



CONTRACT TO CHARTER A PUBLIC SCHOOL ACADEMY  
AND RELATED DOCUMENTS

ISSUED TO

NEW BRANCHES CHARTER ACADEMY  
(A PUBLIC SCHOOL ACADEMY)

BY THE

CENTRAL MICHIGAN UNIVERSITY  
BOARD OF TRUSTEES  
(AUTHORIZING BODY)

JULY 1, 2019

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**AUTHORIZING RESOLUTION**

**REAUTHORIZATION OF PUBLIC SCHOOL ACADEMY****New Branches Charter Academy**

## Recitals:

1. At its May 1, 2014, meeting this board authorized the issuance of a contract to charter as a public school academy to New Branches Charter Academy. On July 1, 2014, the contract was effective.
2. The contract of this academy expires June 30, 2019.
3. The Governor John Engler Center for Charter Schools has completed its evaluation and assessment of the operation and performance of New Branches Charter Academy.
4. The university president or designee has recommended the reissuance of a contract to charter as a public school academy to New Branches Charter Academy. The term of the contract is recommended for a term not to exceed five (5) years.

BE IT RESOLVED, That this board approves and authorizes the execution of a contract to charter as a public school academy to New Branches Charter Academy for a term not to exceed five (5) years and authorizes the chair of the board to execute a contract to charter as a public school academy and related documents between New Branches Charter Academy and the Central Michigan University Board of Trustees, provided that, before execution of the contract, the university president or designee affirms that all terms of the contract have been agreed upon and New Branches Charter Academy is able to comply with all terms and conditions of the contract.

CMU BDT APPROVED

Date:

12/6/18

Signature:

Mary Jane Hanagan

**Public School Academy Board of Directors: Method of Selection,  
Appointment and Removal**

The Central Michigan University Board of Trustees declares that the method of selection, length of term, and number of board members shall be as follows.

**Method of Selection and Appointment**

The Central Michigan University Board of Trustees ("University Board") shall prescribe the method of appointment for members of an academy's board of directors. The director of the charter schools office is authorized to develop and administer an academy board selection and appointment process that includes an *Application for Public School Academy Board Appointment* and is in accord with these policies:

- a. The University Board shall appoint the initial and subsequent academy board of directors by resolution, except as prescribed by subparagraphs d and e. The director of the charter schools office shall recommend qualified individuals to the University Board, and ensure that the board of directors includes representation from the local community where the academy is located.
- b. The academy board of directors, by resolution and majority vote, shall nominate its subsequent members, except as provided otherwise. The academy board of directors shall recommend to the director of the charter schools office at least one nominee for each vacancy. Nominees shall submit the *Application for Public School Academy Board Appointment* for review by the charter schools office. The director of the charter schools office may or may not recommend the appointment of a nominee submitted by the academy board. If the director of the charter schools office does not recommend the appointment of a nominee submitted by the academy board, he/she may select and recommend another nominee or may request the academy board submit a new nominee for consideration.
- c. An individual appointed to fill a vacancy created other than by the expiration of a term shall be appointed for the unexpired term of that vacant position.
- d. Under exigent conditions, and with the approval of the University Board's chair and the president, the director of the charter schools office may appoint a qualified individual to an academy's board of directors. All appointments made under this provision must be presented to the University Board for final determination at its next regularly scheduled meeting. The University Board reserves the right to review, rescind, modify, ratify, or approve any appointments made under this provision.
- e. In the event that the health, safety and welfare of an academy's students, property or funds are at risk, the president, after consulting with the University Board's chair, may appoint a person to serve as a conservator for the academy. Upon appointment, the conservator shall have all the powers of the academy's board of directors and shall act in the place and stead of the academy's board of directors. After the President appoints a conservator, the full Board of Trustees shall receive notice of the appointment as soon as possible. The president shall appoint the conservator for a definite term which may be extended in writing. During the conservator's appointment, the academy's board of directors, and all powers of the academy's board of directors, are suspended. The charter contract shall set forth any additional powers granted to the conservator during their appointment. All appointments made under this

Date: 2/15/18

Signature: My Hangan

provision must be presented to the University Board for final determination at its next regularly scheduled meeting.

### **Length of Term**

The director of an academy board shall serve at the pleasure of the University Board. Terms of the initial positions of the academy board of directors shall be staggered in accordance with *The Academy Board of Directors Table of Staggered Terms and Appointments* established and administered by the director of the charter schools office. Subsequent appointments shall be for a term of office not to exceed four (4) years, except as prescribed by *The Academy Board of Directors Table of Staggered Terms and Appointments*.

### **Removal and Suspension**

If the University Board determines that an academy board member's service in office is no longer necessary, then the University Board may remove an academy board member with or without cause and shall specify the date when the academy board member's service ends. An academy board member may also be removed as part of a reconstitution under the charter contract or from office by a two-thirds (2/3) vote of the academy's board of directors for cause.

With the approval of the University Board's chair and the president, the director of the charter schools office may suspend an academy board member's service, if in his/her judgment the person's continued presence would constitute a risk to persons or property, or would seriously impair the operation of the academy. Any suspension made under this provision must be presented to the University Board for final determination at its next regularly scheduled meeting. The University Board reserves the right to review, rescind, modify, ratify, or approve any suspensions made under this provision.

### **Number of Directors**

The number of members of the academy board of directors shall not be less than five (5) nor more than nine (9). If the academy board of directors fails to maintain its full membership by making appropriate and timely nominations, the University Board or its designee may deem that failure an exigent condition.

### **Qualifications of Academy Board Members**

To be qualified to serve on an academy's board of directors, a person shall, among other things: (a) be a citizen of the United States; (b) be a resident of the State of Michigan; (c) submit all materials requested by the charter schools office including, but not limited to, the *Application for Public School Academy Board Appointment* which must include authorization to process a criminal background check; and (d) annually submit a conflict of interest disclosure as prescribed by the charter schools office.

The members of an academy board of directors shall not include: (a) employees of the academy; (b) any director, officer, or employee of an educational management organization or educational management corporation that contracts with the academy; (c) a Central Michigan University official or employee, as a representative of Central Michigan University.

CMU BDT APPROVED

Date: 2/15/18

Signature: m J Flanagan

**Oath of Public Office**

All members of the academy board of directors must take the constitutional oath of office and sign the *Oath of Public Office* before beginning their service. No appointment shall be effective prior to the filing of the *Oath of Public Office* with the charter schools office.

Note: These provisions shall be implemented with new charter contracts and shall be phased in as existing charter contracts are reissued or amended. The charter schools office is authorized to negotiate changes in the terms and conditions of charter contracts to fully implement these provisions.

Amended by Board of Trustees: 18-0215

Adopted by Board of Trustees: 98-0918, 06-1207, 07-0712 and 11-0714

CMU BDT APPROVED

Date: 2/15/18

Signature: my Haneja



**TERMS AND CONDITIONS**

**TERMS AND CONDITIONS  
OF CONTRACT**

**DATED: JULY 1, 2019**

**ISSUED BY**

**CENTRAL MICHIGAN UNIVERSITY BOARD OF TRUSTEES**

**CONFIRMING THE STATUS OF  
NEW BRANCHES CHARTER ACADEMY**

**AS A**

**PUBLIC SCHOOL ACADEMY**

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WHEREAS, the People of Michigan through their Constitution have provided that schools and the means of education shall forever be encouraged and have authorized the Legislature to maintain and support a system of free public elementary and secondary schools; and

WHEREAS, all public schools are subject to the leadership and general supervision of the State Board of Education; and

WHEREAS, the Legislature has authorized an alternative form of public school designated a "public school academy" to be created to serve the educational needs of pupils and has provided that pupils attending these schools shall be eligible for support from the State School Aid Fund; and

WHEREAS, the Legislature has delegated to the governing boards of state public universities, community college boards, intermediate school district boards and local school district boards, the responsibility for authorizing the establishment of public school academies; and

WHEREAS, the Central Michigan University Board of Trustees ("University Board") has considered and has approved the issuance of a contract to New Branches Charter Academy ("the Academy");

NOW, THEREFORE, pursuant to the Revised School Code, the University Board issues a contract conferring certain rights, franchises, privileges, and obligations and confirms the Academy's status as a public school academy. In addition, the parties agree that the issuance of this Contract is subject to the following terms and conditions:

## **ARTICLE I DEFINITIONS**

Section 1.1. Certain Definitions. For purposes of this Contract, and in addition to the terms defined throughout this Contract, each of the following words or expressions, whenever initially capitalized, shall have the meaning set forth in this section:

- (a) "Academy" means the Michigan nonprofit corporation named New Branches Charter Academy which is established as a public school academy pursuant to this Contract.
- (b) "Academy Board" means the Board of Directors of the Academy.
- (c) "Applicable Law" means all state and federal law applicable to public school academies.
- (d) "Application" means the public school academy application and supporting documentation submitted to the University for the establishment of the Academy.
- (e) "Code" means the Revised School Code, Act No. 451 of the Public Acts of 1976, as amended, being Sections 380.1 to 380.1852 of the Michigan Compiled Laws.
- (f) "Community District" means a community school district created under part 5B of the Code, MCL 380.381 et seq.
- (g) "Conservator" means an individual appointed by the University President in accordance with Section 10.8 of these Terms and Conditions.

- (h) "Contract" means, in addition to the definition set forth in the Code, these Terms and Conditions, the Reauthorizing Resolution, the Method of Selection, Appointment, and Removal Resolution, the Schedules, the Educational Service Provider Policies, the Master Calendar and the Application.
- (i) "Department" means the Michigan Department of Education.
- (j) "Director" means a person who is a member of the Academy Board of Directors.
- (k) "Educational Service Provider" or "ESP" means an educational management organization, or employee leasing company, as defined under section 503c of the Code, MCL 380.503c, that has entered into a contract or agreement with the Academy Board for operation or management of the Academy, which contract has been submitted to the Center for review and has not been disapproved by the Center Director, and is consistent with the Educational Service Provider Policies, as they may be amended from time to time, and Applicable Law.
- (l) "Educational Service Provider Policies" or "ESP Policies" means the Educational Service Provider Policies, adopted by The Governor John Engler Center for Charter Schools at Central Michigan University that apply to a Management Agreement. The Educational Service Provider Policies may be amended from time to time. Upon amendment, changes to the ESP Policies shall automatically be incorporated into this Contract and shall be exempt from the amendment procedures under Article IX of these Terms and Conditions.
- (m) "Fund Balance Deficit" means the Academy has more liabilities than assets at the end of any given school fiscal year, and includes any fiscal year where the Academy would have had a budget deficit but for a financial borrowing by the Academy or a monetary contribution by an Educational Service Provider or other person or entity to the Academy. If the Academy receives a gift or grant of money or financial support from an Educational Service Provider or other person or entity that does not require repayment by the Academy, and is not conditioned upon the action or inactions of the Academy Board, then such gift or grant shall not constitute a borrowing or contribution for purposes of determining a Fund Balance Deficit.
- (n) "Management Agreement" or "ESP Agreement" means an agreement as defined under section 503c of the Code, MCL 380.503c, that has been entered into between an ESP and the Academy Board for the operation and/or management of the Academy which has been submitted to the Center for review and has not been disapproved by the Center Director.
- (o) "Master Calendar" means the Master Calendar of Reporting Requirements as annually issued by The Governor John Engler Center for Charter Schools setting forth reporting and document submission requirements for the Academy.
- (p) "Method of Selection, Appointment, and Removal Resolution" means the policy adopted by resolution of the University Board on September 18, 1998, and amended on February 15, 2018, establishing the standard method of selection and appointment, length of term, removal and suspension, number of directors and qualifications of academy board members for public school academies issued a Contract by the University Board.
- (q) "Reauthorizing Resolution" means the resolution adopted by the University Board on December 6, 2018, approving the issuance of a Contract to the Academy.

- (r) "Schedules" means the following Contract documents of the Academy: Schedule 1: Restated Articles of Incorporation, Schedule 2: Amended Bylaws, Schedule 3: Fiscal Agent Agreement, Schedule 4: Oversight, Compliance and Reporting Agreement, Schedule 5: Description of Staff Responsibilities, Schedule 6: Physical Plant Description, Schedule 7: Required Information for Public School Academy, and Schedule 8: Information Available to the Public and the Center.
- (s) "State Board" means the State Board of Education, established pursuant to Article 8, Section 3 of the 1963 Michigan Constitution and MCL 388.1001 et seq.
- (t) "State School Aid Fund" means the State School Aid Fund established pursuant to Article IX, Section 11 of the Michigan Constitution of 1963, as amended.
- (u) "State School Reform/Redesign Office" means the office created within the Michigan Department of Technology Management and Budget by Executive Reorganization Order 2015-02 codified at MCL 18.445, and transferred from the Michigan Department of Technology Management and Budget to the Michigan Department of Education by Executive Reorganization Order 2017-02, codified at MCL 388.1282.
- (v) "Superintendent" means the Michigan Superintendent of Public Instruction.
- (w) "Terms and Conditions" means this document entitled "Terms and Conditions of Contract, Dated July 1, 2019, Issued by the Central Michigan University Board of Trustees Confirming the Status of New Branches Charter Academy as a Public School Academy."
- (x) "The Governor John Engler Center for Charter Schools" or "The Center" means the office designated by the University Board as the initial point of contact for public school academy applicants and public school academies authorized by the University Board. The Center is also responsible for administering the University Board's responsibilities with respect to the Contract.
- (y) "The Governor John Engler Center for Charter Schools Director" or "The Center Director" means the person designated at the University to administer the operations of the Center.
- (z) "University" means Central Michigan University, established pursuant to Article 8, sections 4 and 6 of the 1963 Michigan Constitution and MCL 390.551 et seq.
- (aa) "University Board" means the Central Michigan University Board of Trustees.
- (bb) "University Charter Schools Hearing Panel" or "Hearing Panel" means such persons as designated by the University President.
- (cc) "University President" means the President of Central Michigan University or his or her designee. In section 1.1(bb) above, "University President" means the President of Central Michigan University.



Section 1.2. 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 1.3. Gender and Number. The use of any gender in this Contract shall be deemed to be or include the other genders, including neuter, and the use of the singular shall be deemed to include the plural (and vice versa) wherever applicable.

Section 1.4. Statutory Definitions. Statutory terms defined in the Code shall have the same meaning in this Contract.

Section 1.5. Schedules. All Schedules to this Contract are incorporated into, and made part of, this Contract.

Section 1.6. Application. The Application submitted to the University Board for the establishment of the Academy is incorporated into, and made part of, this Contract. To the extent there is a difference between the Contract and the Application, the Contract shall control.

Section 1.7. Conflicting Contract Provisions. In the event that there is a conflict between language contained in the provisions of this Contract, the Contract shall be interpreted as follows: (i) The Method of Selection, Appointment, and Removal Resolution shall control over any other conflicting language in the Contract; (ii) the Reauthorizing Resolution shall control over any other conflicting language in the Contract with the exception of language in The Method of Selection, Appointment, and Removal Resolution; (iii) the Terms and Conditions shall control over any other conflicting language in the Contract with the exception of language in The Method of Selection, Appointment, and Removal Resolution and the Reauthorizing Resolution; and (iv) the Restated Articles of Incorporation shall control over any other conflicting language in the Contract with the exception of language in the Method of Selection, Appointment, and Removal Resolution, Reauthorizing Resolution and these Terms and Conditions.

## **ARTICLE II RELATIONSHIP BETWEEN THE ACADEMY AND THE UNIVERSITY BOARD**

Section 2.1. Constitutional Status of Central Michigan University. Central Michigan University is a constitutionally established body corporate operating as a state public university. The University Board is an authorizing body as defined by the Code. In approving this Contract, the University Board voluntarily exercises additional powers given to the University under the Code. Nothing in this Contract shall be deemed to be any waiver of Central Michigan University's powers or independent status and the Academy shall not be deemed to be a part of Central Michigan University. If applicable, the University Board has provided to the Department the accreditation notice required under the Code.

Section 2.2. Independent Status of the Academy. The Academy is a body corporate and governmental entity authorized by the Code. It is organized and shall operate as a public school academy and a nonprofit corporation. It is not a division or part of Central Michigan University. The relationship between the Academy and the University Board is based solely on the applicable provisions of the Code and the terms of this Contract or other agreements between the University Board and the Academy.

Section 2.3. Financial Obligations of the Academy Are Separate From the State of Michigan, University Board and the University. Any contract, mortgage, loan or other instrument of indebtedness entered into by the Academy and a third party shall not in any way constitute an obligation, either general, special, or moral, of the State of Michigan, the University Board, or the University. 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 University Board or the University shall ever be pledged for the payment of any Academy contract, mortgage, loan or other instrument of indebtedness.

Section 2.4. Academy Has No Power To Obligate or Bind the State of Michigan, the University Board or the University. The Academy has no authority whatsoever to enter into any contract or other agreement that would financially obligate the State of Michigan, the University Board or the University, nor does the Academy have any authority whatsoever to make any representations to lenders or third parties, that the State of Michigan, the University Board or the University in any way guarantee, are financially obligated, or are in any way responsible for any contract, mortgage, loan or other instrument of indebtedness entered into by the Academy.

Section 2.5. New Public School Academies Located Within the Boundaries of a Community District. If the circumstances listed below in (a) or (b) apply to the Academy's site, the Academy represents to the University Board, intending that the University Board rely on such representation as a precondition to issuing a contract for a new public school academy, that the Academy will have a substantially different governance, leadership and curriculum than the public school previously operating at the site:

- (a) The Academy's proposed site is the same location as a public school that (i) is currently on the list under Section 1280c(1), MCL 380.1280c(1) or Section 1280g(3), MCL 380.1280g(3) of the Code, as applicable;; or (ii) has been on the list under Section 1280c(1) or 1280g(3) of the Code, as applicable, during the immediately preceding 3 school years.
- (b) The Academy's proposed site is the same location of another public school academy, urban high school academy, school of excellence or strict discipline academy whose contract was revoked or terminated by an authorizing body.

### **ARTICLE III ROLE OF THE UNIVERSITY BOARD AS AUTHORIZING BODY**

Section 3.1. University Board Resolutions. The University Board has adopted a resolution, hereinafter The Method of Selection, Appointment, and Removal Resolution, providing for the method of selection and appointment, length of term, removal and suspension, number of Directors and the qualifications of Directors. The University Board has adopted a Reauthorization Resolution which approves the issuance of this Contract. The Reauthorization Resolution and the Method of Selection, Appointment, and Removal Resolution are hereby incorporated into this Contract. The University Board may, from time to time, amend the Method of Selection, Appointment, and Removal Resolution changing the method of selection, length of term, number of Directors and the qualifications of Directors. Any subsequent resolution of the University Board changing the Method of Selection, Appointment, and Removal Resolution shall automatically be incorporated into this Contract without the need for an amendment under Article IX of the Terms and Conditions.

Section 3.2. University Board as Fiscal Agent for the Academy. The University Board is the fiscal agent for the Academy. As fiscal agent, the University Board assumes no responsibility for the financial condition of the Academy. The University Board is not liable for any debt or liability incurred by or on behalf of the Academy Board, or for any expenditure approved by or on behalf of the Academy Board. Except as provided in the Oversight, Compliance and Reporting Agreement and Article X of these Terms and Conditions, the University Board shall promptly, within ten (10) business days of receipt, forward to

the Academy all state school aid funds or other public or private funds received by the University Board for the benefit of the Academy. The responsibilities of the University Board, the State of Michigan, and the Academy are set forth in the Fiscal Agent Agreement incorporated herein as Schedule 3.

Section 3.3. Oversight Responsibilities of the University Board. The University Board has the responsibility to oversee the Academy's compliance with the Contract and all Applicable Law. The responsibilities of the Academy and the University Board are set forth in the Oversight, Compliance and Reporting Agreement and incorporated herein as Schedule 4.

Section 3.4. University Board Administrative Fee. The Academy shall pay the University Board an administrative fee to compensate the University Board for overseeing the Academy's compliance with the Contract and all Applicable Law.

Section 3.5. University Board 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 the University Board. The Academy shall submit a written request to the Center describing the proposed acquisition and the purpose for which the Academy desires to acquire the property. Provided the Academy Board submits the written request to the Center at least sixty (60) days before the University Board's next regular meeting, the University Board may vote on whether to give express written permission for the acquisition at its next regular meeting.

Section 3.6. Authorization to Employ or Contract. The University Board authorizes the Academy Board to employ or contract for personnel according to the position information outlined in Schedule 5. The Academy Board shall prohibit any individual from being employed by the Academy or an Educational Service Provider, in more than one (1) full-time position and simultaneously being compensated at a full-time rate for each of these positions. An employee hired by the Academy shall be an employee of the Academy for all purposes and not an employee of the University for any purpose. With respect to Academy employees, the Academy shall have the power and responsibility to (i) select and engage employees; (ii) pay their wages, benefits, and applicable taxes; (iii) dismiss employees; and (iv) control the employees' conduct, including the method by which the employee carries out his or her work. The Academy Board shall be responsible for carrying workers' compensation insurance and unemployment insurance for its employees.

The Academy Board may contract with an Educational Service Provider to provide comprehensive educational, administrative, management, or instructional services or staff to the Academy. Before entering into a Management Agreement with an Educational Service Provider, the Academy Board shall first comply with the Educational Service Provider Policies issued by the Center. Any Management Agreement entered into by the Academy shall also comply with Section 11.2 and 12.10 of these Terms and Conditions. A copy of the Management Agreement between the Academy Board and the Educational Service Provider shall be incorporated into this Contract under Schedule 5. Any changes to the Management Agreement shall be incorporated into this Contract by amendment in accordance with Article IX, as applicable.

Section 3.7. Teacher Certification. Except as otherwise provided by law, the Academy shall use certificated teachers according to State Board rule.

Section 3.8. Administrator and Teacher Evaluation Systems. The Academy Board shall adopt, implement and maintain a rigorous, transparent, and fair performance evaluation system for its teachers and school administrators that complies with Applicable Law. If the Academy enters into an agreement with an Educational Service Provider, the Academy Board shall ensure that the Educational Service

Provider complies with this section.

Section 3.9. Reimbursement of University Board Services. The University Board shall be reimbursed for the actual cost of University services associated with responding to third party subpoenas and freedom of information act (FOIA) requests under the following circumstances:

If the University receives a subpoena or FOIA request from a third party (including the Academy, its counsel, the Academy's ESP or its counsel) demanding the production of Academy documents related to pending litigation or proceedings involving the Academy, the Academy's ESP (or any subcontractor of the ESP or other contractors of the Academy) or a third party, the University may charge the Academy for the actual cost of the services associated with the University's response to the subpoena or FOIA request(s) (including actual attorney's fees in fulfilling the request). The parties agree that the Academy may reduce or avoid the obligation to pay for services by the University Board associated with such responses by directly producing Academy documents to the requesting party.

#### **ARTICLE IV REQUIREMENT THAT THE ACADEMY ACT SOLELY AS GOVERNMENTAL ENTITY**

Section 4.1. Limitation on Actions in Performance of Governmental Functions. The Academy shall act exclusively as a governmental entity and shall not undertake any action inconsistent with its status as a body corporate authorized to receive state school aid funds pursuant to Section 11 of Article IX of the State Constitution of 1963.

Section 4.2. Other Permitted Activities.

- (a) 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 or that would not jeopardize the eligibility of the Academy for state school aid funds. Except as provided for the agreements identified below in Section 4.2(b), the Academy may enter into agreements with other public schools, governmental units, businesses, community and nonprofit organizations where such agreements contribute to the effectiveness of the Academy or advance education in this state.
- (b) The Academy shall submit to the Center for prior review the following agreements:
  - (i) In accordance with the Educational Service Provider Policies, a draft copy of any ESP Agreement and any subsequent amendments;
  - (ii) In accordance with the Master Calendar, a draft copy of any Academy deed or lease, amendments to existing leases or any new leasing agreements for any Academy facility; and
  - (iii) In accordance with the Master Calendar, draft long-term or short-term financing closing documents and intercept requests.

Section 4.3. Academy Board Members Serve In Their Individual Capacity. All Directors of the Academy Board shall serve in their individual capacity, and not as a representative or designee of any other person or entity. A person who does not serve in their individual capacity, or who serves as a representative or designee of another person or entity, shall be deemed ineligible to continue to serve as a Director of the Academy Board. A Director who violates this section shall be removed from office, in

accordance with the removal provisions found in the Method of Selection, Appointment and Removal Resolution and Contract Schedule 2: Amended Bylaws.

Section 4.4. Incompatible Public Offices and Conflicts of Interest Statutes. The Academy shall comply with the Incompatible Public Offices statute, being MCL 15.181 et seq. of the Michigan Compiled Laws, and the Contracts of Public Servants with Public Entities statute, being MCL 15.321 et seq. of the Michigan Compiled Laws. The Academy Board shall ensure compliance with Applicable Law relating to conflicts of interest. Notwithstanding any other provision of this Contract, the following shall be deemed prohibited conflicts of interest for purposes of this Contract:

- (a) An individual simultaneously serving as an Academy Board member and an owner, officer, director, employee or consultant of an Educational Service Provider or an employee leasing company that has an agreement with the Academy;
- (b) An individual simultaneously serving as an Academy Board member and an Academy employee;
- (c) An individual simultaneously serving as an Academy Board member and an independent contractor to the Academy;
- (d) An individual simultaneously serving as an Academy Board member and a member of the governing board of another public school;
- (e) An individual simultaneously serving as an Academy Board member and a University official, employee, or paid consultant, as a representative of the University; and
- (f) An individual simultaneously serving as an Academy Board member and having an ownership or financial interest in any school building leased or subleased to the Academy.

Section 4.5. Prohibition of Identified Family Relationships. The Academy Board shall prohibit specifically identified family relationships pursuant to applicable law and the Terms and Conditions of this Contract. Language in this Section controls over section 1203 of the Code. Notwithstanding any other provision of this Contract, the following shall be deemed prohibited familial relationships for the purposes of this Contract:

- (a) No person shall be appointed or reappointed to serve as an Academy Board member if the person's 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 or same-sex domestic partner:
  - (i) Is employed by the Academy;
  - (ii) Works at or is assigned to the Academy;
  - (iii) Has an ownership, officer, policymaking, managerial, administrative non-clerical, or other significant role with the Academy's Educational Service Provider or employee leasing company;
  - (iv) Has an ownership or financial interest in any school building lease or sublease agreement with the Academy; or
  - (v) Is a current Academy Board member.
- (b) The Academy Board shall require each individual who works at the Academy to annually disclose any familial relationship with any other individual who works at, or provides services to, the Academy. For purposes of this sub-section, familial relationship means a person's 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 or same-sex domestic partner.

Section 4.6. Oath of Public Office. Before entering upon the duties of a public school board member, each Academy Board member shall take the constitutional oath of office as required by the Code and as set forth in the Method of Selection, Appointment and Removal Resolution.

## **ARTICLE V CORPORATE STRUCTURE OF THE ACADEMY**

Section 5.1. Nonprofit Corporation. The Academy shall be organized and operate as a public school academy corporation organized under the Michigan Nonprofit Corporation Act, as amended, Act No. 162 of the Public Acts of 1982, being Sections 450.2101 to 450.3192 of the Michigan Compiled Laws. Notwithstanding any provision of the Michigan Nonprofit Corporation Act, as amended, the Academy shall not take any action inconsistent with the provisions of Part 6A of the Code or other Applicable Law.

Section 5.2. Articles of Incorporation. The Restated Articles of Incorporation of the Academy, as set forth in Schedule 1, shall be the Articles of Incorporation of the Academy.

Section 5.3. Bylaws. The Amended Bylaws of the Academy, as set forth in Schedule 2, shall be the Bylaws of the Academy.

## **ARTICLE VI OPERATING REQUIREMENTS**

Section 6.1. Governance Structure. The Academy shall be organized and administered under the direction of the Academy Board and pursuant to the Governance Structure as set forth in Schedule 7a. The Academy shall have four officers: President, Vice-President, Secretary and Treasurer. The officer positions shall be filled by persons who are members of the Academy Board. A description of their duties is included in Schedule 2.

Section 6.2. Educational Goal and Related Measures. The Academy shall achieve or demonstrate measurable progress for all groups of pupils toward the achievement of the educational goal and related measures identified in Schedule 7b and the results of the academic assessments identified in Schedule 7e. Upon request, the Academy shall provide the Center with a written report, along with supporting data, assessing the Academy's progress toward achieving this goal.

Section 6.3. Educational Programs. The Academy shall implement, deliver and support the educational programs identified in Schedule 7c.

Section 6.4. Curriculum. The Academy shall implement, deliver and support the curriculum identified in Schedule 7d.

Section 6.5. Methods of Pupil Assessment. The Academy shall properly administer the academic assessments identified in Schedule 7e and in accordance with the requirements detailed in the Master Calendar. The Academy shall provide the Center direct access to the results of these assessments, along with any other measures of academic achievement reasonably requested by the Center.

Section 6.6. Application and Enrollment of Students. The Academy shall comply with the application and enrollment requirements identified in Schedule 7f.

Section 6.7. School Calendar and School Day Schedule. The Academy shall comply with the school calendar and school day schedule requirements as set forth in Schedule 7g.

Section 6.8. Age or Grade Range of Pupils. The Academy shall comply with the age or grade ranges as stated in Schedule 7h.

Section 6.9. Collective Bargaining Agreements. Collective bargaining agreements, if any, with employees of the Academy shall be the responsibility of the Academy.

Section 6.10. Accounting Standards. The Academy shall at all times comply with generally accepted public sector accounting principles, and accounting system requirements that comply with the State School Aid Act of 1979, as amended, the Uniform Budgeting and Accounting Act, MCL 141.421, *et seq.*, and applicable State Board and Michigan Department of Education rules.

Section 6.11. Annual Financial Statement Audit. The Academy shall conduct an annual financial statement audit prepared and reviewed by an independent certified public accountant. The Academy shall submit the annual financial statement audit and auditor's management letter to the Center in accordance with the Master Calendar. The Academy Board shall provide to the Center a copy of any responses to the auditor's management letter in accordance with the Master Calendar.

Section 6.12. Address and Description of Physical Plant. The address and description of the physical plant for the Academy is set forth in Schedule 6. With the approval of the University Board, the Academy Board may operate the same configuration of age or grade levels at more than one (1) site if each configuration of age or grade levels and each site identified in Schedule 6 are under the direction and control of the Academy Board. University Board consideration regarding requests to add additional site(s) shall include, but not be limited to, the Academy Board's demonstration that it meets all statutory requirements under the Code.

Section 6.13. Contributions and Fund Raising. The Academy may solicit and receive contributions and donations as permitted by law. No solicitation shall indicate that a contribution to the Academy is for the benefit of Central Michigan University.

Section 6.14. Disqualified Organizational or Contractual Affiliations. The Academy shall comply with all state and federal law applicable to public schools concerning church-state issues. To the extent disqualified under the state or federal constitutions, the Academy shall not be organized by a church or other religious organization and shall not have any organizational or contractual affiliation with or constitute 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 or her religious belief.

Section 6.15. Method for Monitoring Academy's Compliance with Applicable Law and its Targeted Educational Outcomes. The Academy shall perform the compliance certification duties required by the University Board as outlined in the Oversight, Compliance and Reporting Agreement set forth as Schedule 4. In addition to the University Board's oversight responsibilities and other Academy compliance and reporting requirements set forth in this Contract, the Academy's compliance with the annual Master

Calendar shall serve as one means by which the University will monitor the Academy's compliance with Applicable Law.

Section 6.16. Matriculation Agreements. Before the Academy Board approves a matriculation agreement with another public school, the Academy shall provide a draft copy of the agreement to the Center for review. Any matriculation agreement entered into by the Academy shall be added to Schedule 7f through a contract amendment approved in accordance with the Contract. Until the matriculation agreement is incorporated into the Contract, the Academy is prohibited from granting an enrollment priority to any student pursuant to that matriculation agreement.

Section 6.17. Postings of Accreditation Status. The Academy shall post notices to the Academy's homepage of its website disclosing the accreditation status of each school as required by the Code.

## **ARTICLE VII TUITION PROHIBITED**

Section 7.1. Tuition Prohibited; Fees and Expenses. The Academy shall not charge tuition. The Academy may impose fees and require payment of expenses for activities of the Academy where such fees and payments are not prohibited by Applicable Law.

## **ARTICLE VIII COMPLIANCE WITH APPLICABLE LAWS**

Section 8.1. Compliance with Applicable Law. The Academy shall comply with all applicable state and federal laws. Nothing in this Contract shall be deemed to apply any other state or federal law to the Academy.

## **ARTICLE IX AMENDMENT**

Section 9.1. Amendments. The University Board and the Academy acknowledge that the operation and administration of a public school academy and the improvement of educational outcomes over time will require appropriate amendment of this Contract. In order to assure a proper balance between the need for independent development of the Academy and the statutory responsibilities of the University Board as an authorizing body, the parties have established a flexible process for amending this Contract.

Section 9.2. Process for Amendment Initiated by the Academy. The Academy, by a majority vote of its Board of Directors, may, at any time, propose specific changes in this Contract or may propose a meeting to discuss potential revision of this Contract. The proposal will be made to the University Board through its designee. The University Board delegates to the Center Director the review and approval of changes or amendments to this Contract. In the event that a proposed change is not accepted by the Center Director, the University Board may consider and vote upon a change proposed by the Academy following an opportunity for a presentation to the University Board by the Academy.

Section 9.3. Process for Amendment Initiated by the University Board. The University Board, or an authorized designee, may, at any time, propose specific changes in this Contract or may propose a



meeting to discuss potential revision of this Contract. The University Board delegates to the Center Director the review and approval of changes or amendments to this Contract. The Academy Board may delegate to a Director of the Academy the review and negotiation of changes or amendments to this Contract. The Contract shall be amended as requested by the University Board upon a majority vote of the Academy Board.

Section 9.4. Final Approval of Amendments. Amendments to this Contract take effect only after they have been approved by the Academy Board and by the University Board or the Center Director. If the proposed amendment conflicts with any of the University Board's general policies on public school academies, the proposed amendment shall take effect only after approval by the Academy Board and the University Board.

Section 9.5. Change in Existing Law. If, after the effective date of this Contract, there is a change in Applicable Law which alters or amends the responsibilities and obligations of either the Academy or the University Board, this Contract shall be altered or amended to reflect the change in existing law as of the effective date of such change. To the extent possible, the responsibilities and obligations of the Academy and the University Board shall conform to and be carried out in accordance with the change in Applicable Law.

Section 9.6. Emergency Action on Behalf of University Board. Notwithstanding any other provision of this Contract to the contrary, the contents of this Section shall govern in the event of an emergency situation that arises between meetings of the University Board. An emergency situation shall be deemed to occur if the University President, in his or her sole discretion, determines that the facts and circumstances warrant that emergency action take place before the next meeting of the University Board. Upon the determination that an emergency situation exists, the University President may temporarily take action on behalf of the University Board with regard to the Academy or the Contract, so long as such action is in the best interest of the University Board and the University President consults with the University Board Chairperson prior to taking the intended actions. When acting during an emergency situation, the University President shall have the authority to act in place of the University Board, and such emergency action shall only be effective in the interim before the earlier of (a) rejection of the emergency action by the Chairperson of the University Board; or (b) the next meeting of the University Board. The University President shall immediately report such action to the University Board for confirmation at the next meeting so that the emergency action continues or, upon confirmation by the University Board, becomes permanent.

## **ARTICLE X CONTRACT REVOCATION, TERMINATION, AND SUSPENSION**

Section 10.1. Statutory Grounds for Revocation. In addition to the other grounds for revocation in Section 10.2 and the automatic revocation in Section 10.3 of these Terms and Conditions, the University Board may revoke this Contract, pursuant to the procedures set forth in Section 10.6, upon a determination that one or more of the following has occurred:

- (a) Failure of the Academy to demonstrate improved pupil academic achievement for all groups of pupils or abide by and meet the educational goal and related measures set forth in this Contract;
- (b) Failure of the Academy to comply with all Applicable Law;

- (c) Failure of the Academy to meet generally accepted public sector accounting principles and to demonstrate sound fiscal stewardship; or
- (d) The existence of one or more other grounds for revocation as specified in this Contract.

Section 10.2. Other Grounds for Revocation. In addition to the statutory grounds for revocation set forth in Section 10.1 and the grounds for an automatic revocation set forth in Section 10.3, the University Board may revoke this Contract, pursuant to the procedures set forth in Section 10.6, upon a determination that one or more of the following has occurred:

- (a) The Academy fails to achieve or demonstrate measurable progress toward achieving the educational goal and related measures identified in this Contract;
- (b) The Academy fails to properly implement, consistently deliver, and support the educational programs or curriculum identified in this Contract;
- (c) The Academy is insolvent, has been adjudged bankrupt, or has operated for two or more school fiscal years with a fund balance deficit;
- (d) The Academy has insufficient enrollment to successfully operate a public school academy, or the Academy has lost more than fifty percent (50%) of its student enrollment from the previous school year;
- (e) The Academy fails to fulfill the compliance and reporting requirements or defaults in any of the terms, conditions, promises or representations contained in or incorporated into this Contract or, during the term of this Contract, it is discovered by the Center that the Academy failed to fulfill the compliance and reporting requirements or there was a violation of a prior Contract issued by the University Board;
- (f) The Academy files amendments to its Articles of Incorporation with the Michigan Department of Licensing and Regulatory Affairs, Bureau of Commercial Services without first obtaining the Center's approval;
- (g) The Center Director discovers grossly negligent, fraudulent or criminal conduct by the Academy's applicant(s), directors, officers, employees or agents in relation to their performance under this Contract; or
- (h) The Academy's applicant(s), directors, officers, employees or agents have provided false or misleading information or documentation to the Center in connection with the University Board's approval of the Application, the issuance of this Contract, or the Academy's reporting requirements under this Contract or Applicable Law.

Section 10.3. Automatic Amendment Of Contract; Automatic Termination of Contract If All Academy Sites Closed; Economic Hardship Termination. Except as otherwise provided in this Section 10.3, if the University Board is notified by the Department that an Academy site is subject to closure under section 507 of the Code, MCL 380.507 ("State's Automatic Closure Notice"), then this Contract shall automatically be amended to eliminate the Academy's authority to operate certain age and grade levels at the site or sites identified in the State's Automatic Closure Notice. If the State's Automatic Closure Notice includes all of the Academy's existing sites, then this Contract shall automatically be terminated at the end of the current school year in which either the State's Automatic Closure Notice is received without

any further action of the University Board or the Academy.

Following receipt of the State's Automatic Closure Notice, the Center Director shall forward a copy of the notice to the Academy Board and request a meeting with the Academy Board representatives to discuss the Academy's plans and procedures for the elimination of certain age or grade levels at the identified site or sites, or if all of the Academy's existing sites are included in that notice, then wind-up and dissolution of the Academy corporation at the end of the current school year. All Academy inquiries and requests for reconsideration of the State's Automatic Closure Notice, including the granting of any hardship exemption by the Department rescinding the State's Automatic Closure Notice ("Pupil Hardship Exemption"), shall be directed to the Department, in a form and manner determined by the Department.

If the Department rescinds the State's Automatic Closure Notice for an Academy site or sites by granting a Pupil Hardship Exemption, the Academy is not required to close the identified site(s), but shall present to the Center a proposed Contract amendment incorporating the Department's school improvement plan, if applicable, for the identified site(s).

If the Department elects not to issue a Pupil Hardship Exemption and the Center Director determines, in his or her discretion, that the closure of one or more sites as directed by the Department creates a significant economic hardship for the Academy as a going concern or the possibility of a mid-year school closure, then the Center Director may recommend to the University Board that the Contract be terminated at the end of the current school year (hereinafter "Economic Hardship Termination"). If the University Board approves the Economic Hardship Termination recommendation, then this Contract shall terminate at the end of the current school year without any further action of the parties.

The University Board's revocation procedures set forth in Section 10.6 do not apply to an automatic termination initiated by the State's Automatic Closure Notice or an Economic Hardship Termination under this Section 10.3.

Section 10.4. Grounds and Procedures for Academy Termination of Contract. The Academy Board, by majority vote of its Directors, may, at any time and for any reason, request termination of this Contract. The Academy Board's request for termination shall be made to the Center Director not less than six (6) calendar months in advance of the Academy's proposed effective date of termination. Upon receipt of an Academy request for termination, the Center Director shall present the Academy Board's request for termination to the University Board. A copy of the Academy Board's resolution approving of the Contract termination, including a summary of the reasons for terminating the Contract, shall be included with the Academy Board's request for termination. Upon receipt of the Academy Board's request for termination, the University Board shall consider and vote on the proposed termination request. The University Board may, in its sole discretion, waive the six (6) month advance notice requirement for terminating this Contract.

Section 10.5. Grounds and Procedures for University Termination of Contract. The University Board, in its sole discretion, reserves the right to terminate the Contract (i) for any reason or for no reason provided that such termination shall not take place less than six (6) months from the date of the University Board's action; or (ii) if there is a change in Applicable Law that the University Board, in its sole discretion, determines impairs its rights and obligations under the Contract or requires the University Board to make changes in the Contract that are not in the best interest of the University Board or the University, then such termination shall take effect at the end of the current Academy fiscal year. Following University Board approval, the Center Director shall provide notice of the termination to the Academy. If during the period between the University Board action to terminate and the effective date of termination, the Academy has violated the Contract or Applicable Law, the Contract may be revoked or suspended

sooner pursuant to this Article X. If this Contract is terminated pursuant to this Section 10.5, the revocation procedures in Section 10.6 shall not apply.

Section 10.6. University Board Procedures for Revoking Contract. Except for the automatic revocation and procedures initiated by the State of Michigan set forth in Section 10.3, the University Board's process for revoking the Contract is as follows:

- (a) Notice of Intent to Revoke. The Center Director, upon reasonable belief that grounds for revocation of the Contract exist, shall notify the Academy Board of such grounds by issuing the Academy Board a Notice of Intent to Revoke for non-compliance with the Contract or Applicable Law. The Notice of Intent to Revoke shall be in writing and shall set forth in sufficient detail the alleged grounds for revocation.
- (b) Academy Board's Response. Within thirty (30) days of receipt of the Notice of Intent to Revoke, the Academy Board shall respond in writing to the alleged grounds for revocation. The Academy Board's response shall be addressed to the Center Director, and shall either admit or deny the allegations of non-compliance. If the Academy's response includes admissions of non-compliance with the Contract or Applicable Law, the Academy Board's response must also contain a description of the Academy Board's plan and time line for correcting the non-compliance with the Contract or Applicable Law. If the Academy's response includes a denial of non-compliance with the Contract or Applicable Law, the Academy's response shall include sufficient documentation or other evidence to support a denial of non-compliance with the Contract or Applicable Law. A response not in compliance with this Section shall be deemed to be non-responsive. As part of its response, the Academy Board may request that a meeting be scheduled with the Center Director prior to a review of the Academy Board's response.
- (c) Plan of Correction. Within fifteen (15) days of receipt of the Academy Board's response or after a meeting with Academy Board representatives, the Center Director shall review the Academy Board's response and determine whether a reasonable plan for correcting the deficiencies can be formulated. If the Center Director determines that a reasonable plan for correcting the deficiencies set forth in the Notice of Intent to Revoke can be formulated, the Center Director shall develop a plan for correcting the non-compliance ("Plan of Correction") which may include Reconstitution pursuant to 10.6(d) of these Terms and Conditions. In developing a Plan of Correction, the Center Director is permitted to adopt, modify or reject some or all of the Academy Board's response for correcting the deficiencies outlined in the Notice of Intent to Revoke. The Notice of Intent to Revoke shall be closed if the Center Director determines any of the following: (i) the Academy Board's denial of non-compliance is persuasive; (ii) the non-compliance set forth in the Notice of Intent to Revoke has been corrected by the Academy Board; or (iii) the Academy Board has successfully completed the Plan of Correction.
- (d) University Board's Contract Reconstitution Provision. The Center Director may reconstitute the Academy in an effort to improve student educational performance or to avoid interruption of the educational process. Reconstitution may include, but is not limited to, one of the following actions: (i) removal of 1 or more members of the Academy Board; (ii) termination of at-will board appointments of 1 or more Academy Board members in accordance with The Method of Selection, Appointment and Removal Resolution; (iii) withdrawing approval of a contract under Section 506 of the Code; or (iv) the appointment of a new Academy Board of Directors or a Conservator to take over operations of the Academy.

Except as otherwise provided in this subsection, reconstitution of the Academy does not prohibit

the Department from issuing an order under section 507 of the Code, MCL 380.507, directing the automatic closure of the Academy's site(s).

- (e) Request for Revocation Hearing. The Center Director may initiate a revocation hearing before the University Charter Schools Hearing Panel if the Center Director determines that any of the following has occurred:
- (i) the Academy Board has failed to respond to the Notice of Intent to Revoke as set forth in Section 10.6(b);
  - (ii) the Academy Board's response to the Notice of Intent to Revoke is non-responsive;
  - (iii) the Academy Board's response admits violations of the Contract or Applicable Law which the Center Director deems cannot be remedied or cannot be remedied in an appropriate period of time, or for which the Center Director determines that a Plan of Correction cannot be formulated;
  - (iv) the Academy Board's response contains denials that are not supported by sufficient documentation or other evidence showing compliance with the Contract or Applicable Law;
  - (v) the Academy Board has not complied with part or all of a Plan of Correction established in Section 10.6(c);
  - (vi) the Academy Board has engaged in actions that jeopardize the financial or educational integrity of the Academy; or
  - (vii) the Academy Board has been issued multiple or repeated Notices of Intent to Revoke.

The Center Director shall send a copy of the request for revocation hearing to the Academy Board at the same time the request is sent to the Hearing Panel. The request for revocation shall identify the reasons for revoking the Contract.

- (f) Hearing before the University Charter Schools Hearing Panel. Within thirty (30) days of receipt of a request for revocation hearing, the Hearing Panel shall convene a revocation hearing. The Hearing Panel shall provide a copy of the notice of hearing to the Center and the Academy Board at least ten (10) days before the hearing. The purpose of the Hearing Panel is to gather facts surrounding the Center Director's request for Contract revocation, and to make a recommendation to the University Board on whether the Contract should be revoked. The revocation hearing shall be held at a location, date and time as determined by the Center Director and shall not last more than three hours. The hearing shall be transcribed and the cost shall be divided equally between the University and the Academy. The Center Director or his or her designee, and the Academy Board or its designee, shall each have equal time to make their presentation to the Hearing Panel. Although each party is permitted to submit affidavits and exhibits in support of their positions, the Hearing Panel will not hear testimony from any witnesses for either side. The Hearing Panel may, however, question the Center Director and the Academy Board. Within thirty (30) days of the revocation hearing, the Hearing Panel shall make a recommendation to the University Board concerning the revocation of the Contract. For good cause, the Hearing Panel may extend any time deadline set forth in this subsection. A copy of the Hearing Panel's recommendation shall be provided to the Center and the Academy Board at the same time that the recommendation is sent to the University Board.
- (g) University Board Decision. If the Hearing Panel's recommendation is submitted to the University Board at least fourteen (14) days before the University Board's next regular meeting, the University Board shall consider the Hearing Panel's recommendation at its next regular meeting

and vote on whether to revoke the Contract. The University Board reserves the right to modify, reject or approve all or any part of the Hearing Panel's recommendation. The University Board shall have available to it copies of the Hearing Panel's recommendation and the transcript from the hearing. The University Board may waive the fourteen (14) day submission requirement or hold a special board meeting to consider the Hearing Panel's recommendation. A copy of the University Board's decision shall be provided to the Center, the Academy Board and the Department.

- (h) Effective Date of Revocation. If the University Board votes to revoke the Contract, the revocation shall be effective on the date of the University Board's act of revocation, or at a later date as determined by the University Board.
- (i) Disposition of State School Aid Funds. Notwithstanding any other provision of the Contract, any state school aid funds received by the University Board after a recommendation is made by the Hearing Panel to revoke the Contract, or a decision by the University Board to revoke the Contract, may be withheld by the University Board or returned to the Michigan Department of Treasury upon request.

Section 10.7. Contract Suspension. The University Board's process for suspending the Contract is as follows:

- (a) The Center Director Action. If the Center Director determines, in his or her sole discretion, that certain conditions or circumstances exist such that the Academy Board:
  - (i) has placed staff or students at risk;
  - (ii) is not properly exercising its fiduciary obligations to protect and preserve the Academy's public funds and property;
  - (iii) has lost its right to occupancy of the physical facilities described in Schedule 6, and cannot find another suitable physical facility for the Academy prior to the expiration or termination of its right to occupy its existing physical facilities;
  - (iv) has failed to secure or has lost the necessary fire, health, and safety approvals as required by Schedule 6;
  - (v) has willfully or intentionally violated this Contract or Applicable Law; or
  - (vi) has violated Section 10.2(g) or (h), then the Center Director may immediately suspend the Contract, pending completion of the procedures set forth in Section 10.6. A copy of the suspension notice, setting forth the grounds for suspension, shall be sent to the Academy Board and to the Hearing Panel. If this subsection is implemented, the notice and hearing procedures set forth in Section 10.6 shall be expedited as much as possible.
- (b) Disposition of State School Aid Funds. Notwithstanding any other provision of the Contract, any state school aid funds received by the University Board after a decision by the Center Director to suspend the Contract, shall be retained by the University Board for the Academy until the Contract is reinstated, or shall be returned to the Michigan Department of Treasury upon the State's request.
- (c) Immediate Revocation Proceeding. If the Academy Board, after receiving a notice of Contract suspension from the Center Director, continues to engage in conduct or activities that are covered by the suspension notice, the Hearing Panel may immediately convene a revocation hearing in accordance with the procedures set forth in section 10.6(e) of this Contract. The Hearing Panel has the authority to accelerate the time line for revoking the Contract, provided that notice of the

revocation hearing shall be provided to the Center and the Academy Board at least five (5) days before the hearing. If the Hearing Panel determines that the Academy Board has continued to engage in conduct or activities that are covered by the suspension notice, the Hearing Panel may recommend revocation of the Contract. The University Board shall proceed to consider the Hearing Panel's recommendation in accordance with sections 10.6(f) through (h).

Section 10.8. Conservator; Appointment By University President. Notwithstanding any other provision of the Contract, in the event that the University President, in his or her sole discretion, determines that the health, safety and welfare of Academy students, property or funds are at risk, the University President, after consulting with the University Board Chairperson, may appoint a person to serve as the Conservator of the Academy. Upon appointment, the Conservator shall have all the powers and authority of the Academy Board under this Contract and Applicable Law and shall act in the place and stead of the Academy Board. The University President shall appoint the Conservator for a definite term which may be extended in writing at his or her sole discretion. During the appointment, the Academy Board members and their terms in office are suspended and all powers of the Academy Board are suspended. All appointments made under this provision must be presented to the University Board for final determination at its next regularly scheduled meeting. During their appointment, the Conservator shall have the following powers:

- (a) take into his or her possession all Academy property and records, including financial, board, employment and student records;
- (b) institute and defend actions by or on behalf of the Academy;
- (c) continue the business of the Academy including entering into contracts, borrowing money, and pledging, mortgaging, or otherwise encumbering the property of the Academy as security for the repayment of loans. However, the power shall be subject to any provisions and restrictions in any existing credit documents;
- (d) hire, fire and discipline employees of the Academy;
- (e) settle or compromise with any debtor or creditor of the Academy, including any taxing authority;
- (f) review all outstanding agreements to which the Academy is a party and to take those actions which the Academy Board may have exercised to pay, extend, rescind, renegotiate or settle such agreements as needed; and
- (g) perform all acts necessary and appropriate to fulfill the Academy's purposes as set forth under this Contract or Applicable Law.

Section 10.9. Academy Dissolution Account. If the University Board terminates, revokes or fails to issue a new Contract to the Academy, the Center Director shall notify the Academy that, beginning thirty (30) days after notification of the University Board's decision, the University Board may direct up to \$10,000 from each subsequent State School Aid Fund payment, not to exceed a combined total of \$30,000, to a separate Academy account ("Academy Dissolution Account") to be used exclusively to pay the costs associated with the wind-up and dissolution responsibilities of the Academy. Within five (5) business days of the Center Director's notice, the Academy Board Treasurer shall provide the Center Director, in a form and manner determined by the Center, with account detail information and authorization to direct such funds to the Academy Dissolution Account. The Academy Dissolution Account shall be under the sole care, custody and control of the Academy Board, and such funds shall not

be used by the Academy to pay any other Academy debt or obligation until such time as all the wind-up and dissolution expenses have been satisfied.

## **ARTICLE XI PROVISIONS RELATING TO PUBLIC SCHOOL ACADEMIES**

Section 11.1. The Academy Budget; Transmittal of Budgetary Assumptions; Budget Deficit; Enhanced Deficit Elimination Plan. The Academy agrees to comply with all of the following:

- (a) The Academy Board is responsible for establishing, approving, and amending an annual budget in accordance with the Uniform Budgeting and Accounting Act, MCL 141.421, et seq. The Academy Board shall submit to the Center a copy of its annual budget for the upcoming fiscal year in accordance with the Master Calendar. The budget must detail budgeted expenditures at the object level as described in the Department's Michigan School Accounting Manual. In addition, the Academy Board is responsible for approving all revisions and amendments to the annual budget. In accordance with the Master Calendar, revisions or amendments to the Academy's budget shall be submitted to the Center following Academy Board approval.
- (b) Unless exempted from transmitting under section 1219 of the Code, MCL 380.1219, the Academy, on or before July 7<sup>th</sup> of each school fiscal year, shall transmit to the Center for Educational Performance and Information ("CEPI") the budgetary assumptions used when adopting its annual budget pursuant to the Uniform Budgeting and Accounting Act, MCL 141.421 et seq.
- (c) The Academy shall not adopt or operate under a deficit budget, or incur an operating deficit in a fund during any fiscal year. At any time during the term of this Contract, the Academy shall not have an existing deficit fund balance, incur a deficit fund balance, or adopts a current year budget that projects a deficit fund balance. If the Academy has an existing deficit fund balance, incurs a deficit fund balance in the most recently completed school fiscal year, or adopts a current year budget that projects a deficit fund balance, all of the following apply:
  - i. The Academy shall notify the Superintendent and the State Treasurer immediately upon the occurrence of the circumstance, and provide a copy of the notice to the Center.
  - ii. Within 30 days after making notification under subdivision (i), the Academy shall submit to the Superintendent in the form and manner prescribed by the Department an amended budget for the current school fiscal year and a deficit elimination plan approved by the Academy Board, with a copy to the State Treasurer. The Academy shall transmit a copy of the amended budget and the deficit elimination plan to the Center.
  - iii. After the Superintendent approves Academy's deficit elimination plan, the Academy shall post the deficit elimination plan on the Academy's website.
- (d) If the Academy is required by the State Treasurer to submit an enhanced deficit elimination plan under section 1220 of the Code, MCL 380.1220, the Academy shall do all of the following:
  - i. The enhanced deficit elimination plan shall be approved by the Academy Board before submission.
  - ii. After the State Treasurer approves an enhanced deficit elimination plan for the Academy, the Academy shall post the enhanced deficit elimination plan on the Academy's website.



- iii. As required, submit to the Superintendent and State Treasurer an enhanced monthly monitoring reports in a form and manner prescribed by the State Treasurer and post such monthly reports on the Academy's website.

Section 11.2. Insurance. The Academy Board shall secure and maintain in its own name, as the "first named insured," insurance coverage as required by the University's insurance carrier.

The insurance must be obtained from a licensed mutual, stock, or other responsible company licensed to do business in the State of Michigan. The Academy may join with other public school academies to obtain insurance if the Academy Board finds that such an association provides economic advantages to the Academy, provided that each Academy maintains its identity as first named insured. The Academy shall list the University on the insurance policies as an additional insured as required by the University's insurance carrier. The coverage provided to the University as an additional covered person or organization will be primary and non-contributory with the University's insurance carrier. The Academy shall have a provision included in all policies requiring notice to the University, at least thirty (30) days in advance, upon termination or non-renewal of the policy for any reason other than nonpayment which would require a ten (10) day advance notice to the University. In addition, the Academy shall provide the Center copies of all insurance policies required by this Contract.

When changing insurance programs or carriers, the Academy must provide copies of the proposed policies to the Center at least thirty (30) days prior to the proposed change. The Academy shall not cancel or change its existing carrier without the prior review of the Center.

The University's insurance carrier periodically reviews the types and amounts of insurance coverage that the Academy must secure in order for the University to maintain insurance coverage for the authorization and oversight of the Academy. In the event that the University's insurance carrier requests additional changes in coverage identified in this Section 11.2, the Academy agrees to comply with any additional changes in the types and amounts of coverage requested by the University's insurance carrier within thirty (30) days after notice of the insurance coverage change.

The Academy may expend funds for payment of the cost of participation in an accident or medical insurance program to insure protection for pupils while attending school or participating in a school program or activity. Other insurance policies and higher minimums may be required depending upon academic offerings and program requirements.

Pursuant to Section 3.6 of these Terms and Conditions, the University requires that any Educational Service Provider or employee leasing company that enters into a contract with the Academy must obtain insurance coverage similar to the insurance coverage that is currently required for the Academy. Accordingly, any agreement between the Academy and an Educational Service Provider or employee leasing company shall contain a provision requiring the Educational Service Provider or employee leasing company to comply with the coverage requirements recommended by the University's insurance carrier. Furthermore, the agreement between the Educational Service Provider or employee leasing company and the Academy shall contain a provision stating that "in the event that the University's insurance carrier recommends any change in coverage by the Educational Service Provider or employee leasing company, the Educational Service Provider or employee leasing company agrees to comply with any changes in the type and amount of coverage as requested by the University or the University's insurance carrier within thirty (30) days after notice of the insurance coverage change."

Section 11.3. Legal Liabilities and Covenant Against Suit. The Academy acknowledges and agrees that it has no authority to extend the faith and credit of the University or to enter into a contract that

would bind the University. The Academy also is limited in its authority to contract by the amount of funds obtained from the state school aid fund, as provided hereunder, or from other independent sources. The Academy hereby covenants not to sue the University Board, the University or any of its Trustees, officers, employees, agents or representatives for any matters that arise under this Contract. The University does not assume any obligation with respect to any director, employee, agent, parent, guardian, student, or independent contractor of the Academy, and no such person shall have the right or standing to bring suit against the University Board, the University or any of its Trustees, employees, agents, or independent contractors as a result of the issuance, non-issuance, oversight, revocation, termination or suspension of this Contract.

Section 11.4. Lease or Deed for Proposed Site. The Academy shall provide to the Center copies of its proposed lease or deed for the premises in which the Academy shall operate. Following the Center's review, a copy of the Academy's lease or deed shall be incorporated into this Contract under Schedule 6 and in accordance with Article IX, as applicable.

Section 11.5. Certificate(s) of Use and Occupancy. The Academy Board shall: (i) ensure that the Academy's physical facilities comply with all fire, health and safety standards applicable to schools; and (ii) possess the necessary occupancy certificates for the Academy's physical facilities. The Academy Board shall not occupy or use any facility until approved for occupancy by the Michigan Department of Licensing and Regulatory Affairs, Bureau of Construction Codes. Copies of these Certificate(s) of Use and Occupancy shall be incorporated into this Contract under Schedule 6 and in accordance with Article IX, as applicable.

Section 11.6. New Building Construction or Renovations. The Academy shall not commence construction on a new school building or the major renovation of an existing school building unless the Academy consults on the plans of the construction or major renovation regarding school safety issues with the law enforcement agency that is or will be the first responder for that school building. School building includes either a building intended to be used to provide pupil instruction or a recreational or athletic structure or field used by pupils.

