

## SERVICE AGREEMENT

THIS SERVICE AGREEMENT ("Agreement") is entered into this 27th day of January, 2015 between smartschoolsplus, inc, d/b/a smartworksplus an Arizona corporation ("Provider"), and Amphitheater Public School District ("District").

### RECITALS

- A. Provider is a corporation engaged in the business of providing professional educational services to schools and school districts, including employee staffing services;
- B. Provider's employees include qualified staff, teachers, substitute teachers and school administrators;
- C. District is a school district within the State of Arizona that requires qualified staff, teachers, substitute teachers and administrators.
- D. District is authorized to enter into this Agreement pursuant to A.R.S. § 15-502(A).
- E. District desires to obtain services, as more fully described in Exhibit A, attached hereto ("Services") from Provider and Provider is willing to provide Services to District upon the terms and conditions contained in this Agreement, pursuant to Mesa Public Schools RFP #14-06MP and the associated contract issued by the Strategic Alliance for Volume Expenditures (SAVE) available to District/State Entities which supersedes Entire Agreement language.

### AGREEMENTS

NOW, THEREFORE, in consideration of the mutual promises and covenants contained herein, Provider and District agree as follows:

#### 1. Provider Employees.

A. Employment Agreements. Provider shall enter, or has previously entered, into employment agreements ("Employment Agreements"), substantially in the form of Exhibit B, attached hereto, with staff, teachers, substitute teachers, and administrators (each, a "Provider Employee" and, collectively, "Provider Employees") to provide the educational services required by District at District schools (the "Schools"). A copy of each Employment Agreement shall be provided to District as soon as available.

B. Provider Employees. The roster of Provider Employees and Fee Schedule for Provider Employees is attached hereto as Exhibit C. District shall have the right to reject any of the Provider Employees, without cause, as long as written notice of rejection is provided to Provider within ten (10) days of District's receipt of the Provider Employee's Employment Agreement.

C. Provider Responsibility. Provider shall take steps to assure that each Provider Employee performs in accordance with his or her Employment Agreement. Provider shall ensure that Provider Employees possess all certifications and qualifications necessary to enable them to perform their assignments and that Provider Employees have satisfied any legal prerequisites to the performance of their assignments including, but not limited to, fingerprint checks and possession of any necessary licenses.

D. Wages. Provider Employees will receive wages solely through Provider. It is a material breach of this Agreement for District to pay any Provider Employee in cash or by any other means for any services rendered. Any individual whom District pays directly for any services rendered will not be considered a Provider Employee for any purpose under this Agreement as to the services for which District provides payment.

2. Compensation. District agrees to compensate Provider for the Services ("Service Fee") in accordance with Exhibit D, attached hereto. Provider shall invoice District monthly; invoices shall be due and payable within thirty (30) days of receipt of the invoice.

3. Supervision. Provider Employees shall be required to adhere to all rules, guidelines, policies, procedures and regulations concerning the operation of District and the applicable Schools and delivery of educational services to District and the applicable Schools. Provider Employees shall be required to perform all duties as assigned by the applicable Schools and District and to meet the minimum scoring requirements ("Scoring Requirements") of the applicable evaluation instrument utilized by District and the applicable Schools under the Arizona Framework for Measuring Educator Effectiveness, as adopted by the Arizona State Board of Education pursuant to A.R.S. § 15-203(A)(38). Provider will provide general direction, supervision and control of each Provider Employee in the performance of Provider Employee's duties, as more fully described in Exhibit A. District and the applicable Schools will provide daily monitoring of Provider Employees and will report to Provider on an ongoing regular basis. Provider and not District or the Schools will be responsible for discipline and training of Provider Employees.

4. Term. The term of this Agreement shall commence as of July 1, 2015, and shall end on June 30, 2016, unless earlier terminated pursuant to the provisions hereof, and may be renewed annually for up to two (2) additional fiscal years unless terminated pursuant to the provisions hereof. District acknowledges and agrees that prior to any renewal, the Exhibits will be adjusted to account for changes in the duties, responsibilities and wages for Provider Employees. Provider shall provide revised copies of the Exhibits to District at least thirty (30) days prior to the end of the then-current term.

