Client Service Agreement

DHR Operations, LLC (DHR)
3020 E Camelback Road
Suite 213
Phoenix, AZ 85016
480.941.5588

This Agreement (the "Agreement") effective on the date shown on Addendum I is between the following parties:

DHR Operations, LLC (DHR)
3020 E Camelback Road
Suite 213
Phoenix, AZ 85016
480.941.5588

Grand Canyon Prepatory Academy
5301 S. McClintock Rd
Tempe, AZ 85283
Referred herein as "Client"

GENERALLY APPLICABLE PROVISIONS

1.1 **Personnel.** DHR will process and enroll for Client those employees of Client's choosing (referred to herein in the singular as "Employee" and in the plural as "Employees") for the positions summarized by the occupational classification codes and descriptions contained in Addendum I to this Agreement, beginning on the effective date shown in Addendum I and ending on the date of termination of this Agreement, once Client supplies DHR with all of the information necessary to begin providing the services described herein. Client understands and agrees that DHR cannot and will not begin to provide any services under this Agreement, and thus the Agreement is not in force, unless and until said information is received. Client represents that the information which Client has supplied to DHR concerning these positions and its Employees is current and accurate, and agrees to notify DHR in writing within one (1) business day of any changes to the information. Failure of Client to inform DHR of any newly hired employees within one (1) business day entitles DHR, at its option, to refuse to treat any such newly hired employee as an Employee under this Agreement.

1.2 **No Third-Party Beneficiaries.** This Agreement is between Client and DHR and creates no individual rights of the Employees or any other third parties as against either Client or DHR.

ADMINISTRATION

2.1 **DHR's Responsibilities With Respect to Employees.** Subject to Section 1.1, the parties agree that DHR will be responsible for: (1) the physical payment of wages to the Employees and compliance with rules and regulations governing the reporting and payment of all federal and state taxes on payroll wages paid to Employees, except as mandated by any applicable state law; (2) compliance with applicable workers' compensation laws (subject to Sections 6.1 - 6.3), including but not limited to: (i) procuring and maintaining workers' compensation insurance; (ii) completing and filing required reports; and (iii) administering workers' compensation claims; and (3) providing human resources assistance to Client as provided in Section 4.6 of this Agreement. Nothing in this section should be construed to create any responsibility on the part of DHR with respect to how Employees are classified for the purposes of occupational classification codes and/or federal and state wage and hour classifications. Furthermore, this Agreement does not create any responsibility whatsoever on the part of DHR with respect to any independent contractors utilized by Client, including but not limited to any issues related to the proper (or improper) classification of independent contractors.

2.2 **Compliance with Applicable State Law.** Compliance with Applicable State Law. This Agreement complies with the requirements set forth in A.R.S. Title 23, Chapter 3, Article 4, and DHR is in compliance with all licensing, registration, bonding, notice, disclosure, and all other materials requirements set forth in A.R.S. §§ 23-561 though 23-576.

SAFE WORK ENVIRONMENT

Because the Employees will be assigned to work exclusively at Client's workplace, Client must ensure that the workplace is at least as safe as the law requires. Client therefore agrees as follows:

3.1 Client will provide a safe workplace, safe equipment, and safe materials/supplies for the Employees.

3.2 Client will comply with all federal, state and local health and safety laws, regulations, ordinances, directives and rules relating to the workplace.

3.3 Client will comply with all reasonable directives from DHR, any consultants which DHR hires, DHR's workers' compensation carrier, and any governmental agencies having jurisdiction over the workplace or employees' health and safety.

3.4 Client will provide and ensure the use of all personal protective equipment as required by federal, state or local laws,

regulations, ordinances, directives or rules, or as deemed necessary by DHR, any consultants which DHR hires, or DHR's workers' compensation carrier.

3.5 Client will, within 24 hours, report to DHR all accidents and injuries involving any Employee or Employees, and Client will cooperate with DHR, DHR's workers' compensation carrier, and/or any consultants which DHR hires in connection with workplace injuries.

3.6 DHR, DHR's workers' compensations carrier, and any consultants which DHR hires shall have the right to inspect Client's workplace, including but not limited to any job sites to which Client assigns any Employees. To the extent possible, such inspections shall be scheduled at mutually convenient times. DHR possesses the right to immediately remove any Employees from Client's workplace and/or to immediately terminate this Agreement if DHR, in its sole discretion, concludes that the workplace is unsafe.