Section 11.7. Criminal Background and History Checks; Disclosure of Unprofessional Conduct. The Academy shall comply with section 1230 and 1230a of the Code concerning criminal background and criminal history checks for its teachers, school administrator(s), and for any other position requiring State Board approval. In addition, the Academy shall comply with section 1230b of the Code concerning the disclosure of unprofessional conduct by persons applying for Academy employment. This Section 11.7 shall apply to such persons irrespective of whether they are employed by the Academy or employed by another entity contracting with the Academy.

Section 11.8. Special Education. Pursuant to Section 1701a of the Code, the Academy shall comply with Article III, Part 29 of the Code, MCL 380.1701 et seq., concerning the provision of special education programs and services at the Academy as referenced in Contract Schedule 7c. Upon receipt, the Academy shall notify the Center of any due process or state complaint filed against the Academy or notice of state audit.

Section 11.9. Information Available to the Public and the Center.

- (a) Information to be provided by the Academy. In accordance with Applicable Law, the Academy shall make information concerning its operation and management, including without limitation information in Schedule 8, available to the public and the Center.

- (b) Information to be provided by Educational Service Provider. The agreement between the Academy and the Educational Service Provider shall contain a provision requiring the Educational Service Provider to make information concerning the operation and management of the Academy, including the information in Schedule 8, available to the Academy as deemed necessary by the Academy Board in order to enable the Academy to fully satisfy its obligations under paragraph 11.9 (a) above.

Section 11.10 Deposit of Public Funds by the Academy. The Academy Board agrees to comply with Section 1221 of the Revised School Code, being MCL 380.1221, regarding the deposit of all public or private funds received by the Academy. Such deposit shall be made within three (3) days after receipt of the funds by the Academy. Only Academy Board members or designated Academy Board employees may be a signatory on any Academy bank account.

## **ARTICLE XII GENERAL TERMS**

Section 12.1. 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 facsimile or electronic mail; or (iii) upon delivery into United States mail if delivery is by postage paid first class mail. Each such notice shall be sent to the respective party at the address indicated below or to any other address or person as the respective party may designate by notice delivered pursuant hereto:

If to the University Board:	<u>The Governor John Engler Center for Charter Schools</u> Attn: Executive Director Central Michigan University EHS 200 Mt. Pleasant, MI 48859
General Counsel:	<u>General Counsel</u> Central Michigan University 1303 West Campus Drive Mt. Pleasant, MI 48859
Chief Financial Officer:	<u>Vice President Finance &amp; Admin. Services</u> Central Michigan University 104 Warriner Hall Mt. Pleasant, MI 48859
If to the Academy:	<u>Academy Board President</u> New Branches Charter Academy 3662 Poinsettia Avenue, SE Grand Rapids, MI 49508

Section 12.2. 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. If any

provision of this Contract shall be or become in violation of any local, state or federal law, such provision shall be considered null and void, and all other provisions shall remain in full force and effect.

Section 12.3. Successors and Assigns. 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 12.4. Entire Contract. Except as specifically provided in this Contract, this Contract sets forth the entire agreement between the University Board and the Academy with respect to the subject matter of this Contract. All prior contracts, representations, statements, negotiations, understandings, and undertakings are superseded by this Contract.

Section 12.5. Assignment. This Contract is not assignable by the Academy.

Section 12.6. Non-Waiver. Except as provided herein, no term or provision of this 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, or waiver of, a breach or default by the other, whether expressed or implied, shall constitute consent to, waiver of, or excuse for any different or subsequent breach or default.

Section 12.7. Governing Law. This Contract shall be governed and controlled by the laws of the State of Michigan as to interpretation, enforcement, validity, construction, and effect, and in all other respects.

Section 12.8. 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 12.9. Term of Contract. This Contract is for a fixed term and shall terminate at the end of the Contract term without any further action of either the University Board or the Academy. This Contract shall commence on the date first set forth above and shall remain in full force and effect for a period of three (3) academic years and shall terminate on June 30, 2022, unless sooner revoked, terminated, or suspended pursuant to Article X of these Terms and Conditions. Pursuant to University Board policy, the standards by which the Academy may be considered for the issuance of a new contract will be guided by the following core questions:

Is the Academy's academic program successful?

Is the Academy's organization viable?

Is the Academy demonstrating good faith in following the terms of its charter and applicable law?

The Center shall establish the process and timeline for the issuance of a new contract. The standards for the issuance of a new contract shall include increases in academic achievement for all groups of pupils as measured by assessments and other objective criteria established by the University Board as the most important factor of whether to issue or not issue a new contract. Consistent with the Code, the University Board in its sole discretion may elect to issue or not issue a new contract to the Academy.

Section 12.10. Indemnification of University. As a condition to receiving a grant of authority from the University Board to operate a public school pursuant to the Terms and Conditions of this Contract, the Academy agrees to indemnify, defend and hold harmless the University Board, the University and its officers, employees, agents or representatives from and against all demands, claims, actions, suits, causes of action, losses, judgments, liabilities, damages, fines, penalties, forfeitures, or any other liabilities or

losses of any kind whatsoever, including costs and expenses (not limited to reasonable attorney fees, expert and other professional fees) settlement and prosecution imposed upon or incurred by the University, and not caused by the sole negligence of the University, which arise out of or are in any manner connected with the University Board's approval of the public school academy application, the University Board's consideration of or issuance of a Contract, the Academy's preparation for or operation of a public school, or which are incurred as a result of the reliance by the University Board, the University and its officers, employees, agents or representatives upon information supplied by the Academy, or which arise out of the Academy's failure to comply with this Contract or Applicable Law. The foregoing provision shall not be deemed a relinquishment or waiver of any kind of Section 7 of the Governmental Liability for Negligence Act, being Act No. 170, Public Acts of Michigan, 1964.

Section 12.11. Construction. This Contract shall be construed fairly as to both parties and not in favor of or against either party, regardless of which party prepared the Contract.

Section 12.12. Force Majeure. If any circumstances occur which are beyond the control of the parties, which delay or render impossible the obligations of one or both of the parties, the parties' obligations to perform such services shall be postponed for an equivalent period of time or shall be canceled, if such performance has been rendered impossible by such circumstances.

Section 12.13. No Third Party Rights. This Contract is made for the sole benefit of the Academy and the University Board. Except as otherwise expressly provided, nothing in this Contract shall create or be deemed to create a relationship between the parties hereto, or either of them, and any third person, including a relationship in the nature of a third party beneficiary or fiduciary.

Section 12.14. Non-agency. It is understood that the Academy is not the agent of the University.

Section 12.15. University Board or the Center's General Policies on Public School Academies Shall Apply. Notwithstanding any provision of this Contract to the contrary, and with the exception of existing University Board or the Center policies regarding public school academies which shall apply immediately, University Board or the Center general policies clarifying procedure and requirements applicable to public school academies under this Contract, as from time to time adopted or amended, will automatically apply to the Academy, provided they are not inconsistent with provisions of this Contract. Before issuing general policies under this section, the University Board or the Center shall provide a draft of the proposed policies to the Academy Board. The Academy Board shall have at least thirty (30) days to provide comment to the Center on the proposed policies before such policies shall become effective.

Section 12.16. Survival of Provisions. The terms, provisions, and representations contained in Section 11.2, Section 11.3, Section 11.9, Section 12.10, Section 12.13 and any other provisions of this Contract that by their sense and context are intended to survive termination of this Contract shall survive.

Section 12.17. Termination of Responsibilities. Upon termination or revocation of the Contract, the University Board or its designee shall have no further obligations or responsibilities under this Contract to the Academy or any other person or persons in connection with this Contract. Upon termination or revocation of the Contract, the Academy may amend its articles of incorporation or bylaws as necessary to allow the Academy Board to: (a) take action to appoint Academy Board members in order to have a quorum necessary to take Academy Board action; or (b) effectuate a dissolution, provided that the Academy Board may not amend the articles of incorporation with regard to the disposition of assets upon dissolution.

Section 12.18. Disposition of Academy Assets Upon Termination or Revocation of Contract.

Following termination or revocation of the Contract, the Academy shall follow the applicable wind-up and dissolution provisions set forth in the Academy's articles of incorporation and in accordance with the Code.

Section 12.19. Student Privacy. In order to protect the privacy of students enrolled at the Academy, the Academy Board shall not:

- (a) sell or otherwise provide to a for-profit business entity any personally identifiable information that is part of a pupil's education records. This subsection does not apply to any of the following situations:
  - i. for students enrolled in the Academy, providing such information to an ESP that has a contract with the Academy and whose contract has not been disapproved by the University;
  - ii. providing the information as necessary for standardized testing that measures a student's academic progress and achievement; or
  - iii. providing the information as necessary to a person that is providing educational or educational support services to the student under a contract with either the Academy or an educational management organization that has a contract with the Academy and whose contract has not been disapproved by the University.
- (b) The terms "education records" and "personally identifiable information" shall have the same meaning as defined in MCL 380.1136.

Section 12.20. Disclosure of Information to Parents and Legal Guardians.

- (a) Within thirty (30) days after receiving a written request from a student's parent or legal guardian, the Academy shall disclose without charge to the student's parent or legal guardian any personally identifiable information concerning the student that is collected or created by the Academy as part of the student's education records.
- (b) Except as otherwise provided in this subsection (b) and within thirty (30) days after receiving a written request from a student's parent or legal guardian, the Academy shall disclose to a student's parent or legal guardian without charge any personally identifiable information provided to any person, agency or organization. The Academy's disclosure shall include the specific information that was disclosed, the name and contact information of each person, agency, or organization to which the information has been disclosed; and the legitimate reason that the person, agency, or organization had in obtaining the information. The parental disclosure requirement does not apply to information that is provided:
  - i. to the Department or CEPI;
  - ii. to the student's parent or legal guardian;
  - iii. by the Academy to the University Board, University, Center or to the ESP with which the Academy has a Management Agreement that has not been disapproved by the Center Director;
  - iv. by the Academy to the Academy's intermediate school district or another intermediate school district providing services to Academy or the Academy's students pursuant to a written agreement;
  - v. to the Academy by the Academy's intermediate school district or another immediate school district providing services to pupils enrolled in the Academy pursuant to a written agreement;

- vi. to the Academy by the University Board, University, Center;
  - vii. to a person, agency, or organization with written consent from the student's parent or legal guardian, or from the student if the student is 18 years of age;
  - viii. to a person, agency, or organization seeking or receiving records in accordance with an order, subpoena, or ex parte order issued by a court of competent jurisdiction;
  - ix. to a person, agency, or organization as necessary for standardized testing that measures a student's academic progress and achievement; or
  - x. in the absence of, or in compliance with, a properly executed opt-out form, as adopted by the Academy in compliance with section 1136(6) of the Code, pertaining to uses for which the Academy commonly would disclose a pupil's "directory information."
- (c) If the Academy considers it necessary to make redacted copies of all or part of a student's education records in order to protect personally identifiable information of another student, the Academy shall not charge the parent or legal guardian for the cost of those redacted copies.
- (d) The terms "education records," "personally identifiable information," and "directory information" shall have the same meaning as defined in MCL 380.1136.

Section 12.21. List of Uses for Student Directory Information; Opt Out Form; Notice to Student's Parent or Legal Guardian.

- (a) The Academy shall do all of the following:
- i. Develop a list of uses (the "Uses") for which the Academy commonly would disclose a student's directory information.
  - ii. Develop an opt-out form that lists all of the Uses and allows a student's parent or guardian to elect not to have the student's directory information disclosed for one (1) or more Uses.
  - iii. Present the opt-out form to each student's parents or guardian within the first thirty (30) days of the school year and at other times upon request.
  - iv. If an opt-out form is signed and submitted to the Academy by a student's parent or guardian, then the Academy shall not include the student's directory information in any of the Uses that have been opted out of in the opt-out form.
- (b) The terms "directory information" shall have the same meaning as defined in MCL 380.1136.

Section 12.22. Partnership Agreement. If the Department and State Reform Office impose a partnership agreement on the Academy, the Academy shall work collaboratively with the Department, the State Reform Office and other partners to implement the partnership agreement. In the event that a provision in the partnership agreement is inconsistent with a provision in this Contract, this Contract shall control.

As the designated representative of the Central Michigan University Board of Trustees, I hereby issue this Contract to the Academy on the date set forth above.

CENTRAL MICHIGAN UNIVERSITY BOARD OF TRUSTEES

By:   
Tricia A. Keith, Chair

Date: June 24, 2019

As the authorized representative of the Academy, I hereby certify that the Academy is able to comply with the Contract and all Applicable Law, and that the Academy, through its governing board, has approved and agreed to comply with and be bound by the terms and conditions of this Contract and All Applicable Law.

NEW BRANCHES CHARTER ACADEMY

By:   
Board President

Date: 6/10/19



**CONTRACT SCHEDULES**

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**CONTRACT SCHEDULE 1**

**RESTATED ARTICLES OF INCORPORATION**

**MICHIGAN DEPARTMENT OF LICENSING AND REGULATORY AFFAIRS**  
**FILING ENDORSEMENT**

**This is to Certify that the RESTATED ARTICLES OF INCORPORATION - NONPROFIT**

**for**

**NEW BRANCHES CHARTER ACADEMY**

**ID NUMBER: 726931**

**received by facsimile transmission on August 16, 2017 is hereby endorsed.**

**Filed on August 23, 2017 by the Administrator.**

**This document is effective on the date filed, unless a subsequent effective date within 90 days after received date is stated in the document.**



*Sent by Facsimile Transmission*

**In testimony whereof, I have hereunto set my hand and affixed the Seal of the Department, in the City of Lansing, this 23rd day of August, 2017.**

*Julia Dale*

**Julia Dale, Director  
Corporations, Securities & Commercial Licensing Bureau**

MICHIGAN DEPARTMENT OF LICENSING AND REGULATORY AFFAIRS CORPORATIONS, SECURITIES & COMMERCIAL LICENSING BUREAU		
Date Received		
	This document is effective on the date filed, unless a subsequent effective date within 90-days after received date is stated in the document.	
Name		
Ryan Julian		
Address		
3662 Poinsettia Ave. SE		
City	State	Zip
Grand Rapids	MI	49508
		EFFECTIVE DATE:
		726931

**RESTATED ARTICLES OF INCORPORATION  
For Use by Domestic Nonprofit Corporations**

OF

**NEW BRANCHES CHARTER ACADEMY**

Pursuant to the provisions of the Michigan Nonprofit Corporation Act (Act 162) of 1982, as amended (the "Act"), being MCL 450.2101 et seq. and Revised School Code (the "Code") as amended, being Sections 380.501 to 380.507 of the Michigan Compiled Laws, the undersigned corporation executes the following Restated Articles:

The present name of the corporation is: New Branches Charter Academy.

The corporation identification number ("CID") assigned by the Bureau is: 726931.

The corporation has used the following other names: New Branches School.

The date of filing the original Articles of Incorporation was: August 15, 1994.

The dates of filing restated Articles of Incorporation was: May 11, 1995 and June 20, 2000.

The following Restated Articles of Incorporation supersede the Articles of Incorporation and shall be the Articles of Incorporation for the corporation:

**ARTICLE I**

The name of the corporation is: New Branches Charter Academy.

The authorizing body for the corporation is: Central Michigan University Board of Trustees.

**ARTICLE II**

The purpose or purposes for which the corporation is organized are:

1. The corporation is organized for the purpose of operating as a public school academy in the State of Michigan pursuant to the Code.
2. The corporation, including all activities incident to its purposes, shall at all times be conducted so as to be a governmental entity pursuant to Section 115 of the United States Internal Revenue Code ("IRC") or any successor law. Notwithstanding any other provision of these Restated Articles, the corporation shall not carry on any other activity not permitted to be carried on by a governmental instrumentality exempt from federal income tax under Section 115 of the IRC or by a nonprofit corporation organized under the laws of the State of Michigan and subject to a Contract authorized under the Code.

**ARTICLE III**

The corporation is organized on a non-stock basis.

The value of assets which the corporation possesses is:

- Real Property: \$8,504,211
- Personal Property: \$344,000

The corporation is to be financed under the following general plan:

- a. State school aid payments received pursuant to the State School Aid Act of 1979 or any successor law.
- b. Federal funds.
- c. Donations.
- d. Fees and charges permitted to be charged by public school academies.
- e. Other funds lawfully received.

The corporation is organized on a directorship basis.

**ARTICLE IV**

The name of the resident agent at the registered office is Ryan Julian.

The address of its registered office in Michigan is: 3662 Poinsettia Ave., SE, Grand Rapids, MI 49508.

The mailing address of the registered office in Michigan is the same.

#### **ARTICLE V**

The corporation is a governmental entity.

#### **ARTICLE VI**

The corporation and its incorporators, board members, officers, employees, and volunteers have governmental immunity as provided in section 7 of Act No. 170 of the Public Acts of 1964, being section 691.1407 of the Michigan Compiled Laws.

#### **ARTICLE VII**

Before execution of a Contract to charter a public school academy between the corporation and Central Michigan University Board of Trustees (the "University Board"), the method of selection, length of term, and the number of members of the Board of Directors of the corporation shall be approved by a resolution of the University Board as required by the Code.

#### **ARTICLE VIII**

The Board of Directors shall have all the powers and duties permitted by law to manage the business, property and affairs of the corporation.

#### **ARTICLE IX**

The officers of the corporation shall be a President, Vice-President, Secretary and a Treasurer, each of whom shall be a member of the Board of Directors and shall be selected by the Board of Directors. The Board of Directors may select one or more assistants to the Secretary or Treasurer, and may also appoint such other agents as it may deem necessary for the transaction of the business of the corporation.

#### **ARTICLE X**

No part of the net earnings of the corporation shall inure to the benefit of or be distributable to its board, directors, officers or other private persons, or organization organized and operated for a profit (except that the corporation shall be authorized and empowered to pay reasonable compensation for services rendered and to make payments and distributions in the furtherance of the purposes set forth in Article II hereof). Notwithstanding any other provision of these Restated Articles, the corporation shall not carry on any other activities not permitted to be carried on by a governmental entity exempt from federal income tax under section 115 of the IRC, or comparable provisions of any successor law.

To the extent permitted by law, upon the dissolution of the corporation, the board shall after paying or making provision for the payment of all of the liabilities of the corporation, dispose of all of the assets of the corporation to the University Board for forwarding to the state school aid fund established under article IX, section 11 of the Constitution of the State of Michigan of 1963, as amended.

#### ARTICLE XI

These Restated Articles of Incorporation shall not be amended except by the process provided in Article IX of the Terms and Conditions incorporated as part of the Contract. This process is as follows:

The corporation, by a majority vote of its Board of Directors, may, at any time, propose specific changes to these Restated Articles of Incorporation or may propose a meeting to discuss potential revision to these Restated Articles of Incorporation. The proposal will be made to the University Board through its designee. The University Board delegates to The Governor John Engler Center for Charter Schools ("The Center") Executive Director the review and approval of changes or amendments to these Restated Articles of Incorporation. In the event that a proposed change is not accepted by The Center's Executive Director, the University Board shall consider and vote upon a change proposed by the corporation following an opportunity for a written and oral presentation to the University Board by the corporation.

At any time and for any reason, the University Board or an authorized designee may propose specific changes to these Restated Articles of Incorporation or may propose a meeting to discuss potential revision. The corporation's Board of Directors may delegate to an officer of the corporation the review and negotiation of changes or amendments to these Restated Articles of Incorporation. The Restated Articles of Incorporation shall be amended as requested by the University Board or an authorized designee upon a majority vote of the corporation's Board of Directors.

Amendments to these Restated Articles of Incorporation take effect only after they have been approved by the corporation's Board of Directors and by the University Board or The Center's Executive Director, and the amendments are filed with the Michigan Department of Licensing and Regulatory Affairs, Bureau of Commercial Services. In addition, the corporation shall file with the amendment a copy of the University Board's or The Center's Executive Director's approval of the amendment.

Upon termination or revocation of the Contract, the Academy may amend its articles of incorporation as necessary to allow the Academy Board to: (a) take action to appoint Academy Board members in order to have a quorum necessary to take Academy Board action; or (b) effectuate a dissolution, provided that the Academy Board may not amend the articles of incorporation with regard to the disposition of assets upon dissolution.


#### ARTICLE XII

The definitions set forth in the Terms and Conditions incorporated as part of the Contract shall have the same meaning in these Restated Articles of Incorporation.

**ADOPTION OF ARTICLES**

These Restated Articles of Incorporation were duly adopted on the 7<sup>th</sup> day of August, 2017, in accordance with the provisions of Section 647 of the Act. These Restated Articles of Incorporation restate, integrate and do further amend the provisions of the Articles of Incorporation and were duly adopted by the directors. The necessary number of votes were cast in favor of these Restated Articles of Incorporation.

Signed this 7<sup>th</sup> day of August, 2017.

By:   
Mr. Ryan Julian, President



**CONTRACT SCHEDULE 2**

**AMENDED BYLAWS**

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**AMENDED BYLAWS**  
**OF**  
**NEW BRANCHES CHARTER ACADEMY**

**ARTICLE I**

**NAME**

This organization shall be called New Branches Charter Academy (the "Academy" or the "corporation").

**ARTICLE II**

**FORM OF ACADEMY**

The Academy is organized as a non-profit, non-stock, directorship corporation.

**ARTICLE III**

**OFFICES**

Section 1. Principal Office. The principal office of the Academy shall be located in the State of Michigan.

Section 2. Registered Office. The registered office of the Academy may be the same as the principal office of the Academy, but in any event must be located in the State of Michigan, and be the business office of the resident agent, as required by the Michigan Non-Profit Corporation Act. Changes in the resident agent and registered address of the Academy must be reported to the Michigan Department of Licensing and Regulatory Affairs and to The Governor John Engler Center for Charter Schools (“the Center.”)

**ARTICLE IV**

**BOARD OF DIRECTORS**

Section 1. General Powers. The business, property and affairs of the Academy shall be managed by the Academy Board of Directors ("Academy Board"). The Academy Board may exercise any and all of the powers granted to it under the Michigan Non-Profit Corporation Act or pursuant to Part 6A of the Revised School Code ("Code"). The Academy Board may delegate such powers to the officers and committees of the Academy Board as it deems necessary, so long as such delegation is consistent with the Articles, these Bylaws, the Contract and Applicable Law.

Section 2. Method of Selection and Appointment. The Central Michigan University Board of Trustees (“University Board”) shall prescribe the method of appointment for members of an Academy’s

Board of Directors. The Center Director is authorized to develop and administer an academy board selection and appointment process that includes an *Application for Public School Academy Board Appointment* and is in accord with these policies:

- a. The University Board shall appoint the initial and subsequent Academy Board of Directors by resolution, except as prescribed by subparagraph d. The Center Director shall recommend qualified individuals to the University Board.
- b. The Academy Board of Directors, by resolution and majority vote, shall nominate its subsequent members, except as provided otherwise. The Academy Board of Directors shall recommend to the Center Director at least one nominee for each vacancy. Nominees shall submit the *Application for Public School Academy Board Appointment* for review by the Center. The Center Director may or may not recommend the appointment of a nominee submitted by the Academy board. If the Center Director does not recommend the appointment of a nominee submitted by the Academy Board, he/she may select and recommend another nominee or may request the Academy Board submit a new nominee for consideration.
- c. An individual appointed to fill a vacancy created other than by the expiration of a term shall be appointed for the unexpired term of that vacant position.
- d. Under exigent conditions, and with the approval of the University Board's chair and the president, the Center Director may appoint a qualified individual to an Academy's board of directors. All appointments made under this provision must be presented to the University Board for final determination at its next regularly scheduled meeting. The University Board reserves the right to review, rescind, modify, ratify, or approve any appointments made under this provision.

Section 3. Length of Term. The Director of an Academy Board shall serve at the pleasure of the University Board. Terms of the initial positions of the Academy Board of Directors shall be staggered in accordance with *The Academy Board of Directors Table of Staggered Terms and Appointments* established and administered by the Center Director. Subsequent appointments shall be for a term of office not to exceed four (4) years, except as prescribed by *The Academy Board of Directors Table of Staggered Terms and Appointments*.

Section 4. Number of Director Positions. The number of director positions on the Academy Board shall not be less than five (5) nor more than nine (9) as determined by the University Board. If the Academy Board fails to maintain its full membership by making appropriate and timely nominations, the Center Director may deem that failure an exigent condition.

Section 5. Qualifications of Academy Board Members. To be qualified to serve on an Academy's Board of Directors, a person shall, among other things: (a) be a citizen of the United States; (b) be a resident of the State of Michigan; (c) submit all materials requested by the Center including, but not limited to, the *Application for Public School Academy Board Appointment* which must include authorization to process a criminal background check; and (d) annually submit a conflict of interest disclosure as prescribed by the Center.

The members of the Academy Board shall not include (a) employees of the Academy; (b) any director, officer, or employee of a service provider that contracts with the Academy; (c) a Central Michigan University official or employee, as a representative of Central Michigan University.

Section 6. Oath of Public Office. All members of the Academy Board must take the constitutional oath of office and sign the *Oath of Public Office* before beginning their service. The *Oath of Public Office* shall be filed with the Center.

Section 7. Tenure. Each Director shall hold office until the Director's replacement, death, resignation, removal or until the expiration of the term, whichever occurs first.

Section 8. Removal and Suspension. If the University Board determines that an Academy Board member's service in office is no longer necessary, then the University Board may remove an Academy Board member with or without cause and shall specify the date when the Academy Board member's service ends. An Academy Board member may also be removed from office for cause by a two-thirds (2/3) vote of the Academy's Board.

With the approval of the University Board's chair and the University President, the Center Director may suspend an Academy Board member's service, if in his/her judgment the person's continued presence would constitute a risk to persons or property, or would seriously impair the operation of the Academy. Any suspension made under this provision must be presented to the University Board for final determination at its next regularly scheduled meeting. The University Board reserves the right to review, rescind, modify, ratify, or approve any suspensions made under this provision.

Section 9. Resignation. Any Director may resign at any time by providing written notice to the corporation or by communicating such intention (orally or in writing) to the Center. Notice of resignation will be effective upon receipt or at a subsequent time if designated in a written notice. A successor shall be appointed as provided in Section 2 of this Article.

Section 10. Board Vacancies. A Board of Director vacancy shall occur because of death, resignation, removal, failure to maintain residency in the State of Michigan, disqualification or as otherwise specified in the Code. Any vacancy shall be filled as provided in Section 2 of this Article.

Section 11. Compensation. A Director of the Academy shall serve as a volunteer Director. By resolution of the Board, the Directors may be reimbursed for their reasonable expenses incident to their duties.

## ARTICLE V

### MEETINGS

Section 1. Annual and Regular Meetings. The Academy Board shall hold an annual meeting each year. The Academy Board must provide, by resolution, the time and place, within the State of Michigan, for the holding of regular monthly meetings. The Academy Board shall provide notice of the annual and all regular meetings as required by the Open Meetings Act.

Section 2. Special Meetings. Special meetings of the Academy Board may be called by or at the request of any Director. The person or persons authorized to call special meetings of the Academy Board may fix the place within the State of Michigan for holding any special meeting of the Academy Board called by them, and, if no other place is fixed, the place of meeting shall be the principal business office of the corporation in the state of Michigan. The corporation shall provide notice of all special meetings as required by the Open Meetings Act.

Section 3. Notice; Waiver. The Academy Board must comply with the notice provisions of the Open Meetings Act. In addition, notice of any meeting shall be given to each Director stating the time

and place of the meeting, delivered personally, mailed, sent by facsimile or electronic mail to the Director's business address. Any Director may waive notice of any meeting by written statement, facsimile or electronic mail sent by the Director, signed before or after the holding of the meeting. The attendance of a Director at a meeting constitutes a waiver of notice of such meeting, except where a Director attends a meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened.

Section 4. Quorum. In order to legally transact business, the Academy Board shall have a quorum physically present at a duly called meeting of the Academy Board. A “quorum” shall be defined as follows:

<u># of Academy Board Positions</u>	<u># Required for Quorum</u>
Five (5)	Three (3)
Seven (7)	Four (4)
Nine (9)	Five (5)

Section 5. Manner of Acting. The act of the majority of the Directors present at a meeting at which a quorum is present shall be the act of the Academy Board. No member of the Board of Directors may vote by proxy, by way of a telephone conference or any other electronic means of communication.

Section 6. Open Meetings Act. All meetings of the Academy Board, shall at all times be in compliance with the Open Meetings Act.

Section 7. Presumption of Assent. A Director of the Academy Board who is present at a meeting of the Academy Board at which action on any corporate matter is taken shall be presumed to have assented to the action taken unless that Director's dissent shall be entered in the minutes of the meeting or unless that Director shall file a written dissent to such action with the person acting as the Secretary of the meeting before the adjournment thereof or shall forward such dissent by registered mail to the Secretary of the corporation immediately after the adjournment of the meeting. This right to dissent shall not apply to a Director who voted in favor of such action.

## ARTICLE VI

### COMMITTEES

Section 1. Committees. The Academy Board, by resolution, may designate one or more committees. Each committee is to consist of one or more Directors selected by the Academy Board. As provided in the resolution as initially adopted, and as thereafter supplemented or amended by further resolution, the committees shall have such powers as delegated by the Academy Board, except (i) filling of vacancies in the officers of the Academy Board or committees created pursuant to this Section; (ii) amending the Articles of Incorporation or Bylaws; or (iii) any action the Academy Board cannot lawfully delegate under the Articles, Bylaws or Applicable Law. All committee meetings shall at all times be in compliance with the Open Meetings Act. Each committee shall fix its own rules governing the conduct of its activities and shall make such reports to the Academy Board of its activities as the Academy Board may request.

## ARTICLE VII

### OFFICERS OF THE BOARD

Section 1. Number. The officers of the Academy shall be a President, Vice-President, Secretary, Treasurer, and such assistant Treasurers and assistant Secretaries as may be selected by the Academy Board.

Section 2. Election and Term of Office. The Academy Board shall elect the initial officers at its first duly noticed meeting. Thereafter, the officers of the Academy shall be elected annually by the Academy Board. If the election of officers is not held at the annual meeting, the election shall be held as soon thereafter as may be convenient. Each officer shall hold office while qualified or until the officer resigns or is removed in the manner provided in Section 3.

Section 3. Removal. Any officer or agent elected or appointed by the Academy Board may be removed by the Academy Board whenever in its judgment the best interests of the corporation would be served thereby.

Section 4. Vacancies. A vacancy in any office shall be filled by appointment by the Academy Board for the unexpired portion of the term.

Section 5. President. The President of the Academy shall be a member of the Academy Board. The President of the corporation shall preside at all meetings of the Academy Board. If there is not a President, or if the President is absent, then the Vice-President shall preside. If the Vice-President is absent, then a temporary chair, chosen by the members of the Academy Board attending the meeting shall preside. The President shall, in general, perform all duties incident to the office of President of the Board as may be prescribed by the Academy Board from time to time.

Section 6. Vice-President. The Vice-President of the Academy shall be a member of the Academy Board. In the absence of the President or in the event of the President's death, inability or refusal to act, the Vice-President shall perform the duties of President, and when so acting, shall have all the powers of and be subject to all the restrictions upon the President. The Vice-President shall perform such other duties as from time to time may be assigned to the Vice-President by the President or by the Academy Board.

Section 7. Secretary. The Secretary of the Academy shall be a member of the Academy Board. The Secretary shall: (a) keep the minutes of the Academy Board meetings in one or more books provided for that purpose; (b) see that all notices, including those notices required under the Open Meetings Act, are duly given in accordance with the provisions of these Bylaws or as required by law; (c) be custodian of the corporate records and of the seal of the corporation and see that the seal of the corporation is affixed to all authorized documents; (d) keep a register of the post office address of each Director; and (e) perform all duties incident to the office of Secretary and other duties assigned by the President or the Academy Board.

Section 8. Treasurer. The Treasurer of the Academy shall be a member of the Academy Board. The Treasurer shall: (a) have charge and custody of and be responsible for all funds and securities of the corporation; (b) keep accurate books and records of corporate receipts and disbursements; (c) deposit all moneys and securities received by the corporation in such banks, trust companies or other depositories as shall be selected by the Board; (d) complete all required corporate filings; (e) assure that the responsibilities of the fiscal agent to the corporation are properly carried out; and (f) in general perform all



of the duties incident to the office of Treasurer and such other duties as from time to time may be assigned by the President or by the Academy Board.

Section 9. Assistants and Acting Officers. The Assistants to the officers, if any, selected by the Academy Board, shall perform such duties and have such authority as shall from time to time be delegated or assigned to them by the Secretary or Treasurer or by the Academy Board. The Academy Board shall have the power to appoint any member of the Academy Board to perform the duties of an officer whenever, for any reason, it is impractical for such officer to act personally. Such acting officer so appointed shall have the powers of and be subject to all the restrictions upon the officer to whose office the acting officer is so appointed except as the Academy Board may by resolution otherwise determine.

Section 10. Salaries. Officers of the Board, as Directors of the corporation, may not be compensated for their services. By resolution of the Academy Board, officers may be reimbursed for reasonable expenses incident to their duties.

Section 11. Filling More Than One Office. Subject to the statute concerning the Incompatible Public Offices, Act No. 566 of the Public Acts of 1978, being Sections 15.181 to 15.185 of the Michigan Compiled Laws, any two offices of the corporation except those of President and Vice-President may be held by the same person, but no officer shall execute, acknowledge or verify any instrument in more than one capacity.

## ARTICLE VIII

### CONTRACTS, LOANS, CHECKS AND DEPOSITS; SPECIAL CORPORATE ACTS

Section 1. Contracts. The Academy Board may authorize any officer or officers, agent or agents, to enter into any contract, to execute and deliver any instrument, or to acknowledge any instrument required by law to be acknowledged in the name of and on behalf of the corporation. Such authority may be general or confined to specific instances, but the appointment of any person other than an officer to acknowledge an instrument required by law to be acknowledged should be made by instrument in writing. When the Academy Board authorizes the execution of a contract or of any other instrument in the name of and on behalf of the corporation, without specifying the executing officers, the President or Vice-President, and the Secretary or Treasurer may execute the same and may affix the corporate seal thereto. No contract entered into, by or on behalf of the Academy Board, shall in any way bind Central Michigan University or impose any liability on Central Michigan University, its trustees, officers, employees or agents.

Section 2. Loans. No loans shall be contracted on behalf of the Academy and no evidences of indebtedness shall be issued in its name unless authorized by a prior resolution of the Academy Board. Such authority shall be confined to specific instances. No loan, advance, overdraft or withdrawal by an officer or Director of the corporation, shall be made or permitted unless approved by the Academy Board. No loan entered into, by or on behalf of the Academy Board, shall in any way be considered a debt or obligation of Central Michigan University or impose any liability on Central Michigan University, its trustees, officers, employees or agents.

Section 3. Checks, Drafts, etc. All checks, drafts or other orders for the payment of money, notes or other evidences of indebtedness issued in the name of the Academy, shall be signed by Academy Board members or Academy Board employees, which shall not include employees of the Academy Board's Educational Service Provider, and in such manner as shall from time to time be determined by resolution of the Academy Board.

Section 4. Deposits. All funds of the Academy shall be deposited from time to time to the credit of the corporation in such banks, trust companies or other depositories as the Academy Board may select, provided that such financial institution is eligible to be a depository of surplus funds under Section 1221 of the Revised School Code, being Section 380.1221 of the Michigan Compiled Laws.

Section 5. Voting of Gifted, Bequested or Transferred Securities Owned by this Corporation. Subject always to the specific directions of the Academy Board, any shares or other securities issued by any other corporation and owned or controlled by this corporation may be voted at any meeting of security holders of such other corporation by the President of this corporation or by proxy appointed by the President, or in the absence of the President and the President's proxy, by the Secretary or Treasurer of this corporation or by proxy appointed by the Secretary or Treasurer. Such proxy or consent in respect to any shares or other securities issued by any other corporation and owned by this corporation shall be executed in the name of this corporation by the President, the Secretary or the Treasurer of this corporation without necessity of any authorization by the Academy Board, affixation of corporate seal or countersignature or attestation by another officer. Any person or persons designated in the manner above stated as the proxy or proxies of this corporation shall have full right, power and authority to vote the shares or other securities issued by such other corporation and owned by this corporation the same as such shares or other securities might be voted by this corporation. This section shall in no way be interpreted to permit the corporation to invest any of its surplus funds in any shares or other securities issued by any other corporation. This section is intended to apply, however, to all gifts, bequests or other transfers of shares or other securities issued by any other corporation which are received by the corporation.

Section 6. Contracts Between Corporation and Related Persons. As required by Applicable Law, any Director, officer or employee of the Academy, who enters into a contract with the Academy, that meets the definition of contract under the statute on Contracts of Public Servants with Public Entities, Act No. 317 of the Public Acts of 1968, being sections 15.321 to 15.330 of the Michigan Compiled Laws, shall comply with the public disclosure requirements set forth in Section 3 of the statute.

The University Board authorizes the Academy Board to employ or contract for personnel according to the position information outlined in Schedule 5. However, the Academy Board shall prohibit any individual from being employed by the Academy, an educational service provider or an employee leasing company involved in the operation of the Academy, in more than one (1) full-time position and simultaneously being compensated at a full-time rate for each of these positions. An employee hired by the Academy shall be an employee of the Academy for all purposes and not an employee of the University for any purpose. With respect to Academy employees, the Academy shall have the power and responsibility to (i) select and engage employees; (ii) pay their wages, benefits, and applicable taxes; (iii) dismiss employees; and (iv) control the employees' conduct, including the method by which the employee carries out his or her work. The Academy Board shall be responsible for carrying workers' compensation insurance and unemployment insurance for its employees. The Academy Board may contract with an educational service provider or an employee leasing company to provide services or to provide personnel to perform services or work at the Academy. Before entering into an agreement with an educational service provider or an employee leasing company to perform services or to provide personnel to perform services or work at the Academy, the Academy Board must first comply with the Educational Service Provider Policies issued by the Center. A copy of the agreement between the Academy Board and the educational service provider or employee leasing company shall be included as part of Schedule 5.

The Academy shall comply with the Incompatible Public Offices statute, Act No. 566 of the Public Acts of 1978, of the Michigan Compiled Laws, and the Contracts of Public Servants With Public Entities statute, Act No. 371 of the Public Acts of 1968, of the Michigan Compiled Laws. The Academy Board shall ensure compliance with Applicable Law relating to conflicts of interest. Language in this Section controls over section 1203 of the Code. The following shall be deemed prohibited conflicts of interest:

- (a) An individual simultaneously serving as an Academy Board member and an owner, officer, director, employee or consultant of an educational service provider or an employee leasing company that has an agreement with the Academy;
- (b) An individual simultaneously serving as an Academy Board member and an Academy employee;
- (c) An individual simultaneously serving as an Academy Board member and an independent contractor to the Academy;
- (d) An individual simultaneously serving as an Academy Board member and a member of the governing board of another public school; and
- (e) An individual simultaneously serving as an Academy Board member and a University official, employee, or paid consultant, as a representative of the University.

No person shall be appointed or reappointed to serve as an Academy Board member if the person's 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 or same-sex domestic partner:

- (a) Is employed by the Academy;
- (b) Works at or is assigned to the Academy;
- (c) Has an ownership, officer, policymaking, managerial, administrative non-clerical or other significant role with the Academy's educational service provider or employee leasing company.

## **ARTICLE IX**

### **INDEMNIFICATION**

To the extent permitted by Applicable Law, each person who is or was a Director, officer or member of a committee of the Academy and each person who serves or has served at the request of the Academy as a trustee, director, officer, partner, employee or agent of any other corporation, partnership, joint venture, trust or other enterprise, may be indemnified by the Academy. The corporation may purchase and maintain insurance on behalf of any such person against any liability asserted against and incurred by such person in any such capacity or arising out of his status as such, whether or not the corporation would have power to indemnify such person against such liability under the preceding sentence. The corporation may, to the extent authorized from time to time by the Academy Board, grant rights to indemnification to any employee or agent of the corporation.

## **ARTICLE X**

## **FISCAL YEAR**

The fiscal year of the corporation shall begin on the first day of July in each year.

## **ARTICLE XI**

### **AMENDMENTS**

These Amended Bylaws may be altered, amended or repealed and new Amended Bylaws may be adopted by obtaining (a) the affirmative vote of a majority of the Academy Board at any regular or special meeting of the Academy Board, if a notice setting forth the terms of the proposal has been given in accordance with the notice requirements of these Amended Bylaws and applicable law, and (b) the written approval of the changes or amendments by the Center Director. In the event that a proposed change is not accepted by the Center Director, the University Board may consider and vote upon a change proposed by the corporation following an opportunity for a written presentation to the University Board by the Academy Board. These Amended Bylaws and any amendments to them take effect only after they have been approved by both the Academy Board and by the Center Director.

Upon termination or revocation of the Contract, the Academy may amend its Bylaws as necessary to allow the Academy Board to: (a) take action to appoint Academy Board members in order to have a quorum necessary to take Academy Board action; or (b) effectuate a dissolution, provided that the Academy Board may not amend the Bylaws with regard to the disposition of assets upon dissolution.

## **ARTICLE XII**

### **TERMS AND CONDITIONS DEFINITIONS**

The definitions set forth in the Terms and Conditions incorporated as part of the Contract shall have the same meaning in these Amended Bylaws.

**CERTIFICATION**

The Board certifies that these Amended Bylaws were adopted as and for the Bylaws of a Michigan corporation in an open and public meeting, by the Academy Board on the 7<sup>th</sup> day of August, 2017.



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Secretary

**CONTRACT SCHEDULE 3**  
**FISCAL AGENT AGREEMENT**

### SCHEDULE 3

#### FISCAL AGENT AGREEMENT

This Agreement is part of the Contract issued by the Central Michigan University Board of Trustees ("University Board"), an authorizing body as defined by the Revised School Code, as amended (the "Code"), to New Branches Charter Academy ("Academy"), a public school academy.

#### Preliminary Recitals

WHEREAS, pursuant to the Code and the Contract, the University Board, as authorizing body, is the fiscal agent for the Academy, and

WHEREAS, the University Board is required by law to forward any State School Aid Payments received from the State of Michigan ("State") on behalf of the Academy to the Academy,

NOW, THEREFORE, in consideration of the premises set forth below, the parties agree to the following:

#### ARTICLE I

##### DEFINITIONS AND INTERPRETATIONS

Section 1.1. Definitions. Unless otherwise provided, or unless the context requires otherwise, the following terms shall have the following definitions:

"Academy Account" means an account established by the Academy Board for the receipt of State School Aid Payments at a bank, savings and loan association, or credit union which has not been deemed ineligible to be a depository of surplus funds under Section 6 Act No. 105 of the Public Acts of 1855, being Section 21.146 of the Michigan Compiled Laws.

"Agreement" means this Fiscal Agent Agreement.

"Fiscal Agent" means the University Board or an officer or employee of Central Michigan University as designated by the University Board.

"Other Funds" means any other public or private funds which the Academy receives and for which the University Board voluntarily agrees to receive and transfer to the Academy.

"State School Aid Payment" means any payment of money the Academy receives from the State School Aid Fund established pursuant to Article IX, Section 11 of the Michigan Constitution of 1963 or under the State School Aid Act of 1979, as amended.

"State" means the State of Michigan.

"State Treasurer" means the office responsible for issuing funds to public school academies for State School Aid Payments pursuant to the State School Aid Act of 1979, as amended.

## ARTICLE II

### FISCAL AGENT DUTIES

Section 2.1. Receipt of State School Aid Payments and Other Funds. The University Board is the Fiscal Agent for the Academy for the limited purpose of receiving State School Aid Payments. By separate agreement, the University Board and the Academy may also agree that the University will receive Other Funds for transfer to the Academy. The Fiscal Agent will receive State School Aid Payments from the State, as provided in Section 3.2.

Section 2.2. Transfer to Academy. Except as provided in Article X of the Terms and Conditions and in the Oversight Agreement, the Fiscal Agent shall transfer all State School Aid Payments and all Other Funds received on behalf of the Academy to the Academy within ten (10) business days of receipt or as otherwise required by the provisions of the State School Aid Act of 1979 or applicable State Board rules. The State School Aid Payments and all Other Funds shall be transferred into the Account designated by a resolution of the Board of Directors of the Academy and by a method of transfer acceptable to the Fiscal Agent.

Section 2.3. Limitation of Duties. The Fiscal Agent has no responsibilities or duties to verify the Academy's pupil membership count, as defined in the State School Aid Act of 1979, as amended, or to authorize, to approve or to determine the accuracy of the State Aid School Payments received on behalf of the Academy from the State Treasurer. The duties of the Fiscal Agent are limited to the receipt and transfer to the Academy of State School Aid Payments and Other Funds received by the Academy. The Fiscal Agent shall have no duty to monitor, account for or approve expenditures made by the Academy Board.

Section 2.4. Academy Board Requests for Direct Intercept of State School Aid Payments. If the Academy Board (i) authorizes a direct intercept of a portion of its State School Aid Payments from the State to a third party account for the payment of Academy debts and liabilities; or (ii) assigns or directs that a portion of its State School Aid Payments be forwarded by the Fiscal Agent to a third party account for the payment of Academy debts and liabilities, then Academy shall submit to The Governor John Engler Center for Charter Schools at Central Michigan University for review and consideration: (i) a copy of the Academy Board's resolution authorizing the direct intercept or the assignment or direction of State School Aid Payments; (ii) a State School Aid Payment Agreement and Direction document that is in a form and content acceptable to the Fiscal



Agent; and (iii) other documents as required. The Center reserves the right to not acknowledge in writing any State School Aid Payment Agreement and Direction that is not in a form and content acceptable to the Fiscal Agent.

### **ARTICLE III**

#### **STATE DUTIES**

Section 3.1 Eligibility for State School Aid Payments. The State, through its Department of Education, has sole responsibility for determining the eligibility of the Academy to receive State School Aid Payments. The State, through its Department of Education, has sole responsibility for determining the amount of State School Aid Payments, if any, the Academy shall be entitled to receive.

Section 3.2. Method of Payment. Each State School Aid Payment for the Academy will be made to the Fiscal Agent by the State Treasurer by issuing a warrant and delivering the warrant to the Fiscal Agent by electronic funds transfer into an account specified by the Fiscal Agent, or by such other means deemed acceptable to the Fiscal Agent. The State shall make State School Aid Payments at the times specified in the State School Aid Act of 1979, as amended.

### **ARTICLE IV**

#### **ACADEMY DUTIES**

Section 4.1. Compliance with State School Aid Act. In order to assure that funds are available for the education of pupils, an Academy shall comply with all applicable provisions of the State School Aid Act of 1979, as amended.

Section 4.2. Academy Account. The Academy is authorized to establish an Account in the name of the Academy. Signatories to the Account shall be current Academy Board members and/or Academy Board employees, which shall not include employees of the Academy Board's Educational Service Provider, as shall from time to time be determined by resolution of the Academy Board. The Academy Board is authorized to approve withdrawals and transfers from any Account established in the name of the Academy. Any authorization approved by the Academy Board for automatic withdrawals or transfers from an Academy Account may only be terminated or amended by the Academy Board.

Section 4.3. Expenditure of Funds. The Academy may expend funds that it receives from the State School Aid Fund for any purpose permitted by the State School Aid Act of 1979 and may enter into contracts and agreements determined by the Academy as consistent with the purposes for which the funds were appropriated.

Section 4.4. Mid-Year Transfers. Funding for students transferring into or out of the Academy during the school year shall be in accordance with the State School Aid Act of 1979 or applicable State Board rules.

Section 4.5. Repayment of Overpayment. The Academy shall be directly responsible for reimbursing the State for any overpayments of State School Aid Payments. At its option, the State may reduce subsequent State School Aid Payments by the amount of the overpayment or may seek collection of the overpayment from the Academy.

## ARTICLE V

### RECORDS AND REPORTS

Section 5.1. Records. The Fiscal Agent shall keep books of record and account of all transactions relating to the receipts, disbursements, allocations and application of the State School Aid Payments and Other Funds received, deposited or transferred for the benefit of the Academy, and these books shall be available for inspection at reasonable hours and under reasonable conditions by the Academy and the State.

Section 5.2. Reports. Annually, the Fiscal Agent shall prepare and send to the Academy within thirty (30) days of September 1, a written report dated as of August 31. This report shall summarize all receipts, deposits and transfers made on behalf or for the benefit of the Academy during the period beginning on the latter of the date hereof or the date of the last such written report and ending on the date of the report, including without limitation, State School Aid Payments received on behalf of the Academy from the State Treasurer and any Other Funds which the University Board receives under this Agreement.

## ARTICLE VI

### CONCERNING THE FISCAL AGENT

Section 6.1. Representations. The Fiscal Agent represents that it has all necessary power and authority to enter into this Agreement and undertake the obligations and responsibilities imposed upon it in this Agreement and that it will carry out all of its obligations under this Agreement.

Section 6.2. Limitation on Liability. The liability of the Fiscal Agent to transfer funds to the Academy shall be limited to the amount of State School Aid Payments as are from time to time delivered by the State and the amount of Other Funds as delivered by the source of those funds.

The Fiscal Agent shall not be liable for any action taken or neglected to be taken by it in good faith in any exercise of reasonable care and believed by it to be within the discretion or power conferred upon it by this Agreement, nor shall the Fiscal Agent be responsible for the consequences of any error of judgment; and the Fiscal Agent shall not be answerable except for its own action,

neglect or default, nor for any loss unless the same shall have been through its gross negligence or willful default.

The Fiscal Agent shall not be liable for any deficiency in the State School Aid Payments received from the State Treasurer to which the Academy was properly entitled. The Fiscal Agent shall not be liable for any State School Aid overpayments made by the State Treasurer to the Academy for which the State subsequently seeks reimbursement.

Acknowledgment of Receipt

The undersigned, on behalf of the State of Michigan, Department of Treasury, acknowledges receipt of the foregoing Fiscal Agent Agreement that is part of the Contract issued by the Central Michigan University Board of Trustees to New Branches Charter Academy.

BY: Deborah M. Roberts  
Deborah M. Roberts, Director  
Bureau of State and Authority Finance  
Michigan Department of Treasury

Date: January 3, 2019

**CONTRACT SCHEDULE 4**  
**OVERSIGHT, COMPLIANCE**  
**AND REPORTING AGREEMENT**

## SCHEDULE 4

### OVERSIGHT, COMPLIANCE AND REPORTING AGREEMENT

This Agreement is part of the Contract issued by the Central Michigan University Board of Trustees ("University Board"), an authorizing body as defined by the Revised School Code, as amended (the "Code"), to New Branches Charter Academy ("Academy"), a public school academy.

#### Preliminary Recitals

WHEREAS, the University Board, subject to the leadership and general supervision of the State Board of Education over all public education, is responsible for overseeing the Academy's compliance with the Contract and all Applicable Law.

NOW, THEREFORE, in consideration of the premises set forth below, the parties agree to the following:

### ARTICLE I

#### DEFINITIONS AND INTERPRETATIONS

Section 1.1. Definitions. Unless otherwise provided, or unless the context requires otherwise, the following terms shall have the following definitions:

"Agreement" means this Oversight, Compliance and Reporting Agreement.

"Oversight Responsibilities" means the University Board's oversight responsibilities set forth in Section 2.1 of this Agreement.

"Compliance and Reporting Duties" means the Academy's duties set forth in Section 2.2 of this Agreement.

"State School Aid Payment" means any payment of money the Academy receives from the state school aid fund established pursuant to Article IX, Section 11 of the Michigan Constitution of 1963 or under the State School Aid Act of 1979, as amended.

### ARTICLE II

#### OVERSIGHT, COMPLIANCE AND REPORTING RESPONSIBILITIES

Section 2.1. Oversight Responsibilities. The Governor John Engler Center for Charter Schools ("The Center") at Central Michigan University, as it deems necessary to fulfill the University Board's Oversight Responsibilities, may undertake the following:

- a. Monitor and evaluate if the Academy Board is properly governing the Academy and following the Amended Bylaws set forth in the Contract.
- b. Monitor and evaluate the Academy's academic performance and progress toward achieving the educational goal and related measures set forth in Contract Schedule 7b.
- c. Monitor and evaluate the Academy's implementation, delivery, and support of the educational program and curriculum as set forth in Contract Schedules 7c and 7d, respectively.
- d. Monitor and evaluate the Academy's application and enrollment procedures as set forth in Contract Schedule 7f.
- e. Monitor and evaluate the Academy's organizational and financial viability.
- f. Monitor and evaluate the Academy's fiscal stewardship and use of public resources.
- g. Monitor and evaluate the records, internal controls or operations of the Academy.
- h. Monitor and evaluate if the Academy is staffed with qualified personnel and that appropriate background checks have been conducted.
- i. Monitor and evaluate if the Academy is providing a safe learning environment.
- j. Request evidence that the Academy has obtained the necessary permits and certificates to operate as a public school from the applicable governmental agencies, including, without limitation, the Michigan Department of Licensing and Regulatory Affairs' Bureau of Construction Codes and local health departments.
- k. Conduct comprehensive on-site reviews to assess and/or evaluate the Academy's performance.
- l. Monitor and evaluate if the Academy is demonstrating good faith in complying with the Contract, the Revised School Code, and all other Applicable Law.
- m. Request periodic reports from the Academy regarding any aspect of its operation, including, but not limited to, information identified in Schedule 8 of the Contract.
- n. Initiate action to amend, revoke, terminate or suspend the Contract.
- o. Provide information and support to the Academy.

Section 2.2. Compliance and Reporting Duties. The Academy agrees to fulfill the following Compliance and Reporting Duties:

- a. Adopt and properly maintain governing board policies in accordance with Applicable Law.
- b. Comply with the reporting and document submission requirements set forth in the Master Calendar of Reporting Requirements issued annually by the Center.
- c. Comply with any Academy specific reporting and document submission requirements established by the Center.
- d. Comply with the insurance requirements set forth in Article XI, Section 11.2 of the Terms and Conditions of the Contract.
- e. Comply with the Center's Educational Service Provider Policies, as may be amended.
- f. Report any litigation or formal proceedings to the Center, including, but not limited to, litigation initiated by or against the Academy alleging violation of any Applicable Law. If the University is a named party, notify the general counsel for the University Board as set forth in Article XII, Section 12.1 of the Terms and Conditions.
- g. The Academy shall not occupy or use any school facility set forth in Schedule 6 of the Contract until such facility has received all fire, health and safety approvals required by Applicable Law and has been approved for occupancy by the Michigan Department of Licensing and Regulatory Affairs' Bureau of Construction Codes.
- h. Permit the Center to inspect the records, internal controls, operations or premises of the Academy at any reasonable time.
- i. Authorize the Center to perform audit and evaluation studies using Academy data including, but not limited to, personally identifiable information about the Academy's students and staff submitted by the Academy to agencies including, but not limited to, Center for Educational Performance and Information ("CEPI"), Office of Educational Assessment and Accountability ("OEAA") and the Michigan Department of Education ("MDE"). Pursuant to this authorization, the Center shall abide by the regulations that govern the use of student data within the Family Educational Rights and Privacy Act (FERPA - 34 CFR Part 99), the Michigan Identity Theft Protection Act of 2004, and the Privacy Act of 1974.
- j. Upon request, the Academy Board shall provide the Center with a written report, along with supporting data, assessing the Academy's progress toward achieving the educational goal and related measures outlined in Contract Schedule 7b.

- k. Upon request, provide the Center with copies or view access to data, documents or information submitted to MDE, the Superintendent of Public Instruction, the State Board of Education, CEPI or any other state or federal agency.
- l. If the Academy operates an online or other distance learning program, it shall submit a monthly report to the Michigan Department of Education, in the form and manner prescribed by the Michigan Department of Education, that reports the number of pupils enrolled in the online or other distance learning program, during the immediately preceding month.

Section 2.3. Waiver of Compliance and Reporting Duties. The University Board, or the Center Director as its authorized designee, may modify or waive any of the Academy's Compliance and Reporting Duties.

### **ARTICLE III**

#### **RECORDS AND REPORTS**

Section 3.1. Records. The Academy will keep complete and accurate records and reports of its governance and operations. These records and reports shall be available for inspection by the Center at reasonable hours and under reasonable conditions.

### **ARTICLE IV**

#### **MISCELLANEOUS**

Section 4.1. Administrative Fee. The Academy agrees to pay to the University Board an administrative fee of 3% of the Academy's State School Aid Payments. This fee shall be retained by the University Board from each State School Aid Payment received for forwarding to the Academy. This fee shall compensate the University Board for overseeing the Academy's compliance with the Contract and all Applicable Law and other related activities for which compensation is permissible. By agreement between the Center and the Academy, the University may charge additional fees beyond the administrative fees for services rendered.

Section 4.2. Time of the Essence. Time shall be of the essence in the performance of obligations from time to time imposed upon the Academy and the University Board by this Agreement.



**CONTRACT SCHEDULE 5**

**DESCRIPTION OF STAFF RESPONSIBILITIES**

## DESCRIPTION OF STAFF RESPONSIBILITIES

Pursuant to Applicable Law and the Terms and Conditions of this Contract, including Article III, Section 3.6., the Academy is authorized to employ or contract for personnel according to the position information outlined in this schedule. Before entering into an agreement with an Educational Service Provider, as defined in the Terms and Conditions of this Contract, to provide comprehensive educational, administrative, management or instructional services or staff to the Academy, the Academy Board must first comply with the Educational Service Provider Policies adopted by the Center.

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**Qualifications.** The Academy shall comply with all applicable law regarding requirements affecting personnel employed by or assigned to the Academy including (but not limited to): qualifications, evaluation systems, criminal background checks and unprofessional conduct disclosures. All administrators or other person whose primary responsibility is administering instructional programs or as a chief business official shall meet the certification and continuing education requirements as described in MCL 380.1246. Except as otherwise provided by law, the Academy shall use certificated teachers according to state board rule.

**Administrator and Teacher Evaluation Systems.** The Academy Board shall adopt and implement for all teachers and school administrators a rigorous, transparent, and fair performance evaluation system that complies with the Code. If the Academy enters into an agreement with an Educational Service Provider, then the Academy Board shall ensure that the Educational Service Provider adopts a performance evaluation system that complies with MCL 380.1249.

**Performance Evaluation System.** Beginning with the 2018-2019 school year and continuing on during the term of this Contract, the Academy shall not assign a pupil to be taught in the same subject area for 2 consecutive years by a teacher who has been rated as ineffective on his or her 2 most recent annual year-end evaluations per the Code. If the Academy is unable to comply with this provision of the Code and plans to assign a pupil to be taught in the same subject area for 2 consecutive years by a teacher who has been rated as ineffective on his or her 2 most recent annual year-end evaluations per the Code, the Academy Board shall notify the pupil's parent or legal guardian that the pupil has been assigned to be taught in the same subject area for a second consecutive year by a teacher who has been rated as ineffective on his or her 2 most recent annual year-end evaluations. The notification shall be in writing, shall be delivered to the parent or legal guardian not later than July 15<sup>th</sup> immediately preceding the beginning of the school year for which the pupil is assigned to the teacher, and shall include an explanation of why the pupil is assigned to the teacher. MCL 380.1249a.

**Teacher and Administrator Job Performance Criteria.** The Academy Board shall implement and maintain a method of compensation for its teachers and school administrators that includes job performance and job accomplishments as a significant factor in determining compensation and additional compensation. The assessment of job performance shall incorporate a rigorous, transparent, and fair evaluation system that evaluates a teacher's or school administrator's performance at least in part based upon data on student growth as measured by assessments and other objective criteria. If the Academy enters into an agreement with an Educational Service Provider, then the Academy Board shall ensure that the Educational Service Provider complies with this section. MCL 380.1250.