5. Insurance.

A. Workers' Compensation.

(i) Except as otherwise provided in this Agreement, Provider will be considered the "employer" of all Provider Employees for the purposes of providing workers' compensation insurance within the meaning of Ariz. Rev. Stat. § 23-901. Provider shall provide workers' compensation and employer's liability insurance in accordance with the statutory requirements of the State of Arizona, including Employer's Liability insurance with limits of liability of not less than \$500,000 each accident and \$500,000 bodily injury or disease. The workers' compensation policy shall be endorsed to include the Alternate Employer Endorsement and shall include a waiver of subrogation in favor of District from the workers' compensation insurer. Upon termination of this Agreement, Provider shall, upon District's request, provide to District records regarding the loss experience for workers' compensation insurance provided to Provider Employees pursuant to this Agreement.

(ii) District and Provider agree that no individual will be covered by Provider's workers' compensation insurance, or be issued a payroll check, unless and until that individual has, prior to commencing work for District hereunder, satisfied the following requirements: (a) is employed by Provider in Arizona to work in Arizona; (b) is performing services for District pursuant to this Agreement; (c) is listed on Exhibit C, as such Exhibit may be amended, from time to time, by Provider; (d) has completed Provider's required enrollment forms and, where applicable, is certified to be an administrator or teacher or licensed as required by law for the position in which employed by Provider; (e) has completed necessary criminal background checks, including fingerprinting; (f) has entered into an Employment Agreement; (g) has provided all data required by Provider for payroll processing and workers' compensation coverage; and (h) has been entered onto Provider's payroll system.

(iii) District understands and agrees that the workers' compensation insurance that Provider will provide under this Agreement will only cover individuals who are listed on Exhibit C, as such Exhibit may be amended, from time to time, by Provider, and that such workers' compensation insurance will not cover other individuals who might perform services for District, whether as employees, independent contractors, or otherwise. The parties agree that a percentage of the Service Fee paid by District shall be for payment of workers' compensation insurance premiums. District agrees to provide workers' compensation insurance or maintain a program of approved self-insurance covering District's own employees.

**B. District Liability Insurance.** District will provide liability indemnity protection to Provider Employees who provide services to District under this Agreement, but only if those Provider Employees are acting within the course and scope of the authorization granted by Provider and District. The coverage provided will be made available to Provider Employees as an additional covered party under the terms of District's participation agreement with the Arizona School Risk Retention Trust, Inc. ("Trust"). Coverage will be made available by the Trust to Provider Employees on the same terms and conditions as coverage is made available to employees of District. Provider shall be named an additional covered party to the Trust coverage agreement, but only to the extent that Provider is vicariously liable for the acts of Provider Employees while Provider Employees are performing services for District, but not for any actual or alleged wrongful act, error or omission of Provider in its own right (e.g. claims of negligent hiring, supervision or retention, employment discrimination, etc.). In no event, however, shall the provision of liability indemnity protection be construed as evidence that the relationship between the parties and Provider Employees is other than specifically provided for and agreed to in this Agreement.

**C. Medical Insurance.** Provider shall make available to Provider Employees medical coverage that is affordable, provides minimum value, and meets the requirements of minimum essential coverage, as those terms are defined for purposes of the Affordable Care Act. The Provider Employee portion of the self-only premium for the coverage that provides minimum value will not exceed 9.5% of the Provider Employee's W-2 wages, as reflected in Box 1 of the W-2 form. If a Provider Employee selects such coverage and if such coverage exceeds 9.5% of the Provider Employee's W-2 wages, the District shall only reimburse Provider for Provider's out-of-pocket costs for such medical insurance premium cost in excess of the portion of the premium that Provider Employees paid for the lowest cost self-only coverage that provides minimum value and meets the requirements of minimum essential coverage, as those terms are defined for purposes of the Affordable Care Act.

**D. Other Insurance.** Provider shall maintain in full force and effect at all times during the term of this Agreement the following:

(i) **Commercial General Liability ("CGL") Insurance.** The CGL policy shall provide for limits of not less than \$1,000,000 per occurrence and, if such CGL policy contains a general aggregate limit of liability, the limit shall be no less than \$2,000,000. The CGL policy shall be written on an occurrence form and shall cover liability arising from the independent negligence or other wrongful act, error or omission of Provider or its employees that is not the direct consequence of the services provided by Provider Employees under the terms of this Agreement. District shall be named an additional insured on the CGL policy, but only to the extent that the covered liability-causing event is not related to the Services provided for under the terms of this Agreement.

