

PUBLIC SCHOOL ACADEMY CONTRACT

BETWEEN

DETROIT PUBLIC SCHOOLS COMMUNITY DISTRICT

(the “Authorizing Body”)

AND

PATHWAYS ACADEMY

(a “Public School Academy”)

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DETROIT PUBLIC SCHOOLS COMMUNITY DISTRICT

PUBLIC SCHOOL ACADEMY CONTRACT

This Public School Academy Contract made and entered as of 2025, by and between Detroit Public Schools Community District ("DPSCD"), a Michigan community school district and statutory body, successor by operation of law to the School District of the City of Detroit with a principal address of 3011 W. Grand Blvd., Fisher Building, 14th floor, Detroit, Michigan 48202 ("DPSCD") and Pathways Academy ("PSA" or "Academy"), a Michigan non-profit corporation.

WHEREAS, DPSCD and the PSA are authorized to enter into this Contract for the purposes stated herein pursuant to Part 6A of Act No. 451, Public Acts of Michigan, 1976, as amended (the "Code");

WHEREAS, the PSA submitted an application to DPSCD for authorization as a public school academy under and in accordance with DPSCD's reauthorization procedures and Part 6A of the Code, and the PSA agreed to the terms of DPSCD's reauthorization (such procedures and agreement are referred to herein as the "Application"), a copy of which is attached hereto as **Attachment A** and made a part hereof);

WHEREAS, DPSCD has, by one or more resolutions authorized the issuance of a Contract to the PSA, approved the form of this Contract and authorized the execution and delivery of this Contract by the undersigned officers of DPSCD and the performance of the terms hereof by such officers and by all other applicable officers, employees, agents and representatives of DPSCD, and approved the method of selection, length of term, number and qualifications of the members of the board of directors of the PSA;

WHEREAS, the Board of Directors (the "Directors") of the PSA has, by resolution adopted as of June 13, 2025 and approved the form of this Contract and authorized the execution and delivery of this Contract by the undersigned officers of the PSA and the performance of the terms hereof by such officers and by all other applicable Directors, officers, employees, and agents of the PSA.

NOW, THEREFORE, for valuable consideration, the receipt and sufficiency of which is hereby acknowledged, DPSCD and the PSA agree as follows: The above-referenced recitals are incorporated herein by reference.

ARTICLE I DEFINITIONS

Section 1.01 *Certain Definitions*. In addition to the terms defined throughout this Contract, the following terms shall have the meanings provided below.

(a) “Academy”, “the Academy” or the “PSA” means the Michigan non-profit corporation that is established as a Public School Academy pursuant to this Contract.

(b) “Authorizing Body” means DPSCD.

(c) “Catchment Area” means the area for the Academy facility as agreed to by the PSA and by DPSCD.

(d) “Chief Financial Officer” means the Chief Financial Officer of DPSCD or the person holding the highest office of DPSCD with responsibility over financial affairs.

(e) “Contract” means this contractual agreement for the maintenance and operation of a Michigan public school academy and all documents incorporated herein by reference.

(f) “Code” means the Michigan Revised School Code, as amended (including Public Act 451 of 1976, as amended by Public Act 289 of 1995 and Act 277 of 2011), which is codified at Sections 380.1 to 380.1852 of the Michigan Compiled Laws.

(g) “Director” means a person who is a member of the PSA Board of Directors.

(h) “Directors” means the Board of Directors of the PSA, as identified by resolution of the PSA.

(i) “DPSCD” means Detroit Public Schools Community District established pursuant to the Michigan Revised School Code.

(j) “DPSCD Designee” means the DPSCD Office of Charter Schools.

(k) “ESEA” means the Education and Secondary Education Act Reauthorization of 2001 (Pub. L. No. 107-110, 115 Stat. 1425 (Jan. 8, 2002)), which is also known as the No Child Left Behind Act of 2001.

(l) “ESP” means the Educational Service Provider engaged by the Academy pursuant to the terms of Section 10.2 of this Contract.

(m) “Executive Director of the DPSCD Office of Charter Schools” or “Executive Director” means the Executive Director of the DPSCD Office of Charter Schools or the person holding office at DPSCD with responsibility over such matters.

(n) “PSA Board” or “Academy Board” means the board of directors of the PSA.

(o) “Relative” means mother, mother-in-law, father, father-in-law, son, son-in-law, daughter, daughter-in-law, sister, sister-in-law, brother, brother-in-law, spouse, domestic or same-sex partner.

(p) “Resolution” means the consent action taken by the DPSCD School Board on April 8, 2025, which, for the purposes of this Contract, shall constitute an authorizing body resolution described in Part 6A of the Code.”

(q) “School Board”, “DPSCD Board of Education” or “DPSCD Board” means the elected board of DPSCD.

(r) “State School Aid Act” means the State School Aid Act of 1979 (Public Act 94 of 1979), as amended, which is codified at Sections 388.1601 to 388. 1896 of the Michigan Compiled Laws.

(s) “Transparency Reporting” means all documents required to be obtained by the Board and provided to DPSCD pursuant to MCL 380.503 (6)(m).

Section 1.02 *Statutory Definitions*. Statutory terms, used in this Contract, and defined in the Code, including Part 6A, shall have the same meaning in this Contract.

Section 1.03 *Reserved*.

Section 1.04 *Inconsistencies or Conflicts*. In the event that there is an inconsistency or conflict between materials in the Application and this Contract, the Attachments, or the Orders, the language in this Contract, the Attachments and the Orders shall control.

Section 1.05 *Schedules*. All schedules to this Contract are incorporated into, and made part of this Contract.

ARTICLE II LEGAL STATUS OF THE PUBLIC SCHOOL ACADEMY

Section 2.01 *Governing Law*. The PSA is a Michigan public school academy, established pursuant to Sections 501 through 507 of the Code (MCL 380.501-.507) and shall be subject to the laws and regulations of the United States and the State of Michigan and the policies of DPSCD applicable to public school academies as they may be established from time to time, except to the extent exempted by law.

Section 2.02 *Limitation on Actions to Performance of Governmental Functions*. The PSA shall act exclusively as a public school academy and shall not undertake any action inconsistent with its status as a public school academy under the Code, including, but not limited to, its authorization to receive State School Aid.

Section 2.03 *Independent Status of the PSA*. The PSA is not a division or part of DPSCD, and nothing in this Contract shall be construed to create a partnership or joint venture between or among the parties or to waive any aspect of DPSCD’s autonomy or powers.

Section 2.04 *Relationship between the PSA and DPSCD*. The relationship between the PSA and DPSCD is based solely on the applicable Code provisions and the terms of this Contract or other agreements between DPSCD and the PSA.

Section 2.05 *Other Permitted Activities*. Nothing in this Contract shall prohibit the Academy from engaging in other lawful activities that are not in derogation of the Academy's status as a public school academy or that would not jeopardize the eligibility of the Academy for state school aid funds.

ARTICLE III ORGANIZATIONAL STRUCTURE AND GOVERNANCE PLAN

Section 3.01 *Non-Profit Status*. The PSA shall be organized and operated as a non-profit corporation organized under the Michigan Nonprofit Corporation Act, as amended.

Section 3.02 *Method of Selection, Length of Term, and Number of Members of the PSA Board*.

(a) Method of Selection. The members of the PSA Board shall be the individuals named on **Attachment B**, who shall each be citizens of the United States. In the event of a vacancy on the PSA Board, whether by resignation, removal or conclusion of a term, the PSA Board shall present the names and credentials of two (2) qualified persons for each PSA Board vacancy to DPSCD along with such additional forms, information and certificates required by DPSCD, within the earlier of (i) thirty (30) days of such vacancy or (ii) two (2) business days after the next regularly scheduled PSA board meeting. DPSCD will consider any such candidates presented, along with others that DPSCD may recruit, but is not required to select any candidates presented by the PSA Board. Within thirty (30) days after the effective date of the vacancy (whether or not the PSA Board has presented any candidates, with the requisite documentation), DPSCD shall select someone to fill each PSA Board vacancy. If DPSCD does not make a timely selection, the PSA Board may select one (1) of the two (2) persons presented to fill the vacancy subject to DPSCD further approval. A person selected to fill a vacancy created other than by expiration of a term shall be appointed for the unexpired term of the vacating member. In all cases, the PSA Board is required to pay the costs related to any and all criminal background checks required by DPSCD and/or the Code to be performed.

(b) Length of Term. The term of each member of the PSA Board shall be three (3) years.