### **Reporting Structure**

All positions are employed by Choice Schools Associates, L.L.C., and are outlined in the Educational Service Provider Agreement included in this Schedule.

### **Position Responsibilities**

Following are the categories into which Academy staff fall. Descriptions for all positions employed by or assigned to the Academy are available at the Academy.

#### **School Administrator(s)**

As stated above, all administrators or other person whose primary responsibility is administering instructional programs or as a chief business official shall meet the certification and continuing education requirements as described in MCL 380.1246. In addition to the position titles identified in MCL 380.1246, the Michigan Department of Education ("MDE") will deem an administrator working

at a district or school level to be “administering instructional programs” if the person’s position description or day-to-day duties include any or all of the following elements \*:

1. Responsibility for curriculum. This includes final or executive decisions which directly impact what should be taught to students and how it should be delivered, as well as what learning outcomes are expected, often following a philosophy of research, best practices, and continuous improvement providing equitable access to all students.
2. Responsibility for overseeing district or school improvement plan design or implementation. This includes a vision and a method for execution of plans regarding incorporating student assessment, using student performance and school safety data to drive decision-making, the use of information technology to support improvement, professional development, and overall student achievement.
3. Oversight of instructional policies. This includes the creation, modification, and recommendation of final policy regarding any aspect of how teachers implement, deliver, and support curriculum. Whether or not making specific financial decisions in support of these policies is part of the oversight role, this person still has final decision-making responsibility for instruction.
4. Executive-level reporting on academic progress to a governing authority. This includes providing updates, documentation, data, or presentations in an official or executive capacity to a governing body regarding progress on student learning goals—whether or not these reports are tied to expenditures related to the successful delivery of the instruction.
5. Supervision and evaluation of direct reports responsible for instruction. This includes providing executive leadership for employees who report to the individual, and providing direction to establish work priorities and decision-making. This involves evaluation of educator efficacy as well as general work performance of staff.

(\*This statement and numbered items that follow it were taken directly from the February 23, 2017, Memorandum issued by the MDE.)

### **Instructional Staff**

As stated above, except as otherwise provided by law, the Academy shall use certificated teachers according to state board rule. Individuals that are considered instructional staff are responsible for implementing the Academy’s curriculum, developing assessments and monitoring student progress. Instructional staff whose main responsibility is working with students with disabilities must modify instructional techniques in order to enhance learning for all students.

### **Non-Instructional Staff**

The staff that fall into this category are not required to hold an administrator certificate or a teaching certificate. The individuals in this category support the Academy’s pursuit of its mission, vision, and educational goals.

## MANAGEMENT SERVICES AGREEMENT

This Management Services Agreement (the “Agreement”) is made and entered into as of the 1<sup>st</sup> day of July 1, 2019, by and between Choice Schools Associates, L.L.C., a Michigan limited liability company (“CSA”), and the New Branches Charter Academy (the “Academy”), a body corporate and public school academy organized under Part 6A of the Michigan Revised School Code (the “Code”).

**WHEREAS**, the Academy operates pursuant to a charter contract (the “Contract”) issued by the Central Michigan University Board of Trustees (“CMU”); and

**WHEREAS**, the Academy operates as a public school academy under the direction of the Academy Board (the “Board”); and

**WHEREAS**, CSA is a limited liability company providing educational and managerial services to public school academies that has the ability to implement a comprehensive educational program and management methodologies for the Academy; and

**WHEREAS**, the Academy desires to engage CSA to perform certain services related to the Academy’s educational program and operations.

**NOW, THEREFORE, IT IS AGREED AS FOLLOWS:**

### ARTICLE I

#### CONTRACTUAL RELATIONSHIP

A. **Academy Authority.** The Academy has been granted the Contract by CMU to organize and operate a public school academy, together with the powers necessary or desirable for carrying out the educational program set forth in the Contract. The Academy is authorized by law to contract with a private entity to provide educational management services, provided that no provision of such a contract shall be effective if it would prohibit the Board from acting as an independent, self-governing public body, allow public decisions to be made other than in compliance with the Open Meetings Act, or interfere with the Board’s constitutional duty to exercise its statutory, contractual and fiduciary obligations governing the operation of the Academy.

B. **Delegated Authority.** Acting under and in the exercise of such authority, the Academy hereby engages CSA, to the extent permitted by law, to perform specified functions relating to the provision of educational services and the management and operation of the Academy; provided, however, that this Agreement is subject to all the terms and conditions of the Contract. The Contract shall be deemed incorporated herein by this reference. In the event of any inconsistency between provisions of this Agreement and provisions of the Contract, the provisions of the Contract shall prevail.

C. **Status of the Parties.** CSA is a limited liability company of Michigan and is not a division or a part of the Academy. The Academy is a body corporate and governmental entity authorized by the Code and is not a division or part of CSA. The relationship between CSA and the Academy is based solely on the terms of this Agreement. The parties to this Agreement intend that the relationship between them is

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that of an independent contractor, not an employee-employer relationship. The relationship between the parties was developed and entered into through arm's length negotiations and is based solely on the terms of this Agreement. Except as otherwise expressly designated by written agreement of the parties with consent from anyone whose consent is required by law or contract, no agent, officer or employee of the Academy shall be determined to be an agent or employee of CSA and no agent, officer or employee of CSA shall be determined to be an agent or employee of the Academy. The Academy will be solely responsible for its acts and omissions and the acts and omissions of its agents, officers and employees and CSA will be solely responsible for its acts and omissions and the acts and omissions of its agents, officers, employees and subcontractors.

## ARTICLE II

### TERM

A. **Term.** This Agreement shall become effective July 1, 2019 and shall cover three academic years commencing on July 1, 2019 and ending on June 30, 2022, subject to a continued Contract from CMU and continued state per capita funding. The Contract from CMU is effective through June 30, 2022 and the parties recognize that during the reauthorization process CMU may condition an extension or reauthorization of the Contract upon modifications to this Agreement or submission of a new agreement.

B. **Revocation or Termination of Contract.** If the Academy's Contract issued by the Central Michigan University Board of Trustees is revoked, terminated or a new charter contract is not issued to the Academy after expiration of the Academy's Contract, this Agreement shall automatically terminate on the same date as the Academy's Contract is revoked, terminated, or expires without further action of the parties. In the event that a reconstitution of the Academy's Contract includes measures that require cancelling of this Agreement, this Agreement shall automatically terminate on the same date as the effective date of the reconstitution of the Academy's Contract.

C. **Reconstitution of Contract.** In the event that the Academy is required (i) to close an Academy site pursuant to notice issued by the Michigan Department of Education under the Code; or (ii) to undergo reconstitution pursuant to the Code, and the Contract, and such a closure of an Academy site or reconstitution causes an amendment to or termination of this Agreement, the parties agree that this Agreement shall be amended or terminated to implement the Academy site closure or reconstitution, with no cost or penalty to the Academy, and CSA shall have no recourse against the Academy or the University Board for implementing such a site closure or reconstitution.

## ARTICLE III

### FUNCTIONS OF CSA

A. **Responsibility.** CSA shall be responsible for the management, operation, administration, and education at the Academy, consistent with Board Policy, the Contract and applicable law. Such functions include, but are not limited to:

1. Implementation and administration of the Educational Program and curriculum contained in the Contract;

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2. Marketing and communication plan development for board approval; the cost of implementation shall be the Academy's responsibility;
3. Budget preparation and financial management services
4. Management of accounting and bookkeeper services;
5. Risk management;
6. Acquisition of instructional and non-instructional material, equipment and supplies, the cost of which shall be the Academy's responsibility;
7. Selection, employment and supervision of all teachers and staff and the personnel management services (recordkeeping, wage and benefits administration, training and technical assistance) necessary to support those employees;
8. Food service management;
9. Transportation management;
10. Facilities management, including assistance in securing funding sources for facility improvement;
11. Preparation and timely submission of required CMU, local, state and federal reports;
12. Information and technology system management;
13. Preparation of applications and reports for State and Federal grants;
14. Management of school building operations;
15. Administration of extra-curricular and co-curricular activities and programs approved by the Board;
16. Preparation and implementation of administrative guidelines supporting board policy, including student codes of conduct;
17. Provision of special education programs and services to eligible students who attend the Academy in conformity with the requirements of state and federal laws and applicable regulations and policies.

**B. Educational Goals and Program.** CSA shall implement the educational goals and programs set forth in the Contract, including but not limited to methods of pupil assessment, admission policy and criteria, school calendar and school day schedule, age and grade classifications or pupils to be enrolled, and methods to be used to monitor performance towards targeted educational outcomes (collectively the "Educational Program"). In the event that CSA determines that it is advisable to modify

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the Educational Program set forth in the Contract, CSA will provide written notification to the Board specifying the changes it recommends and the reasons for the proposed changes. No changes in the Educational Program shall be implemented without the prior written approval of the Board and CMU. CSA shall provide the Board with periodic written reports specifying the level of achievement of each of the Academy's educational goals set forth in the Contract and detailing its plan for meeting any educational goals that are not being attained. These reports will be submitted to the Board immediately prior to the Board's regular meeting in January and July each year, and at such other times as specified in Board policy as the same may be changed from time to time.

C. **Subcontracts.** It is anticipated that CSA will utilize subcontracts to provide some of the services it is required to provide to the Academy, including but not limited to transportation and/or food service. CSA shall not subcontract the management, oversight or operation of the teaching and instructional program, without the prior approval of the Board. Board approval of other subcontracts is not required unless the cost for these subcontracted services is projected to exceed the funds appropriated for that purpose in the Academy's approved budget. CSA will receive no additional fee as a result of subcontracting of any services. CSA remains responsible to the Academy for the services provided through subcontracting agreements. CSA shall ensure that all subcontracts comply with applicable law including the Family Educational Rights and Privacy Act, 20 U.S.C. §1232g et seq., ("FERPA") and the criminal background check provisions of the Code.

D. **Place of Performance.** Instruction services other than field trips will normally be performed at the Academy facilities. CSA may perform functions other than instruction, such as purchasing, professional development, and administrative functions at off-site locations, unless prohibited by the Contract or applicable law. The Academy shall provide CSA with the necessary office space at the Academy site to perform all services for the Academy described in this Agreement.

E. **Acquisitions.** All acquisitions made by CSA for the Academy, including, but not limited to, instructional materials, equipment, supplies, furniture, computers and other technology, shall be owned by and remain the property of the Academy. CSA and its subcontractors will comply with all federal and state laws, rules, and regulations in addition to such policies as the Board may, from time to time adopt, under Section 1267 and Section 1274 of the Code as if the Academy were making these purchases directly from a third party supplier or vendor. CSA will not add any fees or charges to the cost of the equipment, materials and supplies purchased from third parties when it seeks reimbursement for the cost of these acquisitions.

F. **Pupil Performance Standards and Evaluation.** CSA is responsible for and accountable to the Board for the performance of students who attend the Academy. CSA shall implement pupil performance evaluations which permit evaluation of the educational progress of each Academy student, using measures of student and school performance required by the Contract or applicable laws and such additional measures as shall be mutually agreed upon by the Board and CSA including but not limited to parent satisfaction surveys.

G. **Student Recruitment.** CSA shall be responsible for the recruitment of students subject to the provisions of the Contract or applicable laws and the policies adopted by the Board. Students shall be selected in accordance with the procedures set forth in the Contract and in compliance with the Code and



other applicable law. CSA shall follow all applicable procedures regarding student recruitment, enrollment and lottery management, and shall be responsible for publication of appropriate public notices.

H. **Student Due Process Hearings.** CSA shall provide students with procedural and substantive due process in conformity with the requirements of applicable law and Board policy regarding discipline, special education, confidentiality and access to records, to an extent consistent with the Academy's own obligations. The Board shall retain the right to provide due process as required by law and to determine whether any student will be expelled.

I. **Legal Requirements.** CSA shall provide educational programs that meet the requirements under the Contract and applicable law, unless such requirements are or have been waived.

J. **Rules and Procedures.** The Board shall consider, adopt and conduct its operation in conformity with policies and procedures applicable to the Academy and CSA is directed to enforce the policies and procedures adopted by the Board. CSA shall assist the Board in its policy making function by recommending the adoption of reasonable policies and procedures applicable to the Academy.

K. **School Year and School Day.** The school year and the school day shall be as provided in the Contract and as defined annually by the Board in compliance with applicable law.

L. **Authority.** CSA shall have authority and power necessary to undertake its responsibilities described in this Agreement except in the case(s) wherein by law such power may not be delegated.

M. **Compliance with Academy's Contract.** CSA agrees to perform its duties and responsibilities under this Agreement in a manner that is consistent with the Academy's obligations under the Academy's Contract issued by the Central Michigan University Board of Trustees, including all schedules attached thereto and policies references therein, as they may be amended. The provisions of the Academy's Contract shall supersede any competing or conflicting provisions contained in this Agreement. CSA agrees to assist the Academy in complying with all of the Academy's reporting, recordkeeping, and other obligations under the Academy's Contract. CSA shall not act in a manner which will cause the Academy to be in breach of its Contract. Any action or inaction by CSA that causes the Contract to be in jeopardy of revocation, termination or reconstitution is a material breach of the Agreement. In addition, a failure of CSA to perform reasonably the functions set forth in Article III may be considered a material breach of this Agreement.

N. **Additional Programs.** The services provided by CSA to the Academy under this Agreement consist of the Educational Program as set forth in the Contract, as the same may change from time to time. The Academy may decide to provide additional programs, including but not limited to summer school. Any revenues collected from such programs will go directly to the Academy. The Academy may also purchase additional services from CSA at mutually agreeable cost. Such additional services shall be documented in writing as an amendment to this Agreement, subject to review by CMU.

O. **Annual Budget Preparation.** The Board shall by Board resolution appoint the Board Treasurer, or such other officer as determined by the Board, to serve as the chief administrative officer of the School (the "CAO") under the Uniform Budgeting and Accounting Act, MCL 141.421 et seq. (the "Budgeting and Accounting Act") Notwithstanding any other provision of the

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Agreement to the contrary, the Board resolution may designate CSA's chief financial officer, or such other CSA employee as is mutually agreed upon by CSA and the Academy, as the designated agent of the CAO to assist the CAO with the performance of the CAO's duties under the Budgeting and Accounting Act. CSA will provide the Board with a proposed annual budget that shall conform to the Michigan Public School Accounting Manual and the Uniform Budgeting and Accounting Act, MCL 141.421 *et seq.* and in a form satisfactory to the Board and in compliance with the Contract. The budget shall contain reasonable detail as requested by the Board and as necessary to comply with the public accounting standards applicable to public schools and applicable law. The budget shall include anticipated revenues and projected expenses and costs reasonably associated with operating the Academy and the Educational Program including, but not limited to, the projected cost of all services and educational programs provided to the Academy, rent and lease payments, debt service, maintenance and repairs to Academy facilities, supplies and furnishings necessary to operate the Academy, taxes, insurance premiums, utilities, professional fees, and other costs and expenses connected to the operation of the Academy. The proposed budget shall be submitted to the Board for approval not later than thirty (30) calendar days prior to the date when the approved budget is required to be submitted to CMU. CSA may not make deviations from the approved budget without the prior written approval of the Board.

**P. Compliance with Section 503c.** On an annual basis, CSA agrees to provide the Board all of the same information that a school district is required to disclose under section 503c of the Code, MCL 380.503c or under section 18(2) of the State Aid Act of 1979, MCL 388.1618(2), for the most recent school fiscal year in which the information is available. Within thirty (30) days of receiving the information under section 18 (2), the Board and CSA shall make this information publicly available on the Academy's website, in a form and manner prescribed by the Michigan Department of Education. The defined terms in section 503c of the Code, MCL 380.503c, shall have the same meaning in this Agreement.

**Q. Compliance with the Contract.** CSA shall make information concerning the operation and management of the Academy, including without limitation the information described in the Contract, available to the Academy as deemed necessary by the Board in order to enable the Academy to fully satisfy its obligations under the Contract.

**R. Suspension and Debarments List.** Federal agencies are required to award contracts only to presently responsible sources and cannot award funds to entities that have been suspended or debarred from doing business with the federal government. The Academy is a recipient of federal funding and CSA is required to refrain from any action that will result in being suspended or debarred. CSA certifies and affirms that it is not included on the federal Suspension and Debarments list of Excluded Parties List; nor is CSA affiliated with any party that is included on the federal Suspension and Debarments list of Excluded Parties List.

**S. Personally Identifiable Information.** CSA agrees to treat all personally identifiable information ("PII") received from the Academy or from students confidentially and securely, in compliance with all applicable laws and regulations related to protecting the privacy of PII, including without limitation the Family Education Rights and Privacy Act (FERPA), the Michigan Revised School Code, and Section 5 of Michigan's Student Online Personal Protection Act, MCL 388.1295. Except as permitted under the Code, CSA shall not sell or otherwise provide to a for-profit business entity any PII that is part of an Academy student's education records. If CSA receives information that is part of an Academy student's

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education records, CSA shall not sell or otherwise provide the information to any other person except as permitted under the Code. For purposes of this section, the terms “educational records” and “personally identifiable information” shall have the same meaning as those terms in section 1136 of the Code, MCL 380.1136. In addition, CSA will maintain a documented security program that incorporates appropriate, commercially reasonable, and industry-standard security measures to protect such PII. CSA will notify the Academy of any security breach that impacts PII received from the academy or from students within a commercially reasonable time after discovery and will provide regular status updates until the breach is resolved. After final resolution of the breach, CSA will provide the Academy with a final incident report.

T. **Data Security Breach.** CSA shall promptly report to the Board, not later than the first business day following discovery, any use or disclosure of personally identifiable information from the Academy’s education records or other information not suitable for public release (collectively, Covered Data or Information (“CDI”)) that is not authorized by this Agreement or Applicable Law. CSA agrees to promptly undertake to identify: (i) the nature of the unauthorized use or disclosure, (ii) the CDI used or disclosed, (iii) who made the unauthorized use or received the unauthorized disclosure, (iv) what CSA has done or shall do to mitigate any deleterious effect of the unauthorized use or disclosure, (v) whether, and if so on what grounds, CSA has determined that the security breach has not or is not likely to cause substantial loss or injury to, or result in identity theft with respect to, one or more residents of this state, and (vi) what corrective action CSA has taken or shall take to prevent future similar unauthorized use or disclosure. CSA shall provide such other information as reasonably requested by the Academy Board. CSA shall take appropriate action, in accordance with MCL 445.72, to notify affected individuals whose CDI may have been compromised.

## ARTICLE IV

### OBLIGATIONS OF THE BOARD

A. **Board Policy Authority.** The Board is responsible for determining the fiscal and academic policies that will govern the operation of the Academy, including policies relative to the conduct of students while in attendance at the Academy or enroute to and from the Academy and regulations governing the procurement of supplies, materials and equipment. The Board shall exercise good faith in considering the recommendations of CSA on issues including, but not limited to, policies, rules, regulations, procedures, curriculum and budgets subject to the constraints of law and the requirements of the Contract. Failure of CSA and the Board to agree on educational policies is grounds for termination of the Agreement by either party and will be subject to Article VII (C) of this Agreement.

B. **Building Facility.** The Board is responsible for the acquisition by either purchase or lease of a building facility that complies with all of the requirements of the Contract.

C. **Academy Employees.** The Board may employ such employees as it deems necessary. The cost to employ Academy employees shall be paid by the Board.

D. **Educational Consultants.** The Board may retain an educational consultant or consultants to review the operations of the Academy and the performance of CSA under this Agreement. CSA shall cooperate with the educational consultant or consultants and will provide those individuals with prompt access to records, facilities and information as if such requests came from the full Board. CSA shall have

no authority to select, evaluate, assign, supervise or control any educational consultant employed by the Board, and agrees that it will not bring or threaten to bring any legal action against the Board or any educational consultant for the performance of the functions requested to be performed by the Board and which are consistent with this Agreement. The cost to employ an educational consultant shall be paid by the Board.

E. **Legal Counsel.** The Board shall select and retain legal counsel to advise it on any matter, including but not limited to its rights and responsibilities under the Contract, this Agreement and applicable law.

F. **Audit Services.** The Board shall select and retain an independent auditor to perform the annual financial audit in accordance with the Contract and applicable state law.

G. **Budget.** The Board is responsible for adopting a budget in accordance with the provisions of the Uniform Budgeting and Accounting Act, MCL 141.421 *et seq*, that has adequate resources to fulfill its obligations under the Contract, including but not limited to its oversight of CSA, the organization of the Academy, negotiation of the Contract and any amendments, payment of personnel costs, insurance required under the Contract and this Agreement, the annual financial audit and retention of the Board's legal counsel and consultants. CSA may not make expenditures or commitments which deviate from the amounts or purposes of appropriations contained in the approved budget without the prior approval of the Board in the form of an approved amendment to the budget in accordance with applicable law and the Contract. In addition, the Board is responsible for determining the budget reserve amount included as part of the Academy's annual budget, for implementing fiscal policies that will assist the Academy in attaining the stated budget reserve amount and for approving necessary amendments to the budget to reflect necessary deviations from the adopted budget. The budget may be amended from time to time as deemed necessary by the Board. The Board shall designate an Academy Board member as the Chief Administrative Officer of the Academy.

H. **Academy Funds.** The Board shall determine the depository of all funds received by the Academy. All funds received by the Academy shall be initially deposited in the Academy's depository account. Signatories on all Board accounts shall solely be current Board members properly designated annually by Board resolution. All interest or investment earnings on Academy accounts shall accrue to the Academy. The Board shall provide Academy funding on a consistent and timely basis to CSA in order that CSA may fulfill its obligations under this Agreement.

I. **Governmental Immunity.** The Board shall determine when to assert, waive or not waive its governmental immunity. Nothing in this Agreement is intended to, nor shall it be construed, as a relinquishment or waiver by the Board of any immunity from action or liability.

J. **Contract with CMU.** The Board will not act in a manner which will cause the Academy to be in breach of its Contract with CMU.

K. **Evaluation of CSA.** The Board will evaluate the performance of CSA each year to provide CSA with an understanding of the Board's view of its performance under this Agreement. A preliminary evaluation will normally occur in January of each year followed by a year-end evaluation in June. The Board will determine the format to conduct this evaluation. Special evaluations may occur at any time.

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## ARTICLE V

### FINANCIAL ARRANGEMENT

A. **Primary Source of Funding.** As a Michigan public school academy, the primary source of funding for the Academy is state school aid payments based upon the number of eligible students enrolled in the Academy combined with such other payments as may be available from state and federal sources for specific programs and services.

B. **Other Revenue Sources.** In order to supplement and enhance the state school aid payments and improve the quality of education at the Academy, the Board and CSA, with prior Board approval, shall endeavor to obtain revenue from other sources. In this regard:

1. The Academy and/or CSA shall solicit and receive donations consistent with the mission of the Academy.
2. The Academy and/or CSA may apply for and receive grant money, in the name of the Academy. CSA shall provide advance notification to the Board of any grant applications it intends to make and receive the approval of the Board for the application prior to filing or submitting any grant.
3. To the extent permitted by law, CSA may charge fees to students for extra services such as summer programs, after school programs and athletics and charge non-Academy students who participate in such programs approved by the Board.

All funds received by CSA or the Academy from such other revenue sources shall inure to and be deemed the property of the Academy, except as otherwise agreed by the parties in writing as an amendment to this Agreement.

C. **Compensation for Services.** For the term of this Agreement, the Academy shall pay CSA an annual fee. This annual fee shall be calculated as follows:

(1) **2019-2020 School Year.** The annual fee to be paid for services performed between July 1, 2019 through June 30, 2020 shall be the sum of (a) \$271,000 and (b) ten (10.00%) percent of all payments in excess of \$2,718,000 that the Academy receives directly or indirectly under Paragraph A above (including amounts retained by CMU) and all grants received by the Academy under Paragraph B (except for donations that are made to Academy) that are to be expended during that school year, but not more than \$67,750.

(2) **2020-2021 School Year.** The annual fee to be paid for services performed between July 1, 2020 through June 30, 2021 shall be the sum of (a) \$283,670 and (b) ten (10.00%) percent of all payments in excess of \$2,826,720 that the Academy receives directly or indirectly under Paragraph A above (including amounts retained by CMU) and all grants received by the Academy under Paragraph B (except for donations that are made to Academy) that are to be expended during that school year, but not more than \$70,917.

(3) **2021-2022 School Year.** The annual fee to be paid for services performed between July 1, 2021 through June 30, 2022 shall be the sum of (a) \$293,978 and (b) ten (10.00%) percent of all payments in excess of \$2,939,788 that the Academy receives directly or indirectly under Paragraph A (including amounts retained by CMU) above and all grants received by the Academy under Paragraph B (except for donations that are made to Academy) that are to be expended during that school year, but not more than \$73,494.

CSA's annual fee shall be paid in twelve (12) equal monthly installments beginning in July of each school year. The exact day of the month that each monthly installment is to be paid will coincide with the timing of any state school aid payment from the State of Michigan to be received in that month. In months where no state school aid payments are to be received, the day of the month when that monthly installment will be due will be mutually agreed upon by the parties after taking into consideration available year-end funds and the timing of funds to be made available from state school aid anticipation notes or other sources. All installments of the annual fee for the final year on this Agreement shall be paid by June 30<sup>th</sup> of the final year of the Agreement if this Agreement is not extended beyond the scheduled termination date. The amount of the annual fee is subject to reduction in a mutually agreeable amount in any school year if extenuating circumstances make payment of the entire annual fee inappropriate.

**D. Reasonable Compensation.** The parties wish to satisfy the requirements of Rev. Proc. 97-13 so that the provision of CSA's services under this Agreement does not cause the Academy's facilities to be treated as used in a private business use under Section 141(b) of the Internal Revenue Code of 1986, as amended. CSA's compensation under this Agreement is reasonable compensation for services rendered. CSA's compensation for services under this Agreement will not be based, in whole or in part, on a share of net profits from the operation of the Academy.

**E. Payment of Educational Program Costs.** In addition to the Academy's obligation to pay or reimburse CSA for the cost to employ CSA employees under Article VI(B), (C) and (D), all costs reasonably incurred within Board approved budget parameters in providing the Educational Program at the Academy shall be paid by the Academy. Such costs shall include, but shall not be limited to, curriculum materials, professional development and training, textbooks, library books, computer and other equipment, software, supplies utilized at the Academy for educational purposes, building payments, maintenance, utilities, capital improvements, and marketing and development costs. Marketing and development costs charged to the Academy shall be limited to those costs specific to the Academy program and shall not include any costs for the marketing and development of CSA. The Board shall pay or reimburse CSA monthly for approved fees and expenses, as identified in the board approved annual budget, upon properly presented documentation and approval by the Board at its next regularly scheduled meeting. At its option, the Board may advance funds to CSA for the fees and expenses associated with the Academy's operation provided that documentation for the fees and expenses are provided for Board ratification at its next regularly scheduled meeting. In paying costs on behalf of the Academy, CSA shall not charge an added fee. Any costs reimbursed to CSA that are determined by the independent audit not to be reasonably incurred on behalf of the Educational Program of the Academy shall be promptly returned to the Academy by CSA.

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F. **CSA Costs.** The annual fee to be paid to CSA set forth in Article V, Section C is intended to compensate CSA for all expenses it incurs for administrative and financial services it is required to provide under this Agreement, including but not limited to, expenses associated with individuals providing professional and curriculum development services, accounting services, clerical services, management and budgeting services, and administrative services. CSA will provide sufficient professional and non-professional staff in these areas, who shall be compensated by CSA. In addition, the annual fee is intended to compensate CSA for all costs incurred by CSA to provide these services. The annual fee does not include payments for CSA personnel provided pursuant to Article VI (B), (C), and (D), the cost of which will be paid or reimbursed to CSA in accordance with Article VI (A). Any services to be provided by CSA that are included in the annual fee but are performed by a subcontractor shall not be charged to, reimbursed by, or passed through as an additional cost to the Academy. Additionally, no corporate costs of CSA shall be charged to, or reimbursed by, the Academy.

G. **CSA Legal Services.** The annual fee set forth in Article V, Section C is intended to compensate CSA for routine legal fees it incurs to receive advice regarding the scope of its obligations under state and federal law to provide the administrative and financial services CSA is required to provide under this Agreement. The annual fee does not cover non-routine legal services, including but not limited to the legal fees and costs associated with the appointment of special education hearing officers and the engagement of counsel to represent the Academy in legal or administrative proceedings, which are the responsibility of the Academy. The Board shall at all times retain the sole authority and discretion to engage independent legal counsel.

H. **Other Public School Academies.** The Academy acknowledges that CSA has entered or will enter into management agreements with other public school academies. CSA shall separately account and provide written detail for reimbursable expenses incurred on behalf of the Academy and other public school academies, and only charge the Academy for expenses incurred on behalf of the Academy.

I. **Financial Reporting.** On not less than a monthly basis, CSA shall provide the Board with monthly financial statements that shall include a balance sheet, an object level detailed statement of revenues, expenditures and changes in fund balance that includes a comparison of budget-to-actual information and an explanation of the variances of expenditures for review and approval by the Board. This report shall explain any variances from the approved budget and shall contain recommendations for necessary budget corrections. The foregoing presentation shall be in a form and format acceptable to the Board and shall be provided to Board members not less than three (3) business days prior to the Board meeting at which the information will be considered in the Board packets sent to Board members in preparation for Board meetings. CSA shall provide special reports as necessary to keep the Board informed of changing conditions. All finance and other records of the ESP related to the Academy will be made available to the Academy, the Academy's independent auditor and the Authorizer upon request.

J. **Operational Reporting.** At least two (2) times per year, December and May unless agreed otherwise, CSA will provide the Board with comprehensive written reports detailing Academy operations, finances and student performance. In order to enable the Board to monitor CSA's educational performance and the efficiency of its operation of the Academy, upon the request of the Board, CSA will provide written reports to the Board on any topic of Academy activity or operations and which are consistent with this Agreement. These special reports will be

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provided in a timely fashion, but not less than one (1) week after the request for the report is received by CSA unless the Board and CSA mutually agree upon an extended timetable.

K. **Audit Report Information.** CSA will make all of its financial and other records related to the Academy available to the Academy and the Academy's independent auditor selected by the Board.

L. **Other Financial Relationships.** Any lease, promissory notes or other negotiable instruments, lease-purchase agreements or other financing agreements between the Academy and CSA shall be contained in a document separate from this Agreement and shall comply with applicable law and CMU's Educational Service Provider Policies.

M. **Access to Records.** CSA shall keep accurate financial records pertaining to its operation of the Academy, together with all Academy financial, educational and student records prepared by or in the possession of CSA and retain all of these records for a period as required by Bulletin 1022 of Michigan's Record Retention Schedule, or applicable law, whichever period is the longest, from the close of the fiscal year to which such books, accounts and records relate. CSA shall further make information concerning the operation and management of the Academy, including but not limited to, information required to be kept by the Contract with CMU, including all exhibits and schedules, available to the Academy as deemed necessary by the Board in order to enable the Academy to fully satisfy its obligations under the Contract and to CMU upon request. Financial, educational, operational and student records that are now or may in the future come into the possession of CSA remain Academy records and are required to be returned by CSA to the Academy upon demand, provided that CSA may retain copies of records necessary to document the services provided to the Academy and its actions under the Agreement. CSA and the Academy shall maintain the proper confidentiality of personnel, student and other records as required by law. All Academy records shall be physically or electronically available, upon request, at the Academy's physical facilities. The financial, educational, operational and student records pertaining to the Academy are Academy property and are public documents subject to disclosure in accordance with the provisions of the Michigan Freedom of Information Act. This Agreement shall not be construed to restrict CMU's or the public's access to these records under the Freedom of Information Act or the Contract, except to the extent permitted by law.

N. **Access to Confidential Information.** CSA, and its respective officers, directors, employees and designated agents are each hereby authorized to serve as agents of the Academy having a legitimate educational interest in the Program and its students for purposes of the Family Educational Rights and Privacy Act, 20 U.S.C. § 1232g et seq., ("FERPA"), such that they are jointly and severally entitled to access the educational records of the Program for all purposes related to FERPA. The Academy agrees to define "school official" in the Academy's annual notification of rights under 20 U.S.C. § 1232g, 34 C.F.R. § 99, FERPA to include a contractor who performs an institutional service or function for which the Academy would otherwise use its own employees, who is under the direct control of the Academy with respect to the use and maintenance of personally-identifiable information from education records, and who is subject to the requirements of 34 C.F.R. § 99.33(a) governing the use and redisclosure of personally identifiable information from education records. The Board designates CSA and certain of its employees and subcontractors as school officials of the Academy having a legitimate educational interest such that they are entitled to access to educational records under FERPA. CSA and its employees and subcontractors agree to comply with FERPA and corresponding regulations applicable to school officials. Except as set forth in this Paragraph or as expressly acknowledged in writing by the Board, no employee of CSA shall

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be deemed to be an agent of the Academy. During the term of this Agreement, the Academy may disclose, and CSA and its officers, directors, employees and designated agents may have access to, confidential information to the extent permitted by applicable law, including without limitation, the Family Educational Rights and Privacy Act, 20 U.S.C. §1232g et seq., (“FERPA”), the Individuals with Disabilities Education Act (“IDEA”), 20 USC §1401 et seq., 34 CFR 300.610 – 300.626; Section 504 of the Rehabilitation Act of 1973, 29 USC §794a, 34 CFR 104.36; the Michigan Mandatory Special Education Act, MCL 380.1701 et seq.; the Americans with Disabilities Act, 42 USC §12101 et seq.; the Health Insurance Portability and Accountability Act (“HIPAA”), 42 USC 1320d – 13200d-8; 45 CFR 160, 162 and 164; and social security numbers, as protected by the federal Privacy Act of 1974, 5 USC §552a; and the Michigan Social Security Number Privacy Act, MCL 445.84. CSA agrees that it shall comply with all applicable law regarding the safeguarding of the confidentiality of such information.

## ARTICLE VI

### PERSONNEL AND TRAINING

A. **Personnel Responsibility.** CSA is responsible for providing the Academy with a School Administrator and other qualified administrative, teaching, food service, secretarial, maintenance and transportation staff to operate the Academy within the staffing levels approved by the Board in its annual budget. CSA shall have the responsibility to recruit, select, hire, evaluate, compensate, assign, discipline, transfer and terminate the employment of all individuals that it employs to provide services at or for the Academy, consistent with state and federal law and the provisions of this Agreement. With the exception of the Board employees, if any, CSA shall be the employer of all individuals working at or for the Academy and accepts full liability and is responsible for the payment of all costs incurred by CSA attributable to these employees, including wages, salaries, fringe benefits, payroll taxes, social security contributions, unemployment costs, workers compensation costs, and liability insurance costs irrespective of whether CSA receives an advancement of its costs or the payment of services from the Academy. Unless required by applicable statute, court or administrative decision, or Attorney General’s opinion, CSA shall not make payments to the Michigan Public School Employees’ Retirement System or any other public retirement system on behalf of its employees. CSA will provide the Board with a detailed listing of the actual wages, salaries, fringe benefits, social security contributions, unemployment costs and workers compensation costs for all employees of CSA who will be assigned to provide services at the Academy. The Board will pay CSA for the cost of the actual wages, salaries, fringe benefits, social security contributions, unemployment costs, and workers compensation costs of employees assigned to the Academy not later than three (3) business days before that compensation is due to the employees or to other entities to be paid to provide these benefits, provided that these costs are not higher than anticipated and approved in the annual budget. Alternatively, the Board may advance funds to CSA for the cost of the wages, salaries, fringe benefits, social security contributions, unemployment costs and workers compensation costs of employees assigned to the Academy provided that documentation for the fees and expenses are provided for Board review at its next regularly scheduled Board meeting and are consistent with budget allocations. At the request of the Board, CSA will provide payroll services for employees of the Board. CSA will not assign any employee to work at the Academy who has not successfully completed a pre-employment background check (including statutorily required criminal history, criminal background and unprofessional conduct checks) consistent with Michigan State Police guidelines and credential verification, and, a pre-employment

physical if appropriate. CSA will not place in the employment contracts with any of its employees assigned to work at the Academy any non-compete agreements of any nature. CSA agrees that any provision of an employment agreement with any of its employees that would be in violation of this provision is void and shall not be enforceable in any forum. CSA will comply with the requirements of applicable law, including but not limited to section 1249 of the Code, MCL 380.1249, regarding the evaluation of its employees based in part upon data on student growth and the establishment of employee compensation levels that include job performance and job accomplishments as a significant factor. In the event that an employee hired by CSA is retired under the Michigan Public School Employees Retirement Act, CSA will comply with any applicable notice and reporting requirement.

**B. School Administrator.** CSA shall provide the Academy with a School Administrator who shall be responsible for the daily operational control of the Academy and to make recommendations to CSA regarding employees to be assigned to the Academy. CSA will have the authority, consistent with applicable law, to select and supervise the School Administrator and to hold that individual accountable for the success of the Academy. The School Administrator will be a CSA employee, but the individual selected by CSA must be acceptable to the Board. CSA will consult with the Board prior to hiring the School Administrator and will consult with the Board prior to taking any action that would alter the employment status of the School Administrator. At the request of the Board, CSA will review the performance of the School Administrator with the Board. Upon receipt of written notification indicating that the Board is not satisfied with the performance of the School Administrator, CSA will provide a replacement School Administrator if the performance problems are not resolved. The Board will reimburse CSA for any reasonable costs associated with the termination of the School Administrator during a school year, at the Board's request, provided that the amount of the costs to be reimbursed shall not exceed three (3) months of the School Administrator's salary and fringe benefits. The employment contract with the School Administrator, and the duties and compensation of the School Administrator shall be determined by CSA, but that individual must be assigned on a full time basis to the Academy and may not be providing services to any other school or Academy without the prior approval of the Board. If CSA chooses to execute an employment agreement with the School Administrator that has a term longer than one year, the Board reserves the right to have the School Administrator placed elsewhere by CSA if the Board is dissatisfied with that individual's performance at the end of any school year and will be considered a non-renewal rather than a termination for purposes of this Agreement.

**C. Teachers.** As part of the annual budgeting process, CSA shall make a recommendation to the Board regarding the number of teachers required for the operation of the Academy pursuant to the Contract. CSA shall provide the Academy with such teachers, qualified in the grade levels and subjects as are required by the Academy. The curriculum taught by such teachers shall be the curriculum prescribed in the Contract. Such teachers may, at the discretion of CSA, work at the Academy on a full or part time basis. If assigned to the Academy on a part time basis, such teachers may also work at other schools operated by CSA. Each teacher assigned to or retained by the Academy shall hold a valid teaching certificate or temporary special permit issued by the State Board of Education under the Code, to the extent required under the Code and the Every Student Succeeds Act of 2015 ("ESSA") or other applicable law. If CSA chooses to execute contracts with teaching staff that have a term of longer than one year, the Board reserves the right to have teachers placed elsewhere by CSA if the Board is dissatisfied with their performance at the end of any school year. Teachers employed by CSA shall not be considered teachers for purposes of continuing tenure under MCL Section 38.71 *et. seq.*

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D. **Support Staff.** As part of the annual budgeting process, CSA shall make a recommendation to the Board regarding the number of support staff required for the operation of the Academy pursuant to the Contract. CSA shall provide the Academy with such support staff, qualified in the areas required, as are required by the Board. Such support staff may, in the discretion of CSA, work at the Academy on a full or part time basis. If assigned to the Academy on a part time basis, such support staff may also work at other schools operated by CSA. Each support staff employee assigned to or retained by the Academy shall have received the training and hold the certificates, degrees or licenses legally required for the position to which they are assigned under the Code and ESSA or other applicable law. If CSA chooses to execute contracts with support staff that have a term of longer than one year, the Board reserves the right to have support staff placed elsewhere by CSA if the Board is dissatisfied with their performance at the end of any school year.

E. **Training.** CSA shall provide training to the School Administrator, teachers and paraprofessionals on a regular and continuing basis and shall insure that they receive all training required by law and the policies of the Board. The School Administrator, teachers, paraprofessionals and other support staff employees shall receive such other training as CSA determines as reasonable and necessary under the circumstances within the board approved budget.

## ARTICLE VII

### TERMINATION OF AGREEMENT

A. **Termination by the Academy for Cause.** This Agreement may be terminated by the Academy for cause prior to the end of the term specified in Article II in the event that CSA should fail to remedy a material breach within a period reasonable under the circumstances, which in no event shall be longer than sixty (60) calendar days after notice from the Academy. A material breach is a failure by CSA to carry out its responsibilities under this Agreement and may include, but is not limited to, (1) failure to account for its expenditures or to pay operating costs (providing funds are available to do so), (2) failure to follow policies or procedures duly adopted by the Board, (3) failure to follow the Educational Program, (4) a violation of the Contract or of applicable law, or (5) any action or inaction by CSA that is not cured within 60 days of notice thereof which causes the Contract to be revoked, terminated, suspended, or which causes the Contract to be put in jeopardy of revocation, suspension or termination by Central Michigan University. In order to terminate this Agreement for cause, the Board is required to provide CSA with written notification of the facts it considers to constitute material breach and the period of time within which CSA has to remedy this breach not to exceed sixty (60) calendar days. After the period to remedy the material breach has expired, the Board may terminate this Agreement by providing CSA with written notification of termination. The Academy and CSA will make every effort necessary to remedy a breach of the ESP Agreement in order to continue school operations until completion of the then current school fiscal year.

B. **Termination by CSA for Cause.** This Agreement may be terminated by CSA for cause prior to the end of the term specified in Article II in the event the Academy fails to remedy a material breach within a period reasonable under the circumstances, which in no event shall be longer than sixty (60) calendar days after notice from CSA. A material breach is a failure by the Academy to carry out its responsibilities under this Agreement and may include, but is not limited to (1) a failure to make timely

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payments to CSA as required by this Agreement, (2) a failure to give consideration to the recommendations of CSA regarding the operation of the Academy), (3) a violation of the Contract or of applicable law or (4) any action or inaction by the Academy that places the Contact in jeopardy of suspension, revocation, reconstitution or termination. In order to terminate this Agreement for cause, CSA is required to provide the Board with written notification of the facts it considers to constitute material breach and the period of time within which the Academy has to remedy this breach not to exceed sixty (60) days. After the period to remedy the material breach has expired, CSA may terminate this Agreement by providing the Board with written notification of termination. The Academy and CSA will make every effort necessary to remedy a breach of the ESP Agreement in order to continue school operations until completion of the then current school fiscal year.

C. **Termination by Either Party Without Cause.** If CSA and the Board are unable to agree on educational programs, curriculum or other educational policies that affect the Academy in a significant way, either party may elect to terminate this Agreement at the end of a school year, provided that the terminating party gives the other party written notification of termination at least sixty (60) calendar days prior to the termination date.

E. **Change in Law.** If any federal, state or local law or regulation, or court decision has a material adverse impact on the ability of either party to carry out its obligations under this Agreement, then either party, upon written notice, may request renegotiation of the Agreement; and if the parties are unable or unwilling to renegotiate the terms within ninety (90) calendar days after the notice, the party requiring the renegotiation may terminate this Agreement on thirty (30) calendar days further written notice.

F. **Rights to Property Upon Termination.** Upon termination of this Agreement all property (real or personal), equipment, materials and supplies whether purchased by the Academy or by CSA with state school aid funds or other funds secured by the Academy, shall remain the exclusive property of the Academy. CSA shall have the right upon proof of ownership to reclaim any usable property or equipment (e.g., including, but not limited to, desks, computers, copying machines, fax machines, telephones) that was purchased by CSA with CSA funds. Fixtures and building alterations shall become the property of the Academy.

I. **Mid-Year Transition.** The Academy and CSA agree that mid-year terminations should be avoided if possible and endeavor to take reasonable efforts necessary to remedy a breach of this agreement in order to continue school operations until completion of the then current school fiscal year. If a breach cannot be remedied, the Academy Board and CSA agree to work cooperatively to transition management and operations of the academy without disrupting the Academy's operations. CSA shall perform this transition in a similar manner as described under Article VII (J) based upon completion of the then-current school period.

J. **End of Agreement Transition.** Upon termination or expiration of this Agreement, of if this agreement is terminated due to a Contract revocation, reconstitution, or termination or non-renewal, CSA shall, without additional charge: (i) close the financial records on the then current school fiscal year which includes, but is not limited to, the completion and submission of the annual financial audit, state and federal grant reporting and all other associated reporting required within the required timelines established by the appropriate local, state or federal authority; (ii) organize and prepare student records for transition to the new educational services provider, self-management or in the case of a school closure, transfer to a New Branches Final Agreement 2019 v.6.10.19

student's new school as designated by the student's parent/legal guardian or to a person or entity authorized to hold such records; (iii) provide for the orderly transition of employee compensation and benefits to the new educational services provider or self-management without disruption to staffing, or in the case of school closure, final payment of all employee compensation, benefit and tax obligations related to services provided by CSA to the Academy; (iv) organize and prepare the Academy's records, both electronic and hard-copy, for transition to the new educational services provider, self-management or dissolution; and (v) provide for the orderly transition to the new educational services provider, self-management or dissolution of all Academy-owned assets including, but not limited to, furniture, fixtures, equipment and real estate. This includes any keys, log-in information and passwords related to any Academy asset.

## ARTICLE VIII

### PROPRIETARY INFORMATION

- A. **CSA Proprietary Information and Academy Rights of Use.** CSA shall own all copyright and other proprietary rights to all instructional and educational materials, training materials, curriculum and lesson plans, and any other materials developed by CSA, its employees, agents or subcontractors, or by any individual working for or supervised by CSA, which (i) were not directly developed exclusively by staff working at the Academy; or (ii) were paid for by CSA with CSA funds. The Academy shall have an ongoing right to use, at no cost, all such materials in use as of the termination of this Agreement.
- B. **Academy Proprietary Information and CSA Rights of Use.** The Academy shall own all copyright and other proprietary rights to all instructional and educational materials, training materials, curriculum and lesson plans, and any other materials (i) developed exclusively by staff working at the Academy; or (ii) both directly developed and paid for by the Academy ; or (iii) developed by CSA, at the direction of the Board with Academy funds. CSA shall have an ongoing right to use, at no cost, all such materials developed during the term of this Agreement.
- C. **Required Disclosure.** Both parties shall be permitted to report any new teaching techniques or methods of significant revisions to known teaching techniques or methods to CMU, the ISD in which the Academy is located and to the State Board of Education, which teaching techniques or methods may thereafter be made available to the public, as provided in Sections 505(3) of the Code, notwithstanding anything contained in this Article VIII to the contrary. Any educational materials and teaching techniques developed by CSA and/or used by the Academy are subject to disclosure under the Code and the Freedom of Information Act.
- D. **Marks.** The Academy and CSA shall provide written notice to the other party regarding the existence of any trademarks, service marks, mascot, or other identifying symbols (Marks) that they consider to be proprietary in nature. Execution of the Agreement satisfies this notice requirement as to each party's name and the Academy's tree logo. The Academy and CSA agree not to use Marks of the other party without the prior written approval.

## ARTICLE IX

### INDEMNIFICATION

A. **Indemnification of CSA.** To the extent permitted by law, the Academy shall indemnify and hold CSA (which term for purposes of this Paragraph A, includes CSA's officers, directors, agents and employees) harmless against any and all claims, demands, suits, or other forms of liability (including reasonable attorney's fees and costs) that may arise out of, or by reason of, any noncompliance by the Academy Board (its officers, directors and employees) with any agreements, covenants, warranties, or undertakings of the Academy Board (its officers, directors and employees) contained in or made pursuant to this Agreement; and any misrepresentation or breach of the representations and warranties of the Board contained in or made pursuant to this Agreement. In addition, the Academy shall reimburse CSA for any and all legal expenses and costs associated with the defense of any such claim, demand, or suit. The indemnification requirements of this paragraph may be met by the purchase of insurance in a form and amounts reasonably acceptable to CSA.

B. **Limitations of Liabilities.** The Academy may assert or not assert all immunities and statutory limitations of liability in connection with any claims arising under this Agreement.

C. **Indemnification of the Academy.** To the extent permitted by law, CSA shall indemnify and hold the Academy (which term for purposes of this Paragraph C, includes the Academy Board and its officers, directors, agents and employees) harmless against any and all claims, demands, suits, or other forms of liability (including reasonable attorney fees and costs) that may arise out of, or by reason of, any noncompliance by CSA with any agreements, covenants, warranties, or undertakings of CSA contained in or made pursuant to this Agreement; and any misrepresentation or breach of the representations and warranties of CSA contained in or made pursuant to this Agreement. In addition, CSA shall reimburse the Academy for any and all legal expenses and costs associated with the defense of any such claim, demand, or suit. The indemnification requirements of this paragraph may be met by the purchase of insurance in a form and amounts acceptable to the Academy.

D. **Indemnification for Negligence.** To the extent permitted by law, the Academy shall indemnify and hold harmless CSA, and CSA's Board of Directors, officers, employees, agents and representatives, from any and all claims and liabilities which CSA may incur and which arise out of the negligence of the Academy Board or its directors, officers, employees, agents or representatives. To the extent permitted by law, CSA shall indemnify and hold harmless the Academy, and the Academy's Board of Directors, officers, employees, agents or representatives, from any and all claims and liabilities which the Academy may incur and which arise out of the negligence of CSA's directors, officers, employees, agents or representatives.

E. **Indemnification of Central Michigan University.** The parties acknowledge and agree that Central Michigan University, its Board of Trustees, and its members, officers, employees, agents or representatives (collectively "University") are deemed to be third party beneficiaries for purposes of this Agreement. As third party beneficiaries, CSA hereby promises to indemnify, defend and hold harmless the University from and against all demands, claims,

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actions, suits, causes of action, losses, judgments, liabilities, damages, fines penalties, demands, forfeitures, or any other liabilities or losses of any kind whatsoever, including costs and expenses (not limited to reasonable attorney fees, expert and other professional fees), of settlement and prosecution imposed upon or incurred by the University, and not caused by the sole negligence of the University, which arise out of or are in any manner connected with the University Board's approval of the Academy's Application, the University Board's consideration of or issuance of a Contract, CSA's preparation for or operation of the Academy, or which are incurred as a result of the reliance by the University upon information supplied by CSA, or which arise out of CSA's failure to comply with the Contract or applicable law. The parties expressly acknowledge and agree that the University may commence legal action against CSA to enforce its rights as set forth in this section of the Agreement.

## ARTICLE X

### INSURANCE

A. **Insurance of the Academy.** The Academy shall purchase its own insurance policy and shall secure and maintain such policies of insurance as required by the Michigan Universities Self Insurance Corporation ("M.U.S.I.C."). This coverage shall include the building and related capital facilities if they are the property of the Academy. The Academy shall maintain such insurance in an amount and on such terms as required by the provisions of the Contract, including the indemnification of CSA required by this Agreement. The Academy shall, upon request, present evidence to CSA that it maintains the requisite insurance in compliance with the provisions of this paragraph. CSA shall comply with any information or reporting requirements applicable to the Academy under the Academy's policy with its insurer(s), to the extent practicable.

B. **Insurance of CSA.** CSA shall secure and maintain such policies of insurance as required by the Contract and M.U.S.I.C.. In the event the University or M.U.S.I.C. requests any change in coverage by CSA, CSA agrees to comply with the change in the type or amount, as requested, within thirty (30) days after notice of the insurance coverage change. CSA's insurance is separate from and in addition to the insurance the Academy Board is required to obtain under the Contract. CSA shall, upon request, present evidence to the Academy and CMU that it maintains the requisite insurance in compliance with the provisions of this paragraph. The Academy shall comply with any information or reporting requirements applicable to CSA under CSA's policy with its insurer(s), to the extent practicable.

C. **Workers' Compensation Insurance.** Each party shall maintain workers' compensation insurance when and as required by law, covering their respective employees.

## ARTICLE XI

### MISCELLANEOUS

A. **Sole Agreement.** This Agreement supersedes and replaces any and all prior agreements and understandings between the Academy and CSA on the subject matter hereof.

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B. **Force Majeure.** Neither party shall be liable if the performance of any part or all of this Agreement is prevented, delayed, hindered or otherwise made impracticable or impossible by reason of any strike, flood, riot, fire, explosion, war, act of God, sabotage, accident, or any other casualty, or cause beyond either party's control, and which cannot be overcome by reasonable diligence and without unusual expense.

C. **Notices.** All notices, demands, requests and consents under this Agreement shall be in writing, shall be delivered to each party, and shall be effective when received by the parties or mailed to the parties at their respective addresses set forth below, or at such other address as may be furnished by a party to the other party:

If to CSA: Choice Schools Associates  
5251 Clyde Park Avenue SW  
Wyoming, MI 49509  
  
Attn: Sarah Wildey

If to the Academy: New Branches Charter Academy  
3662 Poinsettia Ave SE  
Grand Rapids, MI 49508  
  
Attn: Board President

A courtesy copy of the notice shall also be provided to the legal counsel of the party to be served, if known.

D. **Severability.** The invalidity of any of the covenants, phrases or clauses in this Agreement shall not affect the remaining portions of this Agreement, and this Agreement shall be construed as if such invalid covenant, phrase or clause had not been contained in this Agreement.

E. **Successors and Assigns.** This Agreement shall be binding upon, and inure to the benefit of, the parties and their respective successors and assigns.

F. **Entire Agreement.** This Agreement is the entire agreement between the parties relating to the services provided, and the compensation for such services, by the parties. Any modification to this Agreement must be made in writing, approved by the Board and CSA, and signed by a duly authorized officer. In addition, any modification of this Agreement must follow CMU's ESP policies before it can be executed.

G. **Non-Waiver.** No failure of a party in exercising any right, power or privilege under this Agreement shall affect such right, power or privilege, nor shall any single or partial exercise thereof preclude any further exercise thereof or the exercise of any other right, power or privilege. The rights and remedies of the parties under this Agreement are cumulative and not exclusive of any rights or remedies which any of them may otherwise have.



H. **Assignment.** CSA may not assign this Agreement without the prior written approval of the Board and without prior notification to CMU. Any such assignment shall be done in a manner consistent with CMU's ESP policies.

I. **Governing Law.** This Agreement shall be governed by and enforced in accordance with the laws of the state of Michigan.

J. **Delegation of Authority.** Nothing in this Agreement shall be construed as delegating to CSA any of the powers or authority of the Board that are not subject to delegation by the Board under Michigan law or the Contract.

K. **Compliance with Law.** The parties agree to comply with all applicable laws and regulations.

L. **Warranties and Representations.** The Academy and CSA each represent (1) that it has the authority under law to execute, deliver and perform this Agreement and to incur the obligations provided for under this Agreement, (2) that its actions have been duly and validly authorized, and (3) that it will adopt any and all resolutions or expenditure approvals required for execution of this Agreement.

M. **Dispute Resolution Procedure.** Any and all disputes between the parties concerning any alleged breach of this Agreement or arising out of or relating to the interpretation of this Agreement or the parties' performance of their respective obligations under this Agreement that are unable to be resolved through discussion and negotiation shall be resolved by arbitration, and such an arbitration procedure shall be the sole and exclusive remedy for such matters. The arbitrator shall be selected from a panel provided by and in accordance with the rules of the American Arbitration Association. The arbitration shall be conducted in accordance with the rules of the American Arbitration Association, with such variations as the parties and the arbitrator unanimously accept. Any arbitration hearing shall be conducted in Grand Rapids, Michigan. The arbitrator shall be required to issue a cause opinion with a written explanation as to the final decision. CMU shall be notified of the arbitrator's decision and a copy of the arbitrator's opinion shall be made available to CMU upon request. A judgment on the award rendered by the arbitrators may be entered in any court having appropriate jurisdiction. The cost of arbitration, not including attorney fees, shall be paid by the losing party. It shall be in the discretion of the arbitration panel to award reasonable attorney fees to the prevailing party, to be paid if awarded by the losing party.

N. **Modification to Conform to Changed CMU Policies.** The parties intend that this Agreement shall comply with CMU's Educational Service Provider Policies, as the same may be changed from time to time. In the event that changes in CMU's Educational Service Provider Policies implemented after the date of execution of this Agreement cause any provision of this Agreement to be in conflict with the revised Policies, the parties agree to amend this Agreement to eliminate the conflict within thirty (30) calendar days after being advised by CMU of the changes to its policies.

O. **CMU Review.** This Agreement is subject to review and non-disapproval by CMU and shall not become effective until the Academy Board is notified in writing that CMU does not disapprove of this Agreement.

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ARTICLE XII

MATTERS RELATED TO REVENUE PROCEDURES 2017-13

A. CSA’s compensation under the Agreement is reasonable and is not based, in whole or in part, on a share of the net profits and/or a share of the net losses from the operation of the Academy or upon the disposition, damage or destruction of the Academy’s property;

B. The Agreement does not pass along to CSA the burden of bearing any share of the net losses from the operation of the Academy or upon the disposition, damage or destruction of the Academy’s property;

C. The term of the Agreement is not greater than 30 years or 80 percent of the useful life of the Academy’s tax-exempt bond financed school facility (if shorter) including all renewal options;

D. The Academy bears the risk of loss upon the disposition, damage or destruction of the Academy’s property; and

E. CSA is not entitled to and will not take any federal tax position that is inconsistent with being a service provider under this Agreement to the Academy.

Further, with regard to governance;

A. None of the Academy’s Board of Directors serve as a director, officer, shareholder, partner, member, or employee of the service provider;

B. The Academy’s Board of Directors does not include the chief executive officer of the service provider or the chairperson (or equivalent executive) of the service provider’s governing body; and

C. The chief executive officer of the service provider is not the chief executive officer of the Academy or any of the Academy’s related parties (as defined in § 1.150-1(b)).

The parties have executed this Agreement as of the day and year first above written.

CHOICE SCHOOLS ASSOCIATES, L.L.C.

NEW BRANCHES CHARTER ACADEMY

By Sara Mantel

By Ran Jal  
President, Board of Directors

Date: 6/13/19

Date: 6/10/19

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**CONTRACT SCHEDULE 6**

**PHYSICAL PLANT DESCRIPTION**

## **PHYSICAL PLANT DESCRIPTION**

Pursuant to Applicable Law and the Terms and Conditions of this Contract, including Article XI, Section 11.5, the Academy is authorized to operate at the physical facility or facilities outlined in this schedule. The Academy shall not occupy or use any facility until approved for occupancy by the Michigan Department of Licensing and Regulatory Affairs' Bureau of Construction Codes and Bureau of Fire Services.

Physical Plant Description .....	6-1
Site Plan .....	6-3
Floor Plans .....	6-4
Financing Agreement.....	6-7
Mortgage Agreement .....	6-71
Parking Lot Use Agreement.....	6-86
Office of Fire Safety Approval .....	6-92
Use and Occupancy Permit.....	6-93
Certificate of Use and Occupancy .....	6-94

1. Applicable Law requires that a public school academy application and contract must contain a description of and the address for the proposed physical plant in which the public school academy will be located. See MCL 380.502(3)(i) and 380.503(6)(f);

2. The address and a description of the site and physical plant (the "Site") of New Branches Charter Academy (the "Academy") is as follows:

Address: 3662 Poinsettia Ave., SE  
Grand Rapids, MI 49508

Description: The facility is a single story structure and contains approximately 61,000 square feet. The facility has a total of 24 classrooms. Twenty-two classrooms are being utilized for K-8 instruction and two classrooms are utilized for the preschool program. Some of the rooms that are utilized for K-8 instruction are used for the following purposes: computer lab, technology classroom, Spanish classroom, and an environmental science room. The facility also contains a gymnasium with a stage and two locker rooms; a kitchen and cafeteria; eight student restrooms and four staff restrooms; a multipurpose room; three copy machine rooms; three custodial rooms; two technology server rooms; a staff lounge; and four office areas. The Site contains a storage garage, ample parking area, a play area, a garden, and an outdoor pavilion.