(ii) **Unemployment Insurance.** Provider shall provide unemployment insurance coverage to the extent required by law.

**6. Termination.** Provider or District may terminate this Agreement, with respect to any or all of Provider's Employees, without cause or justification of any kind, by providing the other party with written notice of such termination at least thirty (30) days prior to the effective date of termination. Notwithstanding the foregoing, District shall have the right to terminate this Agreement, as it relates to a particular

Provider Employee, upon written notice to Provider (or its successor-in-interest) upon the occurrence of any of the following:

(a) A Provider Employee: (i) embezzles, steals or misappropriates funds or property of District or defrauds District; (ii) is convicted of a felony; (iii) has his or her teaching certification revoked or suspended; (iv) commits an act or omission which constitutes unprofessional conduct or which adversely affects the reputation of District; or fails to meet the Scoring Requirements;

(b) A Provider Employee dies at any time during the term of this Agreement, in which event this Agreement (as it relates to that Provider Employee) shall terminate as of the date of death;

(c) A Provider Employee becomes permanently disabled at any time during the term of this Agreement. For purposes of the foregoing, a Provider Employee shall be deemed to be permanently disabled if, by reason of any physical or mental condition, Provider Employee is unable substantially to perform his or her duties hereunder during either (i) any continuous period of thirty (30) days, in which event this Agreement (as it relates to that Provider Employee) shall terminate as of the first day following the end of such thirty (30)-day period or (ii) an aggregate of forty-five (45) days within a twelve (12)-month period, in which event this Agreement (as it relates to that Provider Employee) shall terminate as of the first day following the forty-fifth (45th) day;

(d) A Provider Employee is unwilling, unable or fails satisfactorily to comply with the rules, guidelines, policies, procedures and regulations promulgated by District and the applicable Schools during the term of Provider Employee's Employment Agreement; provided, however, that termination for cause shall not occur unless written notice of the alleged non-compliance is first given to Provider and Provider fails to cure the non-compliance within ten (10) days following receipt of such written notice; or

(e) A Provider Employee has made any material misrepresentations or has failed to provide any material representations in connection with the employment application that such Provider Employee had submitted to Provider.

7. Independent Contractor. The relationship created by this Agreement shall be deemed and construed to be, and shall be, that of principal and independent contractor. Neither party has the authority to enter into any contract or incur any liability on behalf of the other party. Provider Employees are not intended to be and shall not be considered employees of Schools or District. Except as otherwise provided in this Agreement, Provider retains full control over the employment, direction, supervision, compensation, discipline and discharge of all Provider Employees.

8. Non-Exclusive Use. Provider acknowledges and agrees that District may enter into agreements with other provider organizations to supply educational and support services to District and that Provider is not the exclusive organization with which District may contract to provide such services.

9. Notice. All notices, requests, demands and other communications required or permitted under this Agreement shall be in writing and shall be deemed to have been duly given, made and received when hand delivered to the party or upon the date noted upon the receipt for registered or certified mail, first class postage prepaid, return receipt requested, addressed as set forth below:

If to Provider:  
smartschoolsplus, inc.  
P.O. Box 11618  
Tempe, AZ 85284-0027

With a copy to:  
Perkins Coie LLP  
2901 N. Central Avenue, Suite 2000  
Phoenix, AZ 85012  
Attention: Judith K. Weiss, Esq.

If to District:

Superintendent  
Amphitheater Public School District  
701 West Wetmore  
Tucson, AZ 85705

With a copy to:  
Todd Jaeger, J.D.  
General Counsel  
Amphitheater Public School District  
701 West Wetmore  
Tucson, AZ 85705

Either party may alter the address or addresses to which communications or copies are to be sent to such party by giving notice of such change of address in conformity with the provisions of this Section.

10. Attorney's Fees. Should any litigation be commenced between the parties hereto concerning the terms of this Agreement, or the rights and duties of the parties under this Agreement, the prevailing party in such litigation shall be entitled to, and in addition to any other relief that may be granted, the prevailing party's attorneys' fees and costs.