(c) Removal. DPSCD may terminate the service of any Board member, subject to DPSCD exercising good business judgment, at any time at DPSCD's sole discretion. The Board may remove a director upon a 2/3 vote of its members.

(d) Number of Directors. The number of members of the PSA Board shall (i) not be fewer than five (5) but preferably (7) nor more than nine (9) as determined from time to time by the PSA Board with the consent of DPSCD and (ii) be an odd number. All members of the Academy Board shall be citizens of the United States and residents of Michigan.

(e) Qualifications. To the extent possible, the members of the PSA Board shall include at least one (1) representative of the parents of children attending the Academy. Members of the PSA Board shall not include: (i) employees of the Academy or their Relatives; (ii) owners, directors, officers and employees of a management company that contracts with the Academy or their Relatives; (iii) owners, directors, officers and employees of a company, or a person, who leases property to the Academy or their Relatives, unless the DPSCD Designee consents to such membership and the lease was approved by a majority of the other board members; or (iv) executive employees or board members of DPSCD or their Relatives.

(f) Oath. All members of the PSA's Board shall take and sign the constitutional oath of office and shall cause a copy of such oath of office to be filed with the DPSCD Office of Charter Schools. No appointment shall be effective prior to the taking and signing of the oath of office.

Section 3.03 *Articles of Incorporation*. Unless amended pursuant to this Contract, the articles of incorporation of the PSA as set forth in **Attachment C** shall be the governing Articles of Incorporation of the PSA.

Section 3.04 *Governance Structure*. The PSA shall be organized and administered under the direction of the PSA Board and pursuant to the governance structure of the PSA, as set forth in the bylaws, attached hereto as **Attachment D**, incorporated herein by reference.

Section 3.05 *DPSCD Approval for Assignments and Transfers*. The PSA may not transfer or assign its rights and responsibilities under this Contract, including by contract, the operation of the PSA, without the prior written approval of DPSCD and a written amendment of this Contract, which approval may be reasonably withheld. The terms and provisions of this Contract are binding on and shall inure to the benefit of the parties and their respective successors and permitted assigns.

Section 3.06 *Conflicts of Interest*. All employees and officers of the PSA shall comply with the provisions of MCL 15.321, *et. seq.* regarding conflicts of interest and MCL 15.181, *et seq.* regarding incompatible public offices. In addition, the PSA Board, by approval of this Contract, does hereby adopt the conflict of interest policy attached hereto as **Attachment E**, which shall apply in all respects to any contract, purchase or obligation of the PSA board. In the event an ESP is engaged by the PSA pursuant to this Contract, the ESP shall adopt the conflict of interest policy with respect to its services and actions on behalf of the PSA.

ARTICLE IV RESERVED

ARTICLE V OPERATION OF THE PUBLIC SCHOOL ACADEMY

Section 5.01 *Nonsectarian and Non-Religious Operation*. To the extent disqualified under the State or Federal constitutions, the PSA shall not have any organizations or contractual affiliation with a church or other religious organization. Nothing in this Section shall be deemed to diminish or enlarge the civil and political rights, privileges, and capacities of any person on account of his/her religious belief.

Section 5.02 *Accounting Standards*. The PSA shall at all times comply with generally accepted public sector accounting principles applicable to Michigan public school academies as well as the requirements under Article XI of this Contract.

Section 5.03 *Acquisition and Ownership of Property and Borrowing Limitations*. The PSA may, pursuant to Section 503(10) of the Code, acquire by purchase, gift devise, lease, sublease, or any other means as provided by law, hold and own in its own name, buildings and other property for school purposes, and interests therein, and other real and personal property necessary or convenient to fulfill its educational purposes and may issue bonds pursuant to Section 504(a)(g) of the Code. The PSA may not levy taxes. Notwithstanding the foregoing, the PSA, only after obtaining the prior written consent of DPSCD, which consent may be withheld for any reason, may incur debt only as follows:

(a) Short-term: As provided in Section 504a of the Code, the PSA may incur temporary debt in accordance with Section 1225 of the Code.

(b) Long-term: The PSA may enter into installment purchase contracts and related security agreements for any lawful purpose described in the Code and may issue bonds pursuant to Section 504a(g).

(c) No contract, mortgage, loan or other instrument of indebtedness entered into by the Academy and a third party shall in any way constitute an obligation, either general, special, or moral, of the State of Michigan or DPSCD. Neither the full faith and credit nor the taxing power of the State of Michigan or any agency of the State, nor the full faith and credit of the DPSCD, shall ever be pledged for the payment of any Academy contract, mortgage, loan or other instrument of indebtedness.

(d) The Academy has no authority whatsoever to enter into any contract or other agreement that would financially obligate the State of Michigan or DPSCD, nor does the Academy have any authority whatsoever to make any representations to lenders or third parties that the State of Michigan or DPSCD in any way guarantee, are financially obligated, or are in any way responsible for any agreement, promissory note, contract, mortgage, loan or other instrument of indebtedness entered into by the Academy.

(e) In no event shall the Academy enter into any financing prior to submitting the documentation related to that financing to DPSCD for review at least fifteen (15) days prior to the anticipated closing date of the financing.

Section 5.04 *Contributions and Fundraising*. The PSA may solicit and receive grants, gifts or donations for educational purposes as permitted by law. No solicitation shall indicate that a grant, gift, donation or other contribution to the PSA is for the benefit of the DPSCD.

Section 5.05 *Matriculation Agreements*. The Academy may enter into one or more Matriculation Agreements, provided it receives the prior written approval of DPSCD for such agreement(s). Such agreement in which the Academy shall be the receiving/enrolling school shall be added hereto as **Schedule I**. Until the matriculation agreement is incorporated into this Contract, the Academy is prohibited from granting an enrollment priority to any student pursuant to a matriculation agreement.

Section 5.06 *Role of Parents and Guardians.* The PSA shall encourage the active participation of parents and guardians in the education of its student body. Parents and guardians may volunteer or be selected to serve on committees established by the PSA.

Section 5.07 *DPSCD Approval of Condemnation.* In the event that the Academy desires to acquire property pursuant to the Uniform Condemnation Procedures Act or other applicable statutes, it shall obtain express written permission for such acquisition from DPSCD. The Academy shall submit a written request to DPSCD describing the proposed acquisition and the purpose for which the Academy desires to acquire the property. Provided the Academy Board submits the written request, DPSCD shall determine appropriate action and whether to give express written permission for the acquisition.

Section 5.08 *Special Education Services.* The Academy shall ascertain the number and percentage of students with disabilities and communicate the same to DPSCD. The Academy shall provide new or continuity of services to students who choose to enroll in the Academy as required under state and federal law.

Section 5.09 *English Language Learners.* The Academy shall ascertain the number and percentage of English Language Learners and communicate the same to DPSCD. The Academy shall provide new or continuity of English Language Learners services to students who enroll in the Academy and are in need of such services.

Section 5.10 *Open Meetings.* The Academy shall conduct all of its regular board meetings in accordance with the Michigan Open Meetings Act, and shall conduct all regular board meetings pertaining to the Academy at the Academy facility, subject to executive orders issued by local and state officials, including public health officials. All special board meetings shall be held in the City of Detroit, subject to executive orders issued by local and state officials, including public health officials.

Section 5.11 *Transportation.* Not Applicable – Section Reserved.

Section 5.12 *Prohibition of Identified Family Relationships.* No person shall be a member of the Academy Board if he or she is: (i) an employee of the Academy or a Relative of an employee of the Academy; (ii) an owner, director, officer or employee of a management company that contracts with the Academy or a Relative of the same; (iii) a Relative of a member of the Academy Board; (iv) an owner, director, officer or employee of a company, or a person, who leases property to the Academy or a Relative of the same, unless the DPSCD Designee consents to such membership and the lease is approved by a majority of the other board members; or (v) an executive employee or board member of DPSCD or a Relative of same. Additionally, no Relative may occupy a direct supervisory position over another Relative. All Relatives providing services to the Academy Board shall be identified in writing by their respective organizations, by position and company, to the Academy Board and DPSCD and each organization providing services to the Academy shall certify its compliance with this Section. Likewise, prohibitions against holding incompatible public office and against specified conflicts of interest set forth in MCL 15.181 to 15.185 and MCL 15.321 to 15.330, respectively, shall be scrupulously observed.