Configuration of Grade Levels: Kindergarten through Eighth Grade.

Term of Use: Term of Contract.

Name of School District and Intermediate School District:

Local: Grand Rapids Public Schools  
ISD: Kent

3. It is acknowledged and agreed that the following information about this Site is provided on the following pages, or must be provided to the satisfaction of the University Board or its designee, before the Academy may operate as a public school in this state.

- A. Narrative description of physical facility
- B. Size of building
- C. Scaled floor plan
- D. Copy of executed lease or purchase agreement

4. In addition, the Academy and the University Board hereby acknowledge and agree that this Contract is being issued to the Academy with the understanding that the Academy cannot conduct classes as a public school academy in this state until it has obtained the necessary fire, health and safety approvals for the above-described physical facility. These approvals must be provided and be acceptable to the University Board or its designee prior to the Academy operating

as a public school. In cases of disagreement, the Academy may not begin operations without the consent of the University Board or its designee.

5. If the Site described above is not used as the physical facilities for the Academy, then Schedule 6 of this Contract between the Academy and the University Board must be amended pursuant to Article IX of the Terms and Conditions of Contract, to designate, describe, and agree upon the Academy's physical facilities. The Academy must submit to the University Board or its designee complete information about the new site to be actually used. This information includes that described in paragraphs 2, 3 and 4 of this Schedule 6. It is acknowledged and agreed that the public school academy cannot conduct classes as a public school in this state until it has submitted all the information described above, to the satisfaction of the University Board or its designee, and the amendment regarding the new site has been executed.

6. Any change in the configuration of grade levels at the Site requires an amendment to this Schedule 6 pursuant to Article IX of the Terms and Conditions of Contract set forth above.

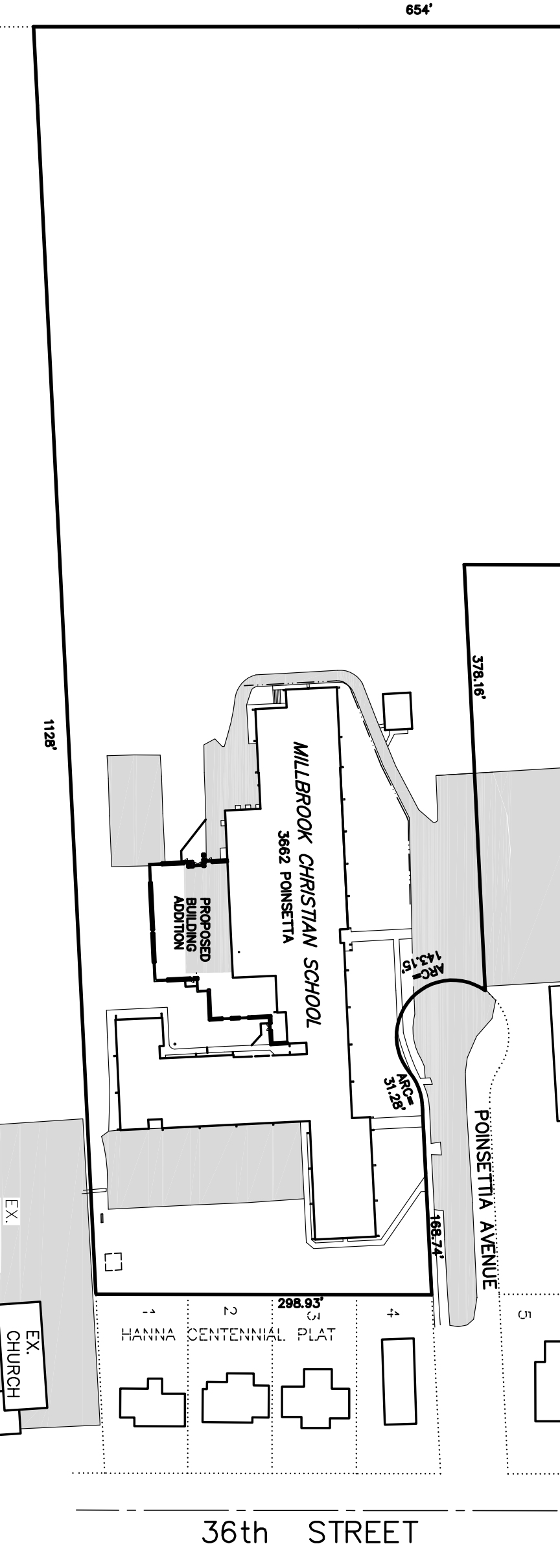
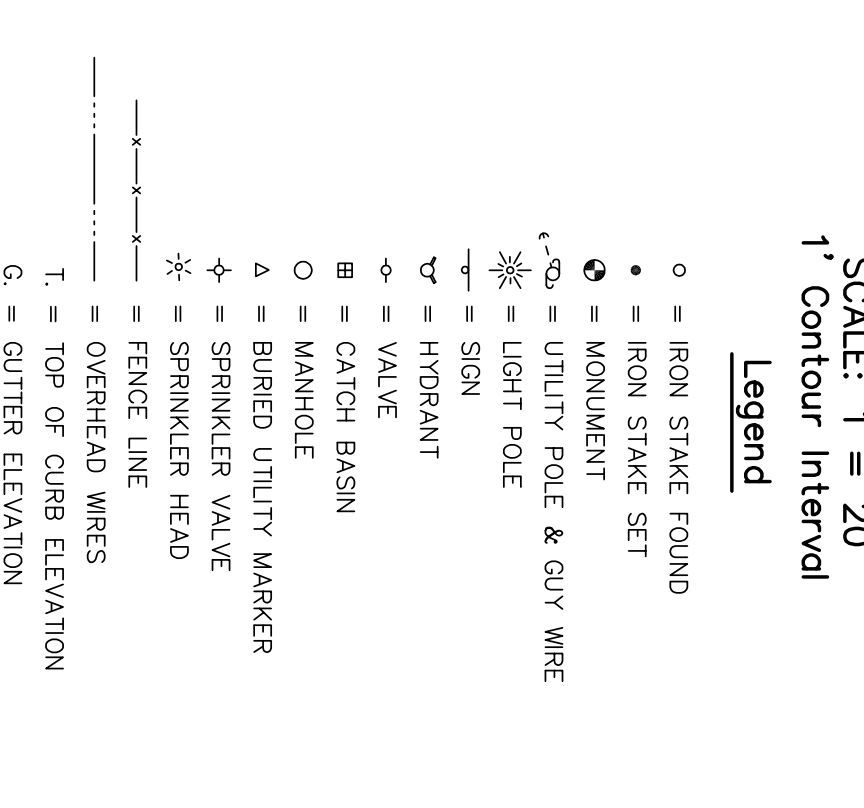
<b>57</b>	REVISIONS	DATE	DESCRIPTION
1	ISSUED FOR PERMIT	6/1/09	
2	ISSUED FOR PERMIT	6/1/09	
3	ISSUED FOR PERMIT	6/1/09	
4	ISSUED FOR PERMIT	6/1/09	
5	ISSUED FOR PERMIT	6/1/09	
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56	ISSUED FOR PERMIT	6/1/09	
57	ISSUED FOR PERMIT	6/1/09	

<b>57</b>	CONSTRUCTION SCHEDULE
Soil Erosion Controls	6/1/09
Site Grading	6/1/09
Foundation	6/1/09
Restoration	6/1/09
	12/23/09
	6/29/09
	9/1/09
	10/7/09

Property Description from Kent County Office  
 of Property located in the NE 1/4 of Section 20,  
 18N, RT1W, City of Grand Rapids, Kent County, Michigan. Except  
 that part lying within the Hanna Centennial Plat.

**GENERAL NOTES:**

2. Utility relocation (telephone, gas, power poles, etc. as needed) and necessary permits to be coordinated with architect, contractor and utility provider.
3. All grass areas shall have a minimum of 4" topsoil.
4. All grass areas shall be seeded with Kentucky Bluegrass and overseeded with Perennial Ryegrass. Sod is to be installed with the contractor's responsibility.
5. Existing impervious area = 2,30 Ac.
6. Increased impervious area = 0,15Ac.



NOTES:

1. Structure shown on the ground surface have been located and shown per actual measurements. Utility lines shown per available records and should not be interpreted as the exact location nor the only utilities in this area.
2. BENCH MARK ELEV. 731.81 (SEE DRAWING FOR LOCATION) SIDE 44" TREE STUMP

REMOVE ABANDONED DRAINFIELD AS NECESSARY

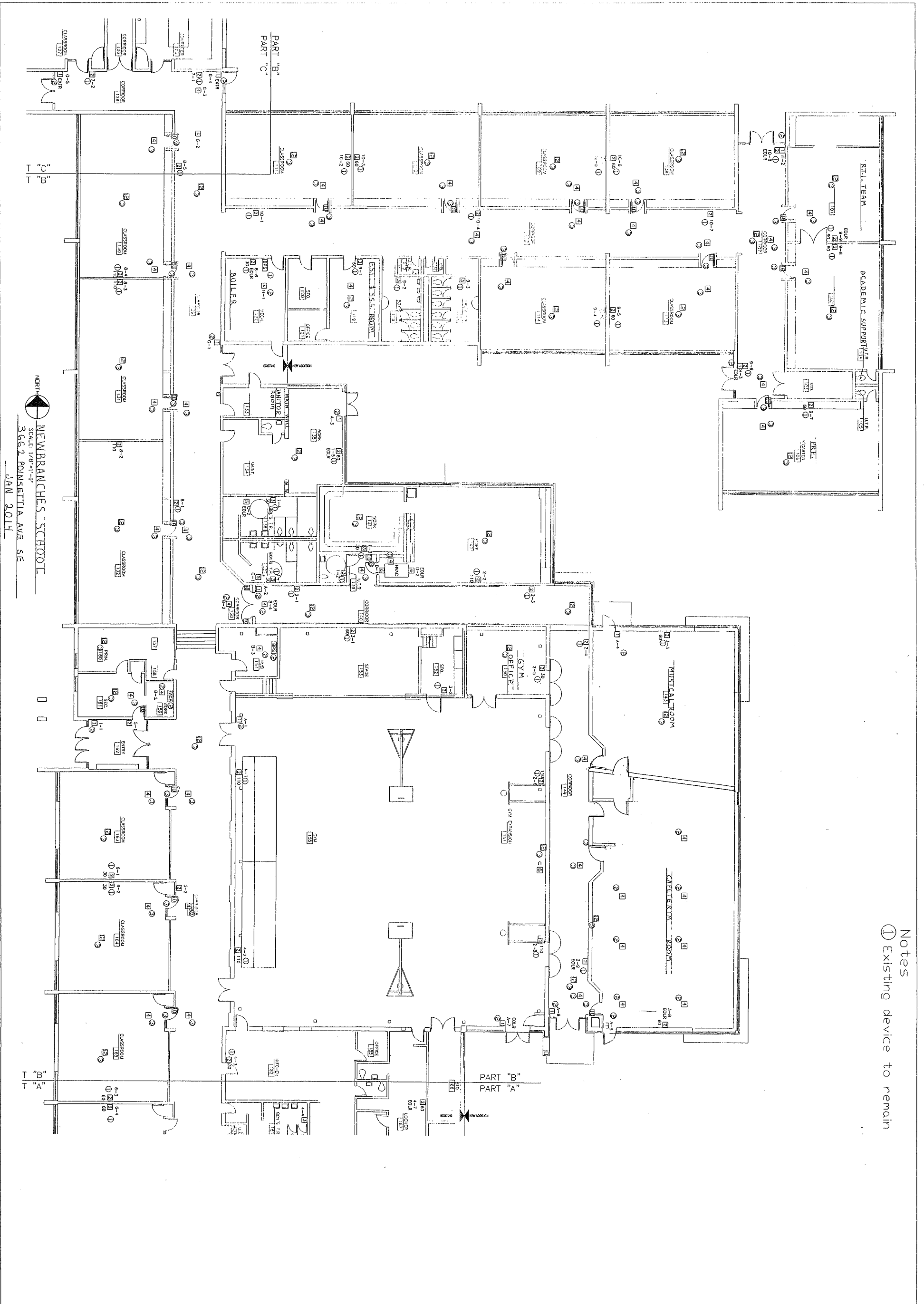
FOR: MILLBROOK CHRISTIAN SCHOOL  
 ATTN: MARK KROMMENDYKE  
 GRAND RAPIDS, MI 49508  
 IN: PART OF THE NE 1/4 SECTION 20, 18N, RT1W  
 CITY OF GRAND RAPIDS, KENT COUNTY, MICHIGAN

exel engineering inc.  
 3600 GRAND RAPIDS, MI 49508  
 517.477.0000  
 517.477.0000

DATE: 6/1/09  
 DRAWN BY: [Signature]  
 CHECKED BY: [Signature]  
 SCALE: 1" = 2000'

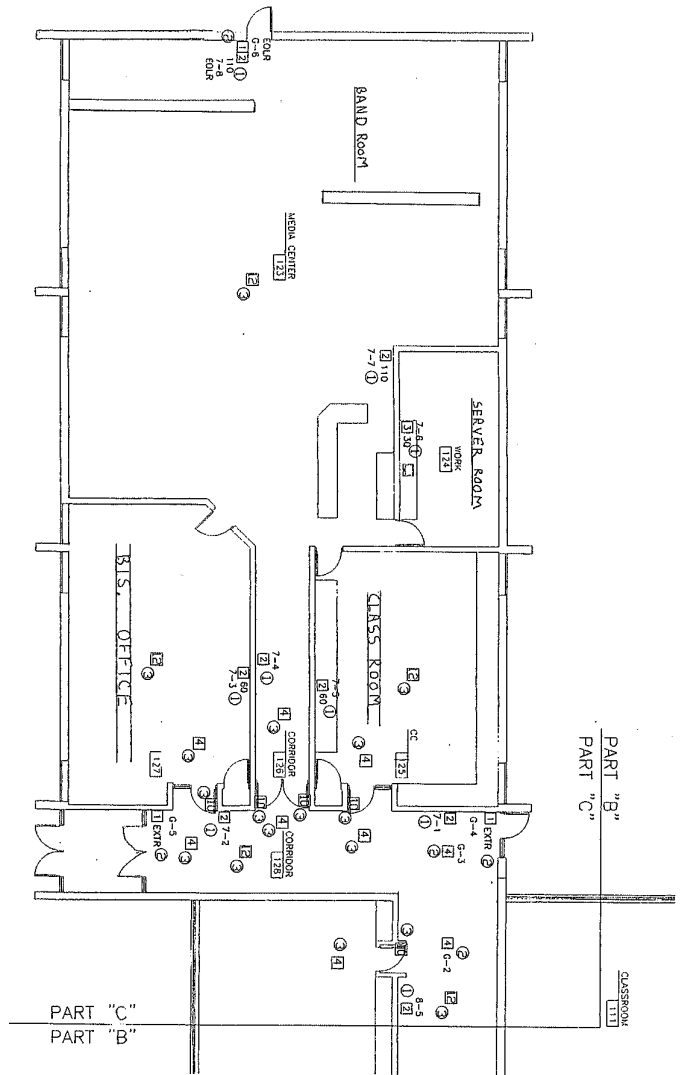
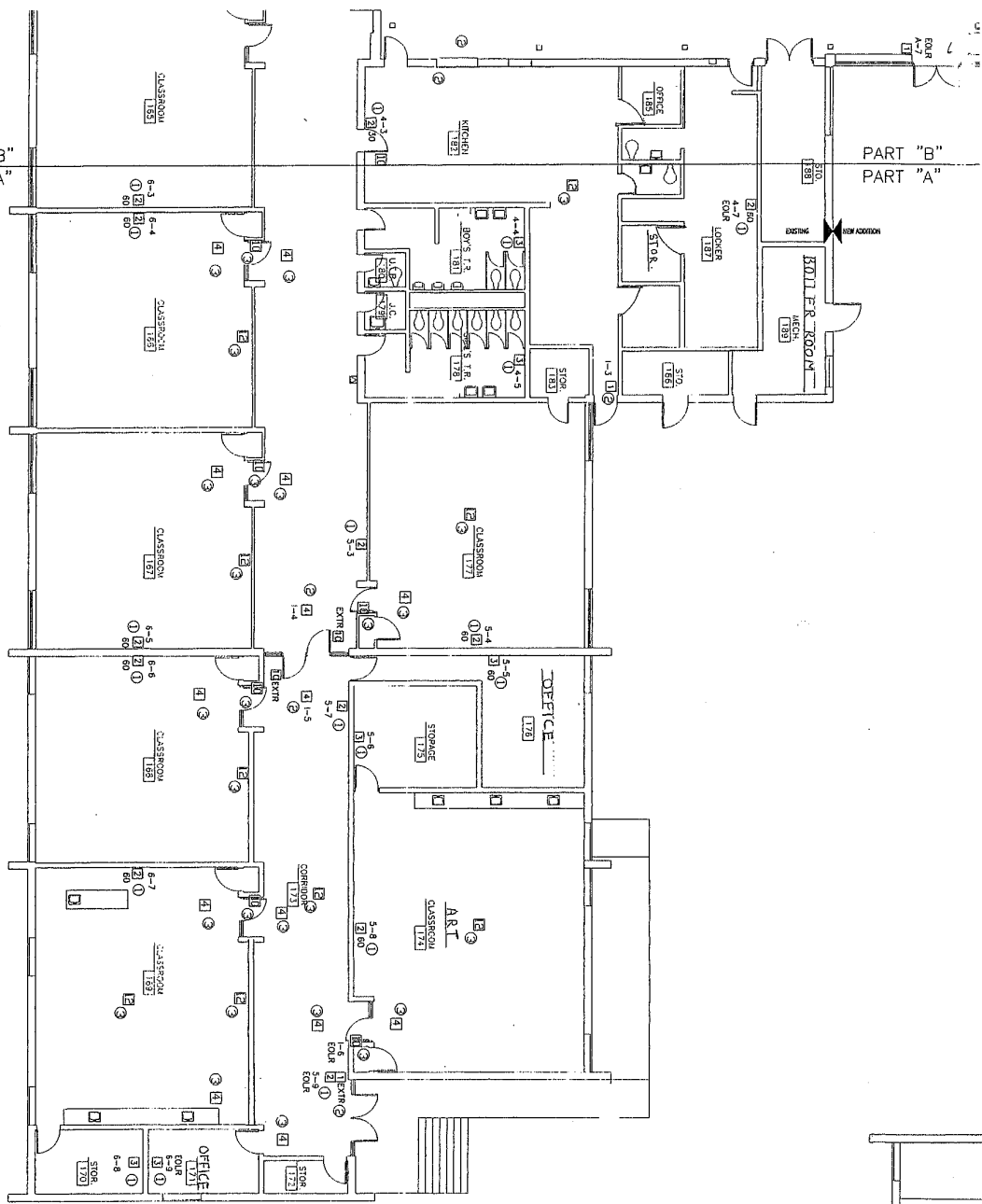


Notes  
 ① Existing device to remain



NORTH  
 SCALE 1/8"=1'-0"  
 NEW BRANCHES CHARTER ACADEMY  
 3662 POUNSETTA AVE. SE  
 JAN 2014





NORTH NEW BRANCHES SCHOOL  
 SCALE: 1/8" = 1'-0"  
 5665 ROBINSETT AVE. SE  
 JAN 2014

- ### GENERAL NOTES
- ALL DIMENSIONS ARE TO FACE OF FINISHED SURFACE OR COLUMN CENTER UNLESS NOTED OTHERWISE.
  - FIELD VENT, ALL DEMOLITION WORK AS REQUIRED AFTER DEMOLITION IS COMPLETE.
  - FIELD VENT, ALL DEMOLITION WORK AS REQUIRED AFTER DEMOLITION IS COMPLETE.
  - COORDINATE WITH PLANS AND OWNER DEMOLITION AREAS.

### KEY NOTES

- RELOCATED W.C. AND SINK AS REQUIRED OR OWNER.
- BULKHEAD ABOVE.
- SEE REFLECTED CEILING PLAN.
- FIRE EXTINGUISHER w/ CABINET.
- HOOD ABOVE.
- SEE REFLECTED CEILING PLAN.
- FIRE EXTINGUISHER w/ BRACKET.
- REFILL OPENING TO MATCH ADJACENT CONSTRUCTION.
- RELOCATED FLOOR DRAIN - PROVIDE QUARRY TILE TO MATCH EXISTING IN NEW KITCHEN AREA.
- EXISTING SECTION OF WALL TO BE REBUILT AND INCORPORATE NEW PLUMBING.
- PROVIDE NEW 60 MIN HM DOOR & FRAME TO FIT EXISTING OPENING PROVIDE CORRIDOR LOCK.

### WALL TYPES

- CONCRETE MASONRY UNIT (CMU) (MATCH EXISTING)
- 5/8" GYPSUM WALLBOARD
- 3/4" METAL STUDS @ 16" O.C.
- 5/8" GYPSUM WALLBOARD
- 1/2" GYPSUM @ 5'

NOTES:  
1. REFER TO STRUCTURAL DRAWINGS FOR NEW LITELES & BULKHEAD SUPPORT

Work	Description	Date
FOR APPROVALS & CONSTRUCTION		04/22/10

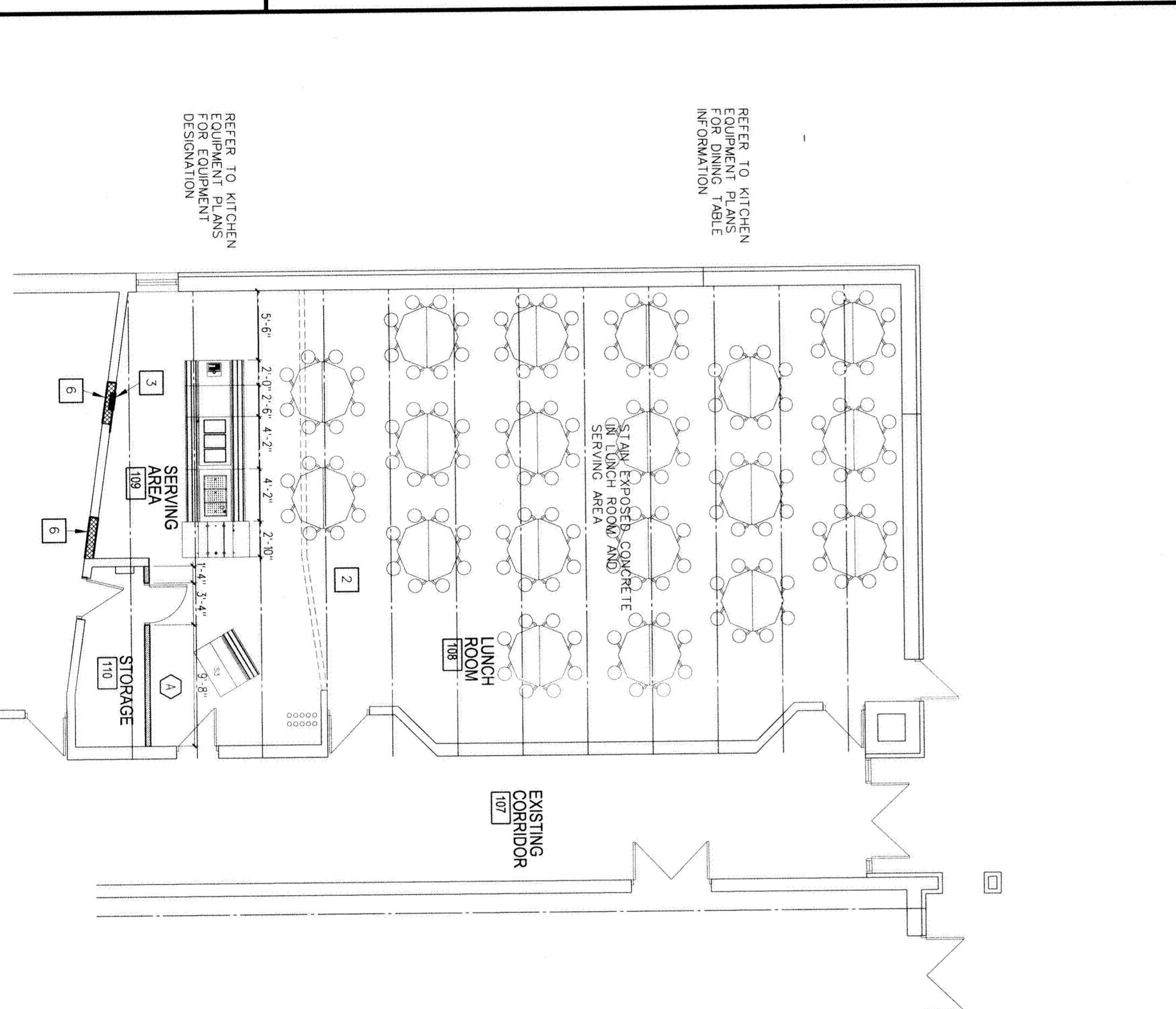
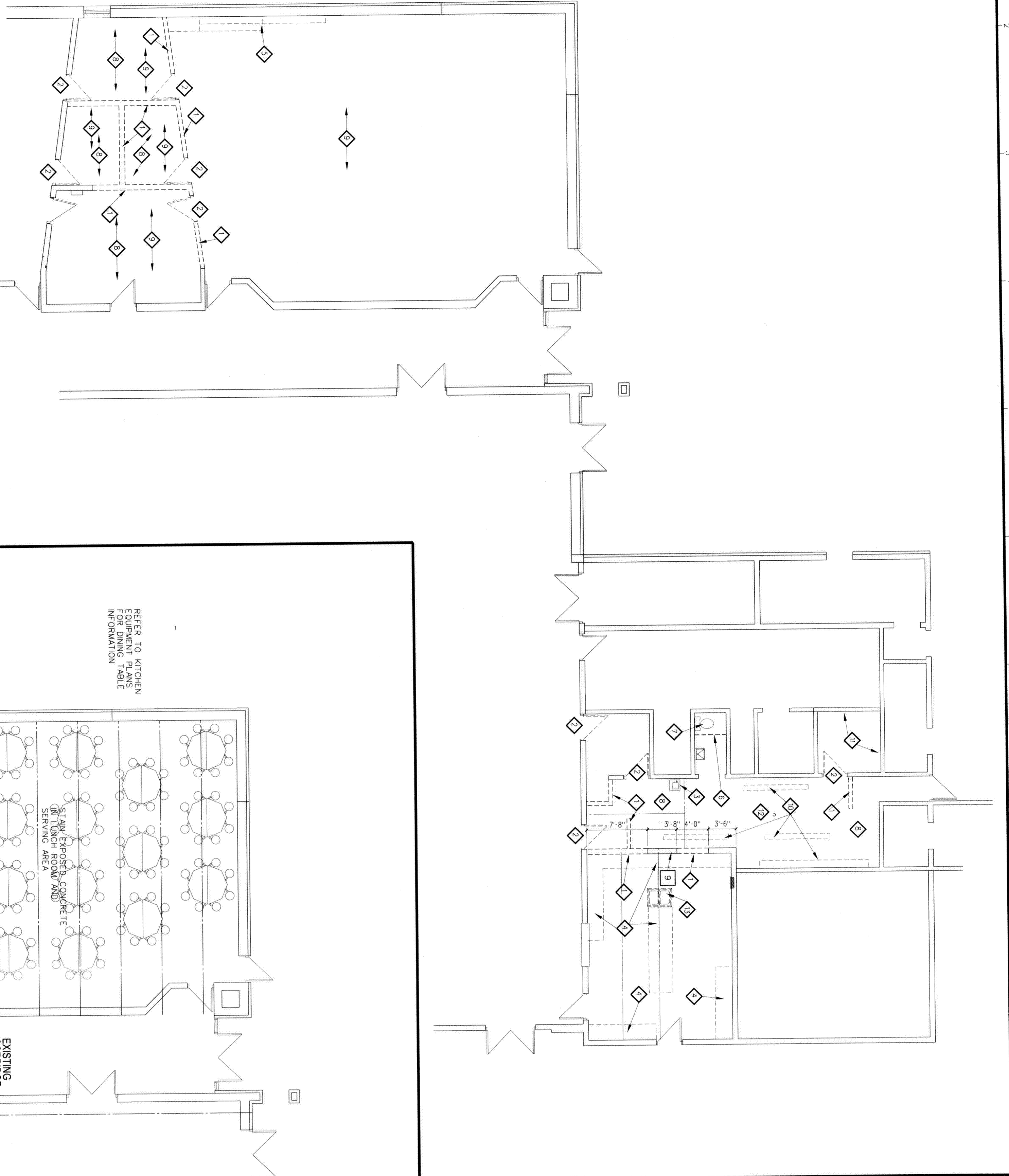
Building Design & Documentation © 2009-2010 Jeffrey Parker Architects



ARCHITECTURE PLANNING ENGINEERING  
855 28th Street SE  
Oroville, MN 56568  
Phone: 616-241-0000  
Fax: 616-241-0099

Kitchen & Cafe renovation for  
**New Branches School**  
3622 Peninsula Ave. St. Grand Rapids, MI

**Demolition & Floor Plan**  
Drawing No. **A1.0**  
Project No. 10027



- ### DEMOLITION NOTES
- COORDINATE ALL DEMOLITION WORK WITH ALL TRADES.
  - PATCH AND REPAIR ALL FLOOR AREAS AS REQUIRED AFTER DEMOLITION IS COMPLETE.
  - FIELD VENT, ALL DEMOLITION WORK AS REQUIRED AFTER DEMOLITION IS COMPLETE.
  - COORDINATE WITH PLANS AND OWNER DEMOLITION AREAS.

- ### DEMOLITION KEY
- REMOVE WALL CONSTRUCTION AS SHOWN WITH ALL TRADES
  - REMOVE DOOR AND FRAME
  - REMOVE ELECTRIC WATER COOLER
  - REMOVE CABINETRY
  - REMOVE & RELOCATE CABINETRY PER OWNER
  - RELOCATE TOILET
  - REMOVE EXISTING CEILING
  - REMOVE EXISTING FLOORING
  - REMOVE BENCH & CLOTHING SHELVES
  - REMOVE SHOWER EQUIPMENT
  - CAP OFF LINES
  - RELOCATE FLOOR DRAIN TO BE MIN 12" CLEAR OF NEW COOLER
  - REMOVE TWO COMP. SINK
  - RELOCATE LINES TO NEW SINGLE SINK LOCATION

REFER TO KITCHEN EQUIPMENT PLANS FOR DETAILED DESIGNATION

REFER TO KITCHEN EQUIPMENT PLANS FOR DETAILED INFORMATION

SLAB EXPOSED CONCRETE SERVING AREA

EXISTING CORRIDOR

EXISTING GYMNASIUM

NOTE: CONFIRM DEPTH & WIDTH OF EXISTING FOOTINGS BEFORE DETERMINING PLUMBING ROUTES

REFER TO KITCHEN EQUIPMENT PLANS FOR EQUIPMENT DESIGNATION

# **FINANCING AGREEMENT**

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Between

**MICHIGAN PUBLIC EDUCATIONAL FACILITIES AUTHORITY,**

**AND**

**NEW BRANCHES SCHOOL**

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Dated as of March 1, 2010

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## FINANCING AGREEMENT

This Financing Agreement (hereinafter "Agreement") is made and entered into as of March 1, 2010 between the **MICHIGAN PUBLIC EDUCATIONAL FACILITIES AUTHORITY** (the "Authority"), and **NEW BRANCHES SCHOOL** (the "Academy").

### PREMISES

The Authority has been created by the Enabling Legislation for, among other purposes, the purpose of assisting governmental units, as defined in the Enabling Legislation, including public school academies established under the School Code, by purchasing municipal obligations in fully marketable form issued by governmental units and by lending money to (a) governmental units including public school academies and (b) other nonprofit entities for the benefit of public school academies.

The School Code authorizes public school academies to acquire by purchase, gift, devise, lease, sublease, installment purchase agreement, land contract, option, or by other means, hold and own in its own name, buildings and other property for school purposes, and interests therein, and other real and personal property, including but not limited to, interests in property subject to mortgages, security interests, or other liens, necessary or convenient to fulfill its purposes.

The School Code also authorizes public school academies to borrow money and issue bonds to defray all or a part of the cost of purchasing, erecting, completing, remodeling, or equipping, or reequipping, except for equipping or reequipping for technology, school buildings, including library buildings, structures, athletic fields, playgrounds, or other facilities, or parts of or additions to those facilities; furnishing or refurnishing new or remodeled school buildings; acquiring, preparing, developing, or improving sites, or parts of or additions to sites, for school buildings, including library buildings, structures, athletic fields, playgrounds, or other facilities; purchasing school buses; acquiring, installing, or equipping or reequipping school buildings for technology or accomplishing a combination of these purposes.

The School Code also authorizes public school academies to enter into agreements and take actions in connection with the operation and maintenance of a public school academy.

The Academy has determined that it has a need to make certain real and personal property acquisitions and improvements to provide an expanded public school academy facility in furtherance of its educational objectives.

The Authority pursuant to this Agreement will acquire the obligation of the Academy to make certain payments.

In consideration of these Premises and their mutual agreements, the Authority and the Academy agree as follows:

## ARTICLE I

### DEFINITIONS

Section 101. Definitions. Words and phrases capitalized herein and not defined below shall have the meanings ascribed to them in the Indenture and the Resolution adopted by the Authority on January 5, 2010 authorizing the Series 2010 Bonds. In addition, the following words and phrases as used throughout this Agreement shall have the following meanings unless the context or use clearly indicates another or different meaning or intent:

**“Academy Documents”** means this Agreement, the Bond Purchase Agreement, the Mortgage, the State Aid Agreement, the Continuing Disclosure Agreement, and all other documents executed by the Academy in connection with this financing.

**“Academy Revenues”** means, regardless of the source, all revenues, rentals, fees, third-party payments, receipts, donations, contributions or other income of the Academy, to the extent permitted thereby and by law, including accounts receivables or other rights to receive such revenues, including, without limitation, State School Aid (whether paid to the Academy, its Authorizer or to the Trustee on behalf of the Academy), proceeds derived from insurance, condemnation proceeds, accounts, capitalized interest, contract rights and other rights and assets, whether now or hereafter owned, held or possessed by the Academy; and all gifts, grants, bequests and contributions (including income and profits therefrom) to the extent permitted by the terms thereof and by law.

**“Additional Payments”** means all payments required by the Academy under this Agreement (including but not limited to Fee Payments and Reserve Fund Payments) other than Bond Payments.

**“Agreement”** means this Financing Agreement as the same may be amended or supplemented in accordance with its terms and the terms of the Indenture.

**“Authorized Academy Representative”** means the Board President of the Academy or any other officer of the Academy authorized to act in such capacity by a resolution adopted by the Board of the Academy.

**“Authorizing Body”** means Central Michigan University Board of Trustees.

**“Bond Counsel”** means a firm of nationally recognized attorneys at law acceptable to the Authority and experienced in legal work relating to the issuance of bonds the interest on which is excluded from gross income for federal income tax purposes under Section 103(a) of the Code.

**“Bond Documents”** means this Agreement, the Municipal Obligation, the Indenture and the Bond Purchase Agreement.

**“Bond Payment Date”** means any of the dates specified in the Indenture for payment of principal of and interest on the Authority Bonds, as shown in Exhibit A thereto.



**“Bond Payments”** means the amounts payable by the Academy under its Municipal Obligation allocable to the repayment of principal of, or interest or redemption under the Municipal Obligation which do not consist of Scheduled Fee Payments.

**“Bond Purchase Agreement”** means the Bond Purchase Agreement dated March 5, 2010 among the Authority, the Academy and Stifel, Nicolaus & Company, Incorporated.

**“Bondholder”** means the registered owner of any Series 2010 Bond.

**“Capital Lease”** or **“Capital Leases”** means any lease or leases required to be capitalized in accordance with generally accepted accounting principals of governmental entities in Michigan.

**“Charter”** means the Academy’s Contract with its Authorizing Body, together with its Articles of Incorporation and Bylaws.

**“Charter School”** means a public school, as defined by the U.S. Department of Education in conjunction with The Credit Enhancement for Charter School Facilities Program, that:

- (A) in accordance with specific State statute authorizing the granting of charters to schools, is exempted from significant State or local rules that inhibit the flexible operation and management of public schools, but not from any rules relating to the other requirements of this paragraph;
- (B) is created by a developer as a public school, or is adapted by a developer from an existing public school, and is operated under public supervision and direction;
- (C) has a specific set of educational objectives determined by the school’s developer and agreed to by the authorized public chartering agency;
- (D) provides a program of elementary or secondary education, or both;
- (E) is nonsectarian in its programs, admissions policies, employment practices, and all other operations, and is not affiliated with a sectarian school or religious institution;
- (F) does not charge tuition;
- (G) complies with the Age Discrimination Act of 1975, Title VI of the Civil Rights Act of 1964, Title IX of the Education Amendments of 1972, section 504 of the Rehabilitation Act of 1973, and part B of the Individuals with Disabilities Education Act;

- (H) is a school to which parents choose to send their children, and that admits students on the basis of a lottery, if more students apply for admission than can be accommodated;
- (I) agrees to comply with the same Federal and State audit requirements as do other elementary and secondary schools in the State, unless such requirements are specifically waived;
- (J) meets all applicable Federal, State, and local health and safety requirements;
- (K) operates in accordance with State law; and
- (L) has a written performance contract with the authorized public chartering agency in the State that includes a description of how student performance will be measured in charter schools pursuant to State assessments that are required of other schools and pursuant to any other assessments mutually agreeable to the authorized public chartering agency and the charter school.

“**Closing Date**” means the date of the initial delivery of the Series 2010 Bonds.

“**Code**” means the Internal Revenue Code of 1986, as amended, and the regulations proposed and promulgated from time to time thereunder and under the predecessor code.

“**Collateral Documents**” means the State Aid Agreement, the Mortgage, and any other agreements related thereto or entered into by the Academy for the purpose of pledging collateral as security for the Academy's obligations under this Agreement.

“**Completion Certificate**” means the certificate provided for in Section 604 hereof, in the form of Exhibit E hereto.

“**Completion Date**” means the date of the final completion of the Project as certified in the Completion Certificate.

“**Continuing Disclosure Agreement**” means the Continuing Disclosure Agreement between the Academy and the Trustee dated as of March 1, 2010.

“**Costs of Issuance**” has the meaning given in Section 202(z) of this Agreement.

“**Debt Service Coverage Ratio**” means a ratio of the portion of Academy Revenues calculated by multiplying the Academy's then-current blended student count by the Academy's then-current State School Aid per pupil foundation allowance by 0.20, adding the Academy's then-current prekindergarten revenues and dividing the total by Maximum Annual Debt Service.

**“Default”** and **“Event of Default”** means those defaults and events of default, respectively, specified and defined in Section 901.

**“Enabling Legislation”** shall mean Executive Order No. 2002-3, compiled at §12.192 of the Michigan Compiled Laws, the Shared Credit Rating Act, Act No. 227 of the Public Acts of 1985 of the State, as amended, and the Michigan Strategic Fund Act, Act No. 270 of the Public Acts of 1984 of the State, as amended.

**“Excess Net Revenues”** means, for any School Year, gross revenues, less operating expenses, annual debt service, Reserve Fund deficiency payments, Capital Lease Payments and other Long-Term Indebtedness.

**“Favorable Opinion of Bond Counsel”** means an opinion of Bond Counsel addressed to the Authority and the Trustee to the effect that the action proposed to be taken is not prohibited by the laws of the State or the Bond Documents and will not adversely affect any exclusion from gross income for federal income tax purposes of interest on the Series 2010 Bonds.

**“Fee Payments”** mean the fee payments required by Section 407 hereof.

**“Grant Funds”** means, collectively, funds obtained by the Authority from a grant obtained from the United States Department of Education which the Authority has determined to use to fund the Reserve Fund in the initial amount of \$232,568.76.

**“Indenture”** means the Trust Indenture between the Authority and Wells Fargo Bank, N.A., a national banking association, as trustee, dated as of March 1, 2010, as the same may be amended or supplemented in accordance with its terms.

**“Interest Payment Date”** means each May 1 and November 1, commencing May 1, 2010.

**“Long-Term Indebtedness”** means all indebtedness, other than Capital Leases, the final maturity of which (taking into account any extensions available at the sole option of the Academy) is greater than one year after the initial incurrence thereof.

**“Maximum Annual Debt Service”** means, as of any date of calculation, the highest principal and interest payment requirements with respect to all Long-Term Indebtedness of the Academy outstanding for any succeeding Bond Year.

**“Mortgage”** means, collectively, the (i) Future Advance Mortgage from the Academy in favor of the Trustee dated March 1, 2010, encumbering the Site as security for the Academy’s obligations under this Agreement, as they may be amended from time to time.

**“Municipal Obligation”** means the School Building and Site Bond, Series 2010 of the Academy dated as of March 1, 2010 in substantially the form of Exhibit F attached hereto, which may be issued in one or more subseries.

**“Net Proceeds”** means any insurance proceeds or condemnation award paid with respect to the Project remaining after payment therefrom of all expenses incurred in the collection thereof.

**“Non-Arbitrage Certificate”** means, collectively, the Non-Arbitrage and Tax Compliance Certificate of the Authority and the Academy, each delivered in connection with the initial delivery of the Series 2010 Bonds.

**“Operating Expenses”** means fees and expenses of the Academy, including maintenance, repair expenses, utility expenses, real estate taxes, if any, insurance premiums, administrative and legal expenses, miscellaneous operating expenses, advertising and promotion costs, payroll expenses (including taxes), the cost of material and supplies used for current operations of the Academy, the cost of vehicles, equipment leases and service contracts, taxes, if any, upon the operations of the Academy not otherwise mentioned herein, charges for the accumulation of appropriate reserves for current expenses not annually recurrent, but which are such as may reasonably be expected to be incurred in accordance with generally accepted accounting principles of governmental entities in Michigan, all in such amounts as reasonably determined by the Academy; provided, however, “Operating Expenses” shall not include (i) spending for items which could reasonably be accounted for as capital expenditures under generally accepted accounting principles of governmental entities in Michigan, or (ii) replenishments of the Debt Service Reserve Fund.

**“Other Obligations”** means obligations of the Academy incurred pursuant to and permitted by Section 707.

**“Payment Date”** has the meaning given in Section 405 hereof.

**“Pledged State Aid”** has the meaning given in Section 405 hereof.

**“Principal Amount”** means \$2,410,000 being the aggregate principal amount of the Series 2010 Bonds.

The term **“principal,”** when used with reference to the principal of the Series 2010 Bonds, means principal of the Series 2010 Bonds and, where appropriate, any premium in addition to principal due upon redemption of the Series 2010 Bonds.

**“Project”** means acquisition, renovation, equipping and expansion of a facility and Site improvements as more fully described on Exhibit B hereto including related Project Costs.

**“Project Costs”** means, with respect to the Project, (a) obligations of the Authority or the Academy incurred for labor and materials and to contractors, builders and materialmen in connection with the acquisition, construction and improvement of the Project; (b) the cost of bonds and of insurance of all kinds that may be required or necessary during the course of construction and improvement of the Project which is not paid by the contractor or contractors or otherwise provided for and taxes and other municipal governmental charges levied or assessed during construction upon the Project; (c) all costs of architectural, environmental and

engineering services, including the expenses of the Academy for test borings, surveys, estimates, plans and specifications and preliminary investigations therefor, and for supervising construction, as well as for the performance of all other duties required by or consequent upon acquisition of the Project or the proper construction and improvement of the Project; (d) all other costs which the Academy shall be required to pay, under the terms of any contract or contracts, for the acquisition, construction, installation, reconstruction, restoration, renovating, equipping and furnishing of the Project; (e) Costs of Issuance not to exceed \$141,970.48; (f) other costs of a nature comparable to those described in clauses (a) through (e) above which the Academy shall be required to pay as a result of the damage, destruction, condemnation or taking of the Project or any portion thereof; (g) interest on the Series 2010 Bonds; and (h) any other costs incurred by the Academy which are properly chargeable to the Project and which may be financed by the Series 2010 Bonds under the Enabling Legislation. Project Costs do not include:

- (a) Upgrades to operating system or application software;
- (b) Media, including diskettes, compact discs, video tapes, and disks, unless used for storage of initial operating system software or customized application software included in the definition of technology under MCL 380.1351 a(5); or
- (c) Training, consulting, maintenance, service contracts, software upgrades, troubleshooting, or software support.

**“Requisition Certificate”** means a certificate in the form of attached as Exhibit D delivered pursuant to Section 601 hereof.

**“Reserve Fund Payments”** has the meaning given in Section 401 hereof.

**“Scheduled Fee Payment Component”** means the portion of the Scheduled Installment Payment to be intercepted and allocated to Fee Payments, as set forth on Exhibit A.

**“Scheduled Installment Payment”** means the scheduled amounts payable by the Academy as set forth on Exhibit A and under the State Aid Agreement, which consist of a Scheduled Principal Component, a Scheduled Interest Component, a Set-Aside Component, and a Scheduled Fee Payment Component.

**“Scheduled Interest Component”** means the portion of the Scheduled Installment Payment to be intercepted and allocated to a payment of interest under this Agreement.

**“Scheduled Principal Component”** means the portion of the Scheduled Installment Payment to be intercepted and allocated to repayment of the principal amount of the Municipal Obligation, as set forth on Exhibit A.

**“School Code”** means the Revised School Code, P.A. 451 of 1976, as amended.

**“School Year”** means each fiscal year of the Academy, currently July 1 through June 30.

“**Series 2010 Bonds**” means, the \$2,410,000 Michigan Public Educational Facilities Authority Limited Obligation Revenue Bonds (New Branches School Project), Series 2010.

“**Set-Aside Component**” means the portion of the Scheduled Installment Payment to be intercepted and allocated for the payment of principal of and/or interest on the Series 2010 Bonds in the calendar month(s) in which no Payment Date for State School Aid exists, as set forth on Exhibit A.

“**Short-Term Debt**” means any indebtedness other than Long-Term Indebtedness and Capital Leases, evidenced by notes, commercial paper, a bank line of credit or any other instrument to finance operating or other costs of the Academy.

“**Site**” means the real property described in Exhibit B hereto, the facility thereon and the related improvements, including related Project Costs.

“**State**” means State of Michigan.

“**State Aid Agreement**” means the State Aid Agreement dated as of March 1, 2010 among the State Treasurer of the State of Michigan, the Authority and the Academy and as acknowledged by Central Michigan University Board of Trustees.

“**State School Aid**” means the state school aid payments payable to the Academy pursuant to the State School Aid Act.

“**State School Aid Act**” means the State School Aid Act of 1979, P.A. 94 of 1979, as amended.

“**Unassigned Rights**” means the right of the Authority to make all determinations and approvals and receive all notices accorded to it under this Agreement and to enforce in its name and for its own benefit the provisions of Section 407, Section 502 and Section 903 of this Agreement with respect to the Authority fees and expenses, and indemnity payments as the interests of the Authority and related persons shall appear.

“**Underwriter**” means Stifel, Nicolaus & Company, Incorporated and any successor thereto.

## ARTICLE II

### REPRESENTATIONS

Section 201. Representations of the Authority. The Authority makes the following representations:

(a) The Authority is a body corporate and politic established and acting pursuant to the Enabling Legislation with full authority under the Enabling Legislation to issue the Series 2010 Bonds and execute and enter into this Agreement, the Indenture, the State Aid Agreement and the Bond Purchase Agreement.

(b) All of the proceedings approving this Agreement, the Indenture, the State Aid Agreement and the Bond Purchase Agreement were conducted by the Authority at meetings which complied with Act 267, Michigan Public Acts, 1976, as amended.

(c) No member of the Authority is directly or indirectly a party to or in any manner whatsoever interested in this Agreement, Indenture, Series 2010 Bonds or the proceedings related thereto.

(d) The Series 2010 Bonds are to be issued under and secured by the Indenture, pursuant to which certain of the Authority's interests in this Agreement, and the revenues and receipts to be derived by the Authority pursuant to this Agreement, will be pledged and assigned to the Trustee as security for payment of the principal or Purchase Price of, premium, if any, and interest on the Series 2010 Bonds. The Authority covenants that it has not and will not pledge or assign its interest in this Agreement, or the revenues and receipts derived pursuant to this Agreement, excepting Unassigned Rights, other than to the Trustee under the Indenture to secure the Series 2010 Bonds.

Section 202. Representations of the Academy.

(a) The Academy is a public school academy established in accordance with the provisions of the Revised School Code (the "School Code") and, for so long as the Municipal Obligation and this Agreement are outstanding, the Academy is and shall be a Charter School as defined by the U.S. Department of Education's Credit Enhancement for Charter School Facilities Program and has, and on the Closing Date, will have, full legal right, power and authority (i) to enter into the Academy Documents and to issue the Municipal Obligation, and (ii) to sell, pledge and assign to the Authority the state aid payments to be allocated and paid to the Academy as provided herein and the Academy has duly authorized and approved the execution and delivery of and the performance by the Academy of its obligations contained in the Municipal Obligation and the Academy Documents; and the Academy Documents and the Municipal Obligation have been duly authorized, executed and delivered by, and assuming due authorization by the other parties thereto, if any, are valid and binding obligations of the Academy.

(b) Neither the authorization, execution or delivery of this Agreement, the Bond Purchase Agreement and the Municipal Obligation, the consummation of the transactions contemplated by this Agreement, the Bond Purchase Agreement, the Indenture, and the Municipal Obligation nor the fulfillment of or compliance with the terms and conditions of this Agreement, the Bond Purchase Agreement and the Municipal Obligation will require any consent or approval of the governing board of the Academy or its Authorizing Body which has not been obtained, or violate any provision of law, any order of any court or other agency of government, the Charter, or any indenture, agreement or other instrument to which the Academy is now a party or by which it or any of its properties or assets is bound, or be in conflict with, result in a breach of or constitute a default (with due notice or the passage of time or both) under its Charter or any such indenture, agreement or other instrument, or, except as provided hereunder, result in the creation or imposition of any lien, charge or encumbrance of any nature whatsoever upon any of the property or assets of the Academy.

(c) No litigation or governmental proceeding is pending or, to the knowledge of the officers of the Academy, threatened against the Academy which could have a material adverse effect on its financial condition or business, its power to make payments under this Agreement or the authority or incumbency of its officers or directors.

(d) The Academy intends to cause the Site and the Project to be operated at all times during the term of this Agreement as a “public school academy” as that term is defined in the Revised School Code and as a Charter School. All property which is to be financed or refinanced with the net proceeds of the Series 2010 Bonds will be owned by the Academy.

(e) Moneys which will be made available from the Authority under this Agreement and other sources will be sufficient to pay for the Project.

(f) The Academy reasonably believes that the revenues and income generally available or to become available to the Academy and payable to the Authority under this Agreement will be sufficient for allocation to and payment of the Series 2010 Bonds and interest thereon when due.

(g) The public school facility expansion being constructed with proceeds of the Series 2010 Bonds is needed by the Academy and does not result in an unnecessary duplication of existing facilities.

(h) Except for preliminary expenditures for architectural, engineering, surveying, soil testing, and similar costs (not including costs of land acquisition, site preparation, and similar costs incident to commencement of construction) that were incurred prior to commencement of acquisition, construction, renovation or rehabilitation of the facilities comprising the Project, and did not exceed in the aggregate 20 percent of the issue price of the Series 2010 Bonds, and except for costs of issuance and other costs not in excess of the lesser of \$100,000 or 5 percent of the proceeds of the Series 2010 Bonds, no proceeds of the Series 2010 Bonds were or will be allocated to the reimbursement of an expenditure for costs of the Project paid more than 60 days prior to November 9, 2009.

(i) Proceeds of the Series 2010 Bonds will not exceed the cost of the Project and incidental costs related thereto and to the issuance of the Series 2010 Bonds.

(j) The Academy is not in default in any material respect under any order, writ, judgment, injunction, decree, determination or award or any indenture, agreement, lease or instrument. The Academy is not in default under any law, rule or regulation wherein such default could materially adversely affect the Academy or the ability of the Academy to perform its obligations under the Academy Documents.

(k) No more than 10 percent of the proceeds of the Series 2010 Bonds will be used directly or indirectly in a trade or business carried on by any person other than a governmental unit (a “private business use”). No more than 5 percent of the proceeds of the Series 2010 Bonds will be used for any private business use that is not related to governmental purposes of the Authority or the Academy or that, although related to governmental purposes of



the Authority or the Academy, exceeds the amount of Series 2010 Bond proceeds used for governmental purposes of the Authority or the Academy other than a related private business use. No more than 5 percent of the proceeds of the Series 2010 Bonds will be used directly or indirectly to make or finance loans to persons other than governmental units or loans for purposes other than enabling a borrower to finance any governmental tax or assessment of general application for a specific essential governmental function such as the Project.

(l) The weighted average maturity of the Series 2010 Bonds is not greater than 120% of the average reasonably expected economic life of the facilities being financed or refinanced by the Series 2010 Bonds, as determined pursuant to Section 147(b) of the Code.

(m) There are no contracts or other arrangements providing for private business use or ownership of any property to be financed by proceeds of the Series 2010 Bonds, and the Academy covenants not to enter into any such contracts or arrangements during the term of this Agreement, including any contracts or arrangements for the provision of medical services, food services, management services, or any other types of services, except contracts and arrangements which satisfy the requirements of Rev. Proc. 97-13 or other applicable regulations under the Code.

(n) The Academy will comply with the provisions of Section 148 of the Code. The Academy covenants, for the benefit of itself, the Authority and the owners from time to time of the Series 2010 Bonds, that it will not cause or permit any proceeds of the Series 2010 Bonds to be invested in a manner contrary to the provisions of Section 148 of the Code, and that it will assume compliance with such provisions on behalf of the Authority (including, without limitation, performing required calculations, the keeping of proper records and the timely payment to the Department of the Treasury of the United States, in the name of the Authority, of all amounts required to be so paid by Section 148 of the Code), and the Academy shall carry out all of the requirements to calculate and make rebate payments to the United States and preserve records thereof.

(o) Except as permitted by Code Section 149(b), the Series 2010 Bonds are not federally guaranteed. For this purpose, a bond is federally guaranteed if (i) the payment of principal or interest is guaranteed (in whole or in part) by the United States or any agency or instrumentality thereof), (ii) 5% or more of the issue is to be (x) used in making loans the principal or interest with respect to which is to be guaranteed (in whole or in part) by the United States (or an agency of instrumentality thereof) or (y) invested directly or indirectly in federally insured deposits or accounts, or (iii) the payment of principal or interest on such bond is otherwise indirectly guaranteed (in whole or in part) by the United States (or an agency or instrumentality thereof).

(p) There are no other obligations of the Academy that were sold or are to be sold within 15 days of the sale of the Series 2010 Bonds that (i) were or are to be sold pursuant to the same plan of financing with the Series 2010 Bonds and (ii) are reasonably expected to be paid from substantially the same source of funds as the Series 2010 Bonds, determined without regard to guaranties from unrelated parties.

(q) The Academy shall not enter into any contracts or other arrangements which do not comply with (k) and (m) above.

(r) The Academy will not pay or enter into a transaction that reduces the arbitrage rebate to be paid to the United States because the transaction results in a smaller profit or a larger loss than would have resulted if the transaction had been at arm's length and had the yield on the Series 2010 Bonds not been relevant to either party.

(s) The Site has been or will be constructed and equipped in such manner as to conform, in all material respects, with all applicable zoning, planning, building, environmental and other regulations of the governmental authorities having jurisdiction of the Site and the Project.

(t) To the best of the knowledge of the Academy, no authorizations, consents or approvals of governmental bodies or agencies are required in connection with the execution and delivery by the Academy of the Academy Documents, or in connection with the carrying out by the Academy of its obligations under the Academy Documents, which have not been obtained or, if not obtained on the date of this Agreement, are expected to be obtained in the normal course of business at or prior to the time such authorizations, consents or approvals are required to be obtained.

(u) There are no actions or proceedings pending or, to the knowledge of the Academy, threatened before any court or administrative agency which will, in the reasonable judgment of the Academy, materially adversely affect the ability of the Academy to meet its obligations under the Academy Documents.

(v) No director or officer of the Authority has any interest of any kind in the Academy which would result, as a result of the issuance of the Series 2010 Bonds, in a substantial financial benefit to such persons other than as a member of the general public.

(w) The information furnished by the Academy and used by the Authority in preparing its Non-Arbitrage Certificate pursuant to the Code and the information statement pursuant to Section 149(e) of the Code (Form 8038-G) is true, accurate and complete as of the date of the issuance of the Series 2010 Bonds.

(x) The Academy has complied and intends to comply with its obligations, covenants and representations under the Bond Documents, to the extent such obligations affect the tax-exempt status of the Series 2010 Bonds.

(y) None of the proceeds of the Series 2010 Bonds will be used to finance the purchase, construction, lease, or renovation of property owned, directly or indirectly, by any officer, board member, or employee of the Academy.

(z) The Academy shall promptly pay the Costs of Issuance upon notification by the Authority. The term "Costs of Issuance" shall mean and include Underwriter's discount, underwriting fees, printing charges, letter of credit fees and related charges of a letter of credit,

trustee fees, bond counsel fees, academy counsel fees, and other counsel fees and issuance fees of the Authority.

(aa) The Academy will utilize the Site and the Project for public school purposes so long as Series 2010 Bonds remain outstanding under the Indenture and will use its best efforts to operate the school in an efficient manner. The Academy will maintain its Charter in good standing. The Academy will not own, operate or utilize other public school facilities which may reduce the utilization or student population of the school facilities being acquired, and improved pursuant to this Agreement while the Series 2010 Bonds remain outstanding.

(bb) The improvements to the Site will be acquired and completed not later than March 1, 2011.

### ARTICLE III

#### THE SERIES 2010 BONDS AND THE PROCEEDS THEREOF

Section 301. Series 2010 Bonds. The Authority has authorized the issuance and sale of the Series 2010 Bonds in the Principal Amount. The Authority intends to deliver Series 2010 Bonds subject to the terms of the Bond Purchase Agreement. The proceeds of the Series 2010 Bonds shall be deposited in the Project Fund. The obligations of the Authority, and the Academy under this Agreement are expressly conditioned upon delivery of the Series 2010 Bonds and receipt of the proceeds thereof.

Section 302. Purchase of Municipal Obligation. The Authority hereby agrees to purchase the Municipal Obligation in the principal amount of \$2,410,000, by depositing the same as follows: \$2,410,000 in the Project Fund, to be disbursed in accordance with Section 303 for payment of Project Costs.

In addition to the amount of net proceeds of the Series 2010 Bonds deposited in the Reserve Fund, the Authority agrees to deposit the Authority Contribution into the Reserve Fund upon issuance of the Series 2010 Bonds.

Section 303. Disbursements from the Project Fund. The Authority has directed the Trustee to disburse from the Project Fund established under the Indenture, upon requisition by the Academy, in accordance with Section 601 of this Agreement and the other amounts on deposit therein as provided in this Agreement.

Section 304. Additional Bonds. The Authority may, but shall not be required to, authorize the issuance of the additional bonds upon the terms and conditions provided in the Indenture. Failure by the Authority to issue additional bonds shall not release the Academy from any provisions of this Agreement, regardless of the reason for such failure.

