents and representatives as additional insureds on all such insurance coverage.
14. Borrowing limitations. The Academy acknowledges and agrees that the only borrowing power the Academy shall exercise without the written consent of the District, which consent may be withheld in its sole discretion, is the power to enter into (i) leases (with or without option to purchase), (ii) land contract or (iii) installment purchase contracts, the aggregate amount of which shall not exceed more than 5% of the state aid payments the Academy receives through the District as fiscal agent to the Academy on an annual basis each Fiscal Year as payment for such indebtedness; provided further that the security for such obligations of the Academy shall be limited to the goods for which the indebtedness is entered into without

recourse to any of the funds or other property of the Academy or the District. The ability of the Academy to borrow any funds and encumber any assets is subject to all applicable legal restrictions.

15. Compliance with Law. The Academy hereby represents and warrants that it is in compliance with, and thereby covenants to remain at all times after the date of this Contract in compliance with, all Michigan law applicable to public bodies and all federal law applicable to public bodies and school districts, including, without limitations, all references to specific laws made in the other paragraphs of this Contract. Pursuant to the certification attached as Exhibit J, the Board of Directors of the Academy agree to ensure the Academy complies with this Contract and all Applicable Laws.
16. Legal Liabilities. The Academy acknowledges and agrees that it has no authority to extend the faith and credit of the District or to enter into a contract that would bind the District. The Academy also is limited in its authority to contract by the amount of funds obtained through the District as fiscal agent to the Academy, as provided hereunder, or from other independent sources.
17. Covenant Against Suit and Dispute Resolution. Except as otherwise provided in this Contract, the parties hereby covenant not to sue the other party, its governing board, officers, employees, agents or representatives for any matters that arise under this Contract. All claims, demands or disputes arising out of or involving the interpretation of this Contract, or any other agreement relating to this contractual relationship, to the extent the parties cannot mutually agree to a satisfactory resolution, shall be submitted to the American Arbitration Association, located at One Towne Square, Suite 1600, Southfield, Michigan 48086-5101 (the "AAA"), for alternative dispute resolution by the party bringing the claim, demand or dispute, in accordance with the rules and procedures established by the AAA. Any such arbitration will be held at the administration office of the District and the decision of the arbitrator shall be binding on both parties. The parties shall equally share in the cost of the arbitration, except that each party shall be binding on both parties. The parties shall equally share in the cost of the arbitration, except that each party shall be responsible for their own legal fees and expenses.
18. Indemnification. To the extent not covered by insurance or otherwise barred by section 7 of Act No. 170, Public Acts of Michigan, 1964, the Academy agrees to indemnify and hold the District, the Board, or any officers, employees, agents or representatives of the District or the Board harmless from all claims, demands or liability, including attorneys fees and related expenses, on account of injury, loss or

damage, including, without limitation, claims arising from bodily injury, personal injury, sickness, disease, death, property loss or damage or any other losses of any kind whatsoever which arise out of or are in any manner connected with the conduct of the Academy's affairs. The foregoing provision shall not be deemed a relinquishment or waiver of any kind of applicable limitations of liability provided by the Governmental Liability for Negligence Act, being Act No. 170, Public Acts of Michigan, 1964.

19. Creation of Other Public School Academies. The Academy hereby covenants not to make application for or establish any other public school academy under Part 6A or Part 6B or any subsequent section of the School Code, create any subsidiary corporation or other entity, or allow the Academy to become a subsidiary of any other corporation or other entity, without the express written consent of the District.
20. Contracts of the Academy. The Academy covenants or provides for the automatic and immediate termination of all contracts and agreements for the Academy with any party other than the District upon the termination of this Contract. The Academy further covenants to make reference to this paragraph in all contracts and agreements entered into by the Academy after the date hereof and to make all such contracts and agreements subject to the terms of this Contract.
21. Articles of incorporation; Bylaw; Corporate Existence. The Academy's Articles of Incorporation and Bylaws shall not be amended or modified and the corporate existence of the Academy shall not be affected without the prior written consent of the District.
22. Public School. Pursuant to Part 6A of the School Code, the District hereby confirms the status of the Academy as a public school in Michigan.
23. Trustee Qualification. The qualifications for trustees of the Academy shall include the requirement that the person in the position of trustee be in compliance with the Incompatible Public Offices Act, being Act No. 566, Public Acts of Michigan, 1978, including, without limitation, that such trustees shall not also be members of the Board of the District, or administrators, teachers or employees of the Academy. Further, trustees of the Academy must be United States Citizens.
24. Successors and Assigns. No party to this Contract shall assign this Contract or any rights or obligations hereunder without the prior written consent of the other party and any such attempted assignment without such prior written consent shall be void