Section 5.13 *Prohibition of Employment in More than One Full-time Position.* No individual shall be employed by or at the Academy in more than 1 full- time position in which he or she is compensated at a full-time rate for each of those positions.

ARTICLE VI CURRICULUM, INSTRUCTIONAL METHODS, AND PUPIL ASSESSMENT

Section 6.01 *Curriculum.* The PSA’s curriculum is attached hereto as **Attachment F.**

Section 6.02 *Benchmarks, Academic Assessments, and Indicators of Performance.* As required by Section 503(6)(a) of the Code, to the extent applicable, the PSA’s students must be assessed using at least Michigan Student Test of Educational Progress (M-STEP), the Michigan Merit Exam (MME) or an assessment instrument developed under Section 1279 of the Code. Methods of pupil assessment are set forth in **Attachment G.**

Section 6.03 *Determining Educational Success of the PSA.* The PSA’s educational success will be determined by evidence of the PSA’s progress toward reaching the educational goals set forth below in this Contract and such other goals as determined by the PSA and agreed to and approved by DPSCD in writing. The PSA will provide DPSCD with its annual educational goals and milestones by the date established by DPSCD for DPSCD’s review and approval. The Educational Program is attached as **Attachment H.**

At a minimum the PSA must comply with the following:

(a) The Academy must abide by the Advancing Great Authorizing and Modeling Excellence (“A-GAME”) Goals for DPSCD Alternative Charter Schools. The A-GAME Goals are attached as **Exhibit G.**

(b) The Academy must abide by the DPSCD Board School Grading system, if implemented.

(c) The PSA shall maintain a renewal reauthorization score, as reflected in **Exhibit I**, greater than Seventy Percent (70%), throughout the term of this Contract.

(d) DPSCD reserves the right to change these goals to comply with new state and federal requirements or educational industry or pedagogical standards with prior written notice to the Academy.

(e) Ensure that all students at the Academy have a safe and secure learning environment with wrap-around services to address all social and emotional needs and reduce barriers to success.

Section 6.04 *Reports to DPSCD.* The PSA shall provide the DPSCD Designee with copies of reports and assessments, at least semi-annually, of the educational outcomes achieved by pupils of the PSA showing, at a minimum, attendance rates for the immediately preceding two (2) calendar quarters and the results of any standardized test scores by grade occurring within such quarters, as well as any reports prepared by or for the PSA that evaluate or summarize the

performance of the PSA's pupils or staff and such other information and reports requested by, and in a form and with such frequency acceptable to, the Executive Director of DPSCD Office of Charter Schools, including, but not limited to, those documents listed in any master calendar of reporting requirements distributed by the DPSCD Office of Charter Schools. In addition, the PSA shall grant necessary approvals for the Charter Schools Office to access, public and non-public, electronic information received or stored by the State of Michigan including, but not limited to, the Michigan Department of Education ("MDE") or other agency authorized by the State to collect school data

ARTICLE VII RESERVED

ARTICLE VIII GRADE LEVELS AND PUPIL ENROLLMENT

Section 8.01 *Enrollment Capacity*. The PSA serves students in grades Seventh (7th) through Twelfth (12th).

Section 8.02 *Enrollment of students will take place as follows*:

(a) The PSA shall comply with Section 380.503(6)(o) of the Code and Section 388.1769 of the State Aid Act in advertising its presence and the fact that it is enrolling students and shall further advertise in the Catchment Area in a manner and form conspicuous to families and students that it is soliciting applications for enrollment from these families; the PSA shall submit evidence of its faithful adherence to this section to the DPSCD Designee.

(b) The process for enrollment is as follows:

(i) *Applications for Enrollment*. The PSA may consider applications for enrollment of any child up to the maximum age allowed by law or the maximum grade permitted to the Academy, whichever is less, who resides within the geographic boundaries set by statute for a public school academy authorized by a school district and who is either a pregnant or a parenting (male or female) student.

(ii) *Admission of Students*. The PSA shall enroll any student who meets the age and residency requirements and who submits a timely application for enrollment. The PSA may not discriminate in its admission policies or practices on the basis of intellectual or athletic ability, measures of achievement or aptitude, any legally protected category under applicable federal and state laws, or any other basis that would be illegal if used by a school district.

(iii) *Enrollment When Applicants Exceed Capacity*. If the number of applicants for admission exceeds the capacity stated in this Contract for any grade, pupils shall be selected for attendance based on a random selection process, as required by Section 504(3) of the Code, except as provided below. The PSA must annually submit to the DPSCD Designee a copy of the procedures to be used to select students when applicants for enrollment exceed capacity.

(c) The PSA must allow any pupil who was enrolled in the PSA in the immediately preceding school year to enroll in the PSA in the appropriate grade unless the appropriate grade is not offered at the PSA.

(d) The PSA may give enrollment priority to the sibling(s) of a pupil enrolled at the PSA.

(e) The PSA shall provide documentation to DPSCD annually sufficient to establish that the Academy has made a reasonable effort to advertise its enrollment efforts to all pupils and that the Academy's open enrollment period was for a duration of at least two (2) weeks and permitted the enrollment of pupils by parents/guardians at times that include evenings and weekends.

Section 8.03 *Tuition Prohibited.* The PSA shall not charge tuition. The PSA may impose fees and require payment of expenses for its activities where such fees and payments are not prohibited by law.

Section 8.04 *Student Enrollment Count.* The PSA will maintain student enrollment count records in a manner that will enable it to provide an electronic file with student enrollment data to DPSCD Office of Charter Schools.

Section 8.05 *Student Identification.* The PSA will assign and use student identification numbers in administering state assessments and in meeting other state data reporting requirements. The PSA will follow procedures established by the State Board of Education and the MDE for issuance and record keeping of student identification numbers.

ARTICLE IX SCHOOL CALENDAR

Section 9.01 *Commencement of Operations.* The PSA shall begin operations promptly upon the approval of this Contract by the MDE and shall perform school operations in accordance with the School Calendar and School Day Schedule, attached as **Attachment J** hereto. For each subsequent year of this Contract, the PSA shall adopt a school calendar no later than April 1st of the prior school year, and shall submit that calendar to the DPSCD Designee no later than May 1st of that year.

Section 9.02 *Fiscal Year.* The PSA fiscal year shall be July 1 – June 30 for each school year under this Contract.

Section 9.03 *Length of School Day.* The length of the PSA school day for the first year of this Contract shall be 8:45 a.m. to 3:15 p.m. Eastern Standard Time. For each subsequent year of this Contract, the PSA shall adopt a school day no later than April 1st of the prior school year.

Section 9.04 *Common Calendar.* The PSA shall adhere to the Common Calendar established by Wayne Regional Educational Service Agencies (RESA) unless a written waiver is obtained.

**ARTICLE X
PUBLIC SCHOOL ACADEMY STAFF**

Section 10.01 *Authorization of Employment.* The PSA may determine whether to employ or contract with personnel and educational management companies for the operation of the PSA, to prescribe their duties, and to fix their compensation, as permitted by applicable law.

Section 10.02 *Contract with Education Management Companies.* The Academy will submit to DPSCD a contractual agreement (the "Management Agreement") between the PSA and its proposed Educational Service Provider ("ESP"), for review along with the written opinion of the counsel for the PSA, addressed to DPSCD specifying DPSCD may rely on said written opinion, and that the Management Agreement complies with all applicable law and this Contract ("Legal Opinion"). The name of the Academy's ESP is: Innovative Educational Programs of Michigan, LLC, a Michigan limited liability company. In the event the Academy desires to amend its Management Agreement or seeks to engage an ESP other than the ESP identified in this section, all of the following shall apply:

(a) In negotiating and finalizing any such contract, the Academy Board must seek the advice of independent legal counsel, who must deliver to DPSCD the Legal Opinion referenced above. The Management Agreement must be approved by the Academy Board, during a meeting open to the public held pursuant to the Michigan Open Meetings Act at a portion on the agenda in which public comment is invited regarding the Management Agreement.

(b) The Academy shall ensure that the Management Agreement provides that any ESP performing services at the Academy complies with the requirements under this Contract.

(c) No provision of the Management Agreement shall interfere with the Academy Board or the Academy's duties under this Contract, and the Academy and the Academy Board's duties under the Contract shall not be limited or rendered impossible by action or inaction of the ESP.

(d) No provision of the Management Agreement shall pre-determine the Academy Board's course of action in choosing to assert or not assert governmental immunity.