3.7 Client will provide any specialized training required by law concerning safety for Employees before they begin work at each site or as soon as possible thereafter. The training shall include information about any potential safety hazards or safety issues at the Client's worksite. Client agrees and understands that, at Client's request, DHR can assist in providing this training for Client's Employees.

COVENANTS, REPRESENTATION AND WARRANTIES

4.1 Client will comply with DHR's employment policies and directives and will provide DHR with timely notice of absences, tardiness, misconduct, changes in wage/hour and/or occupational classifications, terminations, or neglect of duties by any Employees.

4.2 Client represents and warrants to DHR that, prior to the effective date of the Agreement, Client complied with all applicable requirements of the federal COBRA and any state law COBRA equivalents.

4.3 Client will not discriminate against Employees on the basis of race, religion, color, age, sex, national origin, handicap, veteran status, or any other protected status, in accordance with applicable federal, state, or local laws. In addition, Client will not discriminate against Employees because any Employee has reported, or is about to report, a violation or suspected violation of any law, nor shall Client retaliate against any such Employee. Client will not sexually or otherwise harass any Employees and will reasonably accommodate any qualified disabled applicant or Employee, and Client will provide all sexual harassment training required by state law, if any. Client agrees and understands that, at Client's request, DHR can assist in providing this training for Client's Employees.

4.4 Client and DHR acknowledge, understand, and agree that, notwithstanding any other provision of the Agreement, access to any property, whether real, appurtenant, or personal, as well as the accommodation of said property to any person who may be handicapped, disabled, or perceived as being handicapped or disabled, over which real or personal property Client has ownership, administration, maintenance, or some other control, whether provided by DHR or some other entity, shall be the sole and exclusive responsibility of Client.

4.5 Client agrees to cooperate, upon the request of DHR, in the investigation and/or defense of any employment issue, claim, charge, or suit involving and/or related to any Employee, DHR, and/or Client. This covenant to cooperate will survive the termination of this Agreement and will require the Client to assist DHR by making available its employees and agents for interviews with DHR's agents, including its attorneys, and interviews with or appearances before any governmental agency or court as DHR requests.

4.6 DHR agrees to provide human resources assistance to Client on an as-needed basis. Client understands and agrees that it shall utilize this assistance on a reasonable basis as DHR determines in its sole discretion. Client further understands and agrees that DHR is not authorized to, and shall not provide to Client legal advice, and that compliance with all applicable law is Client's sole responsibility. Client understands and agrees that, in the event that DHR provides advice to Client directly and/or indirectly through DHR's human resources consultants and/or through DHR's legal counsel, such advice shall not create an attorney-client relationship between Client and DHR and/or DHR's legal counsel.

FEES

5.1 Client will pay DHR a fee for services which DHR provides to Client, based on the Invoice Rates shown by occupational classification codes and by state on Addendum I. All invoice amounts are due immediately when Client receives an invoice or on

the invoice date, whichever is earlier, unless other arrangements are agreed upon by DHR in writing. Any past due amount will bear interest at the rate of 24% per annum, or the maximum legal rate, whichever is greater, provided that in no event shall the rate exceed the maximum rate allowable by any applicable usury or related law, from the due date until paid.

5.2 DHR has the right to increase Client's fee:

a. upon giving Client at least thirty (30) days advance written notice after this Agreement has been in effect three hundred thirty-five (335) days;

b. at any time, if there is an increase in payroll taxes, workers' compensation insurance costs, or employee benefits costs. Any increase in DHR's fees due to increases in payroll taxes, workers' compensation insurance premiums, or employee benefits costs will be effective immediately with the effective date of the increase. DHR reserves the right, in its sole discretion, to invoice Client on a retroactive basis for any increase in the Invoice Rates as a result of an increase in payroll taxes, workers' compensation insurance costs, or employee benefits costs not reflected in any previous invoice for the applicable period(s). The right to invoice retroactively will extend beyond termination of this Agreement; and/or

c. at any time there is a change to the information stated in Addendum I.

5.3 Client will report to DHR all time worked by the Employees during each pay period and Client will provide DHR with written verification of same following each pay period. It is Client's responsibility at all times to ensure that time worked by the Employees is properly recorded and reported to DHR, and Client is solely responsible for any and all inaccuracies with respect to such reporting.