and of no force and effect. This Contract shall inure to the benefit of and shall be binding upon the successors and permitted assigns of the parties hereto.

25. Governing Law. This Contract shall be construed, performed and enforced in accordance with, and governed by, the laws of the State of Michigan.
26. Expenses. All reasonable expenses incurred by either party to this Contract in connection with entering into and performance of this Contract including, but not limited to, the expenses of the District in performing its monitoring duties, shall be paid by the Academy. The District is hereby authorized to deduct any such expenses incurred by the District from the periodic school aid payments made to the District for the Academy prior to forwarding such school aid payments to the Academy.
27. Severability. In the event that any part of this Contract is declared by any court or other judicial or administrative body to be null, void or unenforceable, said provision shall survive to the extent it is not so declared, and all of the other provisions of this Contract shall remain in full force and effect.
28. Notices. All notices, requests, demands and other communications under this Contract shall be in writing and shall be deemed to have been duly given (i) on the date of service if served personally on the party to whom the notice is given at its address listed in this paragraph, or (ii) on the day after delivery to an overnight courier or the Express Mail service maintained by the United States Postal Service, to the party as follows:
- IF TO THE DISTRICT: Port Huron Area School District
 1925 Lapeer Ave.
 Port Huron, Michigan 48060
- IF TO THE ACADEMY: St. Clair County Intervention Academy
 1170 Michigan Ave.
 Port Huron, Michigan 48060
- Any party may change its address for the purpose of this paragraph by giving the other party written notice of its new address in the manner set forth above.
29. Amendments; Waivers. This Contract and the schedules attached hereto may be amended or modified, and any of the terms, covenants, representations, warranties or conditions hereof may be waived, only by written instrument executed by both the District and the Academy, or in the case of a waiver, by the party waiving compliance. Any waiver by any party of any condition, or of the breach of any

provision, term, covenant, representation or warranty contained in this Contract, in any one or more instances, shall not be deemed to be nor construed as further or continuing waiver of any such condition, or of the breach of any other provision, term, covenant, representation or warranty of this Contract.

30. Entire Contract. This Contract contains the entire understanding between the District and the Academy with respect to the transactions contemplated hereby and supersedes all prior and contemporaneous agreements and understandings, oral or written, with regard to such transactions. All schedules hereto and any policies, documents and instruments delivered pursuant to any provision hereof are expressly made a part of this Contract.
31. Further Matters. This District and the Academy agree to perform such additional acts and execute such additional documents as are reasonably necessary to carry out this Contract.
32. Paragraph Headings. The paragraph headings in this Contract are for reference purposes only and shall not affect the meaning or interpretation of this Contract.
33. Counterparts. This Contract may be executed in counterparts, each of which shall be deemed an original, but all of which shall constitute one and the same instrument.

IN WITNESS WHEREOF, the District and the Academy have caused this Contract to be executed by their respective officers thereunto duly authorized on the date first written above.

WITNESSES:

Robert Murphy Secretary
HR Wall Superintendent

PORT HURON AREA SCHOOL
 DISTRICT, a Michigan school
 district

By: *Jeffrey A. Smith*
 Its: President, Board of Education

WITNESSES:

Thomas F. Bradley
 ACADEMY BOARD VICE PRESIDENT
Chris Hill
 Academy Board Sec/Treasurer

ST. CLAIR COUNTY INTERVENTION
 ACADEMY, A Michigan non-profit
 corporation

By: *Quentin A. Bittner*
 Its: PRESIDENT, SCCIA BOARD