(e) The Management Agreement shall state that all financial, educational, and student records pertaining to the Academy are Academy property and that such records are subject to the provisions of Michigan's Freedom of Information Act ("FOIA"). All such records must be stored, in physical form, on-site at the Academy's facility or be directly accessible at the Academy facility. All records pertaining to teacher and administrator certification, as well as a copy of the employee handbook, shall be maintained physically on site or be directly accessible at the Academy facility.

(f) The Management Agreement shall state that all of the Academy's financial and other ESP-related records will be made available to the Academy's independent auditor and that the ESP staff will cooperate with said auditor, and that the ESP shall not select or retain the Academy's auditor.

(g) The Management Agreement must certify that (i) there shall be no markup of costs for supplies, materials, or equipment procured by the ESP on behalf of the Academy, (ii) all supplies, materials, and equipment procured for the Academy by the ESP shall be inventoried by an acceptable method of inventory, and (iii) the ESP will maintain an inventory of Academy

equipment to enable all parties to clearly determine property belonging to the Academy.

(h) The Management Agreement shall contain a provision that states upon termination, the ESP except as otherwise provided herein, shall work for a specified period of time to assist with the transition to a new ESP. The ESP may charge the Academy a reasonable fee to engage in the transition service.

(i) The Management Agreement shall contain a provision that states upon termination of the same, the ESP shall, without charge (i) close the books on the then-current fiscal quarter; (ii) organize and prepare the Academy's records for transition to the new ESP; (iii) organize and prepare student records for transition to the new ESP; and (iv) provide for the orderly transition of employee compensation and benefits to the new ESP without disruption to staffing.

(j) The Management Agreement shall prohibit the ESP from executing contracts with its staff assigned to the Academy (including by way of example and not limitation, teachers, administrators, counselors and the like) that contain non-compete agreements of any nature.

(k) The Academy Board and the ESP may not amend the management contract without notifying DPSCD. No amendment shall be contrary to this section and each shall be accompanied by a Legal Opinion. Whether or not substantial, the Academy shall submit to DPSCD all proposed amendments to the management contract to the approval and execution of same. No Amendment shall be effective until DPSCD notifies the Academy that it does not disapprove of such Amendment.

(l) The Management Agreement shall contain the following indemnification provision:

Indemnity. In consideration for DPSCD authorizing the Academy to operate as a public school academy pursuant to the terms of the Charter Contract, which is of material value to the ESP, the ESP shall indemnify, defend, and hold harmless DPSCD and DPSCD Board of Education, DPSCD Board of Education members, DPSCD's officers, employees, agents, attorneys and those acting on behalf of their officers, employees, attorneys and agents from any and all claims (actual and threatened), disputes, demands, actions, expenses, liabilities, complaints, causes of action, rights, debts, rights of contribution and indemnification, contractual obligations, expenses, damages, and liabilities, including without limitation, investigative costs, reasonable attorney's fees, court costs, accountings, and expenses related to any defense arising, directly or indirectly, from bodily injury, personal injury, sickness, disease, death, property loss or damage, and any other demands, losses, liabilities or claims of any kind whatsoever, except to the extent of the gross negligence or willful misconduct DPSCD, DPSCD Board of Education, and the DPSCD Board of Education members, which arises out of or is in any manner connected with (i) DPSCD's approval of the application for a public school academy, (ii) DPSCD Board of Education and DPSCD's consideration of or issuance of the Charter Contract and notice to the Academy that DPSCD will not 'disallow' the Management Agreement and ancillary instruments related to Academy operations, (iii) the ESP's preparation for and operation of a public school or public school academy, (iv) the reliance by DPSCD Board of Education, DPSCD, and DPSCD's officers, employees, agents or representatives upon information supplied by the ESP, (v) the failure of ESP to perform duties and obligations pursuant to the terms of the Charter Contract, and Management Agreement, (vi) the ESP's violation, directly or indirectly, of any and all lease terms, (if applicable) in connection with Academy's occupancy of and/or operations at the Site, (vii) the ESP's performance of the Management Agreement, (ix) the infringement of patent or other proprietary rights in any material,

process, machine, or appliance sued in the operation of the PSA and (x) any other matter related to operation of the public school academy pursuant to the terms of the Management Agreement and all ancillary instruments between the ESP, the Academy and/or third parties.

Terms of Insurance and Indemnification. The ESP shall agree that the indemnification shall not be met solely by complying with the insurance requirements described in the Management Agreement and insurance is not a substitute for the indemnity.

Notice of Claims. The ESP and DPSCD shall notify each other (whichever applicable) in writing within ten (10) days of any actual or potential claim subject to the indemnification provision in the Management Agreement.

Defense of DPSCD. The ESP shall take such reasonable steps as may be necessary or appropriate to defend DPSCD, and its Board of Education, officers, employees, agents and representatives until such time that ESP proves that no further indemnification with respect to a claim or action is owed. The ESP shall not attempt to settle, settle or compromise any claim or suit subject to the indemnification provision without written notice to and prior approval from DPSCD.

DPSCD Defense Option. DPSCD and the DPSCD Board of Education shall have the option, at DPSCD's sole discretion and the reasonable expense of the ESP, to exclusively undertake and conduct the defense and/or settlement of any matters specified in this section.

Legal Action. The ESP expressly acknowledges and agrees that DPSCD and the DPSCD Board of Education may, at DPSCD and the DPSCD Board of Education's sole discretion and without assuming any liability whatsoever, commence legal action against the ESP to enforce the rights of DPSCD, DPSCD Board of Education, and the Academy pursuant to the terms of the Management Agreement and Charter Contract.

Survival. The indemnification provisions of this Charter Contract shall survive the termination or expiration of the Management Agreement, the Charter Contract and ancillary instruments between the ESP, Academy and/or third parties.

(a) The Management Agreement shall require all ESP employees to undergo criminal background and unprofessional conduct checks required by applicable law and for the ESP to store evidence of such on site, in physical form, at the Academy or be directly accessible at the Academy facility.

(b) The Management Agreement shall contain a provision requiring the ESP to make information available to the Academy as deemed necessary by the Academy Board in order to enable the Academy to fully satisfy its Transparency Reporting under this Contract and also at least the information that a school district is required to be disclosed under MCLA 388.1618 for the most recent fiscal year for which that information is available.

(c) No ESP employee shall be designated as the Chief Administrative Officer, as that term is defined in Section 2b(3) of the Uniform Budgeting and Accounting Act, MCLA 141.421 et seq.

(d) The ESP shall notify the Academy Board if any principal or officer of the ESP, or the ESP (including any related organizations or organizations in which a principal or officer of the ESP served as a principal or officer) as a corporate entity, has filed for bankruptcy protection in the last six (6) months or within any applicable preference period, whichever is longer.

(e) The Management Agreement must contain a provision providing for the early termination or amendment of the Management Agreement, with no cost or penalty to the Academy, and no recourse to DPSCD or any third party affiliated with or engaged by DPSCD, by the ESP or any subcontracted person or entity of the ESP, in the event DPSCD determines to exercise its prerogative under this Contract to reconstitute the Academy by requiring the termination or amendment of the Management Agreement.

(f) Each Management Agreement shall contain an acknowledgement by the ESP that DPSCD shall review any and all proposed Management Agreements, and no Management Agreement shall be effective until the Academy is notified in writing that DPSCD does not disapprove of such Management Agreement.

Section 10.03 *Status as Employees.* All persons employed to work for the PSA, not including persons employed by an ESP pursuant to Section 10.02 or other authorized subcontractor are deemed to be PSA employees. **Attachment K** includes all contracts between the PSA and any group of employees whose employment is governed by contract. The PSA's governing body shall provide the DPSCD Designee with any amended or additional contracts for employment at the PSA not more than ten (10) business days after such contract is executed.

Section 10.04 *Board Liaison.* If the Academy employs a Board liaison or contract administrator, it shall specify the role of such individual or entity in **Schedule K** and include a copy of the Agreement with same.

Section 10.05 *Employment Qualifications.* Except as provided in Section 505 of the Code, the PSA shall employ, or contract with a management company as provided under Section 10.02 which employs, classroom teachers, paraprofessionals and other personnel who meet the certification and other requirements under state and federal law. The PSA must annually provide DPSCD with documentation sufficient to demonstrate that it has complied with all applicable requirements and staff qualifications, including certifications of teachers, administrators, et al. This documentation must include copies of the applicable State certifications for each teacher, administrator and paraprofessional working at the PSA.