INSURANCE REQUIREMENTS

6.1 As provided in Section 1.1, Client is responsible for providing DHR accurate information regarding payroll, its employees' duties, and classification codes. DHR will in turn utilize this information to obtain workers' compensation insurance coverage on behalf of Client. After receiving the information required by Section 1.1, DHR shall obtain all workers' compensation insurance coverage required by law in connection with the work performed by Employees as soon as practicable. Client agrees that it is solely responsible for maintaining its own policy of workers' compensation insurance until such time as it is notified by DHR that a new policy has been obtained by DHR on behalf of the Client. Once DHR has obtained said coverage, DHR will furnish and keep in force and effect said coverage at all times during the remaining term of this Agreement to the full extent required by law in connection with the work performed by Employees assigned to Client pursuant to this Agreement, except as provided in Section 1.1 of this Agreement. Workers' compensation insurance obtained by DHR in connection with this Agreement shall not apply to independent contract or sub-contract laborers performing services for the benefit of Client, except as provided by applicable law. As set forth in Section 2.1, Client is solely responsible for the classification of its workers, including but not limited to classification of workers as independent contractors.

6.2 The parties hereby acknowledge and understand that, if Client understates or conceals any of the information provided to DHR so as to avoid proper classification for premium calculations, or misrepresents or conceals information provided to DHR pertinent to the computation and application of an experience rating modification factor, and DHR in turn utilizes this information to obtain workers' compensation insurance coverage, Client shall be solely responsible for paying any and all potential penalties and/or liabilities.

6.3 With respect to Client's employees who are not governed by this Agreement, Client will, at Client's own expense, furnish and keep in force and effect at all times during the term of this Agreement, Client's own policy of workers' compensation insurance to the full extent required by law.

6.4 Client will, at Client's own expense, furnish and keep in force and effect at all times during the term of this Agreement, the following additional insurance coverage, from a licensed insurance company:

a. commercial general liability insurance in standard form covering Client's operations, written on an occurrence basis with minimum limits of One Million and No/100 Dollars ($1,000,000), with DHR listed as an additional insured;

b. comprehensive automobile liability insurance for all owned, hired and non-owned vehicles, with minimum limits of One Million and No/100 Dollars ($1,000,000) combined single limits per occurrence for bodily injury and property damage liability, with DHR listed as an additional insured.

6.5 The parties shall cause each of their carriers of insurance that have or will issue any insurance coverage required under this Agreement, to issue to the other party certificates of insurance which specify the required coverages and endorsements, identify the other party as a co-insured, and which provide for not less than thirty (30) days advance notification of cancellation, non-renewal or material change. Client further agrees to comply with all applicable Department of Transportation, Interstate Commerce Commission, Motor Carriers Act, and applicable state or local requirements and regulations if Client uses Employees to operate motor vehicles.

6.6 Client hereby waives any claim against DHR, by way of subrogation or otherwise, which arises during the term of the Agreement for personal injuries or death and/or for any and all loss of or damage to any of its property if such claim is covered by polices of insurance, to the extent that any damage or losses resulting from such claim are recovered under any applicable policies of insurance.

DEFAULT

7.1 Acts of default by Client shall include, but are not limited to:

a. failure to pay DHR any fee or invoice amount when due;

b. failure to comply within ten (10) days of any reasonable directives of DHR or with any directive promulgated or made necessary by: (i) a federal, state or local governmental body, department or agency; or (ii) an insurance carrier providing coverage to DHR, Client, or the Employees;

c. failure to comply with the provisions requiring Client's purchase and maintenance of insurance coverage as required by Sections 6.3 and 6.4 of this Agreement;

d. direct payment of wages to Employees for services provided pursuant to this Agreement;

e. commission or omission of any act that usurps any of DHR's rights or obligations with respect to the Employee;

f. violation of any provision of this Agreement;

g. a material misrepresentation of a fact material to this Agreement; or

h. failure to provide reasonable documentation, cooperation under Section 4.5, or information requested of the Client by DHR;

i. failure to operate the business and to use DHR's services on a regular, predictable basis, as defined by Client's standard payroll period.

The forgoing list is intended only to set forth specific examples of default and is not intended to be an exhaustive list of those acts by Client that may constitute a default of this Agreement.

7.2 Client shall reimburse DHR for all actual expenses, fines, fees, costs, and liabilities which DHR incurs as a result of Client's default, including but not limited to reasonable attorneys' fees, court costs and related expenses.