11. Binding Nature of Agreement. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective heirs, personal representatives, successors and assigns.

12. Entire Agreement. This Agreement, including the Recitals and Exhibits, constitutes the entire agreement between the parties with respect to its subject matter and supersedes all prior and contemporaneous agreements, understandings, inducements and conditions, express or implied, oral or written, of any nature whatsoever with respect to its subject matter.

13. Waiver. Neither the failure nor delay on the part of either party to exercise any right, remedy, power or privilege under this Agreement shall operate as a waiver thereof, nor shall any single or partial exercise of any right, remedy, power or privilege preclude any other or further exercise of the same or of any other right, remedy, power or privilege, nor shall any waiver of any right, remedy, power or privilege with respect to any occurrence be construed as a waiver of such rights, remedies, powers or privileges with respect to any other occurrence.

14. Costs and Expenses. Each party shall bear its own costs, including counsel fees and accounting fees, incurred in connection with the negotiation, drafting and consummation of this Agreement and the transactions contemplated hereby, and all matters incident thereto.

15. Headings. All Sections and descriptive headings of Sections and subsections in this Agreement are inserted for convenience only and shall not affect the construction or interpretation hereof.

16. Construction; Interpretation; Modification. This Agreement is intended to express the mutual intent of the parties, and no rule of strict construction shall be applied against the drafting party. In this Agreement, the singular includes the plural, and the plural the singular; words imparting gender include both genders; references to "writing" include printing, typing and other means of reproducing words in a

tangible visible form; the words "including," "includes" and "include" shall be deemed to be followed by the words "without limitation." The term "person" shall include an individual, corporation, joint venture, partnership, trust, estate, association or any other entity. This Agreement may not be modified or amended other than by a writing signed by the party to be charged with such modification or amendment.

17. Survival. Sections 5, 7, 9, 10, 18, 19, 20, 22 and 23 shall survive the expiration or termination of this Agreement.

18. Governing Law; Forum; Venue. This Agreement is executed and delivered in the State of Arizona; and the substantive laws of the State of Arizona (without reference to choice of law principles) shall govern its interpretation and enforcement. Any action brought to interpret or enforce any provisions of this Agreement, or otherwise relating to or arising from this Agreement, shall be commenced and maintained (i) if applicable, in accordance with the procedures set forth in A.R.S. § 41-2611, *et seq.*, or, if such procedures are not applicable, then (ii) in a federal, state or local court located within Maricopa County, Arizona.

19. Knowing Covenants. The parties hereby represent to each other that the covenants and agreements provided for in this Agreement have been knowingly and voluntarily granted after thorough consultation with counsel as to the binding and irrevocable effect thereof. Based upon consultation with counsel, each of the parties hereby represents and warrants to the other that this Agreement is binding upon and enforceable against such party in accordance with its terms.

20. Indemnification. Provider (Contractor) shall indemnify, defend, save and hold harmless Amphitheater Public School District and its officers, agents and employees (hereinafter referred to as "Indemnitee") from and against any and all claims, actions, liabilities, damages, losses, or expenses (including court costs, attorneys' fees, and costs of claim processing, investigation and litigation) (hereinafter referred to as "Claims") for bodily injury or personal injury (including death), or loss or damage to tangible or intangible property caused, or alleged to be caused, in whole or in part, by the negligent or willful acts or omissions of Contractor or any of its owners, officers, directors, agents, employees or subcontractors. This indemnity includes any claim or amount arising out of or recovered under the Workers' Compensation Law or arising out of the failure of such Contractor to conform to any federal, state or local law, statute, ordinance, rule, regulation or court decree. It is the specific intention of the parties that the Indemnitee shall, in all instances, except for Claims arising solely from the negligent or willful acts or omissions of the Indemnitee, be indemnified by Contractor from and against any and all claims. It is agreed that Contractor will be responsible for primary loss investigation, defense and judgment costs where this indemnification is applicable. In consideration of the award of the contract, the Contractor agrees to waive all rights of subrogation against the District, its officers, officials, agents and employees for losses arising from the work performed by the Contractor for the District."