Section 10.06 *Employee License or Certification.* The PSA shall assure that persons working in the PSA, including both instructional and non-instructional staff, meet any and all licensing and certification requirements imposed by applicable local, state or federal ordinance, statute, law or regulation. The PSA must annually provide documentation to demonstrate its compliance with all such requirements, including copies of all required licenses and certifications.

Section 10.07 *Criminal Background and Unprofessional Conduct Checks.* The PSA will conduct criminal background and unprofessional conduct checks required by applicable law. The PSA will annually certify its compliance with the requirements of this Section, and, upon the

request of DPSCD, will provide copies of all background and unprofessional conduct checks performed subject to the confidentiality requirements of the responsible federal and state authorities.

Section 10.08 *Total Compensation*. The Academy Board shall, upon request, report the total compensation of each individual working at the Academy.

ARTICLE XI PHYSICAL PLANT

Section 11.01 *Location of Operation*. The PSA shall operate at the following location and no others without the written consent of DPSCD: 11340 E. Jefferson, Detroit, Michigan 48214 (the "Physical Plant").

Section 11.02 *Description of the Physical Plant*. The PSA represents that the description set forth in **Attachment L** of this Contract is a current and accurate description of the Physical Plant. **Attachment L** shall include a description of the physical plant, site plan, the lease or other agreement under which the Academy enjoys occupancy of the physical plant and any other documents required by DPSCD.

Section 11.03 *Right of Occupancy and Use*. **Attachment M** hereto is a copy of the current occupancy and use licenses (i.e., deed or lease) that confirms the PSA's right to occupy and use the Physical Plant for school purposes.

Section 11.04 *Compliance with Applicable Law*. The PSA represents that the Physical Plant complies with all applicable building, fire and safety, and zoning codes for school use. **Attachment N** hereto includes copies of all state and/or local Office of Fire Safety inspections of the physical plant as a school for children in the grades permitted under this Contract.

Section 11.05 *Notice of Material Changes*. The PSA will notify the DPSCD Designee not more than five (5) business days following any material changes in the availability or condition of the Physical Plant, such as through flood, fire, or other unanticipated circumstance. The PSA will notify the DPSCD Designee not more than five (5) business days following any allegation that the PSA or the lessor has breached any lease agreement concerning the Physical Plant.

ARTICLE XII BUDGET, FINANCIAL PLANS, AND AUDITS

Section 12.01 *Fiscal Agent*. Pursuant to Section 507 of the Code, DPSCD is the fiscal agent of the State of Michigan for the PSA. As fiscal agent, DPSCD assumes no responsibility for the financial condition of the Academy. In accordance with the provisions of the State School Aid Act, DPSCD shall forward to the PSA, all State School Aid funds received by DPSCD for the benefit of the PSA, provided there has been no material breach of this Contract; and further provided that DPSCD has not been directed by the MDE to withhold payment of any State School Aid to the PSA, and subject also to any contractual right DPSCD may have to withhold a portion of any State School Aid as payment for rent or fees for any services provided to the Academy by DPSCD and under this contract.

Section 12.02 *Annual Audit*. The PSA shall conduct an annual audit by a certified public accountant in accordance with generally accepted governmental accounting principles and in accordance with laws and regulations applicable to public schools and public school academies in Michigan. The PSA shall transmit a copy of the audit and any management letter to DPSCD concurrently with the PSA’s filing of such audit to the MDE.

Section 12.03 *Budget and Accounting*. The PSA shall establish an annual budget in accordance with the requirements of applicable law.

Section 12.04 *Inspection and Review*. The PSA shall permit inspection of its records and/or review of its fiscal operations at any time during normal business hours by DPSCD’s office of internal audit or others as may be designated upon reasonable advance notice.

Section 12.05 *Insurance*. The PSA shall maintain policies of insurance as described below:

(a) The insurance must be obtained from a mutual, stock, or other responsible company licensed to do business in the State of Michigan. The PSA may join with other public school academies to obtain insurance if the PSA finds that such an association would provide economic advantages to the PSA.

(b) During the term of this Contract, the PSA shall maintain and cause the ESP to maintain insurance coverage as follows:

POLICY TYPE	MINIMUM REQUIREMENTS	COVERAGE
<p><i>Commercial Property Policy</i></p> <p>This shall be an all risk policy covering real and personal property of the PSA both on premises and in transit. Replacement cost coverage is required.</p>	<p>Replacement cost for the Academy’s real and personal property on the premises and in transit.</p>	
<p><i>Comprehensive General Liability</i></p> <p>This shall include, but not be limited to, personal injury and property damage for premises and operations product liability, fire legal liability, non-owned automobile and contractual liability.</p>	<p>\$1,000,000 per occurrence/\$2,000,000 aggregate</p>	
<p><i>Automobile Liability/Statutory No-Fault</i> This coverage must be provided on all licensed vehicles owned, leased, or rented by the PSA.</p>	<p>\$1,000,000</p>	

<p><i>Umbrella Excess Liability</i></p> <p>This coverage must provide a minimum of follow form excess liability coverage.</p>	<p>\$2,000,000</p>
<p><i>Workers Compensation</i></p> <p>Statutory benefits for the State of Michigan. This coverage must provide wage and medical benefits of work-related injuries and employer's liability coverage.</p>	<p>As required by Michigan law Employer's Liability coverages of \$500,000</p>
<p><i>Employee Fidelity Bond or Equivalent</i> This policy must include, but not be limited to, employee theft, forgery, burglary, and robbery both on and off premises.</p>	<p>\$500,000</p>
<p><i>PSA Board Directors Liability</i></p> <p>This policy should cover the PSA Board, executive staff, and employees for "wrongful acts" errors or omissions not typically covered by general liability policies.</p>	<p>\$1,000,000</p>
<p>Molestation and Abuse Rider</p>	<p>\$1,000,000/\$2,000,000 aggregate</p>

(c) Third Parties. PSA shall require any and all third parties retained to perform or to assist in performing its duties and obligation specified in the Contract, to maintain insurance coverage in such amount and on such terms consistent with this insurance section naming DPSCD as an additional insured.

(d) Insurance certificates documenting the purchase of the required insurance are attached as Attachment O. Updated insurance certificates shall be provided to DPSCD, as soon as possible and in any event no later than within seven

(e) (7) days of the expiration or replacement of such insurance policies.

(f) The PSA shall name and shall cause the ESP to name DPSCD as an additional insured on each insurance policy that permits it.

Section 12.06. *Indemnification for DPSCD.* In consideration for DPSCD authorizing the Academy to operate as a public school academy pursuant to the terms of the Charter Contract, the Academy shall indemnify, defend, and hold harmless DPSCD and the DPSCD Board of Education, DPSCD's officers, employees, agents, attorneys and those acting on behalf of their officers,

employees, attorneys and agents from any and all claims (actual and threatened), disputes, demands, actions, expenses, liabilities, complaints, causes of action, rights, debts, rights of contribution and indemnification, contractual obligations, expenses, damages, and liabilities, including without limitation, investigative costs, reasonable attorney's fees, court costs, accountings, and expenses related to any defense arising, directly or indirectly, from bodily injury, personal injury, sickness, disease, death, property loss or damage, and any other demands, losses, liabilities or claims of any kind whatsoever, except to the extent of the gross negligence or willful misconduct DPSCD and the DPSCD Board of Education, which arises out of or is in any manner connected with (i) DPSCD's approval of the application for a public school academy, (ii) the DPSCD Board of Education and DPSCD's consideration of or issuance of the Contract and notice to the Academy that DPSCD will not 'disallow' the Management Agreement and ancillary instruments related to Academy operations, (iii) the Academy's preparation for and operation of a public school or public school academy, (iv) the reliance by the DPSCD Board of Education, DPSCD, and DPSCD's officers, employees, agents or representatives upon information supplied by the Academy, (v) the failure of Academy to perform duties and obligations pursuant to the terms of the Contract, and the Management Agreement, (vi) the Academy's violation, directly or indirectly, of any and all lease terms, (if applicable) in connection with Academy's occupancy of and/or operations at the Site, the infringement of patent or other proprietary rights in any material, process, machine, or appliance used in the operation of the PSA, and (viii) any other matter related to operation of the public school academy pursuant to the terms of the Contract, Management Agreement and all ancillary instruments between the Academy, DPSCD, the ESP and/or third parties.

(a) Terms of Insurance and Indemnification. The Academy agrees that the indemnification shall not be met solely by complying with the insurance requirements described in this Contract and insurance is not a substitute for the indemnity.

