

Memorandum of Understanding, Phase III

This Memorandum of Understanding, Phase III (the "Memorandum") is entered into as of May 18, 2012, between William Penn Foundation, a Delaware non-profit, non-stock organization (the "Grantor"), and United Way of Southeastern Pennsylvania, a Pennsylvania non-profit, non-stock organization (Grantee).

RECITALS:

WHEREAS, Grantor and Grantee have entered into a Grant Award Contract dated February 26, 2012 in the amount of \$1,500,000 (the "Total Grant Amount") for the purpose of funding the design and implementation of a restructuring plan for the School District of Philadelphia;

WHEREAS, the School Reform Commission, as governing body of the School District of Philadelphia, a body corporate and political subdivision formed and existing under the laws of the Commonwealth of Pennsylvania (the "School District"), and The Boston Consulting Group, Inc., a Massachusetts corporation (the "Contractor"), have entered into an Agreement for Services dated March 30, 2012, whereby the School District engaged the Contractor to complete the work set forth in Exhibit A ("Phase I Work") to the Agreement for Services for a proposed fee of \$1,447,941;

WHEREAS, Grantee and the School District entered into a Grant Agreement dated March 2, 2012, to support the design and implementation of a restructuring plan for the School District of Philadelphia that demonstrates a commitment to excellence in education, financial transparency, right-sizing of the School District of Philadelphia, and a portfolio approach for managing schools, and pursuant to that Grant Agreement, Grantee made one payment in the amount of \$750,000 to the School District and no further payment will be made by Grantee with respect to Phase I Work;

WHEREAS, Grantor and the Contractor executed a Statement of Work: Phase II of School District of Philadelphia Transformation dated April 6, 2012 (the "Statement of Work"), whereby the Contractor proposed to complete the work and make the deliverables set forth therein ("Phase II Work") for a proposed fee of \$700,000;

WHEREAS, Grantor and Grantee have entered into a Memorandum of Understanding of even date herewith, authorizing Grantee to make certain payments to Contractor in the amount of \$700,000 under the Grant Award Contract (the "Phase II Memorandum");

WHEREAS, Grantor and the Contractor executed a Statement of Work: Phase III of School District of Philadelphia Transformation dated April 30, 2012 (the "Statement of Work, Phase III"), whereby the Contractor proposed to complete the work and make the deliverables set forth therein ("Phase III Work") for a proposed fee of \$1,250,000;

WHEREAS, Grantor and Grantee have raised additional funds dedicated to funding the Phase III Work (the "Additional Funds");

WHEREAS, Grantor has determined that Contractor has satisfied all duties, obligations, and conditions to payment set forth in the Grant Award Contract and has made all deliverables set forth in the Statement of Work, Phase III; and

WHEREAS, Grantor desires Grantee to make the payment of \$1,250,000 to Contractor out of the funds remaining in the Total Grant Amount and the Additional Funds on the terms and conditions set forth herein, and Grantee has indicated its willingness to do so;

AGREEMENT:

NOW, THEREFORE, in consideration of the mutual covenants contained herein, the parties hereto agree as follows:

1. Authorization of Grantee. Grantor hereby authorizes and directs Grantee to distribute the balance of the Total Grant Amount remaining after payment by Grantee under (1) Grantee's Grant Agreement with the School District and (2) the Phase II Memorandum (the "Remaining Balance") to the Contractor on the terms and conditions set forth herein, and Grantee agrees to make such distribution upon such terms and conditions.
2. Payment of Additional Funds: Grantor and Grantee agree that Grantee shall distribute some or all of the Additional Funds to Contractor on the terms and conditions set forth herein.
3. Payment to Contractor for Phase III Work. Grantee is hereby authorized and directed by Grantor, and hereby agrees to disburse to Contractor, the Remaining Balance and Additional Funds in the aggregate and total amount of \$1,250,000, as payment in full of the Contractor's fee set forth in the Statement of Work, Phase III for completion of the Phase III Work, provided that such disbursement shall be made within five (5) business days of receipt by Grantee of an Invoice Letter duly executed by the Contractor. Such disbursement shall be paid by check.
4. Representations and Warranties of Grantor. Grantor hereby represents and warrants to Grantee that:
 - (a) Grantor has all requisite power and authority pursuant to the instruments referred to herein to authorize and direct Grantee to disburse portions of the Total Grant Amount to the Contractor.
 - (b) Contractor has completed the Phase III Work, fulfilled all duties, obligations, and conditions to payment set forth in the Grant Award Contract, and made all deliverables thereunder.
 - (c) The Phase III Work completed by the Contractor conforms with the terms and purposes stated in the Grant Award Contract and the scope of services set forth in the Grant Agreement, and all terms or conditions therein, and furthers the design and implementation of a restructuring

plan for the School District of Philadelphia that demonstrates a commitment to excellence in education, financial transparency, right-sizing of the School District of Philadelphia, and a portfolio approach for managing schools.