This indemnification provision shall apply to claims, suits, liabilities, costs, expenses and debt that are not otherwise covered by District's Liability Insurance provided for by the Trust.

21. Conflict of Interest. The parties expressly acknowledge that, pursuant to A.R.S. Section 38-511, District has the option of canceling this Agreement within three (3) years from the date of execution, without any further penalty or obligation, if any person significantly involved in initiating, negotiating, securing, drafting, or creating the Agreement on behalf of District is at any time during the term or any extension thereof, an employee or agent of Provider or a consultant to Provider. Provider acknowledges the potential for a current District employee to become a Provider Employee and recognizes the applicability of A.R.S. Section 38-511.

22. Compliance with Immigration Laws and Regulations.

A. Warranty. Pursuant to the provisions of A.R.S. § 41-4401, each party warrants to the other party that it is in compliance with all Arizona and Federal Immigration laws and regulations that relate to its employees and with the E-Verify Program under A.R.S. § 23-214(A). Each party acknowledges that its breach of this warranty is a material breach of this Agreement subject to penalties up to and including

termination of this Agreement. Each party retains the legal right to inspect the papers of any employee of the other Party or any independent contractor who works on this Agreement to ensure compliance with this warranty.

B. Verification. A party may conduct random verification of the employment records of the other party to ensure compliance with this warranty.

C. Contracts for Services. The provisions of this Section must be included in any contract a party enters into with any and all of its employees or independent contractors who provide services under this Agreement or any subcontract. As used in this Section, "services" are defined as furnishing labor, time or effort in the State of Arizona by a contractor or subcontractor. Services include construction or maintenance of any structure, building or transportation facility or improvement to real property.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the day and date first above written and effective as of the date hereinabove stated.

Provider:

\_\_\_\_\_  
smartschoolsplus, inc.  
By: Sandra McClelland  
Its: President

District:

\_\_\_\_\_  
Amphitheater Public School District  
By: Todd A. Jaeger, J.D.  
Its: Associate to the Superintendent/General Counsel

Exhibit "A"  
Scope of Services

The following services and/or activities are offered by smartschoolsplus, inc. in fulfillment of its obligations under the terms of the Agreement:

a. Recruit, hire, train, evaluate, supervise, discipline, and terminate individuals who are professionally and technically qualified to perform the duties of school staff, teachers, substitute teachers, administrators, and any other school employee.

b. Maintain a recruiting and hiring program that is in compliance with federal and state laws, rules and regulations, equal opportunity and anti-discrimination policies applicable to, and restricting, the hiring and selection process, including, but not limited to, Title VII of the Civil Rights Act of 1964 ("Title VII"), the Americans With Disabilities Act ("ADA"), the Age Discrimination in Employment Act ("ADEA"), the Fair Credit Reporting Act ("FCRA"), and the Arizona Employment Protection Act ("AEPA").

c. Maintain a system of statewide personal background checks on all Provider Employees provided to the Schools and District to include pre-screening, credentialing, licensure, personal history, qualifications, work history, references, statewide criminal background check, and fingerprinting. Provider shall ensure that all Provider Employees possess all certifications and qualifications necessary to enable them to perform their assignments.

d. Maintain a system of performance evaluation for each Provider Employee consistent with the evaluation instrument utilized by District and the applicable Schools under the Arizona Framework for Measuring Educator Effectiveness, as adopted by the Arizona State Board of Education pursuant to A.R.S. § 15-203(A)(38).

e. Maintain a program of supervision that enforces the policies and procedures of District. In order to maintain the program, Provider shall designate one or more on-site staff as the supervisor and/or Provider contact who will be responsible for addressing and responding to Provider Employees. The designated on-site supervisor and/or Provider contact shall be trained by Provider in regard to (i) applicable workers' compensation laws; (ii) applicable equal employment opportunity laws, regulations and policies, including reporting procedures; and (iii) workplace violence prevention, including the detection of early warning signs of violence and the proper reporting of threats and acts of violence. The supervisor and/or Provider contact shall promptly notify District and the applicable Schools of any human-resource-type issue raised by a Provider Employee that may affect District or such Schools, such as threats of violence, harassment, discrimination or retaliation.