(b) Notice of Claims. The Academy and DPSCD shall notify each other in writing within ten (10) days of any actual or potential claims subject to the indemnification provision in this Section, but failure to do so shall not invalidate the indemnification provision.

(c) Defense of DPSCD. The Academy shall take such reasonable steps as may be necessary or appropriate to defend DPSCD, and the DPSCD Board of Education, officers, employees, agents and representatives until such time that the Academy proves that no further indemnification with respect to a claim or action is owed. The Academy shall not attempt to settle, settle or compromise any claim or suit subject to the indemnification provision without written notice to and prior approval from DPSCD.

(d) DPSCD Defense Option. DPSCD and the DPSCD Board of Education shall have the option, at DPSCD's sole discretion and the reasonable expense of the Academy, to exclusively undertake and conduct the defense and/or settlement of any matters specified in this section.

(e) Legal Action. The Academy expressly acknowledges and agrees that DPSCD and the DPSCD Board of Education may, at DPSCD and the DPSCD Board of Education's sole discretion and without assuming any liability whatsoever, commence legal action

against the Academy and/or the ESP to enforce the rights of DPSCD, DPSCD Board of Education, and the Academy pursuant to the terms of the Management Agreement and Charter Contract.

(f) Survival. The indemnification shall survive the termination or expiration of the Management Agreement, the Charter Contract and ancillary instruments between the ESP, Academy and/or third parties.

ARTICLE XIII COMPLIANCE WITH LAW

Section 13.01 *Generally*. The PSA shall comply with the Constitution of the State of Michigan; all federal and state laws and constitutional provisions that prohibit discrimination on the basis of any legally protected category under applicable federal and state laws and the regulations adopted pursuant to those laws; the Code, the state statutes specified in Section 503(6) of the Code, and the State School Aid Act of 1979, as amended from time to time, and the rules and guidelines adopted pursuant to those statutes; and any other federal, state or municipal law applicable to public bodies, public school academies, or school districts, and shall ensure that all PSA directors, officers, management company, contractors, teachers, administrators, staff, parents, and pupils are advised of and agree to comply with all relevant provisions of the Code and other applicable law, including without limitation, the statutes and laws identified on **Attachment P**, attached hereto.

Section 13.02 *Specific Assurances*. The PSA specifically acknowledges its obligations to abide by each of the following, including implementing rules and regulations, as they may be amended from time to time:

(a) The nondiscrimination requirements applicable to recipients of federal funds in Title VI of the Civil Rights Act of 1964 and Title IX of the Education Amendments of 1972;

(b) Title VII of the Civil Rights Act of 1964;

(c) The Family and Medical Leave Act of 1993;

(d) The Age Discrimination Act of 1975 and the Age Discrimination in Employment Act of 1967;

(e) The Individuals with Disabilities Education Act of 1990;

(f) Title II of the Americans with Disabilities Education Act of 1990;

(g) Section 504 of the Rehabilitation Act of 1973;

(h) The State School Aid Act of 1979;

(i) Section 1751 of the Code regarding special education programs and services;

(j) The ESEA and its implementing regulations (incl. EDGAR);

- (k) U.S.C. § 1232g;
- (l) The Family Educational Rights and Privacy Act, 20
- (m) 1947 PA 336;
- (n) 1965 PA 166; and
- (o) the Code

Section 13.03 *Open Meetings Act*. Pursuant to Section 503(7)(a) of the code, the PSA Board shall conduct all of its meetings in accordance with the Michigan Open Meetings Act, Act No. 267 of the Public Acts of 1976, being Sections 15.261 to 15.275 of the Michigan Compiled Laws.

Section 13.04 *FOIA*. Pursuant to Section 503(7)(b) of the Code, the records of the PSA shall be records subject to the provisions of the Michigan FOIA, Act No. 442 of the Public Acts of 1976, being Sections 15.231 to 15.246 of the Michigan Compiled laws. The PSA shall ensure that any ESP engaged by it agrees that such management company's records, as they relate to the PSA, shall also be subject to FOIA and shall be maintained on the premises of the PSA.

Section 13.05 *Competitive Bidding*. The PSA shall comply with Sections 1267 and 1274 of the Code and any other statute requiring competitive bidding by public school academies. The PSA shall ensure that any management company it engages complies with all competitive bidding requirements imposed on public school academies districts for purchases of items on behalf of or for use at the PSA. The PSA shall maintain all records of competitive bidding for at least two years and provide DPSCD with copies of any such records upon request.

Section 13.06 *Other Statutes Specified in Section 503(7)*. The PSA shall comply with the requirements of the other state statutes listed in Section 503(7), including, but not limited to Sections 1134, 1135, 1146, 1153, 1263(3) of the Code.

Section 13.07 *Notice of Judicial or Administrative Proceedings*. The PSA shall notify DPSCD's legal counsel within five (5) business days of being named as a party in any court proceeding or arbitration or as the subject of any administrative enforcement proceeding alleging any of violation of law arising from the operation of the PSA.

Section 13.08 *Transparency Reporting*. The Academy shall collect, maintain, and make information concerning its operation and management available to the public and as is required by state law for a public school district, including at least the following:

- (a) a copy of this Contract and all attachments, schedules
- (b) and amendments;
- (c) a list of all currently serving members of the Academy
- (d) Board of Directors, including their names, addresses, and terms of office;

- (e) copies of all policies approved by the Academy Board
- (f) of Directors;
- (g) all board materials, agendas, formal resolutions and
- (h) minutes (excluding minutes kept of closed sessions maintained according to the Open Meetings Act) of all regular and special meetings of the Board of Directors of the Academy;
- (i) a copy of the budget, and any amendments thereto, approved by the Academy Board of Directors;
- (j) copies of all bills paid for amounts of Ten Thousand Dollars (\$10,000.00) or more in the form that they are submitted to the Academy Board;
- (k) quarterly financial reports submitted to the DPSCD
- (l) Designee;
- (m) a current list of all teachers and school administrators
- (n) working at the Academy, including their individual salaries (as submitted to the registry of educational personnel), copies of their teaching or school administrator's certificates or permits (as applicable), evidence of compliance with the criminal background and unprofessional conduct checks required by the Code;
- (o) copies of all leases for equipment used at the Academy;
- (p) copies of all management or service contracts approved by the Academy Board of Directors;
- (q) all health and safety reports and certificates, including those relating to fire safety, environmental matters, asbestos inspections, boiler inspection and food service;
- (r) any management letters issued as part of the Academy's annual audit within twenty (20) days after the board or board of directors is informed by the appropriate authority of the adequate yearly progress status of its schools for the purposes of the No Child Left Behind Act of 2001, Public Law 107- 110, for the most recent school year for which it is available, post a notice of the adequate yearly progress status of each school it operates on the homepage of its website;
- (s) within twenty (20) days after the board or board of directors is informed by the department of the accreditation status of its schools for the purposes of Section 1280 of the Code for the most recent school year for which it is available, post a notice of the accreditation status of each school it operates on the homepage of its website; and
- (t) all other information required by applicable law.

Section 13.09 *Maintenance of Records*. The PSA shall maintain all documents and records to the extent and for the duration required by applicable law.

Section 13.10 *Facility Signage*. The PSA shall conspicuously display signage at the Academy facility and on all letterhead stating that the PSA is authorized by DPSCD. The wording upon such signage and letterhead shall read: "A Detroit Public Schools Community District-authorized charter school."

Section 13.11 *Certified Staff*. The Academy shall use only certified staff, including teachers, business officials and administrators, including superintendent, principal, assistant principal, or other person whose primary responsibility is administering instructional programs, unless permitted to use staff without certifications, and then only in accordance with applicable law.