The representations and warranties contained in this Section 3 are for the sole benefit of Grantee, and Grantor acknowledges that Grantee is entering into this Memorandum in reliance on the representations and warranties made by Grantor under this Memorandum. Notwithstanding anything in this Memorandum to the contrary, nothing in this Section shall be construed to inure to the benefit of any third party, nor shall anything in this Section be construed to limit the rights of the parties to this Memorandum to recover against any third party in any way whatsoever.

5. Concerning the Grantee

- (a) The Grantee has all requisite power and authority to enter into this Memorandum and to act as Grantee for the purposes set forth in this Memorandum.
- (b) The Grantee shall have no duties or obligations other than those specifically set forth herein. Except as to its due execution and delivery of this Memorandum and checks issued pursuant to Section 2 hereof, it makes no representation and has no responsibility as to the validity of this Memorandum or of any other instrument referred to herein, or as to the correctness of any statement contained herein, and it shall not be required to inquire as to the performance of any obligation of the Contractor under the Grant Award Contract, the Grant Agreement, the Agreement for Services, or the Statement of Work, Phase III.
- (c) The Grantee may rely on and shall be held harmless in acting upon the representations and warranties of Grantor and any other statements contained herein, as well as any written instruction, certificate, instrument, opinion, notice, letter, or other document delivered to the Grantee by Grantor or the Contractor in connection with the transactions contemplated by this Memorandum.

6. Indemnification and Release from Liability. Grantor covenants and agrees to indemnify and to hold the Grantee harmless at all times against all actions, proceedings, losses, liabilities, costs, claims and demands incurred or sustained by the Grantee in respect of any matter or thing done by it under, pursuant to or in connection with this Memorandum, or otherwise arising in connection with its office as Grantee hereunder, except in so far as the same arose through the gross negligence or wilful misconduct on the part of the Grantee. Without limiting the generality of the foregoing, the Grantor will indemnify the Grantee against all legal or other fees arising out of or in connection with its entering into this

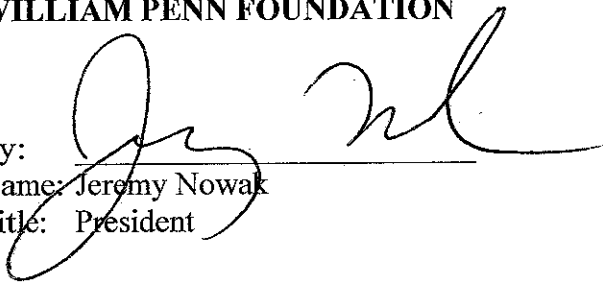
Memorandum and carrying out its duties hereunder, including the costs and expenses of defending itself against any claim of liability or any action for interpleader. The Grantee shall have no liability to Grantor, the School District, or any other person for any acts or omissions on the part of the Contractor.

7. No agency. This Memorandum does not constitute an agreement for a partnership or joint venture between the parties. The Grantee shall perform services contemplated by this Memorandum as an independent contractor and nothing contained herein shall be construed to be inconsistent with such relationship or status, nor shall anything contained herein be construed to constitute Grantee as an employee or agent of Grantor. No party shall make any commitments with third parties that are binding on any other party without the other party's prior written consent.
8. No compensation. The Grantee shall not be compensated for any services provided pursuant to this Memorandum.
9. Term and Survival. This Memorandum shall remain in effect until the date on which disbursement of the Remaining Balance and Additional Funds has been made, unless prior to such disbursement the Grant Award Contract or Statement of Work, Phase III is cancelled or otherwise terminated. Upon such disbursement, the duties of United Way of Southeastern Pennsylvania in its capacity as the Grantee under this Memorandum shall terminate. The Contractor shall be entitled to look only to Grantor or the School District with respect to any payments owed to Contractor that are not specifically provided for herein. The provisions of Section 4, Representations and Warranties of Grantor, and Section 6, Indemnification and Release from Liability, and the duly executed Invoice Letter shall survive termination of this Memorandum.
10. Governing Law. This Memorandum shall be governed by and construed in accordance with the laws of the Commonwealth of Pennsylvania, exclusive of its rules governing conflicts of law.
11. Entire Agreement. This Memorandum constitutes the entire agreement between the parties hereto with respect to the subject matter hereof. The parties to this Memorandum acknowledge that the Grant Award Contract of February 26, 2012 shall supersede the Memorandum in the event that a conflict exists. In addition, the Grant Agreement, Agreement for Services, and Statement of Work, Phase III are in or have been in place and the parties anticipate entering into similar agreements for future services to be performed in carrying out the terms and purposes set forth in those documents.

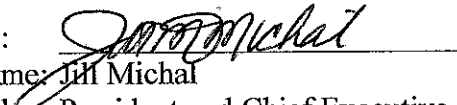
[SIGNATURE PAGE FOLLOWS]

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

WILLIAM PENN FOUNDATION

By: 
Name: Jeremy Nowak
Title: President

UNITED WAY OF SOUTHEASTERN PENNSYLVANIA

By: 
Name: Jill Michal
Title: President and Chief Executive Officer