f. Provide to Provider Employee information regarding his or her obligation to comply with all of District's safety, drug/alcohol, work policies, anti-harassment, anti-discrimination and anti-retaliation policies. Provider will establish a complaint and/or reporting procedure for violations of policies and instruct Provider Employees on the use of the procedure. Provider shall obtain written acknowledgement from the Provider Employee that s/he has read, understood and agrees to abide by those policies and procedures.

g. Provide annual harassment, discrimination, retaliation, abuse and neglect training for all Provider Employees, or ensure Provider Employees participate in similar training provided by District. Provider shall maintain a record of all such training.

h. Inform Provider Employee in writing that s/he is employed by Provider, not District.

i. Inform Provider Employee in writing that job-related illness/injury reports are to be made to the supervisor or Provider contact and provide information on where and how reports are to be made to the Provider contact.



j. Prepare and distribute an Employee Handbook to Provider Employees that identifies and explains Provider's policies and procedures that will be followed during the course of Provider Employees' employment with Provider.

k. Notify Provider Employees in writing that the only benefits they will receive will be from Provider, and that they are not entitled to any benefits from District.

l. Be solely responsible for administrative employment matters regarding Provider Employees including, but not limited to, all payroll and payroll income tax withholding matters, payment of workers' compensation premiums and funding of appropriate fringe benefit programs. Provider agrees to hold harmless District from any and all taxes, assessments or governmental charges in connection with its employment of Provider Employees. District will immediately forward to Provider any garnishment orders, involuntary deduction orders, notices of IRS liens, and other forms of legal process received by District affecting payment of wages to Provider Employees and will cooperate with Provider in responding thereto.

m. Comply, and be responsible for, Provider Employees' compliance with all health and safety laws, regulations, ordinances, directives, and rules imposed by controlling federal, state, or local governments, and report all work-related accidents involving a Provider Employee within 24 hours to District. Provider will provide, or ensure that all Provider Employees use, personal protective equipment as required by federal, state, local law, regulations, ordinances, directive or rule. Provider reserves the right to audit safety activities. Provider or its workers' compensation carrier has the right to inspect District's premises and operation, but is not obligated to conduct any inspections and either may give reports to District on the conditions found at District's worksites. District will supply documentation related to safety activities as prescribed by law (e.g. safety meeting, training, maintaining OSHA log). Neither Provider's insurer nor Provider warrants the result of the inspections or the absence thereof, or that the operations or premises are in compliance with any laws, regulations, codes or standards.

n. Pay Provider Employees in compliance with applicable wage and hour laws including, but not limited to, the Fair Labor Standards Act ("FLSA") and Arizona Labor Code. Provider shall maintain complete and accurate records of all wages paid to a Provider Employee assigned to provide services to District. Provider shall be exclusively responsible for and will comply with applicable law governing the reporting and payment of wages, payroll-related and unemployment taxes attributable to wages paid to Provider Employees assigned to provide services to District.

o. Be responsible for the quality, adequacy and safety of the Services provided by Provider Employees pursuant to this Agreement, and the acts, errors or omissions of Provider Employees at all times.

p. Be responsible for, and hold District harmless from, claims of Provider Employees arising from any act, error or omission of Provider allocated to Provider or shared by Provider and District under this Agreement.

q. Assist District to comply with A.R.S. § 15-512(h) by providing to District, or directing Provider Employees to visit District's Human Resources Department to provide, a set of identify-verified fingerprints for submission to the Arizona Department of Public Safety for the purpose of obtaining a current criminal history report for Provider Employees.

Exhibit "B"

Employee Agreements  
(copies to be attached)

Exhibit "C"  
Fee Schedule

Exhibit "D"  
Provider Compensation Schedule

Provider Compensation Schedule

Compensation: Provider compensation is computed by number of days Provider Employees work during designated month, times their Daily Rate of Pay. (Refer to Exhibit C.) Provider will invoice District monthly, at agreed-upon offered contractual salary at 71.64% of exit salary for first year internal Provider Employees and agreed-upon offered contractual salary for external Provider Employees, and Service Fee (3%) plus all applicable direct payroll costs (e.g., FICA, Medicare, AZ Unemployment, Federal Unemployment, Workers' Compensation (professional/classified), payable within seven (7) days of receipt of invoice. In subsequent year's, Provider will invoice the District monthly, at agreed upon salary increases for returning Provider Employees consistent with district employees in similar positions, and Service Fee (3%) plus all applicable direct payroll costs (e.g., FICA, Medicare, AZ Unemployment, Federal Unemployment, Workers' Compensation (professional/classified), payable within seven (7) days of receipt of invoice.