Section 305. Investment of Funds and Accounts. Any moneys held as a part of any Fund or Account shall be invested, reinvested or applied by the Trustee in accordance with the provisions of the Indenture. Any moneys held in the Project Fund, Bond Fund or Reserve Fund

shall, pending disbursement and upon written request of the Academy or oral or facsimile request of the Academy later confirmed in writing, be invested only in Eligible Investments in accordance with the provisions of Section 4.06 of the Indenture, all at such maturities, rates of interest and other specifications as the Academy may indicate in its request to the Trustee. The investments shall mature not later than the respective dates estimated by the Academy when the moneys in such Funds shall be needed for the purposes provided in this Agreement and the Indenture, but should the cash balance in a Fund be insufficient for such purpose, the Trustee is authorized to sell the necessary portion of such investments to meet that purpose. Recognizing that such investments shall be made at the written direction of the Academy, the Authority agrees to cooperate with the Academy, and the Academy covenants that it will restrict the use of the proceeds of the Series 2010 Bonds (and any other funds or moneys which may be deemed to be proceeds of the Series 2010 Bonds pursuant to Section 148(a) of the Code), in such manner and to such extent, if any, as may be necessary, after taking into account reasonable expectations at the time the Series 2010 Bonds are issued, so that the Series 2010 Bonds will not constitute "arbitrage bonds" under Section 148(a) of the Code.

The Academy shall not invest, reinvest or accumulate any moneys deemed to be proceeds of the Series 2010 Bonds pursuant to the Code in such a manner as to cause the Series 2010 Bonds to be "arbitrage bonds" within the meaning of the Code.

Section 306. Rebate Payments to United States. The Academy, for itself and for the Authority, agrees that it shall calculate and make all necessary payments of investment earnings required to be rebated to the United States pursuant to the terms of the Indenture and the Non-Arbitrage Certificate. The Academy hereby further agrees that it shall comply with the procedures outlined in the Academy's Non-Arbitrage and Tax Compliance Certificate and shall furnish to the Trustee and the Authority within fifteen (15) days following each Computation Date (as defined in the Academy's Non-Arbitrage and Tax Compliance Certificate) the computations required thereby. The Trustee has no duty to confirm the accuracy of the computations made by the Academy and may assume that the computations are correct. The Academy shall provide to the Trustee and the Authority evidence of each payment of rebate, if any, within 30 days of each such payment.

## ARTICLE IV

### BOND PAYMENTS

Section 401. Obligations Related to Municipal Obligation. The Academy hereby agrees that it will not sell, assign title to, lease, or obtain further financing with respect to the Project or the Site except as permitted hereunder and with the written permission of the Trustee while Bond Payments or Additional Payments remain outstanding under the Municipal Obligation and this Agreement. The Academy agrees that the Authority may pledge the Municipal Obligation and this Agreement as security for its obligations to pay Series 2010 Bonds and any Additional Bonds issued under the Indenture.

If on a Bond Payment Date the Academy's payment of its obligations hereunder have been deficient or if for any other reason the balance in the Bond Fund is insufficient to pay the

principal of, premium, if any, and interest on the Series 2010 Bonds then due, whether by maturity, redemption, or acceleration, the Academy shall forthwith pay the amount of any such deficiency to the Trustee.

If any withdrawal is made from the Reserve Fund to cure any deficiency in the Bond Fund, the Academy shall pay to the Trustee for deposit into the Reserve Fund on each Payment Date commencing with the first Payment Date following such withdrawal, an amount sufficient to restore the Reserve Fund to the Reserve Fund Requirement in eleven consecutive equal installments or such other number of equal installments as the Trustee shall determine necessary to restore the Reserve Fund to the Reserve Fund Requirement by the next Bond Payment Date. If on any Bond Payment Date the value of the Reserve Fund is less than the Reserve Fund Requirement, the Academy shall pay to the Trustee for deposit, on each Payment Date, commencing on the first Payment Date following such Bond Payment Date, an amount sufficient to restore the Reserve Fund to the Reserve Fund Requirement in full (such payments are collectively referred to as the “*Reserve Fund Payments*”).

Notwithstanding the foregoing, if there are sufficient funds in the State Aid Intercept Account of the Bond Fund to replenish any deficiency in the Reserve Fund (after taking into consideration the priority of payments set forth in Section 4.01 of the Indenture), then the obligation to make Reserve Fund Payments in an amount sufficient to restore the Reserve Fund to the Reserve Fund Requirement shall be accelerated and the Trustee shall transfer funds from the State Aid Intercept Account to the Reserve Fund to satisfy all outstanding Reserve Fund Payment requirements in accordance with Section 4.01 of the Indenture.

Section 402. Obligations Unconditional. The Academy’s obligations to the Authority under the Municipal Obligation and this Agreement are an absolute and unconditional general obligation of the Academy and shall remain in full force and effect until the amounts owed hereunder shall have been paid by the Academy to the Authority under the Municipal Obligation and this Agreement, and such obligations shall not be affected, modified or impaired upon the happening from time to time of any event, including without limitation any of the following:

- (a) Any failure of title with respect to the Academy’s interest in the Site or the Project or the invalidity, unenforceability or termination of this Agreement;
- (b) The modification or amendment (whether material or otherwise) of any obligation, covenant or agreement set forth in this Agreement;
- (c) The voluntary or involuntary liquidation, dissolution, sale or other disposition of all or substantially all of the assets, marshalling of assets and liabilities, receivership, insolvency, bankruptcy, assignment for the benefit of creditors, reorganization, arrangement, composition with creditors or readjustment or other similar proceedings affecting the Academy, or any of its assets or any allocation or contest of the validity of this Agreement, or the disaffirmance of this Agreement in any such proceedings;
- (d) To the extent permitted by law, any event or action which would, in the absence of this clause, result in release or discharge by operation of law of the Academy, from

the performance or observation of any obligation, covenant or agreement contained in this Agreement;

(e) The default or failure of the Academy fully to perform any of its obligations set forth in this Agreement or any other agreement; or

(f) Any casualty or destruction of the Project.

The Authority shall have no liability for the performance of any obligations to the Academy except as expressly set forth in this Agreement.

Section 403. Payment Provisions. In addition to Bond Payment obligations under the Municipal Obligation, which shall be calculated and paid as described below, the Academy agrees to pay to the Authority Additional Payments hereunder, which are (a) initially scheduled to be payable on the Payment Dates set forth in Section 405 below, and may be adjusted as set forth in Section 405 below, and (b) any amounts which may be required to be paid hereunder or under the Indenture including but not limited to replenishment of the Reserve Fund.

Bond Payments may only be prepaid by the Academy with the prior written approval of the Authority. The Authority may require the Academy to pay a prepayment premium as a condition of prepayment.

In the event of a default in the payment of the Bond Payments or Additional Payments when due, the amount of such default shall bear interest (the "additional interest") at a rate equal to the rate of interest which is two percent above the Authority's cost of providing funds (as determined by the Authority) to make payments on the Series 2010 Bonds of the Authority but in no event in excess of the maximum rate of interest permitted by law. The additional interest shall continue to accrue until the Authority has been fully reimbursed for all costs incurred by the Authority (as determined by the Authority) as a consequence of the Academy's default. Such additional interest shall be payable on the Payment Date following demand of the Authority.

It is expressly agreed between the Academy and the Authority by acceptance of the assignment made by this Agreement, that the Academy shall make all payments due hereunder at the designated trust office of the Trustee. The Academy further agrees that it will deposit with the Trustee all payments due hereunder in immediately available funds. The Academy covenants and agrees that its obligations to make payments hereunder are obligations incurred with the Authority under the State School Aid Act, 1979 PA 94, as amended ("School Aid Act") and may be enforced by the Authority and the Trustee on behalf of the Authority as set forth in the State Aid Agreement.

Section 404. Payment General Obligation. The obligation of the Academy to pay Bond Payments, Additional Payments and all other payments hereunder is a general obligation of the Academy. The Academy shall and hereby agrees to include in its budget (either of the general fund or of a capital fund) and pay each year, until this Agreement is paid in full, such sum or sums as may be necessary each year to make payments of the Bond Payments, Additional Payments and all other payments hereunder and additional interest payments, when due. The

Bond Payment obligations of the Academy hereunder and under the Municipal Obligation shall be deemed to be obligations of the Academy incurred in accordance with Section 504a(g) and Section 1351a of the School Code.

Section 405. State School Aid Pledge and Payment. The Academy pledges to pay its Bond Payments and Additional Payments, Reserve Fund Payments, if any, and all other amounts required by the Municipal Obligation and hereby or hereunder from its State School Aid to be allocated to it and payable to its Authorizing Body (the "Pledged State Aid"). Unless otherwise agreed to in writing by the Authority, an amount of each installment of State School Aid (such moneys to be used to pay the Bond Payments and Additional Payments when due), which amount is approximately equal to 1/11 of the annual principal payments scheduled on the Series 2010 Bonds (the Scheduled Principal Component and the Set-Aside Component relating to principal) plus 1/11 (adjusted in the initial fiscal year to reflect interest accruing from the Closing Date) of the annual interest obligation (the Scheduled Interest Component and the Set-Aside Component relating to interest) plus 1/11 of the annual fees (the Scheduled Fee Payment Component) shall, pursuant to the agreement of the Authorizing Body, be transmitted directly by the State Treasurer to the Trustee commencing on or after April 20, 2010 and thereafter on or after the 20th of each January, February, March, April, May, June, July, August, October, November and December (each a "Payment Date"); provided however that if applicable law changes to provide for a schedule of school aid payments materially different from that now in effect, the Authority, by written notice to the Trustee, the State Treasurer, the Academy and the Authorizing Body may designate different payment dates or amounts to provide for timely receipt of Bond Payments, Additional Payments or Reserve Fund Payments consistent with such changes which shall thereupon be and become the "Payment Dates" hereunder. If the Payment Date falls on a Saturday, Sunday, or legal holiday, the Bond Payment shall be due on the next succeeding business day. The Bond Payments, Additional Payments, if any, and Reserve Fund Payments, if any, to the Authority shall be made first from the State School Aid allocated to the Academy during the month of the payment. If, for any reason, the State School Aid allocated to the Academy during the month of the payment is insufficient to pay the Bond Payment, Additional Payment, if any, and Reserve Fund Payment, if any, then in that event the Academy pledges to use any and all other available funds to meet the Bond Payment, Additional Payment, if any, and Reserve Fund payment, if any, obligation. If on any due date for any Bond Payment, Additional Payment or Reserve Fund Payment, the funds with the Trustee are insufficient to pay the Bond Payment, Additional Payment or Reserve Fund Payment, if any, then the Academy, pursuant to Section 17a(3) of the School Aid Act to the extent necessary to meet the payment obligation assigns to the Authority and authorizes and directs the State Treasurer to intercept and/or advance not to exceed 97% of any state school aid payment which is dedicated for distribution or for which the appropriation authorizing payment has been made under the School Aid Act; and in such event pursuant to Section 17a(3) of the School Aid Act, the Authority is authorized, pursuant to the agreement of the Authorizing Body, to intercept and/or seek an advancement of 97% of the Pledged State Aid to be allocated or distributed to the Authorizing Body with respect to the Academy. The Trustee, on behalf of the Authority, shall immediately notify (or cause notice to be given to) the Academy and the Authorizing Body that it will immediately commence to intercept and/or receive an advancement of the Pledged State Aid and beginning immediately the Authority shall intercept 97% of the Pledged State Aid to be

distributed to the Authorizing Body with respect to the Academy. Notwithstanding the foregoing, however, the amount to be applied by the Trustee to Bond Payments hereunder in any fiscal year of the State shall not exceed 20% of the amount of School Aid payable to the Academy by the State in such fiscal year.

The intercepted and/or advanced amount shall be applied on the following priority basis: (i) the amount required to pay the Bond Payment, Additional Payment and Reserve Fund Payment, if any, when due shall be held by the Trustee for such purpose, (ii) any other amounts owing to the Authority under this Agreement, (iii) an amount equal to the Scheduled Fee Payment Component retained by the Trustee as provided under the Indenture and an amount equal to 1/11 of the scheduled fee obligations of the Academy to the Trustee, shall be paid to the Trustee and (iv) to the extent in excess of the amounts required under (i) through (iii) above, any amounts remaining to be immediately distributed to or at the direction of the Academy. The process set forth above shall continue until sufficient funds are deposited with the Trustee to pay all Bond Payments, Additional Payments and Reserve Fund Payments. Section 17a(3) of the School Aid Act does not require the State to make an appropriation to any authorizing body, public school academy, other school district or intermediate school district and such appropriation shall not be construed as creating an indebtedness of the State.

The pledge of State School Aid pursuant to this section is subject to the reservation by the Academy of the right to make additional pledges of State School Aid to secure other obligations as provided in Section 707 hereof and provided that the amount of State School Aid received by the Academy in the fiscal year of the State preceding the incurrence of such additional obligations equals or exceeds the amount required in each year to pay the sum of an amount equal to the Bond Payments, Additional Payments and Reserve Fund Payments due and the principal and interest and other payments due under such additional obligations for which State School Aid has been pledged.

Section 406. Mandatory and Optional Prepayments. Subject to the Authority's right to optionally redeem Series 2010 Bonds, the Academy may prepay its obligations under the Municipal Obligation and hereunder in whole or in part in Authorized Denominations. The Academy may direct the redemption of the corresponding amount of Series 2010 Bonds then outstanding on such dates and pursuant to the provisions and limitations, and upon payment of any required premium, set forth in Section 2.13 of the Indenture.

The Academy shall prepay its obligations hereunder at such times in order to enable the Trustee to redeem all or a portion of the Series 2010 Bonds as required in Section 2.13 of the Indenture.

If the Academy repays or prepays Bond Payments and other amounts owing to the Trustee under this Agreement and the Indenture in such a manner so as to permit the Security to be released from the lien of the Indenture in accordance with Article V of the Indenture, then the loan shall be deemed fully repaid, and this Agreement shall be canceled on the date on which the Security is so released. To confirm such cancellation, the Academy may require the Trustee to execute any further reasonable evidence of cancellation on the date the Security is so released.



Section 407. Fee Payments. To the extent they are not paid out of the Project Fund to the Authority, the Academy shall pay to the Authority within ten (10) days of demand therefor: (a) all Costs of Issuance and other out-of-pocket costs and expenses of the Authority incidental to the performance of its obligations under this Agreement, the Indenture and the Bond Purchase Agreement and (b) the out-of-pocket expenses of the Authority incurred by the Authority in enforcing the provisions of this Agreement or the Indenture.

In addition to the aforesaid payments to the Authority, the Academy shall pay to the Authority (a) a one time issuance fee of one twentieth of one percent (1/20 of 1%) of the principal amount of the Series 2010 Bonds prior to or contemporaneously with execution of this Agreement, such fee will be reimbursed by the Authority in accordance with its fee schedule provided that the Authority has sufficient funds for such purpose at the time of execution of this Agreement, and (b) on or before March 1, in each year, an amount sufficient to assure payment in full of the Academy's allocable share (as determined by the Authority) of the annual general operating expenses of the Authority, but such allocable share shall not exceed one twentieth of one percent (1/20 of 1%) of the average principal amount of the Series 2010 Bonds outstanding under the Indenture during the preceding calendar year.

Section 408. Security Interest in the Project Fund. To better secure its obligations hereunder, including the obligation to pay Bond Payments and Additional Payments, as and when they are due, the Academy hereby grants a security interest in the moneys at any time held in the Project Fund, and any proceeds thereof, to the Authority to be perfected by possession of such moneys in the Project Fund by the Trustee and held therein for the benefit of the Bondholders as provided in the Indenture.

Section 409. Assignment by Authority. The Academy hereby consents to any assignments now or hereafter made by the Authority of the Authority's rights under this Agreement (except the Unassigned Rights) and acknowledge that no further action or consent by the Academy is necessary to effectuate such an assignment.

Section 410. Authorized Academy Representative. The Academy hereby authorizes and directs the Authorized Academy Representative to act in the capacity of Authorized Academy Representative under the Indenture and hereunder.

Section 411. The Municipal Obligation and Obligations of the Academy Unconditional. The obligation of the Academy to pay the Bond Payments and Additional Payments and all other amounts required by the Municipal Obligation and this Agreement to be paid by the Academy shall be an absolute and unconditional general obligation of the Academy and shall not be subject to diminution by set-off, recoupment, counterclaim, abatement or otherwise. Until the Series 2010 Bonds have been fully paid (or provision made therefor) in accordance with the Indenture, the Academy (i) shall not suspend or discontinue any Bond Payments or Additional Payments, (ii) shall perform and observe all of its other obligations contained in the Municipal Obligation and this Agreement and (iii) shall not terminate this Agreement for any cause, including, without limiting the generality of the foregoing, defect in title to the Project, failure to complete the Project, any acts or circumstances that may constitute failure of consideration, destruction of, damage to or condemnation of the Project, commercial frustration of purpose, any

change in the tax or other laws of the United States of America or of the State of Michigan or any political subdivision of either, or any failure of the Authority to perform and observe any of its obligations arising out of or connected with this Agreement. It is the intent and expectation of the parties hereto that the Bond Payments will be sufficient for the payment in full of the Series 2010 Bonds, including (i) the total interest to become due and payable on the Series 2010 Bonds to the dates of payment thereof, (ii) the total principal amount of the Series 2010 Bonds, (iii) the redemption premiums, if any, that shall be payable on the redemption of the Series 2010 Bonds prior to their stated payments dates, and (iv) all additional interest, additional principal and any other amounts payable to the Bondholder as and when required by the Series 2010 Bonds or this Agreement. In the event, however, of any deficiency in the payment of such amounts regardless of the reason for such deficiency, the Academy agrees that upon notice of the deficiency from the Bondholder or the Authority it shall then immediately pay the amount of the deficiency to the Bondholder on behalf of the Authority. The obligations of the Academy under this paragraph shall survive the termination of this Agreement.

## ARTICLE V

### OTHER OBLIGATIONS OF THE ACADEMY

Section 501. Costs of Issuance. The Academy covenants and agrees to promptly pay the Costs of Issuance upon notification by the Authority.

Section 502. Indemnification of the Authority. (a) The Authority and its members, officers, agents and employees (the "Indemnified Persons") shall not be liable to the Academy for any reason. The Academy shall, to the extent permitted by law, indemnify and hold the Authority and the Indemnified Persons harmless from any loss, expense (including reasonable counsel fees) or liability of any nature due to any and all suits, actions, legal or administrative proceedings, or claims arising or resulting from, or in any way connected with (i) the financing, construction, operation, use or maintenance of the Project, (ii) any act, failure to act or misrepresentation by any person, firm, corporation or governmental agency, including the Authority, in connection with the issuance, sale, delivery or remarketing of any of the Series 2010 Bonds, (iii) any act or failure to act by the Authority in connection with this Agreement or any other document involving the Authority in this matter, and (iv) the selection and appointment of firms or individuals providing services related to the Series 2010 Bond transactions. If any suit, action or proceeding is brought against the Authority or any Indemnified Person, that suit, action or proceeding shall be defended by counsel to the Authority or the Academy, as the Authority shall determine. If the defense is by counsel to the Authority, which is the Attorney General of Michigan or may, in some instances, be private, retained counsel, the Academy shall indemnify the Authority and Indemnified Persons for the reasonable costs of that defense, including reasonable counsel fees. If the Authority determines that the Academy shall defend the Authority or Indemnified Persons, the Academy, as determined by the Authority, shall immediately assume that defense at its own cost. The Academy shall not be liable for any settlement of any proceedings made without its consent (which consent shall not be unreasonably withheld).

(b) The Academy shall not be required to indemnify the Authority or any Indemnified Person under subsection (a), if a court with competent jurisdiction finds that the liability in question was caused by the willful misconduct or sole gross negligence of the Authority or the involved Indemnified Person, unless the court determines that, despite the adjudication of liability but in view of all circumstances of the case, the Authority or the Indemnified Person(s) is (are) fairly and reasonably entitled to indemnity for the expenses which the court considers proper.

(c) The Academy shall, to the extent permitted by law, also indemnify the Authority for all reasonable costs and expenses, including reasonable counsel fees, incurred in (i) enforcing any obligation of the Academy under this Agreement or any related agreement, (ii) taking any action requested by the Academy, (iii) taking any action required by this Agreement or any related agreement, or (iv) taking any action considered necessary by the Authority which is authorized by this Agreement or any related agreement.

(d) The obligations of the Academy under this section shall survive any assignment or termination of this Agreement.

Section 503. Indemnification of the Trustee. The Academy shall, to the extent permitted by law, indemnify and hold the Trustee harmless against any loss, liability or expense incurred without bad faith, gross negligence or willful misconduct on the part of the Trustee, arising out of or in connection with the acceptance or administration of the Indenture, including the costs and expense of defense against any such claim of liability. In the event of the occurrence of any claim indemnified against under this paragraph, the Trustee shall promptly notify the Academy of the existence of the claim and shall give the Academy such assistance and cooperation in the defense thereof as may be reasonably requested. The Academy shall defend any such claim through legal counsel of its choice, and the Academy shall have exclusive authority to defend, settle or otherwise dispose of such claim as it deems advisable in the exercise of its sole discretion. The obligations of the Academy under this Section shall survive any assignment or termination of this Agreement and the resignation or removal of the Trustee.

Section 504. Taxes and Other Costs. The Academy shall promptly pay, as the same becomes due, all lawful taxes and governmental charges of any kind whatsoever, including without limitation income, profits, receipts, business, property and excise taxes, with respect to any estate, interest, documentation or transfer in or of the Project, this Agreement or any payments with respect to the foregoing, the costs of all building and other permits to be procured, and all utility and other charges and costs incurred in the operation, maintenance, use, occupancy and upkeep of the Project.

Section 505. Authority and Trustee Right to Perform Academy Obligations. In the event the Academy shall fail to perform any of its obligations under this Agreement, the Authority and the Trustee may, but shall be under no obligation to, perform such obligation and pay all costs related thereto, and all such costs so advanced by the Authority or the Trustee shall become an additional obligation of the Academy to the Authority or the Trustee, secured under the Indenture, payable on demand with interest thereon at 2% per annum in excess of the average

rate per annum borne by the Series 2010 Bonds from the date of advancement until payment, but in no event in excess of the maximum rate permitted by law.

Section 506. Audit Obligation. The Academy shall have an independent audit, using generally accepted accounting principles generally used for public school accounting in the State of Michigan, of its bonding activities under these sections conducted within 120 days after completion of all projects financed by the proceeds of this Agreement and shall submit the audit report to the Michigan Department of Treasury.

## ARTICLE VI

### CONSTRUCTION, ACQUISITION AND EQUIPPING OF PROJECT

Section 601. Project Fund Disbursements. Subject to the conditions set forth below, unless an Event of Default has occurred and is continuing, the Trustee shall disburse out of the Project Fund the lesser of (a) the Project Costs paid or incurred or (b) the Series 2010 Bond proceeds deposited in the Project Fund and investment income in the Project Fund. Such disbursements shall be used to pay the Project Costs so long as there are moneys in the Project Fund. Disbursement for Costs of Issuance Project Costs and Project Costs not to exceed \$22,149.52 which relate to the reimbursement of previously incurred Project Costs by the Academy shall be made upon a Costs of Issuance Requisition Certificate executed by the Academy in the form shown on Exhibit C attached hereto in a form approved by an Authorized Officer of the Authority. Disbursements for Project Costs other than Costs of Issuance and the above-described reimbursement shall be made upon presentation of a Requisition Certificate executed by the Academy in the form shown on Exhibit D attached hereto or in a form approved by an Authorized Officer of the Authority.

Prior to the first disbursement for Project Costs other than Costs of Issuance and the above-described reimbursement, in addition to all other instruments and documents required to be delivered pursuant to the Indenture, the Bond Purchase Agreement and this Agreement, the Academy shall have delivered to the Trustee (i) a marked-up loan policy of title insurance commitment from a title insurance company satisfactory to the Trustee, naming the Trustee as lender, without standard exceptions, in the amount specified in Section 607 of this Agreement, insuring that the Mortgage is a first lien in all respects on the unencumbered marketable fee simple absolute title to the Site, subject only to Permitted Encumbrances, together with copies of all necessary sworn statements and lien waivers required by the title company, if any, and (ii) evidence of payment of fees relating thereto.

Each Requisition Certificate shall be accompanied by copies of invoices or other appropriate documentation satisfactory to the Trustee, supporting the payments or reimbursements requested and by a brief description of the portion of the Project financed, acquired, constructed or improved; provided that the Trustee shall have no duty or obligation to review such invoices and may conclusively rely on such requisitions.

Section 602. Obligation of the Academy to Complete the Project and to Pay Costs in Event Project Fund Insufficient. The Academy shall proceed diligently to complete the Project substantially in accordance with the descriptions which have been provided to the Authority. If requested, the Academy shall make available to the Authority and the Trustee such information concerning the Project as any of them may reasonably request. The Project shall not be materially altered in scope, character, value or operation without the prior written consent of the Trustee and the holders of 100% of the Series 2010 Bonds and provided that the expenditure of moneys for the Project as modified is permitted by the Enabling Legislation and will not impair the exclusion of interest on the Series 2010 Bonds from gross income for federal income tax purposes.

In the event the money in the Project Fund available for payment of the costs of the Project shall not be sufficient to make such payment in full, the Academy agrees to pay directly, or to deposit moneys in the Project Fund for the payment of, such costs of completing the Project as may be in excess of the moneys available therefor in the Project Fund. The Authority does not make any warranty or representation, either expressed or implied, that the moneys which will be deposited into the Project Fund, and which under the provisions of this Agreement will be available for payment of the costs of the Project, will be sufficient to pay all of the costs which will be incurred in connection therewith. The Academy agrees that if, after exhaustion of the moneys in the Project Fund, the Academy shall pay, or deposit moneys in the Project Fund for payment of, any portion of the costs of the Project pursuant to the provisions of this Section 602, it shall not be entitled to any reimbursement therefor from the Authority, the Trustee, or from the owners of any of the Series 2010 Bonds, nor shall it be entitled to any diminution of the amounts payable hereunder.

Section 603. Recovery Under Breach of Warranty. All warranties shall vest in the Academy and in the event of default or breach of warranty by any contractor in connection with the Site improvements or with respect to any materials, workmanship or performance or other guaranty, the Academy may, after notification of the Authority, proceed, either separately or in conjunction with others, to pursue such remedies against the party in default and against each surety as it may deem advisable. Any amounts recovered in connection with the foregoing after Project Costs have been paid or duly provided for shall be paid to the Academy.

Section 604. Completion Certificate. The Completion Date of the acquisition, constructing, equipping and installation of the Site and the Project and the payment of the entire Project Costs shall be evidenced to the Trustee and the Authority by the Completion Certificate, substantially in the form attached as Exhibit E.

Section 605. Use of Surplus Funds. As soon as practicable and in any event within 60 days from the date of delivery of the Completion Certificate, the Academy shall direct the Trustee to transfer any balance remaining in the Project Fund (i.e. "Surplus Bond Proceeds") to the Bond Fund, for use in accordance with the Indenture. Notwithstanding the foregoing, proceeds of the Series 2010 Bonds may be retained in the Project Fund longer than three (3) years after the Issue Date provided the Academy delivers a Favorable Opinion of Bond Counsel to the Trustee with respect to the retention and investment of such proceeds of the Series 2010 Bonds in the Project Fund.

Section 606. Application of Insurance and Condemnation. In the event (i) the Site or the Project is damaged or destroyed, or (ii) failure of title to all or part of the Site or the Project occurs or title to or temporary use of the Site or the Project is taken by condemnation or by the exercise of the power of eminent domain by any governmental body or by any person, firm or corporation acting under governmental authority, the Academy shall promptly give written notice thereof to the Authority and the Trustee. As soon as practicable, but not later than 60 days after such damage or condemnation, the Academy shall elect in writing whether to restore all or part of the Site or the Project or to prepay this Agreement. The Academy may only restore all or part of the Site or the Project if it demonstrates to the Trustee that (i) it has sufficient money available to it (including insurance proceeds) to undertake such restoration, and (ii) such restoration will not cause interest on the Series 2010 Bonds which would otherwise be excludable from gross income for federal income tax purposes to be included in gross income for federal income tax purposes. If the Academy chooses to restore all or part of the Project, the Trustee shall deposit the proceeds of such condemnation or insurance in the Project Fund, which shall be reactivated and drawn down in the same manner as provided for the Project Fund in Section 601. If the Academy shall elect to restore the Site or the Project, it shall proceed to do so with reasonable dispatch. If the Site and the Project shall have been so damaged or destroyed, or if failure of title or condemnation or taking of such part thereof shall have been taken so that the Site and the Project may not be reasonably restored within a period of 12 consecutive months (or such longer period of time as is acceptable to the Trustee) to its condition immediately preceding such damage or destruction or failure of title, or if the Academy is thereby prevented from carrying on its normal operations for a period of 12 consecutive months (or such longer period of time as is acceptable to the Trustee), or if the cost of restoring the Site and the Project is reasonably deemed by the Academy to be uneconomic and the Academy abandons the Site and the Project, then all proceeds of such insurance or condemnation shall be transferred to the Bond Fund and used for payment or redemption of the Series 2010 Bonds.

Section 607. Mortgage and Title Insurance. At or prior to the first disbursement from the Project Fund for Project Costs other than Costs of Issuance, the Academy shall cause to be executed and delivered and cause to be recorded the Mortgage securing performance by the Academy of its obligations under this Agreement and the payment of the Bond Payments and Additional Payments by the Academy. The Future Advance Mortgage shall grant to the Trustee a first mortgage lien on all real property comprising the Project as security for the Series 2010 Bonds.

At or prior to the first disbursement from the Project Fund for Projects Costs other than Costs of Issuance, the Academy shall cause to be delivered to the Trustee a policy of mortgage title insurance on the Site, insuring the first priority lien of the Mortgage, subject only to Permitted Encumbrances. The title policy shall provide for title insurance in an amount equal to the full principal amount of the Series 2010 Bonds; provided, however, that the effective amount of the title policy as of the delivery date may be limited to the amount disbursed from the Project Fund as of such date provided that further Project Fund disbursements are accompanied by an endorsement to such title policy increasing coverage by the amount of the disbursement.

## ARTICLE VII

### FURTHER OBLIGATIONS OF THE ACADEMY

Section 701. Compliance With Laws. The Academy agrees that it shall, throughout the term of this Agreement and at no expense to the Authority, promptly comply or cause compliance with all legal requirements of duly constituted public authorities which may be applicable to the Project or to the repair and alteration thereof, or to the use or manner of use of the Project.

Section 702. Maintenance of Legal Existence Qualification. During the term of this Agreement, and except as otherwise provided by Section 706 hereof, the Academy shall maintain its existence and shall not dissolve or otherwise dispose of all or substantially all of its assets or consolidate with or merge into another entity or permit one or more entities to consolidate with or merge into it without the prior written consent of the Authority.

Section 703. Reports and Access to Projects and Records. The Academy covenants that promptly, but not later than one hundred twenty (120) days after the close of each fiscal year, it will file with the Authority and the Trustee (and upon written request with the original Underwriter for the Series 2010 Bonds), in such quantity as the Authority may require, its audited financial statement for such fiscal year reflecting in reasonable detail the financial position and results of operation of the Academy, together with the audit report by a certified public accountant or firm of independent certified public accountants of suitable experience and responsibility. The Trustee shall have no duty to review or analyze such financial statements and shall hold such financial statements solely as a repository for the benefit of the Bondholders. The Trustee shall not be deemed to have notice of any information contained therein or deemed to have notice of an event of default which may be disclosed therein in any manner.

The Academy further covenants and agrees that it will promptly file with the Authority a copy of all documentation, materials and notices filed by or on behalf of the Academy pursuant to or in connection with any continuing disclosure undertaking relating to the Series 2010 Bonds or other debt incurred by or for the benefit of the Academy.

The Academy further covenants and agrees that it has, with the permission of any applicable third parties, placed on file with the Trustee a current property survey of the Project, together with Phase I and Phase II Environmental Site Assessments performed by Dixon Environmental Consulting, Inc. of Grand Rapids, Michigan.

Subject to reasonable security and safety regulations, the Authority and the Trustee and the respective duly authorized agents of each shall have the right at all reasonable times to enter the Site and the Project and to examine and inspect the same.

Section 704. Covenant as to Non-Impairment of Tax-Exempt Status. Notwithstanding any other provision of any rights of the Academy under this Agreement, the Academy hereby covenants that, to the extent permitted by law, it shall take all actions within its control and that it shall not fail to take any action as may be necessary to maintain the exclusion of the interest on

the Series 2010 Bonds from gross income for federal income tax purposes, on behalf of itself and the Authority, including but not limited to, actions relating to the rebate of arbitrage earnings and the expenditure and investment of Series 2010 Bond proceeds and moneys deemed to be Series 2010 Bond proceeds, all as more fully set forth in the Non-Arbitrage Certificate.

Section 705. Covenant Regarding Bond Purchases. The Academy covenants that neither it nor any related person will purchase Series 2010 Bonds in an amount related to the amount of proceeds of such Series 2010 Bonds.

Section 706. Academy to Maintain Existence. The Academy covenants and agrees that for so long as any Series 2010 Bond remains Outstanding under the Indenture, it shall maintain its existence as a Public School Academy under Michigan law and shall continue to operate its facilities located at the Site as a public school which will produce sufficient available revenues to pay the Bond Payments and all other amounts due and owing under this Agreement. Notwithstanding the foregoing, the Academy shall have the right to cease operations at the Site upon (a) prepayment in full of the Bond Payments, Additional Payments and any prepayment premium required by the Authority as determined in the sole discretion of the Authority and (b) filing an opinion of Bond Counsel that such prepayment and release will not adversely affect the exclusion of interest on the Series 2010 Bonds from gross income for federal income tax purposes.

Section 707. Other Obligations. The Academy covenants and agrees that, without the prior written consent of the Trustee, or unless consented to by the holders of 51% of the outstanding Series 2010 Bonds, it will not incur indebtedness for borrowed money, guarantee the obligations of others or incur pecuniary obligations, except the following:

- (a) obligations incurred in the ordinary course of business;
- (b) state aid notes (including state aid note lines of credit) issued pursuant to Act No. 451, Public Acts of Michigan, 1976, as amended; and
- (c) other indebtedness incurred or guaranteed by the Academy in accordance with applicable law related to capital acquisitions provided that the aggregate maximum annual debt service on such indebtedness, in any fiscal year, together with the applicable Scheduled Installment Payment hereunder for such year, shall not exceed 20% of the amount of State School Aid payable to the Academy by the State in such fiscal year. For purposes of computing future projections of State School Aid, the amount of State School Aid expected to be paid to the Academy for the Academy's current fiscal year computed using the number of students certified as of the September count date of the current fiscal year shall be used.
- (d) Notwithstanding the foregoing, the Academy covenants and agrees that the amount of State School Aid to be received by the Academy shall be at least the total of the Bond Payments, Additional Payments and all payments on such other Obligations to which State School Aid has been pledged due in such fiscal year.



Section 708. Transfer, Assignment and Leasing. The Academy may not transfer or sell the Project without the prior written consent of the Authority and 100% of the Beneficial Owners of the Series 2010 Bonds and any Additional Bonds. The Academy may lease any portion of the Project with the prior written consent of the Trustee and the holders of 100% of the Series 2010 Bonds provided that the Academy delivers to the Authority and the Trustee in connection with any such leasing a Favorable Opinion of Bond Counsel with respect to such lease. No leasing shall relieve the Academy from primary liability for any of its obligations hereunder, and in the event of any such leasing the Academy shall continue to remain primarily liable for the payment of Bond Payments and for performance and observance of the other agreements herein on its part to be performed and observed.

This Agreement may not be assigned without the prior written consent of the Authority, the Trustee and a majority of the holders of the Series 2010 Bonds and compliance with the requirements described in (a) and (b) above.

Section 709. Substitution and Removal of Personal Property. Any property financed or refinanced with Series 2010 Bond proceeds may not be removed from any Project site unless (i) other property of equivalent or greater value and utility is substituted therefor within six months of such disposition or (ii) the proceeds of the sale of such property are used in accordance with the following sentence or (iii) the Academy receives an opinion of Bond Counsel that noncompliance with (i) or (ii) above will not adversely affect the exclusion of interest on the Series 2010 Bonds from gross income for federal income tax purposes. Any proceeds received upon the sale of any of the property financed or refinanced with the proceeds of the Series 2010 Bonds (i) will be invested at a yield not in excess of the yield on the Series 2010 Bonds and used for the purpose of redeeming the Series 2010 Bonds at the first subsequent call date, or (ii) will be used for the purpose of acquiring property performing the same function at such Project site as the disposed property within six months of the date of receipt of such proceeds. Notwithstanding the foregoing, if any property financed or refinanced with the proceeds of the Series 2010 Bonds wears out or becomes obsolete so that it is no longer functional to the Academy and the Academy deems it appropriate to dispose of such property and, further, if the Academy or any related party thereto receives no economic benefit from the disposal thereof, then the Academy may dispose of such property other than as provided above.

Section 710. Maintenance, Repair and Modification. The Academy shall cause the Project to be used for the purposes described in this Agreement throughout the term of this Agreement. The Academy does not know of any reason why the Project will not be used and occupied by it in the absence of supervening circumstances not now anticipated by it or beyond its control. The failure of the Academy to use the Project for its intended purposes shall not in any way abate or reduce the obligation of the Academy to pay the Bond Payments and the Additional Payments under the provisions of this Agreement.

The Academy agrees that it will keep the Project in good repair and good operating condition, ordinary wear and tear excepted, at its own cost.

The Academy may remodel the Project or make additions, modifications and improvements to the Site and the Project from time to time as the Academy, in its discretion,

may deem to be desirable, the cost of which shall be paid by the Academy; provided, however, that such additions, modifications and improvements (i) do not materially and adversely alter the scope, character, value or operation of the Project without the prior written consent of the Trustee or 100% of the holders of the Series 2010 Bonds, (ii) do not impair the exclusion of interest on the Series 2010 Bonds from gross income for federal income tax purposes and (iii) do not contravene the provisions of the Enabling Legislation.

Section 711. Liability Insurance. The Academy shall procure and maintain or cause to be procured and maintained continuously in effect with respect to the Site and the Project comprehensive general accident and public liability insurance covering any liability arising out of or in any way relating to the maintenance, use or operation of the Project or any part thereof, under which the Academy and the Trustee are named as insureds, in an amount not less than \$1,000,000 for bodily injury or death per occurrence and \$1,000,000 for property damage per occurrence and the aggregate combined limits of not less than \$2,000,000 and will cause all contractors to maintain similar insurance against all similar liabilities on their part. The Net Proceeds of all such insurance shall be applied as set forth in Section 606 hereof.

Section 712. Negligence of the Academy. As between the Academy and the Authority, the Academy agrees to defend the Authority against all risks and liabilities, whether or not covered by insurance, for loss or damage to the Site or the Project and for injury to or death of any person or damage to any property, whether such injury or death be with respect to agents or employees of the Academy or of third parties, and whether such property damage be to property of the Academy or the property of others, which is proximately caused by the negligent conduct of the Academy, its officers, employees and agents. The Academy hereby assumes responsibility for and agrees to defend and to reimburse Trustee with respect to all liabilities, obligations, losses, damages, penalties, claims, actions, costs and expenses (including reasonable attorney's fees) of whatsoever kind and nature, imposed on, incurred by or asserted against Trustee that in any way relate to or arise out of a claim, suit or proceeding based in whole or in part upon the negligent conduct of the Academy, its officers, employees and agents, to the maximum extent permitted by law.

Section 713. Property Insurance. As between the Academy and the Authority, the Academy shall have and assume the risk of loss with respect to the Site and the Project, and shall procure and maintain continuously in effect during the Term of this Agreement with respect to the Site and the Project, to the extent of the full replacement cost of the Project, other than land and building foundations, all-risk insurance, subject only to the standard exclusions contained in the policy, in such amount as will be at least sufficient so that a claim may be made for the full replacement cost of any part thereof damaged or destroyed, and including business interruption insurance in an amount sufficient to pay Scheduled Installment Payments for a period of twelve months. All policies (or endorsements or riders) evidencing insurance required in this Section shall be carried in the names of the Academy and Trustee as their respective interests may appear. The Net Proceeds of insurance required by this Section shall be applied as provided in Section 606 hereof; provided that the Net Proceeds of business interruption insurance shall be applied to the payment of Scheduled Installment Payments, Additional Payments and Reserve Fund Payments.

Section 714. Worker's Compensation Insurance. The Academy shall carry or cause to be carried workers' compensation insurance covering all employees on, in, near or about the Site and the Project, and upon request, shall furnish to Trustee certificates evidencing such coverage throughout the Term of this Agreement.

Section 715. Other Insurance and Requirements for All Insurance. The Academy shall obtain and maintain or cause to be obtained and maintained during the Term of the Agreement such other insurance policies covering such other risks and in such amounts as are customarily maintained by educational institutions similar to the Academy in the ordinary course of their business. All insurance required by this Article may be carried under a separate policy or a rider or endorsement; shall be taken out and maintained with responsible insurance companies organized under the laws of one of the states of the United States and qualified to do business in the State; and shall contain a provision that the insurer shall not cancel or revise coverage thereunder without giving written notice to all parties at least thirty (30) days before the cancellation or revision becomes effective. The Academy shall deposit with the Trustee policies evidencing any such insurance procured by it, or a certificate or certificates of the respective insurers stating that such insurance is in full force and effect. Before the expiration of any such policy, the Academy shall furnish to Trustee evidence that the policy has been renewed or replaced by another policy conforming to the provisions of this Article.

Section 716. Management Agreement. The Academy shall not enter into a Management Agreement relating to the Site or the Project, unless prior to entering into such Management Agreement the Academy obtains a Favorable Opinion of Bond Counsel with respect to such Management Agreement.

Section 717. Net Asset Covenant. The Academy hereby covenants that, so long as any Series 2010 Bonds remain Outstanding, it will:

- (a) maintain an unrestricted net asset balance which equals not less than an amount calculated as a percentage of Operating Expenses for the School Year as follows:
  - (i) Such percentage shall be 5.0% for any School Year if, in the School Year immediately preceding such School Year, the total of the Maximum Annual Debt Service plus any Capital Leases or any similar lease-purchase or loan payment obligations of the Academy, excluding Short-Term Debt, were equal to or less than 10% of Academy Revenues; and
  - (ii) Such percentage shall be 7.5% for any School Year if, in the School Year immediately preceding such School Year, the total of the Maximum Annual Debt Service plus any Capital Leases or any similar lease-purchase or loan payment obligations of the Academy, excluding Short-Term Debt, were greater than 10% but less than 15% of Academy Revenues.
  - (iii) Such percentage shall be 10.0% for any School Year if, in the School Year immediately preceding such School Year, the total of the Maximum

Annual Debt Service plus any Capital Leases or any similar lease-purchase or loan payment obligations of the Academy, excluding Short-Term Debt, were greater than 15% of Academy Revenues.

- (b) maintain cumulative unrestricted cash reserves and/or access to Short-Term Debt sufficient to meet all accrued and unrestricted salary obligations of the Academy.

Each of the covenants made in this Section 717 shall be tested as of June 30 of each School Year based on the results of the annual audit of the Academy described herein. If on any testing date the Academy's minimum fund balance is below that required by this Section, the Academy shall retain on an annual basis a minimum of 50% of the Excess Net Revenues until such time as the Academy is in compliance with the minimum fund balance required by this Section.

Section 718. Engagement of Management Consultant. The Academy shall maintain a Debt Service Coverage Ratio of 1:1.25. If the Academy is unable to comply with this requirement within 12 months of the initial non-compliance, the Beneficial Owners of a majority of the Outstanding Bonds shall have the right to direct the Trustee to require the Academy to engage, at the Academy's expense, a management consultant acceptable to the Trustee, which shall deliver a written report within 60 days of engagement to the Trustee and the Board of the Academy containing recommendations concerning the Academy's:

- (i) operations;
- (ii) financing practices and activities, including Short-Term Debt, lease financing, and investment activities;
- (iii) management practices, including the use of consultants, hiring of a full time management company, budgeting practices, and ongoing financial systems and monitoring of the Academy's financial condition;
- (iv) governance and administration practices; and
- (v) other factors relevant to maintaining compliance with the Financing Agreement.

Upon submission of the management consultant's report, the Academy's Board shall arrange for payment of the amount owed to the management consultant and issue a written certificate to the Trustee indicating its acceptance or rejection of all or any material portion of the recommendations of the management consultant within 30 days of receiving the report of the management consultant. The Beneficial Owners of 2/3rds of the Outstanding Bonds shall have the right to require the Board of the Academy to comply with any reasonable recommendation of the management consultant with respect to items (i) through (v) above, subject to receipt of any necessary Authorizing Body approval. So long as the Academy complies with the foregoing failure to maintain the proscribed Debt Service Coverage Ratio shall not constitute an Event of Default.

## ARTICLE VIII

### ACTIONS AFFECTING AUTHORITY; INTEREST IN THIS AGREEMENT

Section 801. Interest in this Agreement. The Academy shall not assign or transfer its rights or obligations under this Agreement, except as shall be permitted in this Agreement or consented to by the Authority and the Trustee.

Section 802. Authority Assignment of this Agreement. The Academy hereby acknowledges and consents to the assignment and pledge pursuant to the Indenture by the Authority to the Trustee, as additional security for the Series 2010 Bonds, of the Municipal Obligation and this Agreement and all of the Authority's rights and powers under this Agreement, (except the Unassigned Rights) including the right to receive Bond Payments and Additional Payments.

Section 803. Rights of Trustee Hereunder. The terms of this Agreement and the enforcement thereof are essential to the security of the Trustee and are entered into for the benefit of the Trustee. The Trustee shall accordingly have contractual rights and duties in this Agreement and be entitled to enforce separately or jointly with the Authority the terms of this Agreement.

Section 804. Authority Compliance With Indenture. The Authority shall comply with the covenants, requirements and provisions of the Indenture and perform all of its obligations thereunder.

Section 805. Supplements to Indenture. The Authority shall consent to no supplements to the Indenture which have a material effect on the rights or obligations of the Academy or the Trustee without the prior written consent of the Academy and the Trustee, respectively.

## ARTICLE IX

### EVENTS OF DEFAULT AND REMEDIES

Section 901. Events of Default. The term "Events of Default" shall mean, whenever used in this Agreement, any one or more of the following events:

(a) Failure by the Academy to make a Bond Payment under the Municipal Obligation when due.

(b) Failure by the Academy to make an Additional Payment hereunder when due.

(c) Failure by the Academy to observe and perform any other obligations in this Agreement, or in any other related or collateral documents on its part to be observed or performed for a period of forty-five days after written notice specifying such failure and requesting that it be remedied, given to the Academy by the Authority or the Trustee; provided,

however, that if said Default shall be such that it cannot be corrected within such period, it shall not constitute an Event of Default if the Default, in the opinion of the Trustee, is correctable without material adverse effect on the Series 2010 Bonds and if corrective action is instituted within such period and diligently pursued until the Default is corrected.

(d) The dissolution or termination of the Academy or failure by the Academy promptly to lift any execution, garnishment or attachment of such consequences as will materially impair its ability to carry out its obligations under this Agreement or the Academy becomes insolvent or bankrupt, or makes an assignment for the benefit of creditors or consents to the appointment of a trustee or receiver for the Academy or for the greater part of its properties; or a trustee or receiver is appointed for the Academy or for the greater part of its properties without its consent and is not discharged within 60 days; or bankruptcy, reorganization or liquidation proceedings are commenced by or against the Academy, and if commenced against the Academy are consented to by it or remain undismissed for 60 days; or an order for relief is entered in any bankruptcy proceeding.

(e) If any representation or warranty made by the Academy in any document delivered by the Academy to the purchaser(s) of the Series 2010 Bonds, the Trustee or the Authority in connection with the issuance, sale and delivery of the Series 2010 Bonds is untrue in any material respect.

(f) If the Academy shall default under any other agreement for payment of money in excess of \$25,000 and such default shall not be cured within any period of grace provided in such agreement, if any, or if the Academy shall assign or convey or attempt to assign or convey any of its rights or obligations under this Agreement except as shall be permitted under this Agreement, provided, however, that the Academy shall not be in default under this section, if it is contesting in good faith any default under any such other agreement for the payment of money and, with respect to construction liens, has bonded over such lien to the satisfaction of the Trustee, unless in the estimation of the Trustee the security of the Trustee under this Agreement is materially endangered.

(g) The occurrence of an Event of Default under the Indenture.

(h) The loss of its charter or the failure of the Academy to have its charter renewed, unless a charter from another authorizing body is received on or before the effective date of revocation or nonrenewal and a state aid agreement in form and content the same as the agreement executed in connection herewith is executed by such new authorizing body on or before the effective date of revocation or nonrenewal.

The term "Default" shall mean Default by the Academy in the performance or observance of any of the covenants, agreements or conditions on its part contained in this Agreement, exclusive of any period of grace required to constitute an Event.

The Defaults described in subsection (c) above only, are also subject to the following limitation: If the Academy by reason of force majeure is unable to carry out or observe the obligations described in said subsection (c), the Academy shall not be deemed to be in breach or

violation of this Agreement or in default during the continuance of such inability. The term "force majeure" as used herein shall include, without limitation, acts of God, strikes, lockouts or other disturbances; acts of public enemies; inability to comply with or to cause compliance with laws, ordinances, orders, rules, regulations or requirements of any public authority or the government of the United States of America or the State of Michigan or any of their departments, agencies, or officials, or any civil or military authority; inability to procure or cause the procurement of building permits, other permits, licenses or other authorizations required for the construction, use, occupation, operation or management of the Project; insurrections; riots; epidemics; landslides; lightning; earthquake; fire; hurricanes; tornadoes; storms; floods; washouts; droughts; arrests; restraint of government and people; civil disturbances; explosions; breakage or accident to machinery, transmission pipes or canals; partial or entire failure of utilities; or any other cause or event other than financial inability not reasonably within control of the Academy. The Academy agrees, however, to remedy with all reasonable dispatch the cause or causes preventing the Academy from carrying out its agreements; provided, however, that the settlement of strikes, lockouts and other disturbances shall be entirely within the discretion of the Academy, and the Academy shall not be required to make settlement of strikes, lockouts and other disturbances by acceding to the demands of the opposing party or parties when such course is in the judgment of the Academy not in the best interests of the Academy.

Section 902. Remedies Upon an Event of Default. Whenever any Event of Default shall have occurred and be continuing, the Authority or the Trustee may take any one or more of the following remedial steps:

(a) Declare all indebtedness under this Agreement (i.e., Bond Payments, Additional Payments and all other payments required by this Agreement) to be immediately due and payable, whereupon the payment date for the same shall become immediately accelerated and all such indebtedness shall become immediately due and payable;

(b) Have access to and inspect, examine and make copies of the books and records and any and all accounts, data and income tax and other tax returns of the Academy only, however, insofar as they relate to the Site, the Project or the Event of Default and remedying thereof;

(c) Exercise and enforce all or any of its rights under the security interests granted in this Agreement and the Mortgage; and/or

(d) Petition a court of competent jurisdiction for the appointment of a receiver to take possession of and manage and operate all or any part of the assets of the Academy for the benefit of the Authority and the Trustee.

No remedy herein conferred upon or reserved to the Authority or the Trustee is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy now or hereafter existing at law or in equity or by statute.

Any amounts collected pursuant to action taken under this Section shall be paid into the Bond Fund and applied in accordance with the Indenture, except amounts collected pursuant to Article IV for the benefit of the Authority which shall be paid to or retained by the Authority.

Section 903. Payment of Attorneys' Fees and Other Expenses. In the event the Academy should default under any of the provisions of this Agreement and the Authority and/or the Trustee should employ attorneys or incur other expenses for the collection of the Bond Payments, and Additional Payments, for the enforcement of performance or observance of any obligation of the Academy in this Agreement or of the foreclosure of any security interests granted in this Agreement, the Academy shall on demand therefor pay to the Authority and/or the Trustee, as the case may be, the reasonable fees of such attorneys and such other reasonable expenses so incurred.

Section 904. Limitation on Waivers. No delay or omission to exercise any right or power occurring upon any Event of Default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed appropriate. In order to entitle the Authority or the Trustee to exercise any remedy under this Article, it shall not be necessary to give any notice other than such notice as may be herein expressly required.

In the event any agreement contained in this Agreement should be breached by any party and thereafter waived by the other parties, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach hereunder nor a waiver of the same breach on a future occasion. By reason of the assignment and pledge of certain of the Authority's rights and interest in this Agreement to the Trustee, the Authority shall have no power to waive or release the Academy from any Event of Default or the performance or observance of any obligation or condition of the Academy under this Agreement without prior written consent of the Trustee, but shall do so if requested by the Trustee, provided that prior to such waiver or release by the Authority, the Authority shall have been provided with an opinion of bond counsel of nationally recognized standing that such action will not result in any pecuniary liability to it and the Authority shall have been provided such indemnification from the Trustee as the Authority shall deem necessary.

## ARTICLE X

### MISCELLANEOUS

Section 1001. Amounts Remaining in Funds. Any amounts remaining in the Bond Fund or the Project Fund upon expiration or sooner termination of this Agreement after payment in full of the Series 2010 Bonds (or provision therefor) in accordance with the Indenture, and all other costs and expenses of the Authority and the Trustee specified under this Agreement, and all the amounts required to be paid by the Academy under this Agreement and the Indenture shall have been fully paid, shall be applied as provided in the Indenture.

Section 1002. Notices. All notices, certificates or other communications hereunder shall be sufficiently given and shall be deemed given when mailed by registered or certified mail,



postage prepaid, return receipt requested, addressed to the Authority, the Academy or the Trustee, as the case may be, at the Authority's Address, the Academy's Address, or the Trustee's Address, respectively, or hand delivered to the above at their respective addresses. A duplicate copy of each such notice, certificate or other communication given hereunder to the Authority or the Trustee shall also be given to the others.

The Authority, the Academy, and the Trustee may by notice given hereunder designate any further or different addresses to which subsequent notices, certificates or communications shall be sent.

Section 1003. Amendment. This Agreement may not be amended or terminated without the prior written consent of the Trustee and the Authority and no amendment to this Agreement shall be binding upon either party hereto until such amendment is reduced to writing and executed by both parties hereto. Amendments to this Agreement are subject to the provisions of Sections 8.03 and 8.04 of the Indenture.

Section 1004. Entire Agreement. This Agreement contains all agreements between the parties and there are no other representations, warranties, promises, agreements or understandings, oral, written or inferred, between the parties, unless reference is made thereto in this Agreement and the Indenture.

Section 1005. Binding Effect. This Agreement shall be binding upon the parties hereto and upon their respective successors and assigns, and the words "Authority," "Academy" and "Trustee" shall include the parties hereto and their respective successors and assigns and include any gender and singular and plural, any individuals, partnerships or corporations.

Section 1006. Severability. If any clause, provision or section of this Agreement be ruled invalid or unenforceable by any court of competent jurisdiction, the invalidity or unenforceability of such clause, provision or section shall not affect any of the remaining clauses, provisions or sections.

Section 1007. Execution in Counterparts. This Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 1008. Captions. The captions or headings in this Agreement are for convenience only and in no way define, limit or describe the scope or intent of any provisions of this Agreement.

Section 1009. Applicable Law. This Agreement shall be governed in all respects, whether as to validity, construction, performance or otherwise, by the laws of the State of Michigan.

Section 1010. Non-Liability of State. The obligations of the Authority under this Agreement are limited obligations of the Authority, payable solely out of the Security and as otherwise provided under this Agreement and the Indenture. The obligations of the Authority

hereunder shall not be deemed to constitute an indebtedness or an obligation of the Authority, the Authorizing Body, the State, or any political subdivision thereof within the purview of any constitutional limitation or provision, or a charge against the credit or general taxing powers, if any, of any of them. The Authority has no taxing power. Neither the Authority nor any member, director, officer, employee or agent of the Authority nor any person executing the Series 2010 Bonds shall be liable personally for the Series 2010 Bonds or be subject to any personal liability or accountability by reason of the issuance of the Series 2010 Bonds. No recourse shall be had for the payment of the principal of, redemption premium, if any, and interest on any of the Series 2010 Bonds or for any claim based thereon or upon any obligation, covenant or agreement contained in the Series 2010 Bonds, the Indenture, this Agreement or the Bond Purchase Agreement (or any other agreement entered into by the Authority with respect thereto) against any past, present or future member, officer, agent or employee of the Authority, or any incorporator, member, officer, employee, director or trustee or any successor thereof, under any rule of law or equity, statute or constitution or by the enforcement of any assessment or penalty or otherwise, and all such liability of any such incorporator, member, officer, employee, director, agent or trustee as such is hereby expressly waived and released as a condition of and consideration for the execution of the Indenture, the Bond Purchase Agreement and this Agreement (and any other agreement entered into by the Authority with respect thereto) and the issuance of the Series 2010 Bonds.

Section 1011. Non-Liability of Authorizing Body. The Authority and the Trustee, on behalf of the Bondholder, each understands and agrees that the authorizing body, Central Michigan University Board of Trustees, has not agreed to assume, undertake or in any way guarantee payment of the Academy's obligations from any source of revenue available to the Authorizing Body, including the administrative fee deducted by the Authorizing Body from the state school aid payments received by the Authorizing Body for the Academy. The Indenture. The Indenture provisions concerning the Series 2010 Bonds and the other matters therein are an integral part of the terms and conditions of the loan made by the Authority to the Academy pursuant to this Agreement, and the execution of this Agreement shall constitute conclusive evidence of approval of the Indenture by the Academy to the extent it relates to the Academy. Additionally, the Academy agrees that, whenever the Indenture by its terms imposes a duty or obligation upon the Academy, such duty or obligation shall be binding upon the Academy to the same extent as if the Academy were an express party to the Indenture, and the Academy hereby agrees to carry out and perform all of its obligations under the Indenture as fully as if the Academy were a party to the Indenture. The Academy agrees not to take any action which would cause the Authority or the Trustee to violate the terms of the Indenture.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the date first above written.

**MICHIGAN PUBLIC EDUCATIONAL  
FACILITIES AUTHORITY**

By: Kathleen K. O'Keefe  
Kathleen K. O'Keefe  
Authorized Officer

**NEW BRANCHES SCHOOL**

By: EXECUTED BY COUNTERPART  
Its: Board President

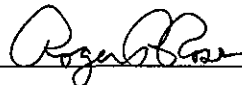
IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the date first above written.