ARTICLE XIV OVERSIGHT OF THE PUBLIC SCHOOL ACADEMY

Section 14.01 *PSA Responsibilities*. The PSA and any ESP engaged pursuant to Section 10.02 must provide to DPSCD, in the manner and pursuant to the timing specified by DPSCD, any and all documentation necessary to demonstrate the PSA's compliance with terms of the Contract and all applicable State and Federal law, including, but not limited to, the documentation specifically required in this Contract, as well as any additional documentation that DPSCD may hereafter in its sole discretion deem necessary for DPSCD to perform its statutory oversight duties

Section 14.02 *DPSCD Responsibilities*. DPSCD shall take such actions as it deems necessary to provide the oversight required of an authorizing body or fiscal agent under the Code. DPSCD may, at its discretion, periodically conduct a review of the records and/or operations of the PSA to determine compliance with all applicable regulations, terms and conditions of this Contract, the Code, and any other applicable laws, and regulations during regular school hours. Such actions may, but are not required to, include one or more of the following: a probationary period and a corresponding corrective action plan, acceptable to DPSCD, the establishment of an Academy Dissolution Account as described in Section 15.07, and/or requirements for additional or more detailed or more frequent reports from the Academy. DPSCD may, at its discretion, designate agents or employees to enter the premises of the PSA during normal business hours or other agreed upon times, on a scheduled or unscheduled basis, to determine whether the PSA is operating in compliance with law and the terms of this Contract. The PSA agrees to cooperate with, and shall ensure that any ESP, contractors, agents or employees working at or for the PSA shall cooperate with DPSCD in carrying out its responsibilities as an authorizing body or in furtherance of its rights under this Contract or applicable law.

Section 14.03 *Administrative Fee*. The PSA agrees that DPSCD may deduct an annual oversight and auditing expense of Three Percent (3%) of the per-pupil allocation funds that the PSA is entitled to receive pursuant to the State School Aid Act of 1979, as amended.

ARTICLE XV TERM, MODIFICATION, AND TERMINATION/REVOCAION OF THE CONTRACT

Section 15.01 *Term and Issue of a New Contract.* This Contract is effective as of the date first written above and will terminate on **June 30, 2028**, unless terminated earlier as provided herein. DPSCD may issue a new contract to the PSA for an additional period of time, as agreed between the parties, by mutual written agreement of DPSCD and the PSA, following an assessment of the Academy's progress in meeting the objectives of its academic program and educational goals, including those standards set forth in Section 6.03 of this Contract. The PSA must provide a written request for a new contract no later than September 1st of the final year of this Contract. DPSCD shall, in its sole discretion, determine whether a new contract will be granted. DPSCD reserves the right to not consider the issuance of or issue a new contract for any reason or for no reason. The most important factors that DPSCD will consider when making its renewal decision will be (a) increases in academic achievement for all groups of pupils as measured by assessments and other objective criteria, (b) a record of timely annual compliance with DPSCD, state and federal reporting requirements, (c) financial stability and viability, (d) facilities satisfactory to the DPSCD Office of Charter Schools, and (e) enrollment sufficient to sustain a quality educational program. DPSCD reserves the right to change its process and standards for the issuance of a contract at any time and such changes shall take effect without the need for an amendment to this Contract.

Section 15.02 *Amendments.* This Contract may only be amended by the express written and duly authorized agreement of DPSCD and the PSA. DPSCD may request amendment of this Agreement at any time, which the Academy Board shall adopt at its next regularly scheduled Board meeting or the expiration of thirty (30) days, whichever occurs first.

Section 15.03 *Termination by Agreement.* The parties may at any time agree in writing, upon approval by the PSA Board and the Executive Director of DPSCD Office of Charter Schools, to terminate the Contract prior to expiration of the Contract term.

Section 15.04 *Grounds for Termination or Revocation.* DPSCD may terminate or revoke this Contract upon a determination, pursuant to the procedures set forth in Section 15.05 below, that one or more of the following has occurred:

- (a) Failure of the PSA to abide by and meet the educational goals set forth in this Contract; including the requirements of Article VI, Section 6.03 and failure to demonstrate improved pupil academic achievement for all groups of pupils;
- (b) Failure of the PSA to comply with all applicable law;
- (c) Failure of the PSA to meet generally accepted public sector accounting principles;
- (d) Insolvency or bankruptcy of the PSA or the failure of the PSA to pay its debts as they become due;
- (e) Insufficiency of the PSA's enrollment to support successful operations;
- (f) Any material changes in state funding for the PSA such that, in DPSCD's sole discretion, continuation of the PSA's operation would be infeasible, uneconomical, or impractical;

(g) The PSA's default in the payment of fees under any other agreement or contract for services provided to the PSA, which default remains uncured for a period of thirty (30) business days;

(h) Failure of the PSA to cure a material breach of this

(i) Contract, the Management Agreement, lease or other agreement relative to PSA housing educational operations or any other instrument ancillary to this Contract;

(j) Provision by the PSA of false or inaccurate information on the Application, this Contract, or other materials submitted to DPSCD;

(k) Refusal by the PSA to provide information and documents required under this Contract or to provide access to the PSA facility, documents or records;

(l) Any other reason permitted by law; and

(m) Any academic reason deemed appropriate by DPSCD, in its sole discretion, including placement on the MDE's persistently low achieving list.

Section 15.05 *Procedures for Termination or Revocation.* DPSCD shall not revoke this Contract unless all of the following procedures have been followed:

(a) Notice of Charges. The Executive Director shall advise the PSA Board in writing of a preliminary review by a DPSCD Designee that grounds for revocation may exist.

(i) The notice shall provide the names and addresses of individuals charging the PSA with failure to comply with this Contract and shall set forth the alleged grounds in sufficient detail for the PSA to respond.

(ii) The PSA shall have ten (10) business days to respond in writing to the Executive Director of DPSCD Office of Charter Schools specifically addressing the charges set forth in the notice.

(b) Investigating of Charges and Report. The Executive Director shall conduct an investigation to determine whether grounds for revocation or termination of the Contract exist. A final report with recommendation for termination or revocation, if applicable, will be filed with the School Board or its Designee and delivered to the PSA.

(c) Decision by the School Board or its Designee. After receiving the report of the Executive Director, DPSCD or its Designee shall determine whether the Contract shall be revoked or terminated and shall provide written notification of his/her decision to the PSA.

Section 15.06 *Authority and Finality of DPSCD's Decisions.* A decision by DPSCD to terminate, revoke or not to renew this Contract is solely within the discretion of DPSCD and is final. DPSCD's termination, revocation or decision not to renew this Contract is **not** subject to review by a court or any state agency. DPSCD is not liable to any party for its action in terminating, revoking or not renewing this Contract, including without limitation to the PSA, a pupil of the PSA,

the parent or guardian of any pupil of the PSA, or any other person, including any ESP, contractor or agent of the PSA.

Section 15.07 PSA's Responsibilities upon Termination, Revocation or Non-Renewal.

(a) If the Contract is terminated, revoked, or not renewed, the PSA shall be solely responsible for any and all debts, loans, and obligations incurred at any time by the PSA in connection with the operation of the PSA. In the event of a termination, revocation, or non-renewal, within thirty (30) days of notice of such termination, revocation or non-renewal, the Academy shall deposit into a separate Academy account (the "Academy Dissolution Account") the sum of Ten Thousand Dollars (\$10,000) per month, for a total not to exceed Thirty Thousand Dollars (\$30,000), to be used exclusively for the costs associated with the wind-up and dissolution responsibilities of the Academy. The amounts reflected in the immediately preceding sentence shall be adjusted based on the United States annual inflation rate. If the Academy has any State School Aid payments scheduled to be received after notice of termination, revocation or non-renewal, the Academy immediately shall provide DPSCD, in the form and manner determined by the DPSCD, with such account detail information and authorization to enable DPSCD to direct such funds to the Academy Dissolution Account. If the event that the Academy fails to establish the required account, DPSCD, as fiscal agent, is hereby authorized to establish an Academy Dissolution Account utilizing any remaining Academy state aid in its possession or to be received on behalf of the Academy, to satisfy the provisions of this section.

(b) As required by Section 1618b of the State School Aid Act, if this Contract is terminated, revoked, or not renewed, or if the PSA has been otherwise ineligible to receive state school aid funds for a period of at least three (3) consecutive months, the PSA must transfer to the State all property that was substantially acquired using state school aid funds.

(i) Property required to be transferred includes title to all real and personal property, interests in real or personal property, and other assets owned by the PSA that were substantially acquired through state school aid funds.

(ii) Transfer of property as required by Section 1618b which does not impose any liability on the State of Michigan, any State agency, or DPSCD for any debt incurred by the PSA.

Termination, revocation or non-renewal of this Contract shall not relieve the PSA from any of its duties to prepare a final audit or comply with any statute, law or applicable regulation.

Section 15.08 Notification by State. If the Academy has been identified as a low performing school and fails to meet the goals of any partnership agreement with the MDE and, if applicable, other parties, then the Authorizing Body may terminate this Contract at the end of the current school year.