7.3 Upon an act of default by Client, DHR shall have the option, in its sole and absolute discretion, of terminating the Agreement immediately. In the event DHR exercises such option, this Agreement shall terminate on the date of Client's last pay period utilizing DHR's services. DHR's exercise of its rights in the event of Client's default as set forth herein shall not limit, restrict, or in any other way effect any other rights granted to DHR by this Agreement, or by law.

INDEMNITY

8.1 Client agrees to indemnify, defend and hold DHR and its shareholders, directors, officers, employees, successors, and assigns harmless from and against any and all liabilities, expenses (including court costs and attorneys' fees) and claims for damage of any nature whatsoever (whether statutory, in tort, contract, equitable relief, injunctive relief, or otherwise), whether known or unknown and whether direct or indirect, which DHR or any of those individuals will suffer or incur as a result of Client's and/or the Employees' acts, errors, or omissions, including any failure by Client to maintain any insurance required by this

Agreement, and any negligent acts and statutory violations. At the option of DHR, the Client shall participate in the defense of any such claims and shall cooperate fully in the defense of any claim to the extent required by Section 4.5 of this Agreement.

8.2 Because Client retains direct contact with the Employees and its workforce in general, Client agrees that for any liability imposed by a court, tribunal, or governmental agency, which liability is the result of the violation of an Employee's or worker's legal rights as an employee, Client will assume all such liability and will indemnify, defend and hold DHR harmless against any and all liabilities, expenses (including court costs and attorney's fees) and claims for damage of any nature whatsoever (whether statutory, in tort, contact, equitable relief, or otherwise), whether known or unknown and whether direct or indirect, unless: (1) the basis for the liability is DHR's failure to pay wages, except as such responsibility is restricted under Section 2.1 of this Agreement; and (2) the liability is the result of DHR's failure to maintain appropriate workers' compensation insurance for a Employee, but only where such failure is solely the fault of DHR and is not the result of Client's failure to properly classify the Employee or worker, and/or as provided in Sections 6.1 - 6.3. Client understands and agrees that Client is solely responsible for the costs of defending against any and all claims of the Employees, which shall include but not be limited to attorneys' fees and costs, arising out of or in any way related to such claims and/or the investigation of such claims.

8.3 To the extent any employee benefits are offered through or by DHR to any Employees, Client acknowledges and agrees that: (1) DHR's role in providing any such benefits is solely as an intermediary and facilitator; (2) DHR has no control over the eligibility criteria, terms and conditions of coverage, or level of benefits provided by the actual provider of the benefit(s); and (3) that the provider(s) may amend, modify, limit, supplement, expand, or terminate coverage at any time. Client agrees to indemnify, defend and hold DHR and its shareholders, directors, officers, employees, successors, and assigns harmless from and against any and all liabilities, expenses (including court costs and attorneys' fees) and claims for damage of any nature whatsoever (whether statutory, in tort, contract, equitable relief, injunctive relief, or otherwise), whether known or unknown and whether direct or indirect, which DHR or any of those individuals will suffer or incur as a result of any denial in coverage and/or claims, changes in benefits offered or provided or changes in eligibility rules and/or criteria, or any other benefits-related matter. At the option of DHR, the Client shall participate in the defense of any such claims and shall cooperate fully in the defense of any claim to the extent required by Section 4.5 of this Agreement.

8.4 As required by A.R.S. § 23-562, this Agreement permits both DHR and Client to have a right to hire, terminate and discipline covered Employees. However, Client retains the right to direct and control covered Employees to the extent necessary to conduct Client's business. Because the Client retains the right to run its business as it sees fit consistent with this Agreement and applicable laws, Client bears sole responsibility and bears all of the risk for making decisions related to strategic, operational and/or other business decisions regardless of any and all input from one or more of the Employees.

8.5 DHR makes no representations and/or warranties of any kind with respect to the Employees, including but not limited to their skills, abilities, background, and/or criminal history.

AMENDMENT AND TERMINATION

9.1 **Amendment.** This Agreement may be amended from time to time as agreed by the parties in writing. The parties agree to amend this Agreement as necessary upon a change in law which makes any provision hereof impossible to perform or which significantly changes the cost of performance. Any amendments shall become effective on the designated date after the amendment is signed by both parties.

9.2 **Termination.** Except as otherwise provided herein, this Agreement can be terminated by DHR, without cause, by giving the client at least thirty (30) days advance notice of termination. Client may terminate this Agreement with ten (10) days advance notice.