**MICHIGAN PUBLIC EDUCATIONAL  
FACILITIES AUTHORITY**

EXECUTED IN COUNTERPART  
By: \_\_\_\_\_

Thomas J. Letavis  
Executive Director

**NEW BRANCHES SCHOOL**

By:  \_\_\_\_\_

Its: Board President

**EXHIBIT A  
TO  
FINANCING AGREEMENT**

**BOND PAYMENTS**

**See Attached.**

**BOND DEBT SERVICE**

**Michigan Public Educational Facilities Authority  
 Limited Obligation Revenue Bonds  
 (New Branches Public School Academy Project), Series 2010  
 Final Pricing**

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
06/30/2010			20,862.92	20,862.92	20,862.92
12/30/2010			89,412.50	89,412.50	
06/30/2011			89,412.50	89,412.50	178,825.00
12/30/2011			89,412.50	89,412.50	
06/30/2012	10,000	6.375%	89,412.50	99,412.50	188,825.00
12/30/2012			89,093.75	89,093.75	
06/30/2013	15,000	6.375%	89,093.75	104,093.75	193,187.50
12/30/2013			88,615.63	88,615.63	
06/30/2014	20,000	6.375%	88,615.63	108,615.63	197,231.26
12/30/2014			87,978.13	87,978.13	
06/30/2015	30,000	6.375%	87,978.13	117,978.13	205,956.26
12/30/2015			87,021.88	87,021.88	
06/30/2016	55,000	6.375%	87,021.88	142,021.88	229,043.76
12/30/2016			85,268.75	85,268.75	
06/30/2017	60,000	6.375%	85,268.75	145,268.75	230,537.50
12/30/2017			83,356.25	83,356.25	
06/30/2018	65,000	6.375%	83,356.25	148,356.25	231,712.50
12/30/2018			81,284.38	81,284.38	
06/30/2019	70,000	6.375%	81,284.38	151,284.38	232,568.76
12/30/2019			79,053.13	79,053.13	
06/30/2020	70,000	6.375%	79,053.13	149,053.13	228,106.26
12/30/2020			76,821.88	76,821.88	
06/30/2021	75,000	7.625%	76,821.88	151,821.88	228,643.76
12/30/2021			73,962.50	73,962.50	
06/30/2022	80,000	7.625%	73,962.50	153,962.50	227,925.00
12/30/2022			70,912.50	70,912.50	
06/30/2023	90,000	7.625%	70,912.50	160,912.50	231,825.00
12/30/2023			67,481.25	67,481.25	
06/30/2024	95,000	7.625%	67,481.25	162,481.25	229,962.50
12/30/2024			63,859.38	63,859.38	
06/30/2025	100,000	7.625%	63,859.38	163,859.38	227,718.76
12/30/2025			60,046.88	60,046.88	
06/30/2026	110,000	7.625%	60,046.88	170,046.88	230,093.76
12/30/2026			55,853.13	55,853.13	
06/30/2027	120,000	7.625%	55,853.13	175,853.13	231,706.26
12/30/2027			51,278.13	51,278.13	
06/30/2028	130,000	7.625%	51,278.13	181,278.13	232,556.26
12/30/2028			46,321.88	46,321.88	
06/30/2029	135,000	7.625%	46,321.88	181,321.88	227,643.76
12/30/2029			41,175.00	41,175.00	
06/30/2030	150,000	7.625%	41,175.00	191,175.00	232,350.00
12/30/2030			35,456.25	35,456.25	
06/30/2031	160,000	7.625%	35,456.25	195,456.25	230,912.50
12/30/2031			29,356.25	29,356.25	



**The PFM Group**

Public Financial Management, Inc.  
PFM Asset Management LLC  
PFM Advisors

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**BOND DEBT SERVICE**

Michigan Public Educational Facilities Authority  
Limited Obligation Revenue Bonds  
(New Branches Public School Academy Project), Series 2010  
Final Pricing

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
06/30/2032	170,000	7.625%	29,356.25	199,356.25	228,712.50
12/30/2032			22,875.00	22,875.00	
06/30/2033	185,000	7.625%	22,875.00	207,875.00	230,750.00
12/30/2033			15,821.88	15,821.88	
06/30/2034	200,000	7.625%	15,821.88	215,821.88	231,643.76
12/30/2034			8,196.88	8,196.88	
06/30/2035	215,000	7.625%	8,196.88	223,196.88	231,393.76
	2,410,000		3,180,694.30	5,590,694.30	5,590,694.30

Schedule of Intercept Amounts Assigned

Pursuant to the Financing Agreement

<u>Date</u>	Principal Component and Portion of Set- Aside Component Allocated to <u>Principal</u>	Interest Component and Portion of Set- Aside Component Allocated to <u>Interest</u>	Scheduled Fee Payment <u>Component</u>	<u>Total</u>
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See attached.





**The PFM Group**

Public Financial Management, Inc.  
 PFM Asset Management, LLC  
 PFM Advisors

**New Branches Academy  
 State Aid Intercepts  
 March 1, 2010**

Year	Date	Intercept Amount	Accumulated Balance	Net Debt Service	
2010	4/20	\$20,862.92	\$20,862.92		
	5/1	\$0.00	\$0.00	\$20,862.92	
	5/20	\$17,882.50	\$17,882.50		
	6/20	\$17,882.50	\$35,765.00		
	7/20	\$17,882.50	\$53,647.50		
	8/20	\$17,882.50	\$71,530.00		
	10/20	\$17,882.50	\$89,412.50		
	11/1	\$0.00	\$0.00	\$89,412.50	
	11/20	\$16,065.28	\$16,065.28		
	12/20	\$16,065.28	\$32,130.56		
	2011	1/1	\$0.00	\$31,186.63	\$943.92
		1/20	\$16,065.28	\$47,251.91	
1/22		\$0.00	\$44,251.91	\$3,000.00	
2/20		\$16,065.28	\$60,317.18		
3/19		\$0.00	\$57,817.18	\$2,500.00	
3/20		\$16,065.28	\$73,882.46		
4/20		\$16,065.28	\$89,947.73		
5/1		\$0.00	\$535.23	\$89,412.50	
5/20		\$17,775.45	\$18,310.68		
6/20		\$17,775.45	\$36,086.14		
7/20		\$17,775.45	\$53,861.59		
8/20		\$17,775.45	\$71,637.05		
10/20	\$17,775.45	\$89,412.50			
11/1	\$0.00	\$0.00	\$89,412.50		
11/20	\$17,775.45	\$17,775.46			
12/20	\$17,775.45	\$35,550.91			
2012	1/1	\$0.00	\$34,345.91	\$1,205.00	
	1/20	\$17,775.45	\$52,121.37		
	1/22	\$0.00	\$49,121.37	\$3,000.00	
	2/20	\$17,775.45	\$66,896.82		
	3/19	\$0.00	\$64,396.82	\$2,500.00	
	3/20	\$17,775.45	\$82,172.28		
	4/20	\$17,775.45	\$99,947.73		
	5/1	\$0.00	\$535.23	\$99,412.50	
	5/20	\$18,123.09	\$18,658.32		
	6/20	\$18,123.09	\$36,781.40		
	7/20	\$18,123.09	\$54,904.49		
	8/20	\$18,123.09	\$73,027.57		
10/20	\$18,123.09	\$91,150.66			
11/1	\$0.00	\$2,056.91	\$89,093.75		
11/20	\$18,123.09	\$20,179.99			
12/20	\$18,123.09	\$38,303.08			
2013	1/1	\$0.00	\$37,101.41	\$1,201.67	
	1/20	\$18,123.09	\$55,224.49		
	1/22	\$0.00	\$52,224.49	\$3,000.00	
	2/20	\$18,123.09	\$70,347.58		



# The PFM Group

Public Financial Management, Inc.  
 PFM Asset Management, LLC  
 PFM Advisors

Year	Date	Intercept Amount	Accumulated Balance	Net Debt Service
	3/19	\$0.00	\$67,847.58	\$2,500.00
	3/20	\$18,123.09	\$85,970.66	
	4/20	\$18,123.09	\$104,093.75	
	5/1	\$0.00	\$0.00	\$104,093.75
	5/20	\$18,538.75	\$18,538.75	
	6/20	\$18,538.75	\$37,077.50	
	7/20	\$18,538.75	\$55,616.25	
	8/20	\$18,538.75	\$74,155.00	
	10/20	\$18,538.75	\$92,693.75	
	11/1	\$0.00	\$4,078.12	\$88,615.63
	11/20	\$18,538.75	\$22,616.88	
	12/20	\$18,538.75	\$41,155.63	
2014	1/1	\$0.00	\$39,960.68	\$1,195.00
	1/20	\$18,538.75	\$58,499.43	
	1/22	\$0.00	\$58,499.43	\$3,000.00
	2/20	\$18,538.75	\$77,038.18	
	3/19	\$0.00	\$77,038.18	\$2,500.00
	3/20	\$18,538.75	\$95,576.93	
	4/20	\$18,538.75	\$114,115.68	
	5/1	\$0.00	\$0.00	\$108,615.63
	5/20	\$19,331.10	\$19,331.10	
	6/20	\$19,331.10	\$38,662.20	
	7/20	\$19,331.10	\$57,993.30	
	8/20	\$19,331.10	\$77,324.40	
	10/20	\$19,331.10	\$96,655.50	
	11/1	\$0.00	\$8,677.37	\$87,978.13
	11/20	\$19,331.10	\$28,008.46	
	12/20	\$19,331.10	\$47,339.56	
2015	1/1	\$0.00	\$46,153.73	\$1,185.83
	1/20	\$19,331.10	\$65,484.83	
	1/22	\$0.00	\$62,484.83	\$3,000.00
	2/20	\$19,331.10	\$81,815.93	
	3/19	\$0.00	\$79,315.93	\$2,500.00
	3/20	\$19,331.10	\$98,647.03	
	4/20	\$19,331.10	\$117,978.13	
	5/1	\$0.00	\$0.00	\$117,978.13
	5/20	\$21,428.75	\$21,428.75	
	6/20	\$21,428.75	\$42,857.50	
	7/20	\$21,428.75	\$64,286.25	
	8/20	\$21,428.75	\$85,715.00	
	10/20	\$21,428.75	\$107,143.75	
	11/1	\$0.00	\$20,121.87	\$87,021.88
	11/20	\$21,428.75	\$41,550.63	
	12/20	\$21,428.75	\$62,979.38	
2016	1/1	\$0.00	\$61,806.88	\$1,172.50
	1/20	\$21,428.75	\$83,235.63	
	1/22	\$0.00	\$80,235.63	\$3,000.00
	2/20	\$21,428.75	\$101,664.38	
	3/19	\$0.00	\$99,164.38	\$2,500.00
	3/20	\$21,428.75	\$120,593.13	
	4/20	\$21,428.75	\$142,021.88	



# The PFM Group

Public Financial Management, Inc.  
 PFM Asset Management, LLC  
 PFM Advisors

Year	Date	Intercept Amount	Accumulated Balance	Net Debt Service
	5/1	\$0.00	\$0.00	\$142,021.88
	5/20	\$21,562.42	\$21,562.42	
	6/20	\$21,562.42	\$43,124.85	
	7/20	\$21,562.42	\$64,687.27	
	8/20	\$21,562.42	\$86,249.70	
	10/20	\$21,562.42	\$107,812.12	
	11/1	\$0.00	\$22,543.37	\$85,268.75
	11/20	\$21,562.42	\$44,105.80	
	12/20	\$21,562.42	\$65,668.22	
2017	1/1	\$0.00	\$64,519.05	\$1,149.17
	1/20	\$21,562.42	\$86,081.48	
	1/22	\$0.00	\$83,081.48	\$3,000.00
	2/20	\$21,562.42	\$104,643.90	
	3/19	\$0.00	\$102,143.90	\$2,500.00
	3/20	\$21,562.42	\$123,706.33	
	4/20	\$21,562.42	\$145,268.75	
	5/1	\$0.00	\$0.00	\$145,268.75
	5/20	\$21,666.59	\$21,666.59	
	6/20	\$21,666.59	\$43,333.18	
	7/20	\$21,666.59	\$64,999.77	
	8/20	\$21,666.59	\$86,666.36	
	10/20	\$21,666.59	\$108,332.95	
	11/1	\$0.00	\$24,976.70	\$83,356.25
	11/20	\$21,666.59	\$46,643.30	
	12/20	\$21,666.59	\$68,309.89	
2018	1/1	\$0.00	\$67,189.89	\$1,120.00
	1/20	\$21,666.59	\$88,856.48	
	1/22	\$0.00	\$86,856.48	\$3,000.00
	2/20	\$21,666.59	\$107,523.07	
	3/19	\$0.00	\$106,023.07	\$2,500.00
	3/20	\$21,666.59	\$126,689.66	
	4/20	\$21,666.59	\$148,356.25	
	5/1	\$0.00	\$0.00	\$148,356.25
	5/20	\$21,741.55	\$21,741.55	
	6/20	\$21,741.55	\$43,483.11	
	7/20	\$21,741.55	\$65,224.66	
	8/20	\$21,741.55	\$86,966.21	
	10/20	\$21,741.55	\$108,707.77	
	11/1	\$0.00	\$27,423.39	\$81,284.38
	11/20	\$21,741.55	\$49,164.94	
	12/20	\$21,741.55	\$70,906.50	
2019	1/1	\$0.00	\$69,818.17	\$1,088.33
	1/20	\$21,741.55	\$91,559.72	
	1/22	\$0.00	\$88,559.72	\$3,000.00
	2/20	\$21,741.55	\$110,301.27	
	3/19	\$0.00	\$107,801.27	\$2,500.00
	3/20	\$21,741.55	\$129,542.83	
	4/20	\$21,741.55	\$151,284.38	
	5/1	\$0.00	\$0.00	\$151,284.38
	5/20	\$21,332.77	\$21,332.77	
	6/20	\$21,332.77	\$42,665.53	



# The PFM Group

Public Financial Management, Inc.  
 PFM Asset Management, LLC  
 PFM Advisors

Year	Date	Intercept Amount	Accumulated Balance	Net Debt Service
	7/20	\$21,332.77	\$63,998.30	
	8/20	\$21,332.77	\$85,331.07	
	10/20	\$21,332.77	\$106,663.83	
	11/1	\$0.00	\$27,610.70	\$79,053.13
	11/20	\$21,332.77	\$48,943.47	
	12/20	\$21,332.77	\$70,276.23	
2020	1/1	\$0.00	\$69,222.06	\$1,054.17
	1/20	\$21,332.77	\$90,554.83	
	1/22	\$0.00	\$87,554.83	\$3,000.00
	2/20	\$21,332.77	\$108,887.60	
	3/19	\$0.00	\$106,387.60	\$2,500.00
	3/20	\$21,332.77	\$127,720.36	
	4/20	\$21,332.77	\$149,053.13	
	5/1	\$0.00	\$0.00	\$149,053.13
	5/20	\$21,378.45	\$21,378.45	
	6/20	\$21,378.45	\$42,756.90	
	7/20	\$21,378.45	\$64,135.34	
	8/20	\$21,378.45	\$85,513.79	
	10/20	\$21,378.45	\$106,892.24	
	11/1	\$0.00	\$80,070.36	\$76,821.88
	11/20	\$21,378.45	\$51,448.81	
	12/20	\$21,378.45	\$72,827.26	
2021	1/1	\$0.00	\$71,808.09	\$1,019.17
	1/20	\$21,378.45	\$93,186.54	
	1/22	\$0.00	\$90,186.54	\$3,000.00
	2/20	\$21,378.45	\$111,564.98	
	3/19	\$0.00	\$109,064.98	\$2,500.00
	3/20	\$21,378.45	\$130,443.43	
	4/20	\$21,378.45	\$151,821.88	
	5/1	\$0.00	\$0.00	\$151,821.88
	5/20	\$21,309.77	\$21,309.77	
	6/20	\$21,309.77	\$42,619.55	
	7/20	\$21,309.77	\$63,929.32	
	8/20	\$21,309.77	\$85,239.09	
	10/20	\$21,309.77	\$106,548.86	
	11/1	\$0.00	\$32,586.36	\$73,962.50
	11/20	\$21,309.77	\$53,896.14	
	12/20	\$21,309.77	\$75,205.91	
2022	1/1	\$0.00	\$74,223.41	\$982.50
	1/20	\$21,309.77	\$95,533.18	
	1/22	\$0.00	\$92,533.18	\$3,000.00
	2/20	\$21,309.77	\$113,842.95	
	3/19	\$0.00	\$111,342.95	\$2,500.00
	3/20	\$21,309.77	\$132,652.73	
	4/20	\$21,309.77	\$153,962.50	
	5/1	\$0.00	\$0.00	\$153,962.50
	5/20	\$21,660.76	\$21,660.76	
	6/20	\$21,660.76	\$43,321.51	
	7/20	\$21,660.76	\$64,982.27	
	8/20	\$21,660.76	\$86,643.03	
	10/20	\$21,660.76	\$108,303.79	



# The PFM Group

Public Financial Management, Inc.  
 PFM Asset Management, LLC  
 PFM Advisors

Year	Date	Intercept Amount	Accumulated Balance	Net Debt Service
	11/1	\$0.00	\$37,391.29	\$70,912.50
	11/20	\$21,660.76	\$59,052.04	
	12/20	\$21,660.76	\$80,712.80	
2023	1/1	\$0.00	\$79,769.47	\$943.33
	1/20	\$21,660.76	\$101,430.23	
	1/22	\$0.00	\$98,430.23	\$3,000.00
	2/20	\$21,660.76	\$120,090.99	
	3/19	\$0.00	\$117,590.99	\$2,500.00
	3/20	\$21,660.76	\$139,251.74	
	4/20	\$21,660.76	\$160,912.50	
	5/1	\$0.00	\$0.00	\$160,912.50
	5/20	\$21,487.50	\$21,487.50	
	6/20	\$21,487.50	\$42,975.00	
	7/20	\$21,487.50	\$64,462.50	
	8/20	\$21,487.50	\$85,950.00	
	10/20	\$21,487.50	\$107,437.50	
	11/1	\$0.00	\$39,956.25	\$67,481.25
	11/20	\$21,487.50	\$61,443.75	
	12/20	\$21,487.50	\$82,931.25	
2024	1/1	\$0.00	\$82,031.25	\$900.00
	1/20	\$21,487.50	\$103,518.75	
	1/22	\$0.00	\$100,518.75	\$3,000.00
	2/20	\$21,487.50	\$122,006.25	
	3/19	\$0.00	\$119,506.25	\$2,500.00
	3/20	\$21,487.50	\$140,993.75	
	4/20	\$21,487.50	\$162,481.25	
	5/1	\$0.00	\$0.00	\$162,481.25
	5/20	\$21,279.28	\$21,279.28	
	6/20	\$21,279.28	\$42,558.56	
	7/20	\$21,279.28	\$63,837.84	
	8/20	\$21,279.28	\$85,117.12	
	10/20	\$21,279.28	\$106,396.40	
	11/1	\$0.00	\$42,637.02	\$69,859.38
	11/20	\$21,279.28	\$63,816.31	
	12/20	\$21,279.28	\$85,095.59	
2025	1/1	\$0.00	\$84,242.26	\$853.33
	1/20	\$21,279.28	\$105,521.54	
	1/22	\$0.00	\$102,521.54	\$3,000.00
	2/20	\$21,279.28	\$123,800.82	
	3/19	\$0.00	\$121,300.82	\$2,500.00
	3/20	\$21,279.28	\$142,580.10	
	4/20	\$21,279.28	\$163,859.38	
	5/1	\$0.00	\$0.00	\$163,859.38
	5/20	\$21,490.72	\$21,490.72	
	6/20	\$21,490.72	\$42,981.44	
	7/20	\$21,490.72	\$64,472.16	
	8/20	\$21,490.72	\$85,962.88	
	10/20	\$21,490.72	\$107,453.60	
	11/1	\$0.00	\$47,406.72	\$60,046.88
	11/20	\$21,490.72	\$68,897.45	
	12/20	\$21,490.72	\$90,388.17	



# The PFM Group

Public Financial Management, Inc.  
 PFM Asset Management, LLC  
 PFM Advisors

Year	Date	Intercept Amount	Accumulated Balance	Net Debt Service
2026	1/1	\$0.00	\$89,584.00	\$804.17
	1/20	\$21,490.72	\$111,074.72	
	1/22	\$0.00	\$108,074.72	\$3,000.00
	2/20	\$21,490.72	\$129,565.44	
	3/19	\$0.00	\$127,065.44	\$2,500.00
	3/20	\$21,490.72	\$148,556.16	
	4/20	\$21,490.72	\$170,046.88	
	5/1	\$0.00	\$0.00	\$170,046.88
	5/20	\$21,632.46	\$21,632.46	
	6/20	\$21,632.46	\$43,264.93	
	7/20	\$21,632.46	\$64,897.39	
	8/20	\$21,632.46	\$86,529.85	
	10/20	\$21,632.46	\$108,162.31	
11/1	\$0.00	\$52,309.18	\$55,853.13	
11/20	\$21,632.46	\$73,941.65		
12/20	\$21,632.46	\$95,574.11		
2027	1/1	\$0.00	\$94,823.28	\$750.83
	1/20	\$21,632.46	\$116,455.74	
	1/22	\$0.00	\$113,455.74	\$3,000.00
	2/20	\$21,632.46	\$135,088.20	
	3/19	\$0.00	\$132,588.20	\$2,500.00
	3/20	\$21,632.46	\$154,220.67	
	4/20	\$21,632.46	\$175,853.13	
	5/1	\$0.00	\$0.00	\$175,853.13
	5/20	\$21,704.43	\$21,704.43	
	6/20	\$21,704.43	\$43,408.87	
	7/20	\$21,704.43	\$65,113.30	
	8/20	\$21,704.43	\$86,817.73	
	10/20	\$21,704.43	\$108,522.16	
11/1	\$0.00	\$57,244.03	\$51,278.13	
11/20	\$21,704.43	\$78,948.47		
12/20	\$21,704.43	\$100,652.90		
2028	1/1	\$0.00	\$99,960.40	\$692.50
	1/20	\$21,704.43	\$121,664.83	
	1/22	\$0.00	\$118,664.83	\$3,000.00
	2/20	\$21,704.43	\$140,369.26	
	3/19	\$0.00	\$137,869.26	\$2,500.00
	3/20	\$21,704.43	\$159,573.70	
	4/20	\$21,704.43	\$181,278.13	
	5/1	\$0.00	\$0.00	\$181,278.13
	5/20	\$21,252.08	\$21,252.08	
	6/20	\$21,252.08	\$42,504.17	
	7/20	\$21,252.08	\$63,756.25	
	8/20	\$21,252.08	\$85,008.34	
	10/20	\$21,252.08	\$106,260.42	
11/1	\$0.00	\$59,938.54	\$46,321.88	
11/20	\$21,252.08	\$81,190.63		
12/20	\$21,252.08	\$102,442.71		
2029	1/1	\$0.00	\$101,813.54	\$629.17
	1/20	\$21,252.08	\$123,065.63	
	1/22	\$0.00	\$120,065.63	\$3,000.00



# The PFM Group

Public Financial Management, Inc.  
 PFM Asset Management, LLC  
 PFM Advisors

Year	Date	Intercept Amount	Accumulated Balance	Net Debt Service
	2/20	\$21,252.08	\$141,317.71	
	3/19	\$0.00	\$138,817.71	\$2,500.00
	3/20	\$21,252.08	\$160,069.80	
	4/20	\$21,252.08	\$181,321.88	
	5/1	\$0.00	\$0.00	\$181,321.88
	5/20	\$21,673.86	\$21,673.86	
	6/20	\$21,673.86	\$43,347.73	
	7/20	\$21,673.86	\$65,021.59	
	8/20	\$21,673.86	\$86,695.45	
	10/20	\$21,673.86	\$108,369.32	
	11/1	\$0.00	\$67,194.32	\$41,175.00
	11/20	\$21,673.86	\$88,868.18	
	12/20	\$21,673.86	\$110,542.05	
2030	1/1	\$0.00	\$109,979.55	\$562.50
	1/20	\$21,673.86	\$131,653.41	
	1/22	\$0.00	\$128,653.41	\$3,000.00
	2/20	\$21,673.86	\$150,327.27	
	3/19	\$0.00	\$147,827.27	\$2,500.00
	3/20	\$21,673.86	\$169,501.14	
	4/20	\$21,673.86	\$191,175.00	
	5/1	\$0.00	\$0.00	\$191,175.00
	5/20	\$21,536.59	\$21,536.59	
	6/20	\$21,536.59	\$43,073.18	
	7/20	\$21,536.59	\$64,609.77	
	8/20	\$21,536.59	\$86,146.36	
	10/20	\$21,536.59	\$107,682.95	
	11/1	\$0.00	\$72,226.70	\$35,456.25
	11/20	\$21,536.59	\$93,763.30	
	12/20	\$21,536.59	\$115,299.89	
2031	1/1	\$0.00	\$114,809.89	\$490.00
	1/20	\$21,536.59	\$136,346.48	
	1/22	\$0.00	\$133,346.48	\$3,000.00
	2/20	\$21,536.59	\$154,883.07	
	3/19	\$0.00	\$152,383.07	\$2,500.00
	3/20	\$21,536.59	\$173,919.66	
	4/20	\$21,536.59	\$195,456.25	
	5/1	\$0.00	\$0.00	\$195,456.25
	5/20	\$21,329.47	\$21,329.47	
	6/20	\$21,329.47	\$42,658.94	
	7/20	\$21,329.47	\$63,988.41	
	8/20	\$21,329.47	\$85,317.88	
	10/20	\$21,329.47	\$106,647.35	
	11/1	\$0.00	\$77,291.10	\$29,356.25
	11/20	\$21,329.47	\$98,620.57	
	12/20	\$21,329.47	\$119,950.04	
2032	1/1	\$0.00	\$119,538.37	\$411.67
	1/20	\$21,329.47	\$140,867.84	
	1/22	\$0.00	\$137,867.84	\$3,000.00
	2/20	\$21,329.47	\$159,197.31	
	3/19	\$0.00	\$156,697.31	\$2,500.00
	3/20	\$21,329.47	\$178,026.78	



# The PFM Group

Public Financial Management, Inc.  
 PFM Asset Management, LLC  
 PFM Advisors

Year	Date	Intercept Amount	Accumulated Balance	Net Debt Service
	4/20	\$21,329.47	\$199,356.25	
	5/1	\$0.00	\$0.00	\$199,356.25
	5/20	\$21,507.12	\$21,507.12	
	6/20	\$21,507.12	\$43,014.24	
	7/20	\$21,507.12	\$64,521.36	
	8/20	\$21,507.12	\$86,028.48	
	10/20	\$21,507.12	\$107,535.60	
	11/1	\$0.00	\$84,660.60	\$22,875.00
	11/20	\$21,507.12	\$106,167.73	
	12/20	\$21,507.12	\$127,674.85	
2033	1/1	\$0.00	\$127,346.52	\$328.33
	1/20	\$21,507.12	\$148,853.64	
	1/22	\$0.00	\$145,853.64	\$3,000.00
	2/20	\$21,507.12	\$167,360.76	
	3/19	\$0.00	\$164,860.76	\$2,500.00
	3/20	\$21,507.12	\$186,367.88	
	4/20	\$21,507.12	\$207,875.00	
	5/1	\$0.00	\$0.00	\$207,875.00
	5/20	\$21,580.19	\$21,580.19	
	6/20	\$21,580.19	\$43,160.38	
	7/20	\$21,580.19	\$64,740.57	
	8/20	\$21,580.19	\$86,320.76	
	10/20	\$21,580.19	\$107,900.95	
	11/1	\$0.00	\$92,079.07	\$15,821.88
	11/20	\$21,580.19	\$113,659.26	
	12/20	\$21,580.19	\$135,239.45	
2034	1/1	\$0.00	\$135,001.12	\$238.33
	1/20	\$21,580.19	\$156,581.31	
	1/22	\$0.00	\$153,581.31	\$3,000.00
	2/20	\$21,580.19	\$175,161.50	
	3/19	\$0.00	\$172,661.50	\$2,500.00
	3/20	\$21,580.19	\$194,241.69	
	4/20	\$21,580.19	\$215,821.88	
	5/1	\$0.00	\$0.00	\$215,821.88
	5/20	\$21,551.86	\$21,551.86	
	6/20	\$21,551.86	\$43,103.71	
	7/20	\$21,551.86	\$64,655.57	
	8/20	\$21,551.86	\$86,207.43	
	10/20	\$21,551.86	\$107,759.28	
	11/1	\$0.00	\$99,562.40	\$8,196.88
	11/20	\$21,551.86	\$121,114.26	
	12/20	\$21,551.86	\$142,666.11	
2035	1/1	\$0.00	\$142,525.28	\$140.83
	1/20	\$21,551.86	\$164,077.14	
	1/22	\$0.00	\$161,077.14	\$3,000.00
	2/20	\$21,551.86	\$182,629.00	
	3/19	\$0.00	\$180,129.00	\$2,500.00
	3/20	\$21,551.86	\$201,680.85	
	4/20	\$21,551.86	\$223,232.71	
	5/1	\$0.00	\$35.83	\$223,196.88
	5/20	\$0.00	\$35.83	





# The PFM Group

Public Financial Management, Inc.  
PFM Asset Management, LLC  
PFM Advisors

Year	Date	Intercept Amount	Accumulated Balance	Net Debt Service
	6/20	\$0.00	\$35.83	
	7/20	\$0.00	\$35.83	
	8/20	\$0.00	\$35.83	
	10/20	\$0.00	\$35.83	
	11/1	\$0.00	\$35.83	
	11/20	\$0.00	\$35.83	
	12/20	\$0.00	\$35.83	
2036	1/1	\$0.00	\$0.00	\$35.83
		<u>\$5,749,292.38</u>		<u>\$5,749,292.38</u>

**EXHIBIT B  
TO  
FINANCING AGREEMENT**

**PROJECT DESCRIPTION**

The "Project" consists of the acquisition and renovation of an approximately 61,000 square foot existing elementary school facility (currently known as the Millbrook Christian Academy) located at 3662 Poinsettia SE, Grand Rapids, Michigan, including existing fixtures and improvements (the "Facility").

**EXHIBIT C  
TO  
FINANCING AGREEMENT**

**COSTS OF ISSUANCE REQUISITION CERTIFICATE**

TO: Wells Fargo Bank, N.A., Trustee, and  
Michigan Public Educational Facilities Authority

FROM: New Branches School (the "Academy")

RE: \$2,410,000 Michigan Public Educational Facilities Authority Limited Obligation  
Revenue Bonds (New Branches School Project), Series 2010

This represents Costs of Issuance Requisition Certificate No. 1 in the total amount of  
\$\_\_\_\_\_ to pay those costs of the Project detailed in the schedule attached.

The undersigned certifies that:

1. The expenditures for which moneys are requisitioned hereby represent proper charges against the Project Fund for the above-named Series 2010 Bonds, have not been included in a previous requisition and have been properly recorded on the Academy's books.
2. The moneys requisitioned hereby are not greater than those necessary to meet obligations due and payable or to reimburse the Academy for its funds actually advanced for the Costs of Issuance and/or Project Costs.
3. After payment of moneys hereby requested, there will remain in the Project Fund or otherwise available to the Academy sufficient funds available to complete the Project.

Executed this \_\_\_ day of \_\_\_\_\_, \_\_\_\_\_.

**NEW BRANCHES SCHOOL**

By: \_\_\_\_\_  
Authorized Academy Representative

**EXHIBIT D  
TO  
FINANCING AGREEMENT**

**REQUISITION CERTIFICATE**

TO: Wells Fargo Bank, N.A., Trustee, and  
Michigan Public Educational Facilities Authority

FROM: New Branches School (the "Academy")

RE: \$2,410,000 Michigan Public Educational Facilities Authority Limited Obligation  
Revenue Bonds (New Branches School Project), Series 2010

This represents Requisition Certificate No. \_\_\_ in the total amount of \$ \_\_\_\_\_ to pay those costs of the Project detailed in the schedule attached.

The undersigned certifies that:

1. The expenditures for which moneys are requisitioned hereby represent proper charges against the Project Fund for the above-named Bonds, have not been included in a previous requisition and have been properly recorded on the Academy's books.
2. The moneys requisitioned hereby are not greater than those necessary to meet obligations due and payable or to reimburse the Academy for its funds actually advanced for the costs of the Project.
3. After payment of moneys hereby requested, there will remain in the Project Fund or otherwise available to the Academy sufficient funds available to complete the Project.
4. Contemporaneously herewith, the Academy is submitting to the Trustee (i) a marked up mortgage title insurance commitment from a title insurance company satisfactory to the Trustee, naming the Trustee as lender, without standard exceptions, in the amount of the Series 2010 Bonds Project Fund disbursements to date, insuring the Mortgage as a first lien in all respects, subject only to Permitted Encumbrances (as defined therein), together with copies of all necessary sworn statements and lien waivers required by the title company, and (ii) evidence of payment of fees relating thereto.
5. Delivered herewith are copies of invoices or other appropriate documentation supporting the payments or reimbursements requested.
6. No Default or Event of Default under any of the Bond Documents has occurred and continues.

Capitalized terms used but not defined herein shall have the meanings given in the Financing Agreement and Indenture.

Executed this \_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_.

**NEW BRANCHES SCHOOL**

By: \_\_\_\_\_  
Authorized Academy Representative

**EXHIBIT E  
TO  
FINANCING AGREEMENT  
COMPLETION CERTIFICATE**

TO: Wells Fargo Bank, N.A., Trustee, and  
Michigan Public Educational Facilities Authority

FROM: New Branches School (the "Academy")

RE: \$2,410,000 Michigan Public Educational Facilities Authority Limited Obligation  
Revenue Bonds (New Branches School Project), Series 2010

The undersigned does hereby certify:

1. The construction, if any, acquisition, equipping, refinancing and furnishing of the Project have been completed in accordance with the descriptions submitted to the Authority and in such manner as to conform with all requirements of the Agreement, as of the date of this Certificate (the "Completion Date"). All approvals and certificates necessary to the occupancy and use of the facilities comprising the Project as a public school academy have been received in writing and all conditions appertaining thereto have been met.

2. The Project costs have been paid in full except those not yet due and payable, or which are being contested, which are described below and for which sufficient moneys for payment thereof are being held in the Project Fund:

(a) Cost of the Project not yet due and payable:

<u>Description</u>	<u>Amount</u>
	\$ _____
	\$ _____
TOTAL	\$ _____

(b) Payments being contested:

<u>Description</u>	<u>Amount</u>
	\$ _____
	\$ _____
TOTAL	\$ _____

3. The moneys in the Project Fund in excess of the totals set forth in 2(a) and (b) above represent Surplus Bond Proceeds and the Trustee is hereby authorized and directed to transfer such moneys to the Bond Fund in accordance with Section 605 of this Agreement.

4. No event of default has occurred under the Agreement, nor has any event occurred which, with the giving of notice or lapse of time or both, shall become an event of default. Nothing has occurred to the knowledge of the Academy that would prevent the performance of its obligations under the Agreement.

This certificate is given without prejudice to any rights against third parties which exist at the date hereof or which may subsequently come into being.

Executed this \_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_.

**NEW BRANCHES SCHOOL**

By: \_\_\_\_\_  
Authorized Academy Representative

**EXHIBIT F  
TO  
FINANCING AGREEMENT**

**FORM OF MUNICIPAL OBLIGATION**

No: R-1

\$ 2,410,000

**UNITED STATES OF AMERICA  
STATE OF MICHIGAN  
COUNTY OF KENT**

**NEW BRANCHES SCHOOL**

**SCHOOL BUILDING AND SITE BOND, SERIES 2010**

Registered Owner: MICHIGAN PUBLIC EDUCATIONAL FACILITIES AUTHORITY (the "Authority")

Principal Amount: Two Million Four Hundred Ten Thousand Dollars (\$2,410,000)

New Branches School, a public school academy (the "Issuer"), for value received, hereby promises to pay to the Registered Owner specified above or its assigns, the Principal Amount specified above at the times and in the amounts specified on the Schedule of Bond Payments, which schedule is attached as Exhibit A to the Financing Agreement, dated as of March 1, 2010 (the "Financing Agreement") between the Michigan Public Educational Facilities Authority and the Issuer (a copy of which Exhibit A is attached hereto) unless prepaid according to the terms and conditions of the Financing Agreement and the Trust Indenture between the Michigan Public Educational Facilities Authority and Wells Fargo Bank, N.A., dated as of March 1, 2010 (the "Trust Indenture"). Interest shall be computed and paid as provided in the Financing Agreement and the Trust Indenture.

This bond is issued pursuant to and in full compliance with the Constitution and laws of the State of Michigan (the "State"), particularly Act 451, Michigan Public Acts, 1976, as amended ("Act No. 451") and Act 34, Michigan Public Acts, 2001, as amended, and is authorized by a resolution of the board of directors of the Issuer adopted December 14, 2009, for the purpose of financing, on behalf of the Issuer, (1) the acquisition and renovation (including existing fixtures and improvements) of an approximately 61,000 square foot existing elementary school facility located at 3662 Poinsettia SE, Grand Rapids, Michigan to be occupied by the Issuer for use as a public school academy; and (2) the funding of costs of issuance and other financing costs related to the Authority's Bonds (collectively, the "Project") (as defined herein).

FINANCING AGREEMENT – NEW BRANCHES SCHOOL

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This bond and the interest hereon are general obligations of the Issuer and are payable as a first budget obligation from any funds of the Issuer available therefor, and for the prompt payment of the principal of and interest on this bond, the full faith and credit of the Issuer is irrevocably hereby pledged. Pursuant to the Financing Agreement and the State Aid Agreement, dated as of March 1, 2010, between the Issuer, the Authority, the Central Michigan University Board of Trustees, as the authorizing body of the Issuer, and the Treasurer of the State of Michigan, the Issuer has irrevocably pledged its state aid as security for the payment of this bond. The Issuer covenants to annually make an irrevocable appropriation of a sufficient amount of the Pledged State Aid, as that term is defined in the Financing Agreement, for the payment of the principal of this bond, together with the interest hereon.

NO MORE THAN TWENTY PERCENT (20%) OF THE STATE SCHOOL AID RECEIVED BY THE ISSUER IN EACH FISCAL YEAR MAY BE LEGALLY AVAILABLE TO PAY SCHEDULED PRINCIPAL AND INTEREST ON THE BOND. THIS BOND DOES NOT CONSTITUTE AN OBLIGATION, EITHER GENERAL, SPECIAL, OR MORAL, OF THE STATE OF MICHIGAN, CENTRAL MICHIGAN UNIVERSITY (THE AUTHORIZING BODY OF THE ISSUER), OR ANY OTHER POLITICAL SUBDIVISION OF THE STATE, AND NEITHER THE FULL FAITH AND CREDIT NOR ANY TAXING POWERS OF THE STATE, CENTRAL MICHIGAN UNIVERSITY OR ANY OTHER POLITICAL SUBDIVISION OF THE STATE ARE PLEDGED TO THE PAYMENT OF PRINCIPAL AND INTEREST WITH RESPECT TO THIS BOND. THE ISSUER HAS NO TAXING POWER.

Pursuant to the Financing Agreement, by purchasing this bond, the Authority is loaning the Issuer the proceeds received from the sale of the Authority's \$2,410,000 aggregate principal amount of Limited Obligation Revenue Bonds (New Branches School Project), Series 2010, dated the date of their initial delivery to the original purchasers thereof (the "Authority Bonds"), to fund the Project. The Issuer has agreed to repay such loan at the times and in the amounts sufficient for the Authority to make the payment of the principal of and redemption premium, if any, and interest on the Authority Bonds as and when due and as initially set forth on Schedule of Bond Payments attached hereto as Exhibit A and as may be modified from time to time in accordance with the provisions of the Financing Agreement. The Authority Bonds are being issued concurrently with the execution and delivery of this bond, pursuant to, and are secured by, the Trust Indenture. Bond payments may only be prepaid by the Issuer as provided in the Financing Agreement. The Issuer has reserved the right to issue additional obligations of equal standing with this bond as to the Security (as defined in the Trust Indenture), subject to the limitations provided by law and subject to the limitations set forth in the Financing Agreement.

It is hereby certified and recited that all acts, conditions and things required by law, precedent to and in the issuance of this note have been done, exist and have happened in regular and due time and form as required by law, and that the total indebtedness of the Issuer, including this bond, does not exceed any constitutional or statutory limitation.

This bond is issued under and is subject to the terms and conditions of the Financing Agreement.

This bond is to be construed according to the laws of the State of Michigan.

IN WITNESS WHEREOF, the Issuer, by its Board of Directors, has caused this bond to be executed in its name by its duly authorized officer as of the 19<sup>th</sup> day of March, 2010.

**NEW BRANCHES SCHOOL**

By: \_\_\_\_\_

Roger Ross

Its: President

## FUTURE ADVANCE MORTGAGE

THIS AMENDED AND RESTATED FUTURE ADVANCE MORTGAGE (the "Mortgage") is made as of March 1, 2010 by NEW BRANCHES SCHOOL, a Michigan nonprofit corporation and public school academy, of 256 Alger S.E., Grand Rapids, Michigan (the "Mortgagor") in favor of WELLS FARGO BANK, N.A., a national banking association (the "Mortgagee" or the "Trustee"), of Indianapolis, Indiana, as Trustee under that certain Trust Indenture (the "Indenture") dated as of March 1, 2010 between the Michigan Public Educational Facilities Authority (the "Authority") and the Trustee relating to the issuance of the Authority's Limited Obligation Revenue Bonds (New Branches School Project), Series 2010 (the "Bonds").

### WITNESSETH:

WHEREAS, the Mortgagor has issued its School Building and Site Bonds, Series 2010 (the "Municipal Obligation") to the Authority, and the Academy and the Authority are entering into a Financing Agreement dated as of February 1, 2010 (the "Financing Agreement");

WHEREAS, the Academy desires that the Authority acquire its Municipal Obligation with the proceeds of the Bonds issued by the Authority in the aggregate principal amount of \$2,410,000 pursuant to the terms of the Indenture so that the Academy can acquire, subject to mortgage, the property described herein and remodel, furnish and equip thereon the Project as defined in the Financing Agreement.

WHEREAS, the Mortgagor and the Authority are entering into the Financing Agreement for the purpose of financing the Academy's purchase, remodeling, furnishing and equipping of the premises with the proceeds of the Bonds;

WHEREAS, it is a condition precedent to the issuance of the Bonds that the Mortgagor mortgage the premises to secure the Academy's obligations under the Municipal Obligation and the Financing Agreement and thereby secure the repayment of the Bonds, thereby enabling the Academy to finance the acquisition, remodeling, furnishing and of the premises subject to this Mortgage in accordance with the requirements of Section 504a of Act 451 of Michigan Public Acts of 1976, as amended, MCLA 380.504a;

WHEREAS, the Mortgagor desires that the Academy repay in full its indebtedness under the Municipal Obligation and the Financing Agreement and has determined that it is in the Mortgagor's best interests to enter into this Mortgage in order to facilitate the issuance of the Bonds and payment of the Academy's obligations to the Mortgagor;

FOR VALUE RECEIVED, Mortgagor mortgages and warrants to Trustee land located in the City of Grand Rapids, County of Kent, State of Michigan, described in attached Exhibit A and (a) all buildings, structures and other improvements now or in the future located on the land and all easements, hereditaments and appurtenances now or in the future belonging to the land, (b) all fixtures now or in the future attached to or used in connection with the land, (c) all equipment (including, without limitation, all machinery, engines, boilers, elevators and plumbing, heating, air conditioning and ventilating equipment) now or in the future located on the land, all of which equipment shall be considered to be fixtures and a part of the realty, (d) all rents, income and profits arising from the land or from the buildings, structures, other improvements, fixtures and equipment now or in the future located on the land, and (e) all rights to make divisions of the land that are exempt from the platting requirements of the Michigan Land Division Act, as it shall be amended. In this Mortgage, the above-described land, buildings, structures, improvements, easements, hereditaments, appurtenances, fixtures and equipment are collectively called the "premises."

THIS MORTGAGE SECURES PAYMENT AND PERFORMANCE OF ALL the following: (collectively referred to in this Mortgage as the "Secured Obligations"):

(a) The payment of the principal sum of Two Million Four Hundred Ten Thousand and No/100 Dollars (\$2,410,000), together with interest thereon, whether presently outstanding or advanced in the future, under or on account of the Municipal Obligation and the Financing Agreement, including the obligation of the Academy to make Bond or Scheduled Installment Payments and Additional Payments to the Trustee under the Financing Agreement and any extensions, renewals, modifications, or replacements thereof;

(b) The payment of the principal of, redemption premium, if any, and interest on the Bonds;

(c) The payment and performance by the Academy of the covenants and provisions under this Mortgage, the Financing Agreement and other documents to be delivered by Mortgagor in connection with the issuance of the Bonds, including but not limited to, the Trust Indenture between the Trustee and the Authority; and the State Aid Agreement by and among the Academy, the State Treasurer of the State of Michigan and the Trustee and acknowledged by the Central Michigan University Board of Trustees, all dated as of March 1, 2010 and the Municipal Obligation dated March 19, 2010 (the "Collateral Documents") and any monies expended by Mortgagee in connection therewith.

(d) All obligations to perform or forbear from performing acts, all agreements, instruments and documents evidencing, guarantying, securing or otherwise executed in connection with any of the foregoing, together with any amendments, modifications, and restatements thereof, and all expenses and attorneys' fees incurred or other sums disbursed by Mortgagee under this Mortgage or any other document, instrument or agreement related to any of the foregoing.

The indebtedness and obligations secured by this Mortgage are collectively referred to in this mortgage as the "Secured Obligations."

FUTURE ADVANCE MORTGAGE

If Trustee assigns this Mortgage and the indebtedness that is secured by it at the time of the assignment, then from and after the assignment, each reference in this Mortgage to Trustee shall be considered to refer to the assignee.

This Mortgage is a "future advance mortgage" within the meaning of Act No. 348 of Michigan Public Acts of 1990, MCL 565.901 *et seq.*, as amended from time to time. All future advances under the Financing Agreement shall have the same priority as if the future advance was made on date that this Mortgage was recorded.

Mortgagor further warrants, represents and agrees as follows:

**1. Payment of Secured Obligations.** Mortgagor and/or the Academy, as the case may be, agrees to pay or perform all of the Secured Obligations now or in the future, including all interest on it, in accordance with the terms of the instruments, documents or agreements evidencing it (the "Instruments").

**2. Warranties.** At the time of the execution and delivery of this Mortgage, Mortgagor is well and truly seized of the premises in fee simple, free of all easements, liens and encumbrances whatever, except those identified on Exhibit B attached hereto ("Permitted Liens") and as consented to in writing by the Trustee, and Mortgagor will forever warrant and defend the same against any and all other claims whatever, and the lien created hereby is and will be kept as a first lien upon the premises and every part thereof. Mortgagor further warrants and represents to Trustee that all financial statements and other information concerning Mortgagor, the premises, any guarantor of any of the Secured Obligations and any person obligated on any of the Secured Obligations, that have been or in the future are furnished to Trustee, are and shall be true and correct in all material respects; that the execution, delivery and performance of this Mortgage by Mortgagor will not violate any law, rule, judgment, order, agreement or instrument binding upon Mortgagor and will not require the approval of any public authority or any third party, other than any such approvals that have been previously obtained; and that this Mortgage is the valid and binding obligation of Mortgagor, enforceable in accordance with its terms. If Mortgagor is a corporation, partnership, association, trust or other entity, Mortgagor further represents and warrants to Trustee that Mortgagor is duly organized and validly existing in good standing in the State of Michigan or other jurisdiction indicated in the first paragraph of this Mortgage; that Mortgagor has full power and authority to carry on its business as presently conducted and to enter into and perform its obligations under this Mortgage; that the execution, delivery and performance of this Mortgage by Mortgagor have been duly authorized by all necessary action of its board of directors, trustees, partners or other governing body and will not violate Mortgagor's articles or certificate of incorporation, bylaws, partnership agreement, articles of association, trust agreement or other governing instrument.

**3. Assignment of Interest as Lessee or Purchaser.** Mortgagor assigns and mortgages to Trustee, as additional security for the Secured Obligations, all of Mortgagor's right, title and interest in and to any and all leases, land contracts or other agreements by which any part or all of the premises are being leased or purchased, including all modifications, renewals and extensions, and all of Mortgagor's rights in and to any purchase options contained in each lease or other agreement. Mortgagor will pay or cause to be paid each installment of rent or of

principal or interest required to be paid by the lessee or buyer under each lease, land contract or other agreement, as and when it shall become due and payable, whether by acceleration or otherwise. Mortgagor will pay and perform, or cause to be paid and performed, all other obligations of the lessee or buyer under each lease, land contract or other agreement. If Mortgagor shall default in the payment of any such installment of rent or of principal or interest or in the payment or performance of any other obligation under any lease, land contract or other agreement, then Trustee shall have the right, but shall have no obligation, after giving notice to Mortgagor, to pay the installment or installments, to pay or perform the other obligation on behalf of Mortgagor, and to exercise any rights of Mortgagor under the lease, land contract or other agreement, including any purchase option. All sums expended by Trustee in doing so shall become part of the Secured Obligations, payable by Mortgagor to Trustee upon demand, together with interest at the lesser of (a) three percent above the rate of interest announced from time to time by Trustee as its "prime" rate of interest, or (b) the highest rate to which Mortgagor could lawfully agree in writing (the "Default Rate"). On receipt by Trustee from the lessor or seller under a lease, land contract or other agreement of any written notice of default by the lessee or buyer, Trustee may rely on the notice and take any action to cure the default even though the existence or nature of the default is questioned or denied by Mortgagor.

**4. Assignment of Leases and Contracts.** Mortgagor assigns and mortgages to Trustee, and grants to Trustee a security interest in, as additional security for the Secured Obligations, all of Mortgagor's right, title and interest in and to all existing and future oral or written leases of all or any part of the premises or of any interest in them and all existing and future land contracts or other agreements by which the premises or any interest in them is being or shall be sold, together with all rents and profits arising from, and all other proceeds of, those leases, land contracts or other agreements. Without the written consent of Trustee, Mortgagor will not cancel, accept a surrender of, modify, consent to an assignment of the lessee's interest under, or make any other assignment or other disposition of, any lease, land contract or other agreement or of any interest of Mortgagor in it and will not collect or accept any payment of rent or of principal or interest or any other amount more than one month before it is due and payable. Mortgagor will pay and perform all obligations and covenants required of it by the terms of each lease, land contract or other agreement. If Mortgagor shall default in the payment or performance of any obligation or covenant, then Trustee shall have the right, but shall have no obligation, to pay or perform it on behalf of Mortgagor, and all sums expended by Trustee in doing so shall be payable by Mortgagor to Trustee upon demand, together with interest at the Default Rate. Neither this paragraph nor Paragraph 11 of this Mortgage implies that Trustee consents to the sale, lease or transfer of the premises or any interest in them.

**5. Minerals.** Mortgagor assigns and mortgages to Trustee, and grants to Trustee a security interest in, as additional security for the Secured Obligations, all of Mortgagor's right, title and interest in and to (a) all oil, gas and other minerals located in, on or under the premises, (b) all oil, gas or mineral leases, royalty agreements and other contracts that have been or in the future are entered into with respect to the premises or with respect to any oil, gas or other minerals located in, on or under the premises (the "Mineral Leases"), and (c) all rents, profits, royalties and income at any time arising from the Leases or from the sale of oil, gas or other minerals located in, on or under the premises. Upon the occurrence of an event of default as

defined in Paragraph 16 of this Mortgage, Trustee shall be entitled to the present and full possession, receipt and use of and right to such oil, gas, other minerals, Mineral Leases, rents, profits, royalties and income, for application to the Secured Obligations in any manner that Trustee in its sole discretion shall determine.

**6. Taxes.** Mortgagor will pay, or cause to be paid, before they become delinquent, all taxes, assessments, and other similar charges levied upon or with respect to the premises and will promptly deliver to Trustee satisfactory evidence of payment of them. Upon and during the continuance of an Event of Default, Mortgagor will pay to Trustee periodically, on each date that Trustee shall designate, an amount equal to (a) the amount that Trustee from time to time estimates will be sufficient to permit Trustee to pay each annual tax, assessment and any other similar charge levied upon or with respect to the premises, at least thirty (30) days before it is due and payable, divided by (b) the number of payments by Mortgagor that will occur between (i) the date of Trustee's request, the date of any new estimate by Trustee of the amount of the annual tax, assessment or other charge or the date when Trustee last paid the tax, assessment or other charge on behalf of Mortgagor (whichever date is applicable), and (ii) the thirtieth day before the tax, assessment or other charge will be due and payable. Upon demand by Trustee, Mortgagor will pay to Trustee any additional sums that are necessary to make up any deficiency in the amount necessary to enable Trustee to pay fully those taxes, assessments and other similar charges when due. All sums that Mortgagor pays to Trustee under this paragraph may be commingled with the general funds of Trustee, and no interest shall be payable to Mortgagor with respect to them. If an event of default, as defined in Paragraph 16 of this Mortgage occurs, then Trustee may apply any funds of Mortgagor it then holds under this paragraph against the Secured Obligations, in any manner that Trustee shall determine.

**7. Insurance.** Mortgagor will cause all buildings, improvements, other insurable parts of the premises and rents and other income from the premises to be insured against loss or damage by fire, by hazards included within extended coverage and by other risks that Trustee from time to time may require, in amounts and with insurers that are acceptable to Trustee, and Mortgagor shall cause all premiums on the insurance to be paid when due. Trustee shall not, however, require hazard insurance covering any building or buildings that are part of the premises to be in an amount greater than the replacement cost of the building or buildings. Within forty-five (45) days after Trustee notifies Mortgagor that the premises are located in a special flood hazard area but are not covered by flood insurance in the amount required by applicable law (including, without limitation, the Federal Flood Insurance Act of 1968, as amended), Mortgagor shall obtain and at all times maintain in effect the required insurance. Each policy evidencing insurance required by this paragraph shall provide that loss shall be payable to Trustee as its interest shall appear at the time of the loss, shall contain a standard mortgage clause, shall be in form and substance acceptable to Trustee and shall be delivered to Trustee. Each policy shall provide that the insurer shall give Trustee at least thirty (30) days prior written notice of any cancellation of or any material change in the insurance. Each renewal of each policy shall be delivered to Trustee at least ten (10) days before the expiration date of the policy. Upon foreclosure of this Mortgage or other transfer of the premises in satisfaction of the Secured Obligations, all rights, title and interest of Mortgagor in and to any insurance policies then in force, including the right to any premium refund, shall vest in the purchaser or grantee. If there

shall occur any destruction of or damage to the premises, Mortgagor shall give immediate notice to Trustee, and Trustee shall have the right to make proof of the loss or damage, if Mortgagor does not promptly do so. Trustee is authorized to settle, adjust or compromise any claims for loss or damage under any insurance policy. Mortgagor shall immediately endorse and deliver to Trustee all proceeds of any policy. So long as no Event of Default exists, the proceeds may be used to repair and/or rebuild the improvements on the premises in accordance with reasonable procedures established by Trustee. Trustee may require Mortgagor to pay a reasonable fee to Trustee for determining whether the premises are located in a special flood hazard area, if either (i) Trustee undertook the determination because of a revision of floodplain areas or (ii) Trustee purchased required flood insurance, under Paragraph 9 of this Mortgage, after Mortgagor failed to purchase the required insurance following Trustee's notification to Mortgagor that Mortgagor was required to do so.

**8. Maintenance and Repair.** Mortgagor will maintain the premises in good condition and repair; will not commit or suffer any waste of the premises; will not remove, demolish or substantially alter any building or fixture on the premises without the prior written consent of Trustee; will cause to be complied with all laws, ordinances, regulations and requirements of any governmental authority applicable to the premises or to activities on the premises; will promptly repair, restore, replace or rebuild any part of the premises that is damaged or destroyed by any casualty; and will promptly pay when due all charges for utilities and other services to the premises.

**9. Trustee's Right to Perform; Receiver.** If Mortgagor shall default in the performance of any obligation of Mortgagor under this Mortgage (including, without limitation, its obligations to keep the premises in good condition and repair, to pay taxes and assessments and to obtain and maintain insurance), then Trustee shall have the right, but shall have no obligation, to perform, or cause to be performed, the obligation, and all sums expended by Trustee in doing so shall become part of the Secured Obligations, payable by Mortgagor to Trustee upon demand, together with interest at the Default Rate. Trustee and any persons authorized by Trustee shall have the right to enter upon the premises at all reasonable times for the purpose of inspecting the premises or effecting maintenance or repairs or taking any other action under the preceding sentence. The failure of Mortgagor to pay any taxes, assessments or similar charges upon the premises when due or to obtain and maintain required insurance shall constitute waste and shall entitle Trustee to the appointment by a court of competent jurisdiction of a receiver of the premises for the purpose of preventing the waste. The receiver, subject to the order of the court, may collect the rents and income from the premises and exercise control over the premises as the court shall order. Any payment or performance by Trustee, under Paragraph 3 or Paragraph 4 of this Mortgage, of an obligation that Mortgagor has failed to perform under a lease, land contract or other agreement, and any exercise by Trustee of any right, remedy or option under a lease, land contract or other agreement, shall not be considered an assumption by Trustee of the lease, land contract or other agreement or of any obligation or liability under it.

**10. Condemnation.** If all or any part of the premises are taken, whether temporarily or permanently, under power of eminent domain or by condemnation, the entire proceeds of the award or other payment for the taking shall be applied as set forth in the Indenture.



**11. Sale or Transfer.** If there shall be a sale or transfer, by operation of law or otherwise, of all or any part of the premises, Trustee may deal with the buyer or transferee with respect to this Mortgage and the Secured Obligations as fully and to the same extent as it might with Mortgagor, without in any way releasing, discharging or affecting the liability of Mortgagor under this Mortgage and upon the Secured Obligations, and without waiving Trustee's right to accelerate payment of the Secured Obligations, under Paragraph 16 of this Mortgage, by reason of the sale or transfer, unless expressly agreed to by Trustee in writing.

**12. Property Information.** During any period when any part of the premises is leased, Mortgagor shall promptly furnish to Trustee, upon Trustee's request from time to time, (a) copies of all leases then in effect with respect to all or any part of the premises, including all amendments, (b) a written schedule that shows for each tenant the tenant's name, the current rental rate (including any percentage rent), any rental or leasing concessions, the units or area leased and the lease expiration date, (c) a description of any parts of the premises that are not then leased, (d) detailed financial statements relating to the premises, prepared in accordance with practices generally used for public school accounting in the state of Michigan, for the periods and as of the dates that Trustee shall require, which statements shall show, without limitation, all income and expenses, capital expenditures, tenant improvements, leasing commissions, and all indebtedness secured by mortgages or liens upon the premises, and (e) any additional information concerning the premises and the leasing of them that Trustee shall request. Trustee shall have the right at any reasonable time (whether or not any part of the premises is then being leased) to inspect and make copies of Mortgagor's records concerning the premises and any lease of or other transaction or matter concerning the premises.

**13. No Secondary Financing.** The Mortgagor will not, without the prior written consent of Trustee, mortgage or pledge the premises or any part thereof as security for any other loans obtained by the Mortgagor. If any such mortgage or pledge is entered into without the prior written consent of Trustee, the entire indebtedness secured hereby may, at the option of Trustee, be declared immediately due and payable without notice. Further, the Mortgagor also shall pay any and all other obligations, liabilities or debts which may become liens, security interests, or encumbrances upon or charges against the premises for any repairs or improvements that are now or may hereafter be made thereon, and shall not, without Trustee's prior written consent, permit any lien, security interest, encumbrance or charge of any kind to accrue and remain outstanding against the premises or any part thereof, or any improvements thereon, irrespective of whether such lien, security interest, encumbrance or charge is junior to the lien of this Mortgage.

**14. Environmental and Access Law Warranties and Agreements.** Mortgagor warrants and represents to Trustee, and agrees, as follows:

(a) Mortgagor, the property and all activities of Mortgagor and all other persons on the property are and shall continue to be in compliance with all environmental laws and all access laws. Trustee acknowledges receipt of a Phase I Environmental Site Assessment dated December 9, 2009 and a Phase II Environmental Site Assessment dated December 16, 2009 relating to the Property (each the "2009 Environmental Reports"). Based solely on the 2009 Environmental Reports delivered to the Trustee in connection with the Financing Agreement, the

property is not a site or source of environmental contamination other than as described therein. The property shall not become a site or source of environmental contamination, other than as described therein. Except as expressly disclosed by Mortgagor to Trustee in the 2009 Environmental Reports, (i) no asbestos or polychlorinated biphenyls are present on or contained in the property, and (ii) other than as disclosed in the Phase I, the property does not contain, and to the knowledge of Mortgagor based on the above referenced 2009 Environmental Reports does not contain an underground storage tank.