Addendum Pay: The District will pay the Provider for Provider Employees that have qualified for compensation for additional duties, such as coaching, department chair, sponsor of student club, etc. Provider will invoice the District monthly, at 87.43% agreed-upon offered addendum pay (e.g. coaching, tutoring, department chair, 301 Performance Pay, Essential Recruitment Stipend, etc.) and Service Fee (3%) plus all applicable direct payroll costs (e.g., FICA & Medicare, AZ Unemployment, Federal Unemployment, Worker's Compensation). The method and timing of payment of such "Addendum Pay" shall be in accordance with the performance of such service.

Furlough: The District may furlough its employees because of unanticipated funding reductions. In the event of a furlough, the District shall give provider advance notice, and Provider will coordinate a furlough of smartschoolsplus, inc. employees to the same extend as the furlough of District employees. A furlough day is a temporary, unpaid, non-work day that would otherwise be a paid workday.

Reimbursement:

(a) District will reimburse Provider Employee directly for mileage, travel, conferences and other out-of-pocket expenses incurred by Provider Employees but only if such expenses are approved (prior to the expense being incurred), by Provider Employee's District supervisor. To obtain such reimbursement, Provider Employees must submit a written claim for reimbursement, approved by the Provider Employee's District supervisor, to District. District shall reimburse Provider Employee and include the amount of the reimbursement on Provider Employee's approved claim reimbursement.

(b) District will reimburse Provider for Provider's out-of-pocket costs to provide Medical Insurance coverage to Provider Employees pursuant to Section 5(c) of this Agreement.

Annual PTO Days: The District will provide a substitute for each certified Academic 10 month Provider Employee, as appropriate, twelve (12) days (non-accrual) upon the initial placement of a Provider Employee. Fiscal support 12 month Provider Employees will receive fourteen (14) days (non-accrual) upon the initial placement of a Provider Employee. Fiscal non-administrative Provider Employees will receive ten (10) days (non-accrual) upon the initial placement of a Provider Employee and Fiscal administrative Provider Employees will receive twenty (20) days (non-accrual) upon the initial placement of a Provider Employee. Absences are to be reported according to District and Provider guidelines. In the event a Provider Employee exceeds allocated PTO days, the Provider will invoice the District less the daily rate of pay per Provider Employee absence for each day missed greater than allocated days. PTO days will be prorated for partial year contracts or for contracts that are terminated early by either party.

Annual Vacation Days - Fiscal Employees: The District will provide a substitute for each Provider Employee, when required. Non-Administrative Fiscal Provider Employees will receive ten (10) vacation

days (non-accrual) upon the initial placement of a Provider Employee. Administrative Fiscal Provider Employees will receive twenty (20) vacation days (non-accrual) upon the initial placement of a Provider Employee. Provider Employees will schedule and report their vacation days according to District guidelines. In the event a Provider Employee exceeds allocated vacation days, the Provider will invoice the District less the daily rate of pay per Provider Employee vacation absence for each day missed greater than the allocated days.

Technology Access: The District will provide each Provider Employee access to electronic and technological tools allowing for participation and function of normal District duties (e.g., e-mail, internet, cell phones, lap tops, etc.). Provider Employees agree to follow all District guidelines and policies regarding use of the same.

Use of District Vehicles: Subject to authorization by Provider Employee's District supervisor, District will provide Provider Employee with access to and use of a District-owned vehicle for the purpose of conducting District business. Any and all expenses, liabilities and insurance relating to the use of the District vehicle by Provider Employee will be the sole responsibility of District. Provider will provide Provider Employee with information regarding his or her obligation to maintain a current Arizona driver's license and to comply with all of District's safety policies and guidelines concerning use of District vehicles authorized for use by Provider Employee, as well as federal, state and local laws and regulations, if any, applicable to such use.

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