Section 15.09 Notification by Superintendent of Public Instruction. If DPSCD is notified by the Superintendent of Public Instruction that the Academy is subject to closure under Part 6a of the Code ("State's Automatic Closure Notice"), then this Contract shall automatically terminate at the end of the current school year in which the notice is received without any further action of DPSCD or the Academy. Following receipt of the State's

Automatic Closure Notice, DPSCD shall forward a copy of the State's Automatic Closure Notice to the Academy Board and request a meeting with Academy Board representatives to discuss the Academy's plans and procedures for wind-up and dissolution of the Academy corporation at the end of the current school year. Immediately upon receipt of the State's Automatic Closure Notice, the Academy shall establish the Academy Dissolution Account referenced in Section 14.07.

Section 15.10 *RESERVED*

Section 15.11 *Corrective Action by Order of Reconstitution*. In addition to, or in lieu of, any provisions herein, DPSCD, in its sole discretion, may issue an Order of Reconstitution requiring the Academy to undertake a plan of corrective action in order to avoid revocation of this Contract ("Corrective Action"). The plan of Corrective Action may include (but shall not be limited to) cancellation of the Academy's contract with its ESP, withdrawal of DPSCD's approval of the ESP Agreement, termination of one or more Academy Directors' service, appointment of a new member or members to the Academy Board of Directors, or designation of a trustee, conservator or receiver to take over the operation of the Academy. In the event a Corrective Action plan is undertaken, the following steps will be observed:

(a) DPSCD will notify the Academy, in writing, of the specific educational performance or operational issues that it deems failing at the Academy and its intent to revoke the Academy's Contract if the issues are not corrected by a date certain, which will be no earlier than One Hundred Twenty (120) days (absent exigent circumstances) after the date of the notice;

(b) within thirty (30) days after receipt of the notice described above, the Academy shall respond to DPSCD with any information that the Academy Board of Directors deems relevant to the issues and a plan of correction;

(c) if DPSCD approves of the plan of correction, it shall be implemented and the Contract shall be amended accordingly; if DPSCD disapproves the plan of correction, it may implement corrective action in a manner that it, in its sole discretion, deems appropriate to the situation or continue with the revocation of the Contract as it sees fit.

For good cause, DPSCD may extend the deadlines set forth above. The issuance of the termination letter shall automatically terminate this Contract without any further action by either party. Upon issuance of the termination letter, DPSCD shall notify the Superintendent of Public Instruction and MDE that the Contract has been terminated.

The development of a corrective action plan under this Section 15.11 shall not in any way limit the rights of the DPSCD to revoke, terminate, or suspend this Contract. If the Office of Charter Schools determines that the PSA is unable to develop a corrective action plan that can remedy the material breach and that is acceptable to DPSCD, the Office of Charter Schools shall recommend that the DPSCD Board terminate the Contract at the end of the current school year. If the DPSCD Board approves to terminate the Contract under this Section 15.11, the Contract shall be terminated at the end of the current school year without any further action of either party.

**ARTICLE XVI
REQUIRED DELIVERY OF CERTAIN DOCUMENTS**

Section 16.01 *Fire Marshall Approval*. No later than August 31, 2025, the Academy shall provide to DPSCD a copy of its final Fire Marshall approval.

Section 16.02 *Failure to Deliver Fire Marshall Approval*. If the documents listed in 16.01 above are not delivered by the dates listed, this Contract shall be null and void, in which case the Academy must proceed in accordance with Section 15.07, as if this Contract had been terminated.

Section 16.03 *DPSCD Notification to PSA*. DPSCD shall notify the Academy in writing of its receipt of the documents listed in this Article XVI.

**ARTICLE XVII
GENERAL TERMS**

Section 17.01 *Notices*. Any and all notices permitted or required to be given hereunder shall be deemed duly given: (i) upon actual delivery, if delivery is by hand; or (ii) upon receipt by the transmitting party of confirmation or answer back if delivery is by telex, telegram, or facsimile; (iii) upon delivery into United States mail if delivery is by postage-paid registered or certified mail, with return receipt requested; or (iv) upon delivery by a reputable overnight delivery service. Each such notice shall be sent to the respective party at the address indicated below or at any other address the party may designate by notice delivered pursuant hereto:

(a) If to DPSCD Designee:

Detroit Public Schools Community District
Office of Charter Schools
Fisher Building, 9th Floor 3011
West Grand Boulevard Detroit, Michigan 48202
Attn: Executive Director - Office of Charter Schools

Copy to: Detroit Public Schools Community District
Fisher Building, 10th Floor
3011 West Grand Boulevard
Detroit, Michigan 48202
Attn: Office of the General Counsel

(b) If to Academy:

Pathways Academy 11340 E. Jefferson
Detroit Michigan 48214
Attn: President, Board of Directors

Copy to: Aimee Gibbs Dickinson Wright, PLLC
350 S. Main Street, Suite 300
Ann Arbor, MI 48104

Section 17.02 *Interpretation, Enforcement, Validity, Construction and Effect.* This Contract shall be governed and controlled by the laws of the State of Michigan as to its interpretation, enforcement, validity, construction, and effect, and in all other respects.

Section 17.03 *Captions.* The captions and headings used in this Contract are for convenience only and shall not be used in construing the provisions of this Contract.

Section 17.04 *Non-Waiver.* Except as provided herein, no term or provision of the Contract shall be deemed waived and no breach or default shall be deemed excused, unless such waiver or consent shall be in writing and signed by the party claimed to have waived or consented. No consent by any party to a waiver of, a breach or default by the other, whether expressed or implied, shall constitute a consent to, waiver of, or excuse for any different or subsequent breach or default.

Section 17.05 *Force Majeure.* The performance of this Contract may be suspended by either party in the event the performance of any obligation reflected herein is prevented by a cause or causes beyond the reasonable control, fault or negligence of such party. Such causes shall include, but not be limited to, acts of God, acts of war, riot, fire, earthquakes, explosion, accident, flood or sabotage; laws or governmental acts, orders or restrictions; national defense requirements; failure of third party hardware or software; power or communication failure; epidemics or pandemics; or injunctions or restraining orders (individually or collectively a "Force Majeure Event"). The non-performing party must assert a right to suspend performance, within a reasonable time after it has knowledge of the effective cause, and notify the other party of the cause for suspension, the performance suspended and the anticipated duration of suspension. The party asserting a right to suspend performance hereunder shall advise the other party when the Force Majeure Event has ended and when performance will resume. DPSCD may, upon suspension of the performance, terminate this Agreement or any service scheduled to be performed but not yet completed by providing written notice of termination to the PSA.

Section 17.06 *Severability.* If any provision in this Contract is held to be invalid or unenforceable, it shall be ineffective only to the extent of the invalidity, without affecting or impairing the validity and enforceability of the remainder of the provision or the remaining provisions of this Contract.

Section 17.07 *Counterparts.* This Contract may be executed in any number of counterparts. Each counterpart so executed shall be deemed an original, but all such counterparts shall together constitute one and the same instrument.

Section 17.08 *Access to Copies of the Contract.* The PSA agrees to make copies of this Contract available for public inspection at its administrative offices during normal business hours.

Section 17.09 *DPSCD Immunity.* Pursuant to Section 503(7), DPSCD and its agents are immune from liability in connection with any acts or omissions in connection with DPSCD's authorization of this Contract, provided that such actions were within the scope of DPSCD's or its agent's authority or were undertaken in the reasonable belief that the actions were within the scope of that authority.

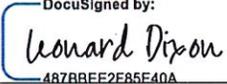
Section 17.10 *Schedules and Attachments*. All schedules and attachments to this Contract that are executed by DPSCD and the PSA shall be incorporated in, and made part of, this Contract.

Section 17.11 *Entire Contract*. This Contract, along with all documentation referenced herein or attached hereto, sets forth the entire agreement between DPSCD and the PSA with respect to the subject matter of this Contract.

Section 17.12 *Contract Submission to MDE*. This Contract shall be submitted to the MDE within ten (10) days of issuance.

IN WITNESS WHEREOF, the parties hereto have caused this Contract to be executed by their respective and duly authorized officers as of the day first written above.

PATHWAYS ACADEMY

By:  _____
487BBEE2F85E40A

Title: Board President

IN WITNESS WHEREOF, the parties hereto have caused this Contract to be executed by their respective and duly authorized officers as of the day first written above.

DETROIT PUBLIC SCHOOLS
COMMUNITY DISTRICT

By:  _____

Title: Superintendent

ATTACHMENT A