(b) In this Mortgage, (i) “environmental law” means at any time any applicable federal, state, local or foreign law (including common law), ordinance, rule, regulation, permit, order or other legally binding requirement that then (A) regulates the quality of air, water, soil or other environmental media, (B) regulates the generation, management, transportation, treatment, storage, recycling or disposal of any wastes, (C) protects public health, occupational safety and health, natural resources or the environment, or (D) establishes liability for the investigation, removal or remediation of, or harm caused by, environmental contamination; (ii) “hazardous substance” means at any time any substance or waste that is then subject to or regulated by any environmental law, (iii) “environmental contamination” means the presence of a hazardous substance in or on, or the release, discharge or emission of a hazardous substance from, the property in excess of any limit or criterion established or issued under any environmental law, and (iv) “access law” means at any time any applicable law, ordinance, rule, regulation or order that then regulates the accessibility of property to disabled persons, including, but not limited to, the federal Americans With Disabilities Act, as amended.

**15. Access to Property.** Trustee and any persons authorized by Trustee shall have the right, after notice, to enter upon the property at all reasonable times, subject to the provisions of any lease approved by Trustee, for the purpose of (i) appraising the property, (ii) investigating (including, without limitation, sampling soil, water and air) whether the property and activities upon it are in compliance with environmental laws and access laws and whether the property is a site or source of environmental contamination or (iii) removing or remediating any environmental contamination. Without limiting the foregoing, Trustee shall have the right to conduct and submit to appropriate governmental agencies a “baseline environmental assessment” of the property within the meaning of Section 20101 of the Michigan Natural Resources and Environmental Protection Act, MCL 324.20101, as it shall be amended from time to time. If, at the time of appraisal, investigation, assessment, removal, remediation or the submission of the baseline environmental assessment, there shall have occurred and be continuing an event of default, as defined in Paragraph 16 of this Mortgage, then Mortgagor shall reimburse Trustee on demand for all costs and expenses of the appraisal, investigation, assessment, removal, remediation or baseline environmental assessment, together with interest at the Default Rate. Mortgagor shall execute any consultant contract, waste manifest, notice and other documents that Trustee requests to enable Trustee to take or conduct any action or activity contemplated by this paragraph, if Mortgagor is given a reasonable opportunity to negotiate the terms of the contract, manifest, notice or other document.

**16. Events of Default and Acceleration.** Upon the occurrence of any Events of Default as defined in the Indenture or the Financing Agreement, all or any part of the Secured Obligations shall, at the option of Trustee, become immediately due and payable without notice or demand.

**17. Remedies.** Trustee shall have all rights and remedies given by this Mortgage or otherwise permitted by law. In addition, if the Secured Obligations shall not be paid at maturity, Trustee shall have the right and is hereby authorized:

(a) To collect and receive all rents, profits and other amounts that are due or shall later become due under the terms of any leases, land contracts or other agreements, now or in the future in effect, by which the premises or any interest in them are then being sold or leased or under any Mineral Lease, and to exercise any other right or remedy of Mortgagor under any lease, land contract, other agreement or Mineral Lease; but Trustee shall have no obligation to make any demand or inquiry as to the nature or sufficiency of any payment received or to present or file any claim or take any other action to collect or enforce the payment of any amounts to which Trustee may become entitled, and Trustee shall not be liable for any of Mortgagor's obligations under any lease, land contract or other agreement.

(b) To obtain or update abstracts of title, title searches, title insurance and surveys with respect to the premises, and Mortgagor shall reimburse Trustee for all costs of doing so, together with interest at the Default Rate.

(c) To foreclose this Mortgage by action under applicable law.

(d) To sell, release and convey the premises at public sale, and to sign and deliver to the purchasers at the sale good and sufficient deeds of conveyance, paying any surplus funds, after payment of the Secured Obligations in full and the expenses of the sale, including attorney fees as provided by law, to Mortgagor, all in accordance with Chapter 32 of the Michigan Revised Judicature Act, as it may be amended from time to time, and any similar statutory provisions that may later be enacted in addition to Chapter 32 or in substitution for it. The premises may, at the option of Trustee, be sold in one parcel.

(e) To exercise any and all rights and options under any lease, land contract or other agreement by which any part or all of the premises are then being leased or purchased, including any option to purchase the premises or to renew or extend the term of any lease, land contract or other agreement, but Trustee shall have no obligation to exercise any right or option.

All rights and remedies of Trustee under this Mortgage, whether or not exercisable only on default, shall be cumulative and may be exercised from time to time, and no delay by Trustee in the exercise of any right or remedy shall be a waiver of it, and no single or partial exercise of any right or remedy shall prevent other or further exercise of it or the exercise of any other right or remedy, except to the extent otherwise provided by law. In this Mortgage, "Maturity" means the time when the Secured Obligations shall be or shall become due and payable, whether by the terms of the Instruments or pursuant to Paragraph 16 of this Mortgage or otherwise.

Notwithstanding anything contained herein or in the Indenture to the contrary, before taking any action under this Section 17, the Trustee may require that a satisfactory indemnity bond, indemnity or environmental impairment insurance be furnished to it for the payment or reimbursement of all expenses to which it may be put and to protect it against all liability resulting from any claims, judgments, demands, damages, losses, penalties, fines, fees, costs, liabilities (including strict liability) and expenses which may result from such action. The Trustee shall also be entitled to receive the environmental audit described in Section 6.03 of the Indenture as a condition precedent to taking any action under Section 17.

**18. Security Interest In Fixtures.** Mortgagor grants to Trustee a security interest in all fixtures now or in the future located on the premises. If the Secured Obligations is not paid at maturity, Trustee, at its option, may enforce this security interest in fixtures under the Michigan Uniform Commercial Code or other applicable law or may include fixtures in any foreclosure of this Mortgage under Paragraph 17 of this Mortgage. Any requirement of reasonable notice with respect to any sale or other disposition of fixtures shall be met if Trustee sends the notice at least five (5) days before the date of sale or other disposition.

**19. Indemnification.** Mortgagor shall, to the extent permitted by law, indemnify and hold harmless Trustee with respect to any and all claims, demands, causes of action, liabilities, damages, losses, judgments and expenses (including attorneys' fees) that shall be asserted against or incurred by Trustee by reason of (a) any representation or warranty by Mortgagor in this Mortgage being inaccurate in any respect, (b) any failure of Mortgagor to perform any of Mortgagor's obligations under this Mortgage, or (c) any past, present or future condition or use of the premises (whether known or unknown), other than an excluded condition or use, including, but not limited to, liabilities arising under any "environmental law," as defined in Paragraph 14 of this Mortgage. An "excluded condition or use" is one that both (i) does not exist or occur, to any extent, at any time before Mortgagor has permanently given up possession and control of the premises by reason of a foreclosure of this Mortgage or Trustee's acceptance of a conveyance of the premises to Trustee in lieu of foreclosure and (ii) was not caused or permitted to exist, in whole or part, by any act or omission of Mortgagor. Indemnification by Mortgagor under this paragraph shall not limit any other right or remedy (including Trustee's right to accelerate payment of the Secured Obligations) that is available to Trustee by reason of the circumstance it respect of which indemnity is made. Mortgagor's obligations under this paragraph shall survive foreclosure of this Mortgage and any conveyance of the premises in lieu of foreclosure.

**20. Waivers.**

(a) Mortgagor and any other person who in the future obtains a mortgage or lien upon, or any other interest in, the premises waives, with respect to any foreclosure of this Mortgage, (i) any right to marshaling of the premises and any right to require a minimum bid or "upset" price, and (ii) the benefit of any stay, extension, exemption or moratorium law, now existing or later enacted.

(b) Trustee may at any time release all or any part of the premises from the lien of this Mortgage or release the liability of any person for the Secured Obligations, with or

without consideration and without giving notice to, or obtaining the consent of, the holder of any mortgage or lien upon, or other interest in, the premises. A release shall not impair or affect the validity or priority of this Mortgage, regardless of the effect of the release upon the mortgage, lien or other interest or the holder of it. This subparagraph does not imply that Trustee consents to the placing of a mortgage, lien or other encumbrance on the premises.

(c) Mortgagor (i) waives notice of any advances or other extensions of credit included in the Secured Obligations, (ii) waives any right to require Trustee to sue upon or otherwise enforce payment of the Secured Obligations or to enforce any security for it before exercising its rights and remedies under this Mortgage, and (iii) agrees that the validity and enforceability of this Mortgage shall not be impaired or affected by any failure of Trustee to obtain or perfect, or to secure priority of, any other security at any time given, or agreed to be given, by any person for the Secured Obligations.

(d) Trustee is authorized, from time to time and without notice to or consent of Mortgagor and with or without consideration, to give and make any extensions, renewals, modifications, waivers, settlements and compromises, on such terms and conditions as Trustee may see fit, with regard to any of the Secured Obligations at any time owing by a third-party obligor or with regard to any security for the Secured Obligations that is not owned by Mortgagor. Any of these actions shall not impair or affect the validity or enforceability of this Mortgage.

**21. Expenses.** Mortgagor shall pay to Trustee on demand all expenses, including attorney fees and legal expenses, paid or incurred by Trustee in collecting or attempting to collect the Secured Obligations or in protecting and enforcing the rights of and obligations to Trustee under any provision of this Mortgage, including, without limitation, taking any action in any bankruptcy, insolvency or reorganization proceedings concerning Mortgagor or foreclosing this Mortgage by advertisement or by action. The expenses shall bear interest, from the date paid or incurred by Trustee, at the Default Rate.

**22. Application of Proceeds.** If any rents or profits or any proceeds of insurance or proceeds of any condemnation or eminent domain award or proceeds from any sale of the premises at foreclosure are paid to Trustee, Trustee shall have the right to apply the rents or profits or proceeds, in amounts and proportions that Trustee shall in its sole discretion determine, to the full or partial satisfaction of any or all of the indebtedness and obligations secured by this Mortgage, including any contingent or secondary obligations, whether or not they shall then be due and payable by the primary obligor.

**23. Notices.** Except for any notice required under applicable law to be given in another manner, any notice, demand, request or other communication which any party hereto may be required or may desire to give hereunder shall be in writing and shall be deemed to have been properly given (i) if hand delivered or if sent by telecopy during normal business hours, effective upon receipt or (ii) if delivered by overnight courier service, effective on the business day following delivery to such courier service, or (iii) if mailed by United States registered or certified mail, postage prepaid, return receipt requested, effective two (2) business days after deposit in the United States mails; addressed in each case as follows:

#### FUTURE ADVANCE MORTGAGE

If to Mortgagor:

New Branches School  
256 Alger S.E.  
Grand Rapids, MI 49507  
Attn: Pam Duffy, Administrator  
Tel: (616) 243-6221  
Fax: (616) 243-0305

If to Trustee:

Wells Fargo Bank, N.A.  
Corporate Trust Services  
300 North Meridian Street – Suite 1200  
Indianapolis, IN 46204  
Attn: John D. Alexander  
Tel: (313) 977-1160  
Fax: (313) 977-1145

**24. Other.** The provisions of this Mortgage shall be binding upon and inure to the benefit of Mortgagor and Trustee and their respective successors, assigns, heirs and personal representatives. Any provision of this Mortgage prohibited or unenforceable by any applicable law shall be ineffective only to the extent and for the duration of the prohibition or unenforceability without invalidating the remaining provisions of this Mortgage. If Mortgagor is more than one person, their obligations under this Mortgage are joint and several, and the term “Mortgagor” refers to each of them and all of them.

**25. Future Advance Notice Language.** Notice is hereby given that the indebtedness secured hereby may increase as a result of any defaults hereunder by Mortgagor due to, for example, and without limitation, unpaid interest or late charges, unpaid taxes or insurance premiums with Mortgagee elects to advance, defaults under leases that Mortgagee elects to cure, attorney fees or costs incurred in enforcing the Financing Agreement or other expenses incurred by Mortgagee in protecting the Property, the security of this Mortgage or Mortgagee’s rights and interest.

IN WITNESS WHEREOF, Mortgagor has signed this Mortgage as of the date stated on the first page of this Mortgage.

Mortgagor:

NEW BRANCHES SCHOOL

By: Roger Ross  
Its: Board President

STATE OF MICHIGAN )  
COUNTY OF Kent ): ss

This Mortgage was acknowledged before me on March 17, 2010 by Roger Ross the Board President of New Branches School, a Michigan nonprofit corporation and public school academy, on behalf of said public school academy.

Bo A. Grant  
Bo A. Grant, Notary Public  
Kent County, Michigan  
Acting in Kent County, Michigan  
My commission expires: 7-13-2015

DRAFTED BY AND AFTER RECORDING,  
PLEASE RETURN TO:

Ann D. Fillingham  
Dykema Gossett PLLC  
201 Townsend, Suite 900  
Lansing, Michigan 48933

BOA. GRANT  
NOTARY PUBLIC, STATE OF MI  
COUNTY OF KENT  
MY COMMISSION EXPIRES Jul 13, 2015  
ACTING IN COUNTY OF Kent

FUTURE ADVANCE MORTGAGE

**EXHIBIT A  
TO  
FUTURE ADVANCE MORTGAGE**

Legal Description of the Land

Land located in the County of Kent, City of Grand Rapids, State of Michigan, and described as follows:

The West Quarter of the North Half of the Northeast Quarter of Section 20, Town 6 North, Range 11 West. Excepting therefrom Hanna Centennial Plat, according to the plat thereof recorded in Liber 52 of Plats, Page 22 of Kent County Records.

Commonly known as: 3662 Poinsettia Avenue SE, Grand Rapids, MI 49508-5546

Tax Id # 41-18-20-201-011

FUTURE ADVANCE MORTGAGE  
A-1



**EXHIBIT B  
TO  
FUTURE ADVANCE MORTGAGE**

Permitted Liens

1. Highway easement Release in favor of the Board of Count Road Commissioners of the County of Kent and the Covenants, Conditions and Restrictions contained in instrument recorded in Liber 1734, page 313.
2. Easement in favor of City of Grand Rapids and the Covenants, Conditions and Restrictions contained in instrument recorded in Liber 2005, page 308.
3. Easement in favor of City of Grand Rapids and the Covenants, Conditions and Restrictions contained in instrument recorded in Liber 2019, page 837.
4. Easement for Underground Electric Line in favor of Consumers Energy Company and the Covenants, Conditions and Restrictions contained in instrument recorded in Liber 5725, page 1160.

LAN01\210239.3  
ID\ADF - 085849/0025

## PARKING LOT USE AGREEMENT

This Parking Lot Use Agreement (the "Agreement") is entered into this 28<sup>th</sup> day of April 2015, by and between Millbrook Christian Reformed Church, a Michigan ecclesiastical corporation, whose address is 3661 Poinsettia Avenue, S.E., Grand Rapids, Michigan 49508-5547 (the "Church") and New Branches Charter Academy, a Michigan public school academy organized and operating under the Revised School Code, MCLA 380.1, *et seq.*, as amended, whose address is 3662 Poinsettia Avenue, S.E., Grand Rapids, Michigan 49508 (the "School") for the use of real property owned by the Church for parking lot purposes.

**WHEREAS**, the Church is the owner of real property located at 3661 Poinsettia Ave., S.E., in the City of Grand Rapids, Kent County, Michigan, which real property of the Church is described as Parcel B (the "Church Property") in the legal descriptions which are attached hereto and made a part hereof as Exhibit A; and

**WHEREAS**, the School has entered into a Purchase Agreement to acquire real property located adjacent to the Parking Lot Property and located at 3662 Poinsettia Ave., S.E., in the City of Grand Rapids, Kent County, Michigan (the "School Property"), which property is described as Parcel A in the legal descriptions which are attached hereto and made a part hereof as Exhibit A; and

**WHEREAS**, the Church is the owner of a parking lot located adjacent to the Church Property, which parking lot is described as "Easement No. 2" or "ESMT #2" in the Survey, that is attached hereto and made part hereof as Exhibit B (the "Parking Lot Property").

**WHEREAS**, the Church has agreed to permit the School to use the Parking Lot Property to benefit the School Property in accordance with the terms and conditions contained in this Agreement; and

**WHEREAS**, the School agrees to use the Parking Lot Property in accordance with the terms and conditions contained in this Agreement; and

**WHEREAS**, the Church and New Branches Charter Academy, the owner of the School property, have entered into an easement to provide for ingress and egress across certain of the School Property and the Parking Lot (the "Easement").

**NOW, THEREFORE**, the parties agree as follows:

1. Parking Lot Property. The Church does hereby agree to allow the School and the School does hereby agree to use for the term and upon the terms and conditions set forth in this Agreement, the Parking Lot Property. The easement shall remain in full force and effect during the term of this Agreement and shall survive the termination of this Agreement.
2. Term. The term of this Agreement shall commence on the effective date as described in paragraph 18, below, and shall continue for a period of five (5) years and thereafter shall renew for subsequent five (5) year periods upon the terms and conditions that are agreed to by the parties.

3. Joint Use of Parking Lot. The Parking Lot Property shall be jointly used and occupied for vehicular parking for the Church Property and the School Property. The parties will not use the Parking Lot Property for any other purpose in violation of any law, municipal ordinance or regulation.
4. Condition. The School acknowledges that it is accepting the Parking Lot Property in its “as is” condition.
5. Operating Costs. The parties agree that the owners of the Church Property and the School Property shall each pay fifty percent (50%) of the annual snow removal, parking lot lighting, waste and recycling (“operating costs”) for the Parking Lot Property. The Church shall initially pay the cost of the snow removal and parking lot lighting, and within 30 days from the receipt of an invoice from the Church to the School for the same, the School shall remit fifty percent (50%) of the cost of the snow removal and parking lot lighting to the Church. The School shall initially pay the cost of waste and recycling, and within thirty (30) days from the receipt of an invoice from the School to the Church for same, the Church shall remit fifty percent (50%) of the cost of the waste and recycling to the School.
6. Maintenance, Repair and Replacement. Any maintenance, repair, replacement and related cost of the Parking Lot Property (other than the operating costs described in Paragraph 5 above) shall be subject to the approval of both parties as to the extent of the repairs or replacement and the sharing of the costs and neither party shall unreasonably withhold, condition or delay its consent.
7. Signage. The School, at its expense, may install directional arrows painted on the Parking Lot Property to guide traffic and may erect or install signs on the Parking Lot Property, subject to the written consent of the Church, which consent shall not be unreasonably withheld.
8. Events of Default. In the event a party breaches a covenant of this Agreement and fails to cure or take meaningful steps to cure such breach within 30 days of receiving written notice of said breach from the other party, the breaching party shall be in default.
9. Indemnification. To the extent permitted by law, each party shall indemnify, defend and hold the other party harmless from any and all claims, costs and expenses for injury to persons or damage to property to the extent such injury or damage arises from the party’s, its employees, agents and invitees, use of the Parking Lot Property.
10. Quiet Enjoyment. The Church covenants that the School, upon the compliance with the other terms and conditions contained in this Agreement, shall peaceably and quietly have, hold and enjoy the joint use of the Parking Lot Property for the term of this Agreement.
11. Assignment. This Agreement shall not be assigned by one party without the written consent of the other party, which consent shall not be unreasonably withheld.

12. Notices. Notices or consent of any kind required or permitted under this Agreement shall be deemed duly delivered if delivered by person or if mailed by certified mail, return receipt requested, postage prepaid to the appropriate party as follows:

If to the Church: Millbrook Christian Reformed Church  
Attn: Clerk of Council  
3661 Poinsettia Avenue, S.E.  
Grand Rapids, MI 49508-5547

If to the School: New Branches Charter Academy  
Attn: School Administrator  
3662 Poinsettia Avenue, S.E.  
Grand Rapids, MI 49508-5547

Or at such other address or to the attention of such other individual as shall be specified in writing by the respective parties.

13. Sunday Use. Notwithstanding any other provision contained in this Agreement, the Church shall have the priority of use of the Parking Lot Property on Sunday of each week.
14. Waiver. The failure of either party to insist upon strict performance of any covenant or condition of this Agreement or to exercise any option herein conferred in any one or more instances shall not be construed as a waiver or relinquishment of any such covenant, condition or option, but the same shall be and remain in full force and effect. No covenant, term or condition of this Agreement shall be deemed to have been waived by either party, unless such waiver be in writing by such party.
15. Entire Agreement. This Agreement sets forth all covenants, promises, agreements, conditions and understandings between the School and the Church concerning the use of the Parking Lot Property, and there are no covenants, promises, agreements, conditions or understandings, either oral or written, between the Church and the School other than herein set forth.
16. Partial Invalidity. If any term, covenant or condition of this Agreement or the application thereof to any person or circumstance shall be determined to be invalid or unenforceable, the remainder of this Agreement of the application of such term, covenant or condition to persons or circumstances, shall not be affected thereby and the remainder of the Agreement shall be valid and enforceable to the fullest extent permitted by law, unless removal of such term, covenant or condition materially impacts the general intent of the Agreement.
17. Amendments. Except as otherwise stated herein, no subsequent alteration, amendment, change or addition to this Agreement shall be binding upon Church or the School unless reduced to writing and signed by both parties.
18. Applicable Law. This Agreement shall be governed, in all respects, under the laws of the State of Michigan.

19. Effective Date. This Agreement shall become effective as of the date that this Agreement is signed.

**IN WITNESS WHEREOF**, the parties hereto have caused this Agreement to be signed in their respective names by their respective officers on the day and year indicated below.

MILLBROOK CHRISTIAN REFORMED CHURCH,  
a Michigan ecclesiastical corporation

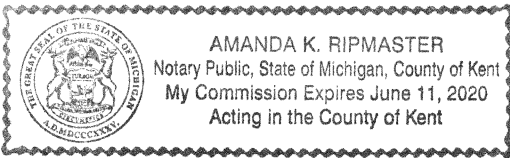
Dated: 4/28/2015

By: [Signature]

Its: Council President

Acknowledged before me in Kent County, Michigan this 28th day of April, 2015, by Greg Mulder, Council President, Millbrook Christian Reformed Church, a Michigan ecclesiastical corporation.

[Signature] (signature)  
Amanda K Ripmaster (printed)



Notary Public, Kent County, Michigan  
My Commission Expires: June 11, 2020  
Acting in the County of: Kent

NEW BRANCHES CHARTER ACADEMY,  
a Michigan public school academy

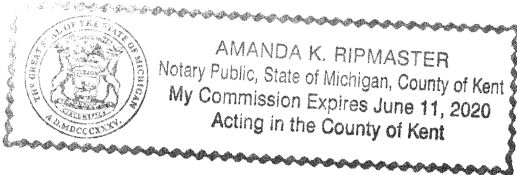
Dated: 4-28-2015

By: [Signature]

Its: School Leader

Acknowledged before me in Kent County, Michigan this 28th day of April, 2015, by Rasheed Johnson, School Administrator, New Branches Charter Academy, a Michigan public school academy.

[Signature] (signature)  
Amanda K Ripmaster (printed)



Notary Public, Kent County, Michigan  
My Commission Expires: June 11, 2020  
Acting in the County of: Kent

**Exhibit A**

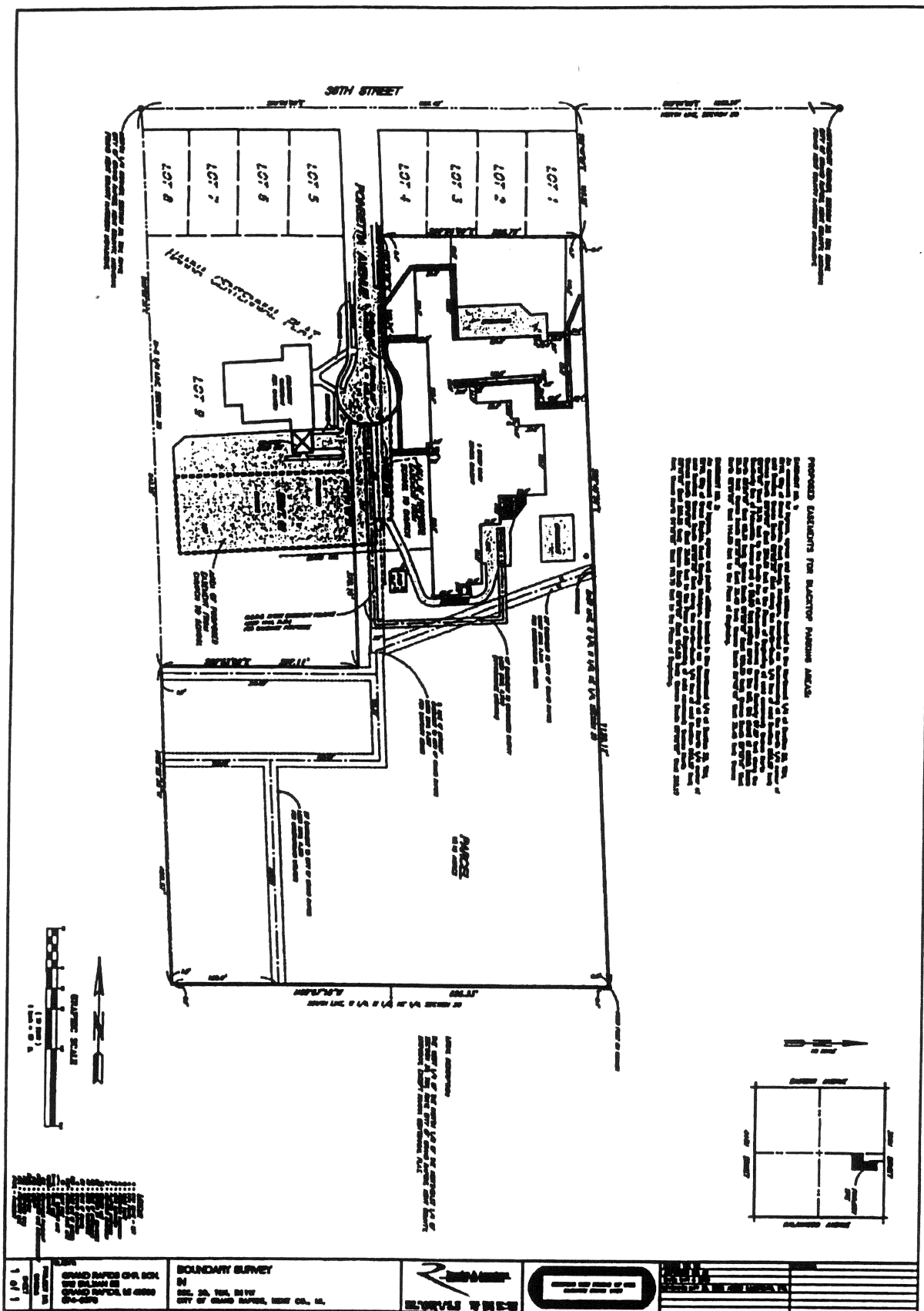
**Parcel A:**

The West Quarter of the North Half of the Northeast Quarter of Section 20, Town 6 North, Range 11 West, City of Grand Rapids, Kent County, Michigan, excepting therefrom Hanna Centennial Plat, according to the plat thereof recorded in Liber 52 of Plats, page 22 of Kent County Records.

**Parcel B:**

Lot 9, Hanna Centennial Plat, according to the plat thereof recorded in Liber 52 of Plats, page 22 of Kent County Records, City of Grand Rapids, Kent County, Michigan.

**Exhibit B**



JUL 14 2009 8:46AM

JUL 8 2009 5:00PM

THR CONSTRUCTION

No. 1328 P. 1

No. 3495 P. 1

Page 1 of 1



State of Michigan  
John Engler, Governor

# Inspection Report

Department of Consumer & Industry Services  
Kathleen M. Wilber, Director

Office of Fire Safety  
General Office Building  
7150 Harris Drive  
Lansing, MI 48908-7504  
Web Site www.cia.state.mi.us/ofs

FACILITY NAME Millbrook Christian School	DATE 9-18-02	COUNTY Kent	PROJECT 0722-02
ADDRESS 3662 Pinsonia SE	FACILITY TYPE School (non-public)	RULES/CODES School - 99	JOB LIC/FAC. NO.
CITY, STATE ZIP CODE Grand Rapids, MI 49508	FACILITY REPRESENTATIVE	INSPECTION TYPE recheck	

**RE: ADDITION**

A recheck fire safety inspection was completed this date. Deficiencies noted in prior inspection reports have been satisfactorily corrected. This report may be considered as final approval of this project.

Full approval given.

cc: 41072202.wpd

Facility

Design Works A/E attn: Roy Munson fax 616 454 9415

GRFD

DOE Alexander Devlantes

FIRE SAFETY CERTIFICATION Approved		PROJECT STATUS Closed	REVIEWED BY
DISTRIBUTION Facility File CIS/HQ Local FD Construction Architect	INSPECTING OFFICIAL Tom Spaman SIGNATURE OF OFFICIAL	ADDRESS 2922 Fuller NE, Suite 114 Grand Rapids, MI 49505	TELEPHONE 616-447-2693 FAX 616-447-2668 E-MAIL



NEIGHBORHOOD  
IMPROVEMENT  
DEPARTMENT



CITY OF GRAND RAPIDS

**USE AND OCCUPANCY PERMIT**  
**2006 Michigan Building Code**  
**Section 110**

**Building Permit No:** B10-00703

**Address:** 3662 POINSETTIA AVE SE

**Location:**

**Parcel #:** 41-18-20-201-011

**Owner:** NEW BRANCHES PUBLIC SCHOOL ACADEMY  
3662 POINSETTIA AVE SE  
GRAND RAPIDS MI 49508-5546

**Description of Work:** KITCHEN & CAFETERIA RENOVATIONS

**Use Group:** E Educational

**Additional Use:**

**Type of Construction:**

**Maximum Design Occupancy Load:** 150

**Sprinkler System (y/n):** N

**Special Stipulations/Conditions:**

**Description of Inspections:** This building has been inspected and approved for the type of use and occupancy listed above.

**Building Official:** Mark Fleet

**Approved by:**

**Date**

8-13-10

USE\_OC\_C06 (9/16/09)

# CERTIFICATE OF USE AND OCCUPANCY

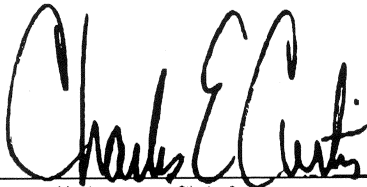
## PERMANENT

Michigan Department of Licensing and Regulatory Affairs  
Bureau of Construction Codes/Building Division  
P. O. Box 30254  
Lansing, MI 48909  
(517) 241-9317

Building Permit No. B035623  
New Branches Public School  
3662 Poinsettia Avenue SE  
Grand Rapids, Michigan  
Kent County

The above named building of Use Group E and Construction Type 2B is approved for use and occupancy.

THIS APPROVAL IS GRANTED UNDER THE AUTHORITY OF SECTIONS 13 OF ACT 230 OF THE PUBLIC ACTS OF 1972, AS AMENDED, BEING §125.1513 OF THE MICHIGAN COMPILED LAWS, AND, IN ACCORDANCE WITH SECTION 111.0 OF THE STATE BUILDING CODE. THIS SHALL SUPERSEDE AND VOID ANY PREVIOUS APPROVAL OF USE AND OCCUPANCY.



\_\_\_\_\_  
Larry Lehman, Chief  
Charles E. Curtis, Assistant Chief  
Building Division

November 13, 2013

**CONTRACT SCHEDULE 7**

**REQUIRED INFORMATION FOR  
A PUBLIC SCHOOL ACADEMY**

## SCHEDULE 7

### REQUIRED INFORMATION FOR A PUBLIC SCHOOL ACADEMY

Required Information for a Public School Academy. This Schedule contains information required by the Code and the Contract. The required information for the Academy is contained in this Schedule 7.

- Section a. Governance Structure. The governance structure of the Academy is set forth in Section a of this Schedule.
- Section b. Educational Goal and Related Measures. The educational goal and related measures of the Academy are set forth in Section b of this Schedule.
- Section c. Educational Programs. The educational programs of the Academy are set forth in Section c of this Schedule.
- Section d. Curriculum. The curriculum of the Academy is set forth in Section d of this Schedule.
- Section e. Methods of Pupil Assessment. The methods of pupil assessment of the Academy are set forth in Section e of this Schedule.
- Section f. Application and Enrollment of Students. The application and enrollment of students criteria of the Academy is set forth in Section f of this Schedule.
- Section g. School Calendar and School Day Schedule. The school calendar and school day schedule procedures are set forth in Section g of this Schedule.
- Section h. Age or Grade Range of Pupils. The age or grade range of pupils to be enrolled by the Academy is set forth in Section h of this Schedule.

**SECTION A**

**GOVERNANCE STRUCTURE**

## GOVERNANCE STRUCTURE

WHEREAS, the People of Michigan through their Constitution have provided that schools and the means of education shall forever be encouraged and have authorized the Legislature to maintain and support a system of free public elementary and secondary schools; and all public schools are subject to the leadership and general supervision of the State Board of Education; and the Legislature has authorized an alternative form of public school designated a "public school academy" to be created to serve the educational needs of pupils and has provided that pupils attending these schools shall be eligible for support from the State School Aid Fund; and the Legislature has delegated to the governing boards of state public universities, community college boards, intermediate school district boards and local school district boards, the responsibility for authorizing the establishment of public school academies; and the University Board has approved the issuance of a contract conferring certain rights, franchises, privileges, and obligations of a public school academy to the Academy Board.

The Academy is incorporated as a Michigan nonprofit corporation, organized on a non-stock, directorship basis for the purpose of operating as a Michigan public school academy. The Academy shall conduct its affairs as a governmental entity exempt from federal income taxes under Section 115 of the United States Internal Revenue Code or any successor law. The Academy is a body corporate and is not a division or part of Central Michigan University. The relationship between the Academy and the University Board is based solely on the applicable provisions of the Code and the terms of this Contract.

The Academy Board shall have at least five (5), but no more than nine (9) members, as determined by the University Board. Academy Board members shall be appointed according to the terms of the Method of Selection, Appointment and Removal Resolution adopted by the University Board. The Academy Board has all the powers and duties permitted by law to manage the business, property and affairs of the Academy and for adopting policies by which the Academy shall be governed. The Academy Board is responsible for assuring that the Academy operates according to the Terms and Conditions of this Contract and Applicable Law. Contract Schedule 2: Bylaws, set forth a further description of the Academy Board's governance structure.

Academy Board members shall serve in their individual capacity, and not as a representative or designee of any other person or entity. The Academy Board shall ensure compliance with Applicable Law relating to conflicts of interest and prohibited familial relationships, including Article IV, Sections 4.4 and 4.5 of this Contract.

Pursuant to applicable law and the Terms and Conditions of this Contract, including Article III, Section 3.6, the Academy Board may employ or contract for personnel according to the position information outlined in Schedule 5. Before entering into an agreement with an educational service provider or an employee leasing company to provide services or to provide personnel to perform services or work at the Academy, the Academy Board must first comply with the Educational Service Provider Policies issued by the Center.

**SECTION B**

**EDUCATIONAL GOAL AND RELATED MEASURES**

## EDUCATIONAL GOAL AND RELATED MEASURES

Pursuant to Applicable Law and the Terms and Conditions of this Contract, including Article VI, Section 6.2, the Academy shall achieve or demonstrate measurable progress for all groups of pupils toward the achievement of the educational goal identified in this schedule. Although an increase in academic achievement for all groups of pupils as measured by assessments and other objective criteria is the most important factor in determining the Academy’s progress toward the achievement of the educational goal, the Center also considers other factors. Upon request, the Academy shall provide the Center with a written report, along with supporting data, assessing the Academy’s progress toward achieving this goal. In addition, the University expects the Academy will meet the State of Michigan’s accreditation standards pursuant to state and federal law.

### **Educational Goal to be Achieved**

Prepare students academically for success in college, work and life.

### **Measures to Assist In Determining Measurable Progress Toward Goal Achievement**

To assist in determining whether the Academy is achieving measurable progress toward the achievement of this goal, the Center will annually assess the Academy’s performance using the following measures.

#### **Measure 1: Student Achievement**

The academic achievement of **all students who have been at the academy for one or more years<sup>1</sup>** in grades 3-8 will be assessed using the following measures and targets:

Sub Indicator	Measure	Metric	Target
<b>Against a Standard:</b>	The percentage of students meeting or surpassing grade-level national norms on the NWEA MAP reading and math tests administered in the spring.	Distribution (which will be in the form of percentages): Exceeds $\geq 70.0\%$ Meets $\geq 50.0\%$ Approaching $\geq 30.0\%$ Does not meet $< 30.0\%$	50%
In the event that performance against the standard falls below these required expectations, “measurable progress towards the achievement of this goal” will be defined using the following measures and targets:			
<b>Over Time:</b>	The percentage of students meeting or surpassing grade-level national norms over time (CY-AVG(PY1+PY2+PY3)).	Trend score (which will be in the form of $-x$ to $+x$ ): Exceeds $\geq 6.0\%$ Meets $\geq 3.0\%$ Approaching $\geq 1.0\%$ Does not meet $< 1.0\%$	3.0%
<b>Comparison Measure:</b>	The percentage of students categorized as proficient or advanced on the most recent state assessment will surpass the school’s Composite Resident District (CRD) percentage.	Portfolio Distribution (which will be in the form of $-x$ to $+x$ ): Exceeds $\geq 10.0\%$ Meets $\geq 5.0\%$ Approaching $\geq 0.0\%$ Does not meet $< 0.0\%$	5.0%

Grade	MAP National Norms	
	Reading	Math
3	198.6	203.4
4	205.9	213.5
5	211.8	221.4
6	215.8	225.3

<sup>1</sup> One or more years students (also called 1+ students) are students who are enrolled in the academy on or before count day and are still enrolled at the end of a given academic year.



7	218.2	228.6
8	220.1	230.9

**Measure 2: Student Growth**

The academic growth of all students in grades 3-8 at the Academy will be assessed using the following measures and targets:

Sub Indicator	Measure	Metric	Target
<b>Against a Standard:</b>	The median of student growth percentiles (MGP) reflecting fall-to-spring scaled score growth on the reading and math NWEA MAP tests.	MGP: Exceeds $\geq$ 65th Meets $\geq$ 50th Approaching $\geq$ 45th Does not meet $<$ 45th	Reading: 50 Math: 50
In the event that performance against the standard falls below these required expectations, “measurable progress towards the achievement of this goal” will be defined using the following measures and targets:			
<b>Over Time:</b>	The percentage of students making at least one year’s growth over time (CY-AVG(PY1+PY2+PY3)).	Trend score (which will be in the form of $-x$ to $+x$ ): Exceeds $\geq$ 6.0% Meets $\geq$ 3.0% Approaching $\geq$ 1.0% Does not meet $<$ 1.0%	3.0%
<b>Comparison Measure:</b>	The MGP reflecting growth on the two most recent state assessments will surpass the school’s Composite Resident District.	Portfolio Distribution (which will be in the form of $-x$ to $+x$ ): Exceeds $\geq$ 10.0% Meets $\geq$ 5.0% Approaching $\geq$ 0.0% Does not meet $<$ 0.0%	5.0%

**SECTION C**

**EDUCATIONAL PROGRAMS**

## EDUCATIONAL PROGRAMS

Pursuant to Applicable Law and the Terms and Conditions of this Contract, including Article VI, Section 6.3, the Academy shall implement, deliver, and support the educational programs identified in this schedule.

### **Mission**

New Branches Charter Academy (“Academy”) will provide a positive learning environment, along with a rigorous academic and cultural program where our children learn to become healthy, responsible citizens, life-long learners, and world leaders.

### **Vision**

The Academy, in partnership with educators, students, families and community stakeholders, closes the achievement gap and transforms human culture by developing problem solvers and life-long learners who are fully prepared for high school, college, global economy careers and world change.

### **Values**

- **Community**—We strive to create a safe environment that fosters inclusiveness and belonging by students, parents, staff and community stakeholders.
- **Perseverance**—We always strive to push ourselves and our students to their fullest potential.
- **Responsibility**—Students, parents and staff are respectful to each other. Students learn to understand their responsibilities and take initiative to act upon them in their local, national and world communities.
- **Diversity**—We embrace and value working with families with rich cultural and diverse backgrounds. We recognize that immersion in a variety of cultures will prime our students to work and live in a global economy. We celebrate and honor all the perspectives and aspects of every culture and background that creates the fabric of our school culture.
- **Teamwork**—We provide a respectful process for open communication, collaboration, and the opportunity for everyone to realize their value in our school community.
- **Communication**—We practice healthy, open, and candid dialogue between all members of our school community. Healthy dialogue encourages necessary conversations and respects all parties.
- **Stewardship**—We ensure that our teaching and operational principles and practices are morally sound, ethical, transparent, respectful and honest.

### **Accelerated Learning**

The term that embraces the Academy’s instructional model is accelerated learning. The general definition embraces the basic tenets of Henry M. Levin’s (1996) Accelerated School model. The goal is to provide all children with challenging academic programs to ensure that all underachieving children learn with peers on the “level playing field” and that all children enjoy the same advantages as gifted and talented children. Working within the Professional Learning Community (“PLC”), teachers, in partnerships with parents, are the fundamental components of the Accelerated School model. The Academy embraces these basic tenets for the delivery of instruction.

### **Performance-based Promotion**

Student promotion requires mastery of the curriculum standards for the respective grade levels. Performance-based promotion requires the Academy employ highly qualified teachers and ensure the curriculum, instruction and assessment are aligned. Reliable, valid information and open communication characterize the partnership between teachers and parents. The Academy believes that all children can satisfactorily master the Michigan Academic Standards (“MAS”) as well as the additional content standards established by the Academy. The Academy recognizes that each child learns at a different pace and establishes achievement checkpoints for student performance. The elementary team is responsible for each student performing at or above grade level on reading/language arts, mathematics, science and social studies, as measured by the Northwest Evaluation Association™ (“NWEA™”) Measures of Academic Progress® (“MAP®”) and the state and local assessments.

A student who has not satisfactorily mastered the essential knowledge and skills for a grade level is reviewed by the elementary school team. The team works with the student toward mastery through interventions including, but not limited to, summer school, Owl University (intervention built into the school day for all students) and Title 1 intervention time for students performing in the bottom 30% in reading and math as measured by NWEA MAP. The team makes decisions on the promotion of a student, the retention of a student or to promote a student with interventions.

The Academy uses the NWEA MAP and state assessments to assess student progression reading on “milestone tasks” and on “enabling skills.” Mastery is determined on the basis of multiple assessments ranging from assessments in reading, teacher-made tests, student demonstrations of competency and the student’s individual development plan.

### **Time**

To give students additional learning time, the Academy provides Owl University (intensive, subject-specific and skill-specific individualized lessons for students), Summer School, Title 1 Intervention Time (small-group intervention for students performing in the bottom 30% in reading and math) and parallel scheduling (whenever possible) for core curricula in grades kindergarten through eight. Social studies and science are taught as stand-alone courses in middle school to ensure mastery of state standards. Social Studies and science are integrated into reading and math as much as possible in all grades. Environmental science is integrated into science, social studies and environmental science.

### **School Day**

Students’ instructional time exceeds the state’s required instructional time of 1,098 hours. The principal discourages any disruptions to the educational program. To maximize student learning, the Academy provides a full-day kindergarten program and full-day Great Start Readiness Program (“GSRP”) preschool program.

### **Instructional Delivery**

#### **GSRP Preschool**

The Academy operates an early childhood educational program (Pre-Kindergarten and GSRP). On an annual basis, the Academy shall advise the Center on the current status of its early childhood educational program. If changes occur in the Academy’s early childhood educational

program, the Academy shall file a revised Early Childhood Educational Program Questionnaire with The Center.

Unless permitted under Applicable Law or administrative rule, the Academy shall not use the state school aid funds to establish or operate its early childhood educational program. In accordance with Applicable Law and administrative rule, the Academy shall budget and account for funds and expenses associated with its early childhood educational program.

### **Elementary and Middle School**

Elementary school grades use a self-contained model for program delivery. Students have resource teachers in such areas as technology, physical education and Environmental Science. Depending on the subject, students remain in the classroom or go to another area of the building or grounds. To prepare students for middle school, the Academy may follow a departmentalized model for program delivery. When appropriate, for accelerated learning, stronger curriculum and deeper content knowledge is required on the part of staff.

### **Educators of Excellence**

The Academy hires educators who believe that excellence derives from mastering details, comprehending concepts and applying knowledge and skills in the real world. The Academy does not just believe all children can learn, but insists that all children will learn. Pedagogy must make a difference in a child's learning. Students are expected to master materials, apply knowledge to concepts and reflect on learning. Students who attend the Academy understand that this is a theme school and the great outdoors is a natural laboratory. Students must want the outdoors experience, including working the land, respecting the property and representing the Academy in regards to outdoor education.

The Academy offers a "hands-on" learning experience to all students. Teachers use differentiated instruction methods to encourage all students to excel by concentrating on and engaging students in meaningful learning activities and by holding students to high academic standards. Instruction is broken down into smaller groups wherever possible. The premise for learning is that character development and personal management skills form the basis for schooling. Empowered students take responsibility for personal learning and development. The Academy facilitates learning within an environment that encourages high ethical and academic standards and reinforces the positive values taught at home.

### **Curriculum**

The Academy aligns to the MAS. The curriculum attempts to extend the minimum standards through accelerated learning practices and differentiated instruction. The MAS are the current standards for English language arts ("ELA"), math, science and social studies.

Students can accelerate "forward" for more academic challenge by cross-curricular projects and resource instruction. Performance-based promotion does not allow students to go "backward" to a lower grade because the child has been certified by the prior year's teacher as having achieved the academic knowledge and skills essential to success at the next grade level.

## **Curriculum Alignment and Review**

The Academy’s curriculum aligns with the Michigan Academic Standards. The curriculum is reviewed annually by Choice Schools’ Director of Curriculum and Instruction. Accelerated learning principles and differentiated instruction accentuate the need for proper sequencing of learning objectives and experiences.

## **Content Areas**

### **Reading/Language Arts**

The Academy uses a research-based language arts program. The reading instruction includes phonemic awareness and systematic phonics instruction, as well as fluency, vocabulary and text comprehension instruction supplemented with a guided reading program. Emergent readers read leveled books, big books and trade books, which feature a blend of phonics and sight word practice.

### **Kindergarten-Grade 3**

The Core Knowledge Language Arts Listening and Learning Strand is designed to help students build the background knowledge and vocabulary critical to listening and reading comprehension. The decoding skills needed for future independent reading are taught separately in the Core Knowledge Language Arts Skills Strand. The two strands complement each other, building the requisite decoding and comprehension skills that comprise fluent, mature reading. The teaching of the two strands, however, need not be correlated, i.e., teachers may provide instruction and practice in a given unit of the Skills Strand as needed, while moving on to new topics and anthologies in the Listening and Learning Strand.

### **Grades 4-5**

The Grade 4 and 5 Amplify ELA curriculum modules are designed to address MAS ELA outcomes during a one-hour ELA block. The overarching focus for all modules is building students’ literacy skills as knowledge about the world is developed.

### **Middle School English Language Arts**

Students in Grades 6-8 are challenged to think deeply and analytically, studying texts that are complex but accessible — made even more so with digital supports. The Academy’s thoroughly interactive curriculum ignites a passion for reading and writing, with experiences that help students make tangible connections to what is being learned. Understanding rigorous texts, including classics from the likes of Frederick Douglass and William Shakespeare, requires additional scaffolding for many middle-schoolers. Amplify ELA presents challenging texts in a variety of ways, such as through dramatic readings and story animations by award-winning actors and artists. Giving students different ways to grasp texts makes close reading, the task at the heart of the new standards, possible.

Through phonemic awareness and systematic phonics instruction, students learn the ability to hear and manipulate the sounds in spoken words and understand that spoken words and syllables are made up of sequences of speech sounds. This is essential to learning to read in an alphabetic writing system because letters represent sounds or phonemes. Furthermore, an understanding of the systematic and predictable relationships between written letters and spoken sounds, and knowledge of these relationships, helps early readers recognize familiar words accurately, automatically and assists in the “decoding” of new words.

However, phonics cannot stand alone; students' ability to read fluently is also important. Fluency instruction teaches students to read and reread a text a certain number of times or until a certain level of understanding is reached. Four readings are sufficient for most students, but oral reading practice is increased through the use of audiotapes, tutors and peer guidance. To further increase fluency, a strong vocabulary base must be taught. The two best strategies for students to learn vocabulary include indirect and direct teaching instruction. Indirect instruction allows students to engage daily in oral language, listen to adults read aloud and read extensively independently. Direct instruction explicitly teaches both individual words and word learning strategies.

The Academy believes that comprehension instruction ties all the pieces together. Comprehension gives students a purpose for reading, focuses attention on the learning and helps students to think actively while reading. Additionally, it helps students to review content and make connections to prior knowledge and new learning.

The Academy believes in writing across the curriculum to achieve mastery toward the MAS. Students write for a variety of purposes and projects. Writing assignments include daily short- to long-term projects. Daily projects include, but are not limited to, journals and environmental logs. Short-term assignments include, but are not limited to, letter writing, project proposals, grant writing, environmental reports, Role, Audience, Format, Topic, Strong verb ("RAFTS") strategy, and papers that make a real-life connection to the text. Long-term assignments typically involve multiple draft papers and span anywhere from four weeks to an entire year. In addition to writing, students are taught to edit. Through the process of peer editing, students learn to view writing through a critical eye. Students edit papers on the following content: ideas, organization, voice, word choice, sentence fluency, conventions and presentation.

The Academy has established the foundation for a strong language arts program. In order for the program to grow and maintain higher student achievements, the Academy utilizes PLCs and staff professional development to research best practices and close any curriculum gaps that may arise as content changes.

### **Mathematics**

Mathematics as a discipline has its own language, patterns of thinking and conventions. The goal of mathematics is to develop in students the higher-order, problem-solving skills. The Academy's program strives to achieve that goal but believes students need a solid grasp of basic facts as the prerequisite for problem solving within all mathematical operations. Students practice concepts and constantly review and confirm skills. Practice also extends to examining different approaches to solving problems in different types of situations. At the Academy, students learn the fundamentals and apply concepts in order to move to the next level of problem solving.

Mathematics typically stands alone as a subject and is seldom integrated into other subjects until students master the fundamental basic skills and operations. A building block approach introduces topics in small increments, one bit building upon another in a natural progression, until the student masters the concepts and the skills through daily and cumulative practice. As bits develop into concepts, students respond to questions and hands-on problem solving situations to make step-by-step progress from mastery and application of basic skills to simple, practical problem solving and higher-order problem solving. As students move toward higher order

problem solving, teachers are encouraged to meet in PLC and integrate environmental science topics into lessons. This increases deep knowledge learning for basic facts and operations, and for problem solving when appropriate.

### **Science**

Science education is two-pronged and interrelated. First, the program of studies introduces students to science concepts at appropriate grade levels to prepare students for state assessments based on the MAS. Second, the program embeds environmental science topics throughout the curriculum in all subjects. Students work with the classroom teacher and Environmental Science Specialist a minimum of one class period per week. As the Academy is located on a 12-acre parcel of land, many natural resources (e.g., Lake Michigan, Plaster Creek and the Grand River for the study of water and water life) are accessible for use by staff and students.

The Academy uses a spiral format to deliver environmental science topics. Kindergarten students learn basic science facts in a hands-on setting where students can apply simple facts to real-world situations. The spiral works much like a column of content; simple to complex, recitation to problem solving. The natural resources of the region serve as the laboratory of the Academy's environmental theme. Students receive direct, hands-on learning opportunities in which to experiment and observe. The monthly environmental science themes have been identified for teachers to integrate across the curriculum. The monthly themes are as follows:

- ecosystems & living things; water
- weather & climate
- winter ecology
- space exploration & environmental global issues
- science fair
- natural history
- energy
- land use
- agriculture

Opportunities are presented at each grade level to interact with the community through field trips to learn and apply the environmental themes and character education concepts. Middle school students participate in one to two day camp experiences which combine team building activities with environmental topics.

### **Social Studies**

Social studies represent the integrated study of the social sciences and environmental stewardship to promote civic competence and good citizenship. Emphasis is placed on the principles of democracy. Practical, real-world environmental issues are processed through democratic institutions in a representative democracy. The social studies curriculum is designed to develop enlightened citizens. Students are encouraged to be active members of a club or organization serving to improve the school and/or home community through active citizen involvement.

### **Resource Programs (Specials)**

Resource programs (Specials) may be offered by qualified teachers in the curricular areas of:



- Physical education
- Technology
- Environmental Studies
- Foreign language (may be offered)

The classroom teacher integrates the arts into the core curriculum.

### **Physical Education**

Physical education is provided for students in kindergarten through grade eight. Organized physical education provides knowledge, skills and motivation needed for a lifetime of health and exercise. The physical education program aligns with the Academy’s character education program. Students learn about teamwork, the importance of playing fairly, winning gracefully and accepting defeat in good spirit. Physical education contributes to academic achievement as disciplined activity sharpens both mental acuity and an individual’s appetite for learning. Lower elementary students begin with such physical skills as running, jumping, throwing, catching and kicking. In addition, simple games and exercises such as rope jumping, foot races, dances, simple gymnastics and stretching build body control and coordination. Exercise as a valid part of life is professed, taught and modeled by adults. Instruction encourages fitness, respect for rules, sportsmanship, safety and the proper use of equipment. Activities give practice in rhythm, agility, balance, changing direction and building speed. The use of kinetic energy to relieve stress, cooperate with a team or compete for success is basic to the physical education of children.

### **Health**

The State of Michigan mandates the school districts teach about dangerous communicable diseases, including, but not limited to, HIV and AIDS. Sexually Transmitted Infections (“STI”) is an acronym the state uses to describe this required curriculum. This instruction must be offered at least once a year at every building level (elementary, middle, senior high). The Michigan Model for Health is a comprehensive curriculum. The 5<sup>th</sup> and 7<sup>th</sup> grade STI education includes activities and lessons that teach students knowledge of communicable diseases and how to prevent the spread of the diseases.

The 5<sup>th</sup> grade HIV/STI curriculum is 1 lesson in length and teaches the following student learning objectives:

- Students will comprehend concepts related to HIV and AIDS, including the modes of transmission.
- Students will comprehend concepts related to being a friend to someone living with HIV or AIDS.
- Students will demonstrate the ability to protect themselves from infection with HIV by not touching blood or used hypodermic or tattoo needles.

The 7<sup>th</sup> grade HIV/STI curriculum is 2 lessons in length from the Growing Up & Staying Healthy unit (lessons 1 & 2) and teaches the following student learning objectives:

- Explain how HIV is and is not transmitted.
- Distinguish between facts and myths regarding HIV infection and AIDS.
- Analyze behaviors and situations that may result in increased risk for HIV and other STIs.

- Summarize the benefits of staying within behavioral limits and remaining abstinent. Examine viewpoints of parents and other trusted adults regarding teen relationships, abstinence, and sexual decisions.

### **Technology**

The Academy provides students instruction in the Technology Lab to teach students the skills necessary to communicate through technology. Skills taught may include keyboarding, STEM activities, basics of Google Docs, PowerPoint, research techniques and internet safety.

### **Foreign Language**

The Academy may offer Spanish language instruction to students in grades K-8. The foreign language program teaches students the root words of fundamental languages. The curriculum focuses on a single language at certain grade levels. Students learn to read, write and speak through lessons focusing on acquisition skills.

### **Environmental Studies**

The Academy offers environmental science instruction to students in grades Preschool-8. The environmental science instruction focuses on the monthly environmental science themes. The curriculum focuses on providing learning experiences that expose students to learning about the environment and ways to sustain, recycle and upcycle resources.

### **Emotional Intelligence/Social Emotional Learning**

Academic schooling concerns itself with abstract intelligence (the ability to understand and manipulate with verbal and mathematics symbols) and concrete intelligence (the ability to understand and manipulate with objects). Leadership and performance studies (Goleman, 1998) suggest that social intelligence, the ability to understand and relate to people, is important to educating boys and girls as enlightened citizens and responsible family and community members.

Central to social intelligence is emotional intelligence. Goleman defines emotional intelligence as “the capacity for recognizing our own feelings and those of others, for motivating ourselves, and for managing emotions well in ourselves and in our relationships. Emotional intelligence describes abilities distinct from, but complementary to, academic intelligence, the purely cognitive capacities measured by IQ.” Goleman categorizes emotional intelligence into the five basic emotional and social competencies of self-awareness, self-regulations, motivation, empathy and social skills. Emotional intelligence assists students in overcoming conflict and resolving disputes. Further, emotional intelligence enables teachers to understand learning difficulties, develop teaching strategies, design assessment techniques and help students understand the role in the community as team members, students, family and caretakers. Individuals with high emotional intelligence often outperform people with higher levels of intellectual intelligence.

The Academy utilizes the Character Choices character education program to help students learn, acquire and effectively apply the knowledge, attitudes and skills necessary to understand and manage emotions, set and achieve positive goals, feel and show empathy for others, establish and maintain positive relationships, and make responsible decisions.

## **Learning Strategies**

To raise academic performance, the Academy examines the manner in which individual students learn. The goal of providing instruction in learning strategies is the development of a learner who actively and effectively monitors learning. To assist with learning strategies, instructional staff follow a common lesson plan framework. Examples of effective learning strategies include the following:

- setting goals and planning an approach
- focusing attention on the information that is most important
- forming mental frameworks for organizing and understanding information
- linking new ideas with prior knowledge in order to make connections and add personal meaning
- monitoring personal comprehension of material to be learned and recognizing when one needs to change the learning approach (Derry 1989, Thomas 1993 Raforth, Leal, and Defabo 1993, and Weinstein et.al. 1999).

Learning strategy instruction makes a significant difference in students' academic performance, creates independent learners and builds self-confidence. Learning strategies address the needs of all learners (e.g., below grade level and gifted and talented) and students practice and apply the strategies across the curriculum. Assessment ensures learning strategies become part of each student's regular learning repertoire. Teachers also model strategic thinking. Teachers talking about thinking and doing may help children to better understand the thought process. The teacher who consistently "thinks out loud" and encourages it on the part of students also has an excellent diagnostic tool available (ERS, 2000).

## **Educational Development Program ("EDP")**

To further empower students, the Academy requires middle school students to create an EDP. An EDP is a document that reflects student educational and career goals, methods to achieve these goals and student activities and achievements. A student designs an EDP under the supervision of a teacher through a software program called Career Cruising. Each EDP contains the following essential elements: personal information such as the student's name, date of birth and grade level; education, training and career goals; assessment results, both career- and academic- related; and a plan of action, including high school course selections, expected graduation date and timeline for college application. Students develop an EDP in seventh grade. Starting the EDP in middle school assists students in planning for high school curriculum and post-secondary goals. An EDP is updated as student interests and abilities become more evident and focused.

## **Special Education**

When making educational placement decisions for students with disabilities, the Academy will ensure that parents are contributing members of the Individualized Educational Program ("IEP") team, and together the team will make decisions that are subject to requirements regarding provision of the least-restrictive environment. When determining how services will be delivered to students with disabilities, the Academy will follow all Special Education Rules as issued by the Michigan Department of Education. If a child with a current IEP enrolls in the Academy, the Academy will implement the existing IEP to the extent possible or will provide an interim IEP agreed upon by parents until a new IEP can be developed. IEPs will be developed, revised and implemented in accordance with the Individuals with Disabilities Education Improvement Act ("IDEIA") and state law and regulations.