MISCELLANEOUS

10.1 **Assignment.** The Client shall not assign this Agreement or its rights and duties hereunder, or any interest herein, without prior written consent of DHR.

10.2 **Attorneys' Fees.** The prevailing party in any action arising out of or in any way related to this Agreement shall be entitled to recover from the other party all cost of such action including, without limitation, reasonable attorneys' fees, court costs, and related expenses.

10.3 **Client's Employment of DHR Employees.** Client acknowledges and agrees that, if (a) during the term of this Agreement, Client hires any DHR employee(s) and then terminates this Agreement within six (6) months after hiring said employee(s), or (b)

Client terminates this Agreement and hires any DHR employee(s) within six (6) months after termination of this Agreement, this will result in damage to DHR, and therefore Client agrees to pay DHR an amount equal to 20% of said employee(s) total first year compensation, as pre-agreed liquidated damages.

10.4 **Choice of Law and Forum.** This Agreement is governed by the laws of the State of Arizona without regard to the conflicts of laws or principles thereof. With respect to any litigation based on, arising out of, or in connection with this Agreement, Client expressly submits to the personal jurisdiction of the Superior Court of the State of Arizona in and for the County of Maricopa or the United States District Court for the District of Arizona, and Client expressly waives, to the fullest extent permitted by law, any objection that Client may now or hereafter have to the laying of venue of any such litigation brought in any such court referred to above, including without limitation any claim that any such litigation has been brought in an inconvenient forum.

10.5 **Entire Agreement.** This Agreement, including all addenda attached hereto and executed by both parties, contains the entire Agreement of the parties and supersedes any and all agreements, whether written or oral, with respect to its subject matter. No amendment or modification hereto shall be valid unless in writing and signed by both parties hereto. The parties understand and agree that parol evidence shall not be admissible with respect to interpretation of this Agreement.

10.6 **Severability.** If any provision of this Agreement, or any addenda or amendment thereto, is or should become invalid, the remaining provisions shall remain in effect and be so construed as to effectuate the intent and purpose of this Agreement and any amendments thereto.

10.7 **Notices.** All notices, requests, and communications provided hereunder shall be in writing, and hand delivered or mailed by United States registered or certified mail, or by overnight courier, return receipt requested, and addressed to the party's address as set forth in this Agreement.

10.8 **Waiver.** The waiver by either party hereto of a breach of any term or provision of this Agreement shall not be construed as a waiver of a subsequent breach of the same provision by any party or of a breach of any other term or provision of the Agreement, and failure by either party at any time to require performance by the other party shall not constitute a waiver of any right to require performance in the future or performance of any other promise nor prejudice either party as regards to any subsequent action.

10.9 **Limitation on Damages.** Notwithstanding anything herein or in any other Agreement or document to the contrary, Client expressly agrees that DHR shall not, under any circumstances, be liable for any special, incidental or consequential damages of any nature whatsoever arising under, out of, or relating to this Agreement.

ADDENDA

The following addenda, as indicated by "X", are attached to this Agreement and incorporated herein by reference for all purposes:

a. Addendum I - Schedule of Fees X

ACCEPTED BY CLIENT:

BY: _____

PRINT NAME: David Gorell

TITLE: School Chancellor

DATE: 7/17/10

ACCEPTED BY DHR:

BY: _____

PRINT NAME: James Vetland

TITLE: CFO

DATE: 8-3-2010

Att: Fletcher Scholer

ADDENDUM I
SCHEDULE OF FEES

Client Name: Grand Canyon Prepatory Academy

Set-up Fee: $150.00
Advanced Payroll Deposit: $0.00

Total due upon signing this Agreement: $150.00

The following fee represents a percentage of gross payroll processed for the employees. The fee shall be due by the client to DHR before the client receives payroll checks or benefits from DHR. This fee shall apply towards cost of payroll, employer taxes (FICA, FUTA, SUTA), DHR administration costs, and workers' compensation coverage.

WC Class Code	State	Description	% of Gross Payroll
8868	AZ	College: Professional Employees & Clerical	13.47%
9101	AZ	College: All Other Employees	17.15%

Effective Date: _____

Client _____

DHR _____

Admin Fee 1.5%
FICA 7.65%
Futa .80%
Suta 2.55%
w/c .57%
13.47%

602
583
2805