The Academy will fully comply with federal laws and regulations governing children with disabilities as follows:

1. The Academy is responsible for providing a free, appropriate public education to children with disabilities enrolled in the Academy that have been determined through an IEP to require Special Education programs and services.
2. The Academy will ensure that children who are suspected of having disabilities are properly evaluated by a multidisciplinary team, as defined in the Michigan Special Education Rules, and that children who have already been identified are re-evaluated by the multidisciplinary team at least every three years.
3. When a multidisciplinary team determines that a special education student requires Special Education programs and services, the Academy will ensure that the IEP is fully implemented in accordance with IDEIA, and reviewed on an annual basis or more frequently as determined by the IEP team.

The special education program uses the inclusion model for providing services to students with IEPs. The Academy discourages pull-out programs. If a student is pulled-out from class, the intervention must be described in an IEP, a 504 Plan or an ISLP. Cross grade movement for advanced work is not considered a pull-out program. Teachers recognize and honor the educational program stated in an IEP for a special education student, or a 504 plan for a qualified student. In cases where the Academy program is compromised by an IEP, the principal, or designated representative, asks the parent to meet to discuss the Academy's unique educational program and to discuss means by which the child might receive a higher quality educational program than that described in the IEP. The same is true for a student who has a 504 Plan.

### **English Language Learners (“ELL”)**

The Academy offers academic support to all students who speak a language other than English at home and are given the opportunity to enrich learning with a highly qualified teacher. Small group support is provided to help students be successful in school, both socially and academically, and learn to communicate using the English language. ELL students are determined using two variables:

1. The student has been enrolled in an ELL program prior to entering the academy and has not acquired the necessary score of Advanced Proficient on the state mandated WIDA™ administered in the spring testing window.
2. New students applying to the Academy will complete the Parent Home Survey information on the application at the time of enrollment. If the survey indicates that the student speaks a language other than English in the home, the WIDA Access Placement Test screener is administered to the student to determine qualification for ELL services and to assess the level of support needed.

The students receive support in English through small group instruction and push-in services during the school day. The frequency of support decreases as the student shows higher proficiency, with the goal of exiting the students from the ELL program. For students entering the program at the kindergarten level, the goal is to have the student exited by the fourth grade. Students continue to receive ELL services until the student tests at the Advanced Proficient Level in the spring testing window of the WIDA assessment. All students, at the varying levels, need to test at the Advanced Proficient Level for one year to start the ELL exciting process. Upon receiving the Advanced Proficient on the WIDA, the student continues to be monitored the

following year to maintain proficiency. The ELL Teacher monitors each student by communicating with the student and classroom teacher on a regular basis. If the student continues testing at the Advanced Proficient Level for two consecutive years, the student is exited from the ELL program.

### **Program Evaluation**

The Educational Program is formally evaluated on an annual basis. Effective teaching is essential to the implementation of the Academy's Educational Program. Academy leadership evaluates effective instruction by performing informal and formal teacher observations. The observations provide a platform for quality dialogue for constructive feedback serving to improve instructional practices. Academy staff also meet with leadership to review school performance. Data is collected and analyzed to determine and monitor school improvement goals. Leadership and staff routinely monitor assessment data (e.g., NWEA, state assessment) to implement needed changes, to ensure adequate growth in all classrooms and to make necessary adjustments to improve the delivery of the Educational Program.

In addition to observations and the examination of data, professional development opportunities and PLCs are provided to staff members. Training opportunities and a professional community of learners enhance instructional practices and provide opportunities of collaboration and cooperation with other teachers.

**SECTION D**  
**CURRICULUM**

## CURRICULUM

Pursuant to Applicable Law and the Terms and Conditions of this Contract, including Article VI, Section 6.4, the Academy shall implement, deliver, and support the curriculum identified in this schedule.

The Academy has adopted Amplify CKLA™ for grades K-5 English Language Arts (“ELA”); Expeditionary Learning for grades 6-8 ELA; Math in Focus for grades K-8; Mystery Science for grades K-2 and Full Option Science System™ (“FOSS”) for grades 4-8; Michigan Association of Intermediate School Administrators (“MAISA”) social studies for grades K-8; Exemplary Physical Education Curriculum™ (“EPEC™”); and Michigan Model for Health™ as a curriculum. The curriculum for all core subjects has been received, reviewed and approved by the Center.

- Amplify CKLA <https://ckla.amplify.com/>
- Expeditionary Learning <https://curriculum.education.org/>
- Math in Focus <https://www-k6.thinkcentral.com/dashboard/home>
- Mystery Science <http://www.choicecurriculum.com/index.php>
- FOSS <https://www.deltaeducation.com/foss/next-generation#scope>
- Michigan Model for Health [http://www.michigan.gov/mdhhs/0,5885,7-339-73971\\_4911\\_4912\\_74286---,00.html](http://www.michigan.gov/mdhhs/0,5885,7-339-73971_4911_4912_74286---,00.html)
- Exemplary Physical Education Curriculum (EPEC) <http://www.michiganfitness.org/epec/>

### **Elementary**

The following subjects/courses are offered at the Academy.

Course	K	1	2	3	4	5	6	7	8
English Language Arts	X	X	X	X	X	X	X	X	X
Mathematics	X	X	X	X	X	X	X	X	X
Science	X	X	X	X	X	X	X	X	X
Social Studies	X	X	X	X	X	X	X	X	X
Health	X	X	X	X	X	X	X	X	X
Physical Education	X	X	X	X	X	X	X	X	X

**SECTION E**

**METHODS OF PUPIL ASSESSMENT**



## **METHODS OF PUPIL ASSESSMENT**

Pursuant to Applicable Law and the Terms and Conditions of this Contract, including Article VI, Section 6.5, the Academy shall properly administer all state-mandated academic assessments identified in the Code, as applicable, and all academic assessments identified in the Public School Academy Chartering Policies adopted by the University Board, as applicable, in accordance with the requirements detailed in the Master Calendar annually issued by the Center.

The Academy shall authorize the Center to have access to the Academy's Student/School Data Applications through the Center for Educational Performance and Information and to the electronic reporting system administered by the Michigan Department of Education to access the Academy's state assessment results, as applicable. The Academy shall ensure that those involved with the administration of these assessments are properly trained and adhere to the ethical standards and testing procedures associated with these assessments.

### **Academic Assessments to Be Administered:**

Assessments as identified in Schedule 7b and all state-mandated assessments.

**SECTION F**

**APPLICATION AND ENROLLMENT OF STUDENTS**

## **APPLICATION AND ENROLLMENT OF STUDENTS**

Pursuant to Applicable Law and the Terms and Conditions of this Contract, including Article VI, Sections 6.6 and 6.16, the Academy shall comply with the application and enrollment requirements identified in this Schedule.

### **Enrollment Limits**

The Academy will offer kindergarten through eighth grade. The maximum enrollment shall be 450 students. The Academy Board will annually adopt maximum enrollment figures prior to its application and enrollment period.

### **Requirements**

Section 504 of the Code provides that public school academies shall not charge tuition and shall not discriminate in its pupil admissions policies or practices on the basis of intellectual or athletic ability, measures of achievement or aptitude, status as a student with a disability, or any other basis that would be illegal if used by a Michigan school district. However, a public school academy may limit admission to pupils who are within a particular range of age or grade level or on any other basis that would be legal if used by a Michigan school district and may give enrollment priority as provided below.

- Academy enrollment shall be open to all individuals who reside in Michigan. Except for a foreign exchange student who is not a United States citizen, a public school academy shall not enroll a pupil who is not a Michigan resident.
- Academy admissions may be limited to pupils within a particular age range/grade level or on any other basis that would be legal if used by a Michigan school district.
- The Academy shall allow any pupil who was enrolled in the Academy in the immediately preceding school year to enroll in the Academy unless the appropriate grade is not offered.
- No student may be denied participation in the application process due to lack of student records.
- If the Academy receives more applications for enrollment than there are spaces available, pupils shall be selected for enrollment through a random selection drawing.

The Academy may give enrollment priority to one (1) or more of the following:

- A sibling of a pupil enrolled in the Academy.
- A pupil who transfers to the Academy from another public school pursuant to a matriculation agreement between the Academy and other public school that provides for this enrollment priority, if all of the following requirements are met:
  1. Each public school that enters into the matriculation agreement remains a separate and independent public school.
  2. The Academy shall select at least 5% of its pupils for enrollment using a random selection process.

3. The matriculation agreement allows any pupil who was enrolled at any time during elementary school in a public school that is party to the matriculation agreement and who was not expelled from the public school to enroll in the public school academy giving enrollment priority under the matriculation agreement.
- A child, including an adopted child or legal ward, of a person who is employed by or at the Academy or who is on the Academy Board.

### **Matriculation Agreement**

- The Academy Board may enter into a matriculation agreement with another public school pursuant to section 504(4) of the Code.
- However, before the Academy Board approves a matriculation agreement, the Academy shall provide a draft copy of the agreement to the Center for review.
- Any matriculation agreement entered into by the Academy shall be added to this Schedule 7f through a contract amendment approved in accordance with Article IX in the Terms and Conditions of this Contract.
- Until the matriculation agreement is incorporated into this Contract, the Academy is prohibited from granting an enrollment priority to any student pursuant to that matriculation agreement.

### **Application Process**

- The Academy shall make reasonable effort to advertise its enrollment openings.
- The Academy's open enrollment period shall be a minimum of two weeks (14 calendar days) in duration and shall include evening and weekend times.
- The Academy shall accept applications all year. If openings occur during the academic year, students shall be enrolled. If openings do not exist, applicants shall be placed on the official waiting list. The waiting list shall cease to exist at the beginning of the Academy's next open enrollment period.
- In the event there are openings in the class for which students have applied, students shall be admitted according to the official waiting list. The position on the waiting list shall be determined by the random selection drawing. If there is no waiting list, students shall be admitted on a first-come, first-served basis.
- The Academy may neither close the application period nor hold a random selection drawing for unauthorized grades prior to receipt of written approval from the Center.

### **Legal Notice or Advertisement**

- The Academy shall provide legal notice or advertisement of the application and enrollment process in a local newspaper of general circulation. A copy of the legal notice or advertisement shall be forwarded to the Center.

- At a minimum, the legal notice or advertisement must include:
  1. The process and/or location(s) for requesting and submitting applications.
  2. The beginning date and the ending date of the application period.
  3. The date, time, and place the random selection drawing(s) will be held, if needed.
- The legal notice or advertisement of the application period shall be designed to inform individuals that are most likely to be interested in attending the Academy.
- The Academy, being an equal opportunity educational institution, shall be committed to good-faith affirmative action efforts to seek out, create and serve a diverse student body.

### **Re-enrolling Students**

- The Academy shall notify parents or guardians of all enrolled students of the deadline for notifying the Academy that they wish to re-enroll their child.
- If the Academy Board has a sibling preference policy, the re-enrollment notice must also request that the parent or guardian indicate whether a sibling(s) seeks to enroll for the upcoming academic year.
- An enrolled student who does not re-enroll by the specified date can only apply to the Academy during the application period for new students.
- An applicant on the waiting list at the time a new application period begins must reapply as a new student.
- After collecting the parent or guardian responses, the Academy must determine the following:
  1. The number of students who have re-enrolled per grade or grouping level.
  2. The number of siblings seeking admission for the upcoming academic year per grade.
  3. If space is unavailable, the Academy must develop a waiting list for siblings of re-enrolled students.
  4. The number of spaces remaining, per grade, after enrollment of current students and siblings.

### **Random Selection Drawing**

A random selection drawing is required if the number of applications exceeds the number of available spaces. Prior to the application period, the Academy shall:

- Establish written procedures for conducting a random selection drawing.
- Establish the maximum number of spaces available per grade or age grouping level.
- Establish the date, time, place and person to conduct the random selection drawing.

- Notify the Center of both the application period and the date of the random selection drawing, if needed. The Center may have a representative on-site to monitor the random selection drawing process.

The Academy shall use a credible, impartial individual who is not employed by, under contract with, a member of the Board of, or otherwise affiliated with the Academy to conduct the random selection drawing. Further, the Academy shall:

- Conduct the random selection drawing in a manner that is open to parents, community members and members of the public who want to observe the process.
- Use numbers, letters, or another system that guarantees fairness and does not give an advantage to any applicant.

The Academy shall notify applicants not chosen in the random selection drawing that they were not selected and that their name has been placed on the Academy's official waiting list for openings that may occur during the academic year. Students shall appear on the official waiting list in the order they were selected in the random selection drawing.

**SECTION G**

**SCHOOL CALENDAR AND SCHOOL DAY SCHEDULE**

## **SCHOOL CALENDAR AND SCHOOL DAY SCHEDULE**

Pursuant to Applicable Law and the Terms and Conditions of this Contract, including Article VI, Section 6.7, the Academy shall comply with the school calendar and school day schedule requirements identified in this schedule.

### School Calendar

The Academy's school calendar shall comply with Sections 1175, 1284 and 1284a, if applicable, of the Code. The Academy's school calendar shall also comply with the minimum requirements set forth in Section 101 of the School Aid Act of 1979 (MCL 388.1701). The Academy Board must submit a copy of the Academy's school calendar to the Center in accordance with the Master Calendar of Reporting Requirements.

### School Day Schedule

The Academy Board must structure the Academy's school day schedule to meet the required number of instructional days and hours. The Academy Board must submit the school day schedule to the Center prior to the commencement of each academic year.



**SECTION H**

**AGE OR GRADE RANGE OF PUPILS**

## **AGE OR GRADE RANGE FOR PUPILS TO BE ENROLLED**

Pursuant to Applicable Law and the Terms and Conditions of this Contract, including Article VI, Section 6.8, the Academy shall comply with the age or grade ranges as stated in this schedule.

The Academy will enroll students in kindergarten through eighth grade. The Academy may add grades with the prior written approval of the authorizing body.

Students of the Academy will be children who have reached the age of 5 by the dates outlined in the Code.

**CONTRACT SCHEDULE 8**

**INFORMATION AVAILABLE TO  
THE PUBLIC AND THE CENTER**

## **INFORMATION AVAILABLE TO THE PUBLIC AND THE CENTER**

Pursuant to Applicable Law and the Terms and Conditions of this Contract, including Article XI, Section 11.9, the Academy shall comply with this Schedule.

### **Information Available to the Public and The Center**

The Code provides that the board of directors of a public school academy shall make information concerning its operation and management available to the public and to the Center in the same manner as is required by state law for school districts.

The Code provides that the board of directors of a public school academy shall collect, maintain, and make available to the public and the Center, in accordance with applicable law and the Contract, at least all of the following information concerning the operation and management of the Academy:

1. A copy of the Academy's Charter Contract.
2. A list of currently serving members of the Academy Board, including name, address, and term of office.
3. Copies of policies approved by the Academy Board.
4. The Academy Board meeting agendas and minutes.
5. The budget approved by the Academy Board and of any amendments to the budget.
6. Copies of bills paid for amounts of \$10,000.00 or more, as submitted to the Academy Board.
7. Quarterly financial reports submitted to the Center.
8. A current list of teachers and administrators working at the Academy that includes individual salaries as submitted to the Registry of Educational Personnel.
9. Copies of the teaching or administrator's certificates or permits of current teaching and administrative staff.
10. Evidence of compliance with the criminal background and records checks and unprofessional conduct check required under sections 1230, 1230a, and 1230b of the Code for all teachers and administrators working at the Academy.
11. Curriculum documents and materials given to the Center.
12. Proof of insurance as required by the Contract.
13. Copies of facility leases or deeds, or both.
14. Copies of any equipment leases.
15. Copies of any management contracts or services contracts approved by the Academy Board.
16. All health and safety reports and certificates, including those relating to fire safety, environmental matters, asbestos inspection, boiler inspection, and food service.
17. Annual financial audits and any management letters issued as part of the Academy's annual financial audit, required under Article VI, Section 6.11 of the Terms and Conditions of this Contract.
18. Any other information specifically required under the Code.

**Information to be Provided by the Academy’s Educational Service Provider (if any)**

Pursuant to the Terms and Conditions of this Contract, including Article III, Section 3.6, the University Board authorizes the Academy Board to employ or contract for personnel according to the position information outlined in Schedule 5. Any Educational Service Provider Management Agreement entered into by the Academy must contain a provision requiring the educational service provider to provide to the Academy Board information concerning the operation and management of the Academy (including without limitation, but not limited to, the items identified above and annually the information that a school district is required to disclose under Section 18(2) of the State School Aid Act of 1979, MCL 388.1618) available to the Academy Board in order to enable the Academy to fully satisfy its obligations under Section 11.9(a) of the Terms and Conditions.

AMENDMENT NO. 1

to the  
July 1, 2019 Contract to Charter  
A Public School Academy and Related Documents

Issued To

NEW BRANCHES CHARTER ACADEMY  
(A PUBLIC SCHOOL ACADEMY)

By

THE CENTRAL MICHIGAN UNIVERSITY  
BOARD OF TRUSTEES  
(AUTHORIZING BODY)



April 15, 2020

Ms. Teresa Larkin  
New Branches Charter Academy  
3662 Poinsettia Ave., SE  
Grand Rapids, MI 49508

Re: Approval of Continuity of Learning and COVID-19 Response Plan ("Plan")

Dear Ms. Larkin:

I am pleased to inform you that the Plan for New Branches Charter Academy ("Academy") has been approved by The Governor John Engler Center for Charter Schools at Central Michigan University and will be transmitted by our office to the State Superintendent of Public Instruction and the State Treasurer. The Plan is effective as of the date indicated in the Plan. You may proceed with Plan implementation for the remainder of the 2019-2020 school year and, if applicable, other elements that affect the 2020-2021 school year.

Please also proceed with the following next steps:

- To fulfill one of the required assurances, immediately add a copy of the approved Plan, assurances document, and budget outline to the Academy's website. An approved copy of the Plan is attached and can be found in Epicenter.
- Present the Plan to the Academy's Board of Directors ("Academy Board") at its next scheduled meeting. At that meeting the Academy Board should approve any necessary amendments to the Academy's 2019-2020 budget or other relevant agreements needed to implement the Plan. In accordance with the Terms and Conditions of the Academy's charter contract ("Contract"), the approved Plan shall constitute Contract amendment number eight (8) to the Contract upon approval by the Academy Board. This Contract amendment will remain in effect as long as the Plan remains in effect. Attached please find a draft resolution for the Academy Board to use in approving the Plan and Contract amendment.

If the Academy requires an amendment to the Plan, please contact Amy Densmore, Director of Charter Accountability, at (989) 506-0355 or via email at [avanatten@thecenterforcharters.org](mailto:avanatten@thecenterforcharters.org) to initiate that process.

Thank you for all your efforts to keep student learning moving forward in these trying times. If you have any further questions or need additional support, please do not hesitate to contact us.

Sincerely,

A handwritten signature in black ink that reads "Corey Northrop". The signature is written in a cursive, flowing style.

Corey Northrop  
Executive Director

cc: Ryan Julian, Board President  
Candace Sorensen, Board Corresponding Agent

Attachments:

Approved Continuity of Learning and COVID-19 Response Plan  
Academy Board Resolution

**RESOLUTION APPROVING THE CONTINUITY OF LEARNING AND COVID-19  
RESPONSE PLAN (“PLAN”), BUDGET AMENDMENT RELATED TO PLAN AND  
OTHER AGREEMENTS REFERENCED IN PLAN, AND APPROVAL OF CHARTER  
CONTRACT AMENDMENT**

New Branches Charter Academy (the “Academy”)

A [regular/ special] meeting of the Academy Board of Directors was held on the 11th day of May, 2020, at 6 p.m.

The meeting was called to order at 6:06 p.m. by Board Member Ryan Julian:

Present: Ryan Julian, Kina King Athena Cronberg, Scott Embree, Steven Null, Dawn Martinson, and Eric Thomas-Ferrell

Absent: None

The following preamble and resolution were offered by Board Member Scott Embree and supported by Board Member Athena Cronberg:

**BACKGROUND**

On April 2, 2020, in response to the novel coronavirus (COVID-19) pandemic affecting our state, Governor Gretchen Whitmer issued Executive Order 2020-35 (the “Order”) that, except as provided in section III of the Order, suspends in-person instruction for pupils in kindergarten through grade 12 (“K-12”) for the remainder of the 2019-2020 school year and requires that school buildings used for the provision of K-12 education remain closed for the purpose of providing K-12 education in person for the remainder of the 2019-2020 school year, unless restrictions on public gatherings and use of school buildings are lifted before the end of the 2019-2020 school year.

In order to receive continued state school aid funding for the remainder of the 2019-2020 school year, the Order suspends certain state law provisions that, as reflected in the Order, are associated with in-person instruction, requires that public school academies continue to provide alternative modes of instructions for all pupils, as reflected in a Plan, for the remainder of the 2019-2020 school year, and requires that each public school academy submit their Plan to their authorizing body for approval.

On April 14, 2020, the Academy submitted its Plan to Central Michigan University] (“Authorizer”) for approval.

On April 15, 2020, Authorizer approved the Academy’s Plan as reflected in the attached letter (“Authorizer Approval Letter” attached) As set forth in the Authorizer Approval Letter, the Academy Board of Directors (“Academy Board”) is required to approve the Academy’s Plan and approve the Academy’s Plan as a charter contract (“Contract”) amendment at its next scheduled board meeting.



**THE ACADEMY BOARD THEREFORE RESOLVES THAT:**

1. The actions taken by Academy representatives to prepare and submit the Academy's Plan to Authorizer are ratified.
2. The Academy's Plan approved by Authorizer is approved.
5. The Plan is approved by the Academy Board as the COVID-19 Learning Plan Amendment to the Contract. This Contract amendment shall remain in effect as long as the Plan remains in effect.
6. All resolutions and parts of resolutions insofar as they conflict with the provisions of this resolution be and the same hereby are rescinded.
7. The Academy will deliver from time to time such information regarding the implementation of the Academy's Plan as the Authorizer or Michigan Department of Education may reasonably request.
8. Any Board policies or provision of Board policies that prohibit or impede the Academy's compliance with the Plan or Executive Order 2020-35 are temporarily waived, suspended or altered.
9. Any actions or actions taken by authorized Academy representatives in the development, submission and implementation of the Plan are (to the extent such actions or actions are not inconsistent with the delegation of authority provided under this resolution) ratified and confirmed in all respects.
10. This Resolution shall take immediate effect and continue through the end of the state of emergency and disaster declared in Executive Order 2020-33 or any other state of emergency or disaster declared in response to COVID-19 during the remainder of the 2019-2020 school year.

Ayes: 7

Nays: 0

Resolution declared adopted.



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Print Name: Athena Cronberg  
Secretary, Academy Board

AMENDMENT NO. 2

to the  
July 1, 2019 Contract to Charter  
A Public School Academy and Related Documents

Issued To

NEW BRANCHES CHARTER ACADEMY  
(A PUBLIC SCHOOL ACADEMY)

By

THE CENTRAL MICHIGAN UNIVERSITY  
BOARD OF TRUSTEES  
(AUTHORIZING BODY)

**Amendment to Continuity of Learning Plan – New Branches Charter Academy  
Approved by the Board of Directors – June 8, 2020**

**# 11 - Current Version:**

All employees are expected to participate in the approved Continuity of Learning Plan and may be asked by the school leader to work in a role different than what was in their original offer of at-will employment for the 2019-2020 school year. School leaders will take each employee's strengths and growth plans into consideration when making these assignments and will communicate them clearly in writing to each hourly employee assigned to a different role than what was stated in their offer of at-will employment.

Employees assigned to the Academy in the board-approved budget will be paid as outlined in their signed offer of at-will employment for the 2019-2020 school year. The offers of at-will employment for the 2019-2020 school year have not been amended due to circumstances surrounding COVID-19. If the school's spring break falls during the closure, hourly staff will be paid and will not have to use Paid Time Off (PTO). Teachers are required to provide their students with learning opportunities as outlined in the approved Continuity of Learning Plan and in accordance with the expectations of the school leader.

At a minimum, hourly staff will be paid based on the average number of hours worked during a normal week. The average hours of a normal week will not include overtime. If the school leader asks an hourly employee in writing and in advance to work beyond the average number of hours of a normal week, the hourly employee will be paid for those leader approved hours. Hourly employees will be asked by the school leader to help with tasks to assist with the continuity of learning plans.

**# 11 - Amended Version:**

*Employees who are actively working and still receiving compensation are expected to participate in the approved Continuity of Learning Plan and may be asked by the school leader to work in a role different than what was in their original offer of at-will employment for the 2019-2020 school year. School leaders will take each employee's strengths and growth plans into consideration when making these assignments and will communicate them clearly in writing to each hourly employee assigned to a different role than what was stated in their offer of at-will employment.*

*Employees who are actively working and have been assigned to the Academy in the board-approved budget will be paid as outlined in their signed offer of at-will employment for the 2019-2020 school year. The offers of at-will employment for the 2019-2020 school year have not been amended due to circumstances surrounding COVID-19. If the school's spring break falls during the closure, hourly staff will be paid and will not have to use Paid Time Off (PTO). Teachers are required to provide their students with learning opportunities as outlined in the approved Continuity of Learning Plan and in accordance with the expectations of the school leader.*

*At a minimum, hourly staff who are actively working and are participating in the Continuity of Learning Plan will be paid based on the average number of hours worked during a normal week. The average hours of a normal week will not include overtime. If the school leader asks an hourly employee in writing and in advance to work beyond the average number of hours of a normal week, the hourly employee will be paid for those leader approved hours. Active hourly employees will be asked by the school leader to help with tasks to assist with the continuity of learning plans.*

**The New Branches Charter Academy Board approved this Amendment to its Continuity of Learning Plan at its June 8, 2020, meeting. The original Continuity of Learning Plan was incorporated into the Charter Contract via Contract Amendment No. 1.**

AMENDMENT NO. 3

to the  
July 1, 2019 Contract to Charter  
A Public School Academy and Related Documents

Issued To

NEW BRANCHES CHARTER ACADEMY  
(A PUBLIC SCHOOL ACADEMY)

By

THE CENTRAL MICHIGAN UNIVERSITY  
BOARD OF TRUSTEES  
(AUTHORIZING BODY)

## CONTRACT AMENDMENT NO. 3

### NEW BRANCHES CHARTER ACADEMY

In accordance with Article IX of the Terms and Conditions of the Contract (the “Contract”), dated July 1, 2019, issued by the CENTRAL MICHIGAN UNIVERSITY BOARD OF TRUSTEES (the “University Board”) to NEW BRANCHES CHARTER ACADEMY (the “Academy”), as amended, the parties agree to further amend the Contract as follows:

- 1.) Amend the Terms and Conditions of Contract by replacing the language contained within Article III, Section 3.6. Authorization to Employ or Contract; Article IV, Section 4.1. Limitations on Actions in Performance of Governmental Functions, Section 4.3. Academy Board Members Serve In Their Individual Capacity, Section 4.4. Incompatible Public Offices and Conflicts of Interest Statutes, and Section 4.5. Prohibition of Identified Family Relationships; Article VI, Section 6.11. Annual Financial Statement Audit and Section 6.16. Matriculation Agreements; Article X, Section 10.6(i). Disposition of State School Aid Funds, Section 10.8. Conservator; Appointment By University President, and Section 10.9. Academy Dissolution Account, with the corresponding language attached as Tab 1.
- 2.) Further amend the Terms and Conditions of Contract by inserting at the end of Article IV: Requirement That the Academy Act Solely as Governmental Entity and Article XI: Provisions Relating to Public School Academies, the corresponding language attached as Tab 2.
- 3.) Amend Schedule 2: Amended Bylaws, by replacing the language contained within Article VIII, Section 6. Contracts Between Corporation and Related Persons, with the language attached as Tab 3.
- 4.) Amend Schedule 3: Fiscal Agent Agreement, by replacing the language contained within Article II, Section 2.4. Academy Board Requests for Direct Intercept of State School Aid Payments, Article III: State Duties, and Article IV, Section 4.5. Repayment of Overpayment, with the corresponding language attached as Tab 4.
- 5.) Amend Schedule 4: Oversight, Compliance and Reporting Agreement, by replacing the language contained within Article II, Section 2.1(n) with the following:  
  
“Initiate action pursuant to the Terms and Conditions of Contract to amend, revoke, reconstitute, terminate or suspend the Contract.”
- 6.) Further amend Schedule 4: Oversight, Compliance and Reporting Agreement, by inserting at the end of Article IV: Miscellaneous, the language attached as Tab 5.
- 7.) Amend Schedule 7, Section f: Application and Enrollment of Students, by replacing the Matriculation Agreement section contained therein with the materials attached as Tab 6.

This entire amendment is hereby approved by the University Board and the Academy Board through their authorized designees, and shall have an effective date of July 1, 2020.

Corey Northrop

Dated: 8/11/2020

By: Corey R. Northrop, Executive Director  
The Governor John Engler Center for Charter Schools  
Designee of the University Board

Steven Knull

Dated: 8-10-20

By: Steven Knull  
New Branches Charter Academy  
Designee of the Academy Board

New Branches Charter Academy

Contract Amendment No. 3

# Tab 1

Section 3.6. Authorization to Employ or Contract. The University Board authorizes the Academy Board to employ or contract for personnel according to the position information outlined in Schedule 5. The Academy Board shall prohibit any individual from being employed by the Academy or an Educational Service Provider, in more than one (1) full-time position and simultaneously being compensated at a full-time rate for each of these positions. An employee hired by the Academy shall be an employee of the Academy for all purposes and not an employee of the University for any purpose. With respect to Academy employees, the Academy shall have the power and responsibility to (i) recruit, select and engage employees; (ii) pay their wages, benefits, and applicable taxes; (iii) evaluate performance; (iv) discipline and dismiss employees; and control the employees' conduct, including the method by which the employee carries out his or her work. The Academy Board shall be responsible for carrying workers' compensation insurance and unemployment insurance for its employees.

The Academy Board may contract with an Educational Service Provider to provide comprehensive educational, administrative, management, or instructional services or staff to the Academy. Before entering into a Management Agreement with an Educational Service Provider, the Academy Board shall first comply with the Educational Service Provider Policies issued by the Center. Any Management Agreement entered into by the Academy shall also comply with Section 11.2 and 12.10 of these Terms and Conditions. A copy of the Management Agreement between the Academy Board and the Educational Service Provider shall be incorporated into this Contract under Schedule 5. Any changes to the Management Agreement shall be incorporated into this Contract by amendment in accordance with Article IX, as applicable.



Section 4.1. Limitation on Actions in Performance of Governmental Functions. The Academy shall act exclusively as a governmental entity and shall not undertake any action inconsistent with its status as a governmental entity authorized to receive state school aid funds pursuant to Section 11 of Article IX of the State Constitution of 1963.

Section 4.3. Academy Board Members Serve In Their Individual Capacity. All Directors of the Academy Board shall serve in their individual capacity, and not as a representative or designee of any other person or entity. A person who does not serve in their individual capacity, or who serves as a representative or designee of another person or entity, shall be deemed ineligible to continue to serve as a Director of the Academy Board. A Director who violates this section shall be removed from office, in accordance with the removal provisions found in the Method of Selection, Appointment and Removal Resolution and Contract Schedule 2: Amended Bylaws. As set forth in the Resolution, a Director serves at the pleasure of the University Board, and may be removed with or without cause at any time.

Section 4.4. Incompatible Public Offices and Conflicts of Interest Statutes. The Academy shall comply with the Incompatible Public Offices statute, being MCL 15.181 et seq. of the Michigan Compiled Laws, and the Contracts of Public Servants with Public Entities statute, being MCL 15.321 et seq. of the Michigan Compiled Laws. The Academy Board shall ensure compliance with Applicable Law relating to conflicts of interest. Notwithstanding any other provision of this Contract, the following shall be deemed prohibited conflicts of interest for purposes of this Contract:

- (a) An individual simultaneously serving as an Academy Board member and an owner, officer, director, employee or consultant of an Educational Service Provider or an employee leasing company, or a subcontractor to an Educational Service Provider or an employee leasing company that has an ESP Agreement with the Academy;
- (b) An individual simultaneously serving as an Academy Board member and an Academy employee;
- (c) An individual simultaneously serving as an Academy Board member and an independent contractor to the Academy;
- (d) An individual simultaneously serving as an Academy Board member and a member of the governing board of another public school;
- (e) An individual simultaneously serving as an Academy Board member and a University official, employee, or paid consultant, as a representative of the University; and
- (f) An individual simultaneously serving as an Academy Board member and having an ownership or financial interest in any real or personal property leased or subleased to the Academy.

Section 4.5. Prohibition of Identified Family Relationships. The Academy Board shall prohibit specifically identified family relationships pursuant to applicable law and the Terms and Conditions of this Contract. Language in this Section controls over section 1203 of the Code. Notwithstanding any other provision of this Contract, the following shall be deemed prohibited familial relationships for the purposes of this Contract:

- (a) No person shall be appointed or reappointed to serve as an Academy Board member if the person's 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 or same-sex domestic partner:
- (i) Is employed by the Academy;
  - (ii) Works at or is assigned to work at the Academy;
  - (iii) Has an ownership, officer, policymaking, managerial, administrative non-clerical, or other significant role with the Academy's Educational Service Provider or employee leasing company;
  - (iv) Has an ownership or financial interest in any school building lease or sublease agreement with the Academy; or
  - (v) Is a current Academy Board member.
- (b) The Academy Board shall require each individual who works at the Academy to annually disclose any familial relationship with any other individual who works at, or provides services to, the Academy. For purposes of this subsection, familial relationship means a person's 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 or same-sex domestic partner.

Section 6.11. Annual Financial Statement Audit. The Academy shall conduct an annual financial statement audit prepared and reviewed by an independent certified public accountant. The Academy Board shall select, retain and pay the Academy's independent auditor. The Academy Board shall not approve the retention of any independent auditor if that independent auditor or auditor's firm is also performing accounting and/or auditing services for the Academy's Educational Service Provider, if applicable. The Academy shall submit the annual financial statement audit and auditor's management letter to the Center in accordance with the Master Calendar. The Academy Board shall provide to the Center a copy of any responses to the auditor's management letter in accordance with the Master Calendar.

Section 6.16. Matriculation Agreements. Before the Academy Board approves a matriculation agreement with another public school, the Academy shall provide a draft copy of the agreement to the Center for review. Any matriculation agreement entered into by the Academy shall be added to Schedule 7f through a contract amendment approved in accordance with the Contract.

Section 10.6. University Board Procedures for Revoking Contract.

- (i) Disposition of State School Aid Funds. Notwithstanding any other provision of the Contract, any state school aid funds received by the University Board after a recommendation is made by the Hearing Panel to revoke the Contract, or a decision by the University Board to revoke the Contract, may be withheld by the University Board or returned to the Michigan Department of Treasury upon request. The University Board may also direct that a portion of the Academy's state school aid funds be directed to fund the Academy's Dissolution account established under Section 10.9 of these Terms and Conditions.

Section 10.8. Conservator; Appointment By University President. Notwithstanding any other provision of the Contract, in the event that the University President, in his or her sole discretion, determines that the health, safety and welfare of Academy students, property or funds are at risk, the University President, after consulting with the University Board Chairperson, may appoint a person to serve as the Conservator of the Academy. Upon appointment, the Conservator shall have all the powers and authority of the Academy Board under this Contract and Applicable Law and shall act in the place and stead of the Academy Board. The University President shall appoint the Conservator for a definite term which may be extended in writing at his or her sole discretion. During the appointment, the Academy Board members and their terms in office are suspended and all powers of the Academy Board are suspended. All appointments made under this provision must be presented to the University Board for final determination at its next regularly scheduled meeting. During their appointment, the Conservator shall have the following powers:

- (a) take into his or her possession all Academy property and records, including financial, board, employment and student records;
- (b) institute and defend actions by or on behalf of the Academy;
- (c) continue the business of the Academy including entering into contracts, borrowing money, and pledging, mortgaging, or otherwise encumbering the property of the Academy as security for the repayment of loans. However, the power shall be subject to any provisions and restrictions in any existing credit documents;
- (d) hire, fire, evaluate and discipline employees of the Academy;
- (e) settle or compromise with any debtor or creditor of the Academy, including any governmental or taxing authority;
- (f) review all outstanding agreements to which the Academy is a party and to take those actions which the Academy Board may have exercised to pay, extend, rescind, renegotiate or settle such agreements as needed; and
- (g) perform all acts necessary and appropriate to fulfill the Academy's purposes as set forth under this Contract or Applicable Law.

Section 10.9. Academy Dissolution Account. If the University Board terminates, revokes or fails to issue a new Contract to the Academy, the Center Director shall notify the Academy that, beginning thirty (30) days after notification of the University Board's decision, the University Board may direct up to \$10,000 from each subsequent State School Aid Fund payment, not to exceed a combined total of \$30,000, to a separate Academy account ("Academy Dissolution Account") to be used exclusively to pay the costs

associated with the wind-up and dissolution responsibilities of the Academy. Within five (5) business days of the Center Director's notice, the Academy Board Treasurer shall provide the Center Director, in a form and manner determined by the Center, with account detail information and authorization to direct such funds to the Academy Dissolution Account. The Academy Dissolution Account shall be under the sole care, custody and control of the Academy Board, and such funds shall not be used by the Academy to pay any other Academy debt or obligation until such time as all the wind-up and dissolution expenses have been satisfied. An intercept agreement entered into by the Academy and a third-party lender or trustee shall include language that the third party lender or trustee acknowledges and consents to the funding of the Academy's dissolution account in accordance with this Contract. Any unspent funds remaining in the Academy's dissolution account after payment of all wind-up and dissolution expenses shall be returned to the Academy.

New Branches Charter Academy

Contract Amendment No. 3

# Tab 2

Section 4.7. Academy Counsel. The Academy Board shall select, retain and pay legal counsel to represent the Academy. The Academy shall not retain any attorney to represent the Academy if the attorney or the attorney's law firm also represents the Academy's Educational Service Provider or any person or entity leasing real property to the Academy, if any.

Section 11.11. Nonessential Elective Course. If the Academy Board elects to provide nonessential elective courses to part-time pupils at a nonpublic school building, the Academy shall comply with Section 166b of the State School Aid Act of 1979, as amended, MCL 388.166b. Prior to providing instruction, the Academy Board shall ensure that the Academy has sufficient documentation to qualify for part-time pupil funding under the State School Aid Act. The provision of nonessential elective courses by the Academy shall be incorporated into Schedule 7c of this Contract by amendment pursuant to Article IX of these Terms and Conditions.



New Branches Charter Academy

Contract Amendment No. 3

# Tab 3

Section 6. Contracts Between Corporation and Related Persons. As required by Applicable Law, any Director, officer or employee of the Academy, who enters into a contract with the Academy, that meets the definition of contract under the statute on Contracts of Public Servants with Public Entities, Act No. 317 of the Public Acts of 1968, being sections 15.321 to 15.330 of the Michigan Compiled Laws, shall comply with the public disclosure requirements set forth in Section 3 of the statute.

The University Board authorizes the Academy Board to employ or contract for personnel according to the position information outlined in Schedule 5. However, the Academy Board shall prohibit any individual from being employed by the Academy, an educational service provider or an employee leasing company involved in the operation of the Academy, in more than one (1) full-time position and simultaneously being compensated at a full-time rate for each of these positions. An employee hired by the Academy shall be an employee of the Academy for all purposes and not an employee of the University for any purpose. With respect to Academy employees, the Academy shall have the power and responsibility to (i) select and engage employees; (ii) pay their wages, benefits, and applicable taxes; (iii) dismiss employees; and (iv) control the employees' conduct, including the method by which the employee carries out his or her work. The Academy Board shall be responsible for carrying workers' compensation insurance and unemployment insurance for its employees. The Academy Board may contract with an educational service provider or an employee leasing company to provide services or to provide personnel to perform services or work at the Academy. Before entering into an agreement with an educational service provider or an employee leasing company to perform services or to provide personnel to perform services or work at the Academy, the Academy Board must first comply with the Educational Service Provider Policies issued by the Center. A copy of the agreement between the Academy Board and the educational service provider or employee leasing company shall be included as part of Schedule 5.

The Academy shall comply with the Incompatible Public Offices statute, Act No. 566 of the Public Acts of 1978, of the Michigan Compiled Laws, and the Contracts of Public Servants With Public Entities statute, Act No. 371 of the Public Acts of 1968, of the Michigan Compiled Laws. The Academy Board shall ensure compliance with Applicable Law relating to conflicts of interest. Language in this Section controls over section 1203 of the Code. The following shall be deemed prohibited conflicts of interest:

- (a) An individual simultaneously serving as an Academy Board member and an owner, officer, director, employee or consultant of an educational service provider or an employee leasing company, or a subcontractor to an Educational Service Provider or an employee leasing company that has an ESP Agreement with the Academy;
- (b) An individual simultaneously serving as an Academy Board member and an Academy employee;
- (c) An individual simultaneously serving as an Academy Board member and an independent contractor to the Academy;
- (d) An individual simultaneously serving as an Academy Board member and a member of the governing board of another public school;
- (e) An individual simultaneously serving as an Academy Board member and a University official, employee, or paid consultant, as a representative of the University; and
- (f) An individual simultaneously serving as an Academy Board member and having an ownership or financial interest in any real or personal property leased or subleased to the Academy.

No person shall be appointed or reappointed to serve as an Academy Board member if the person's 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 or same-sex domestic partner:

- (a) Is employed by the Academy;
- (b) Works at or is assigned to work at the Academy;
- (c) Has an ownership, officer, policymaking, managerial, administrative non-clerical or other significant role with the Academy's educational service provider or employee leasing company; and
- (d) Has an ownership or financial interest in any school building lease or sublease agreement with the Academy.

The Academy Board shall require each individual who works at the Academy to annually disclose any familial relationship with any other individual who works at, or provides services to, the Academy. For purposes of this sub-section, familial relationship means a person's 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 or same-sex domestic partner.

New Branches Charter Academy

Contract Amendment No. 3

**Tab 4**

Section 2.4. Academy Board Requests for Direct Intercept of State School Aid Payments. If the Academy Board (i) authorizes a direct intercept of a portion of its State School Aid Payments from the State to a third party account for the payment of Academy debts and liabilities; or (ii) assigns or directs that a portion of its State School Aid Payments be forwarded by the Fiscal Agent to a third party account for the payment of Academy debts and liabilities, then Academy shall submit to The Governor John Engler Center for Charter Schools at Central Michigan University for review and consideration: (i) a copy of the Academy Board's resolution authorizing the direct intercept or the assignment or direction of State School Aid Payments; (ii) a State School Aid Payment Agreement and Direction document that is in a form and content acceptable to the Fiscal Agent; and (iii) other documents as required. The Center reserves the right to not acknowledge in writing any State School Aid Payment Agreement and Direction that is not in a form and content acceptable to the Fiscal Agent. The State School Aid Payment and Direction document shall include language that the third party lender or trustee acknowledges and consents to the transfer of State School Aid Payments into the Academy's dissolution account, as set forth in Article X of the Terms and Conditions. Any unspent funds remaining in the Academy dissolution account after payment of all wind-up and dissolution expenses shall be returned to the Academy.

**ARTICLE III**  
**STATE DUTIES**

Section 3.1 Eligibility for State School Aid Payments. The State, through its Department of Education, has sole responsibility for determining the eligibility of the Academy to receive State School Aid Payments. The State, through its Department of Education, has sole responsibility for determining the amount of State School Aid Payments, if any, the Academy shall be entitled to receive.

Section 3.2. State School Aid Payment Overpayments and Penalties. The State, through its Department of Education, has sole responsibility for determining State School Aid Payment overpayments to the Academy and the method and time period for repayment by the Academy. The State, through its Department of Education, has sole responsibility for assessing State School Aid penalties against the Academy for noncompliance with the Code and the State School Aid Act of 1979, as amended.

Section 3.3. Method of Payment. Each State School Aid Payment for the Academy will be made to the Fiscal Agent by the State Treasurer by issuing a warrant and delivering the warrant to the Fiscal Agent by electronic funds transfer into an account specified by the Fiscal Agent, or by such other means deemed acceptable to the Fiscal Agent. The State shall make State School Aid Payments at the times specified in the State School Aid Act of 1979, as amended.

Section 4.5. Repayment of Overpayment. The Academy shall be directly responsible for reimbursing the State for any overpayment of State School Aid Payments or any State School Aid penalties. At its option, the State may reduce subsequent State School Aid Payments by the amount of the overpayment or penalty or seek collection of the overpayment or penalty from the Academy.

New Branches Charter Academy

Contract Amendment No. 3

# Tab 5



Section 4.3. Audit and Evaluation. The Academy:

- a. Hereby authorizes the Center to perform audit and evaluation studies using Academy data including, but not limited to, personally identifiable information about the Academy's students and staff submitted by the Academy to agencies including, but not limited to, Center for Educational Performance and Information ("CEPI"), Office of Educational Assessment and Accountability ("OEAA") and the Michigan Department of Education ("MDE"). Pursuant to this authorization, the Center shall abide by regulations that govern the use of student data within the Family Educational Rights and Privacy Act ("FERPA"), the Michigan Identity Theft Protection Act of 2004 and the Privacy Act of 1974.
- b. Shall upon request, provide the Center with copies or view access to data, documents or information submitted to the Michigan Department of Education, the Superintendent of Public Instruction, the State Board of Education, the Center for Educational Performance and Information, the Michigan DataHub or any other state or federal agency.

Section 4.4. Fiscal Stress Notification from State Treasurer. If the State Treasurer notifies the Academy that the State Treasurer has declared the potential for Academy financial stress exists, the Academy shall provide a copy of the notice to the Center. Within fifteen (15) days of receipt of the notification from the Academy, the Center Director shall notify the Academy whether the Center is interested in entering into a contract to perform an administrative review for the Academy. The parties shall consult with the Department of Treasury on the development of the contract and the contract for administrative review shall comply with the Code. If the Center is not interested in performing an administrative review or if the parties are unable to reach agreement on an administrative review, the Academy shall consider entering into a contract for an administrative review with an intermediate school district. Nothing in this Section 4.4 shall prohibit the Academy for electing to enter into a contract for an administrative review with an intermediate school district. Nothing in this Section 4.4 shall require the Academy to elect to enter or not enter into a contract for an administrative review with the Center or an intermediate school district.

New Branches Charter Academy

Contract Amendment No. 3

# Tab 6

### **Matriculation Agreement**

- The Academy Board may enter into a matriculation agreement with another public school pursuant to section 504(4) of the Code.
- However, before the Academy Board approves a matriculation agreement, the Academy shall provide a draft copy of the agreement to the Center for review.
- Any matriculation agreement entered into by the Academy shall be added to this Schedule 7f through a contract amendment approved in accordance with Article IX in the Terms and Conditions of this Contract.

AMENDMENT NO. 4

to the  
July 1, 2019 Contract to Charter  
A Public School Academy and Related Documents

Issued To

NEW BRANCHES CHARTER ACADEMY  
(A PUBLIC SCHOOL ACADEMY)

By

THE CENTRAL MICHIGAN UNIVERSITY  
BOARD OF TRUSTEES  
(AUTHORIZING BODY)

## CONTRACT AMENDMENT NO. 4

### NEW BRANCHES CHARTER ACADEMY

In accordance with Article IX of the Terms and Conditions of the Contract (the “Contract”), dated July 1, 2019, issued by the CENTRAL MICHIGAN UNIVERSITY BOARD OF TRUSTEES (the “University Board”) to NEW BRANCHES CHARTER ACADEMY (the “Academy”), as amended, the parties agree to further amend the Contract as follows:

- 1.) The Preparedness Plan, approved by the Academy Board, is incorporated into the Contract by reference.
- 2.) Any updates to the Preparedness Plan, approved by the Academy Board, shall automatically be incorporated into the Contract and shall be exempt from the amendment procedures under Article IX of the Terms and Conditions of Contract.
- 3.) This Contract amendment shall remain in effect until the earlier of (i) the end of the 2020-2021 school fiscal year or (ii) the rescission of Executive Order 2020-142, including any successor executive order authorizing a Preparedness Plan.

This Contract amendment is hereby approved by the University Board and the Academy Board through their authorized designees and shall have an effective date of August 17, 2020.



3662 Poinsettia Ave SE, Grand Rapids, MI 49508

Tel: 616-243-6221 • Fax: 616-243-0305

[NewBranches.org](http://NewBranches.org) • CONNECT WITH US 

**New Branches Charter Academy  
COVID-19 Preparedness and Response Plan**

Address of School District: 3662 Poinsettia Avenue SE, Grand Rapids MI 49508

District Code Number: 41901

Building Code Number(s): 08019

District Contact Person: Teresa Larkin

District Contact Person Email Address: [teresalarkin@choiceschools.com](mailto:teresalarkin@choiceschools.com)

Local Public Health Department: Kent County Health Department

Local Public Health Department Contact Person Email Address:  
Joann Hoganson, MSN, RN  
Division Director of Community Wellness &  
Liaison to Schools  
616-632-7067, cell 616-690-0735  
[covid@kentcountymi.gov](mailto:covid@kentcountymi.gov)

Name of Intermediate School District: Kent Intermediate School District

Name of Authorizing Body: Central Michigan University

Date of Adoption by Board of Directors: August 10, 2020



August 12, 2020 [via email]

Ms. Teresa Larkin  
New Branches Charter Academy  
3662 Poinsettia Ave., SE  
Grand Rapids, MI 49508

Re: Approval of COVID-19 Preparedness and Response Plan (“Plan”)

Dear Ms. Larkin:

I am pleased to inform you that the Plan for New Branches Charter Academy (“Academy”) has been approved by The Governor John Engler Center for Charter Schools at Central Michigan University and has been transmitted by our office to the State Superintendent of Public Instruction and the State Treasurer. The Plan is effective as of the date indicated in the Plan.

To fulfill one of the required assurances, immediately add a copy of the approved Plan to the Academy’s Home Page of its website. An approved copy of the Plan is attached and can be found in Epicenter. The approved Plan constitutes a Charter Contract amendment and remains in effect as long as the Plan remains in effect.

If the Academy requires an amendment to the Plan, please contact Amy Densmore, Director of Charter Accountability, at (989) 506-0355 or via email at [avanatten@thecenterforcharters.org](mailto:avanatten@thecenterforcharters.org) to initiate that process. Thank you for all your efforts to keep student learning moving forward in these trying times. If you have any further questions or need additional support, please do not hesitate to contact us.

Sincerely,

A handwritten signature in black ink that reads "Corey Northrop". The signature is written in a cursive style with a large, stylized initial "C".

Corey Northrop  
Executive Director

cc: Kina King, Board President  
Stan Rathbun, Board Corresponding Agent

Attachment:  
Approved COVID-19 Preparedness and Response Plan

**RESOLUTION APPROVING THE COVID-19 PREPAREDNESS AND RESPONSE PLAN ("PREPAREDNESS PLAN") AND APPROVAL OF CHARTER CONTRACT AMENDMENT**

New Branches Charter Academy (the "Academy")

A regular meeting of the Academy Board of Directors was held on the 10th day August, 2020, at 6:00 p.m.

The meeting was called to order at 6:01 p.m. by Board President Kina King:

Present:

Renica Minott, Eric Thomas Ferrer  
Kina King, Athena Cronberg, Steven Jull, Dawn Martinson

Absent:

Scott Embrice

The following preamble and resolution were offered by Board Member Kina King and supported by Board Member Renica Minott

**BACKGROUND**

On June 30, 2020, in response to the novel coronavirus (COVID-19) pandemic affecting our state, Governor Gretchen Whitmer issued Executive Order 2020-142 (the "Order") that, provides a structure to support all schools in Michigan as they plan for a return of preK-12 education in the fall. Under the order, all schools must adopt a COVID-19 Preparedness and Response Plan ("Preparedness Plan") laying out how they will cope with the disease across the various phases of the Michigan Safe Start Plan. Under the Order and the Michigan Safe Schools: Michigan's 2020-2021 Return to School Roadmap developed by the COVID-19 Task Force on Education Return to School Advisory Council ("Return to School Roadmap"), Schools retain flexibility to tailor their instruction to their particular needs and to the disease conditions present in their regions.

Acting under the Michigan Constitution of 1963 and Michigan law, the Order and the Return to School Roadmap state:

1. Coronavirus relief funds under the Coronavirus Aid, Relief, and Economic Security Act will be provided and may be used to aid in developing, adopting, and following a COVID-19 Preparedness Plan under section 2 of the Order.
2. Every school must develop and adopt a Preparedness Plan that is informed by the Return to School Roadmap.
3. By August 15, 2020 or seven days before the start of the school year for students, whichever comes first: the Academy Board must approve its Preparedness Plan.
4. By August 17, 2020, the Academy's authorizing body, Central Michigan University, must collect the Preparedness Plan and transmit such plan to the Superintendent and to the State Treasurer.
5. By August 17, 2020, the Academy must prominently post its approved Preparedness Plan on the Academy's website home page.



The Academy submitted its Preparedness Plan to Central Michigan University ("Authorizer") for review and approval.

The Academy Board of Directors ("Academy Board") is required to approve the Academy's Preparedness Plan by August 15, 2020 or seven days before the start of the school year for students, whichever comes first, and is required to approve the Academy's Preparedness Plan as a charter contract ("Contract") amendment.

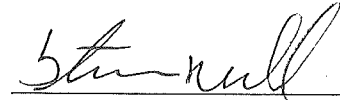
**THE ACADEMY BOARD THEREFORE RESOLVES THAT:**

1. The actions taken by Academy representatives to prepare and submit the Academy's Preparedness Plan to Authorizer are ratified.
2. The Preparedness Plan, as approved by the Authorizer, is approved by the Academy Board as the COVID-19 Preparedness Plan and as the COVID-19 Preparedness Plan Amendment to the Contract. This Contract Amendment shall remain in effect as long as the Preparedness Plan remains in effect. The Board President is authorized to sign and submit the Contract amendment to the Authorizer for approval.
3. All resolutions and parts of resolutions insofar as they conflict with the provisions of this resolution be and the same hereby are rescinded.
4. The Academy will deliver from time to time such information regarding the implementation of the Academy's Preparedness Plan as the Authorizer or Michigan Department of Education may reasonably request.
5. Any Board policies or provision of Board policies that prohibit or impede the Academy's compliance with The Preparedness Plan or Executive Order 2020-142 are temporarily waived, suspended or altered.
6. Any actions or actions taken by authorized Academy representatives in the development, submission and implementation of The Preparedness Plan are (to the extent such actions or actions are not inconsistent with the delegation of authority provided under this resolution) ratified and confirmed in all respects.
7. This Resolution shall take immediate effect and continue through the end of the state of emergency and disaster declared in Executive Order 2020-127 and any subsequent executive order declaring a state of emergency or disaster in response to COVID-19 or the end of the 2020-2021 school year, whichever is sooner.

Ayes: 6

Nays: 0

Resolution declared adopted.



\_\_\_\_\_

Print Name: Steven Null

Secretary, Academy Board

AMENDMENT NO. 5

to the  
July 1, 2019 Contract to Charter  
A Public School Academy and Related Documents

Issued To

NEW BRANCHES CHARTER ACADEMY  
(A PUBLIC SCHOOL ACADEMY)

By

THE CENTRAL MICHIGAN UNIVERSITY  
BOARD OF TRUSTEES  
(AUTHORIZING BODY)

## CONTRACT AMENDMENT NO. 5

### NEW BRANCHES CHARTER ACADEMY

In accordance with Article IX of the Terms and Conditions of the Contract (the “Contract”), dated July 1, 2019, issued by the CENTRAL MICHIGAN UNIVERSITY BOARD OF TRUSTEES (the “University Board”) to NEW BRANCHES CHARTER ACADEMY (the “Academy”), as amended, the parties agree to further amend the Contract as follows:

- 1.) The Extended COVID-19 Learning Plan (“ECLP”), approved by the Academy Board, is incorporated into the Contract by reference. The parties agree to suspend the following Contract provisions for the 2020-2021 school year:

Schedule 7, Section b: Educational Goal and Related Measures

Schedule 7, Section c: Educational Programs

Schedule 7, Section d: Curriculum

Schedule 7, Section e: Methods of Pupil Assessment

- 2.) Any revisions or changes to the ECLP, approved by the Academy Board, shall automatically be incorporated into the Contract by reference and shall be exempt from the amendment procedures under Article IX of the Terms and Conditions of Contract.
- 3.) This Contract amendment shall remain in effect until the end of the 2020-2021 school fiscal year.
- 4.) In the event there is a perceived conflict between the ECLP and the Academy’s Preparedness Plan, prepared in compliance with Executive Order 2020-142, the parties agree to discuss implementation of both the ECLP and the Preparedness Plan to ensure that the Academy will meet all of its obligations under applicable law.

This Contract amendment is hereby approved by the University Board and the Academy Board through their authorized designees and shall have an effective date of the Academy’s first day of school for the 2020-2021 school year.



**New Branches Charter Academy Extended COVID-19 Learning Plan**

Address of School District: 3662 Poinsettia Avenue SE, Grand Rapids, MI 49508

District Code Number: 41901

Building Code Number(s): 08019

District Contact Person: Teresa Larkin

District Contact Person Email Address: [teresalarkin@choiceschools.com](mailto:teresalarkin@choiceschools.com)

Local Public Health Department: Kent County Health Department

Local Public Health Department Contact Person Email Address:

Joann Hoganson MSN, RN  
Division Director of Community Wellness &  
Liaison to Schools  
(616)-632-7067, cell (616)690-0735  
[covid@kentcountymi.gov](mailto:covid@kentcountymi.gov)

Name of Intermediate School District: Kent Intermediate School District

Name of Authorizing Body: Central Michigan University

Date of Adoption by Board of Directors: 09/14/2020



October 01, 2020 [via email]

Ms. Teresa Larkin  
New Branches Charter Academy

Re: Approval of Extended COVID-19 Learning Plan (“Extended Learning Plan”)

Dear Ms. Larkin:

I am pleased to inform you that the Extended Learning Plan for New Branches Charter Academy (“Academy”) has been approved by The Governor John Engler Center for Charter Schools at Central Michigan University. The Center will transmit the Extended Learning Plan to the State as soon as an appropriate mechanism to do so is made available. The Extended Learning Plan is effective as of the date indicated in the document.

To fulfill one of the required assurances, immediately add a copy of the approved Extended Learning Plan to the Academy’s Transparency Page of its website. An approved copy of the Extended Learning Plan is attached and can be found in Epicenter. The approved Extended Learning Plan constitutes a Charter Contract amendment and remains in effect as long as the Extended Learning Plan remains in effect.

Thank you for all your efforts to keep student learning moving forward in these trying times. If you have any further questions or need additional support, please do not hesitate to contact us.

Sincerely,

A handwritten signature in black ink that reads "Corey Northrop". The signature is written in a cursive, flowing style.

Corey Northrop  
Executive Director

cc: Kina King, Board President  
Stan Rathbun, Board Corresponding Agent

Attachment:  
Approved Extended COVID-19 Learning Plan

**RESOLUTION APPROVING THE EXTENDED COVID-19 LEARNING PLANS  
("ECLP") AND APPROVAL OF CHARTER CONTRACT AMENDMENT**

New Branches Charter Academy (the "Academy")

A regular meeting of the Academy Board of Directors was held on the 14<sup>th</sup> day of September, 2020, at 6:00 p.m.

The meeting was called to order at 6:01 p.m. by Board President Kina King: *Rebecca Minstb*  
Present: *Kina King, Steven Jull, Scott Embree, Eric Thomas-Fell*  
Absent: none

The following preamble and resolution were offered by Board Member Steven Jull and supported by Board Member Kina King:

**BACKGROUND**

On August 20, 2020, in response to the novel coronavirus (COVID-19) pandemic affecting our state, Governor Whitmer signed into law certain amendments to the State School Aid Act of 1979, as amended, MCL 388.1601 et seq. ("Back to School Laws"). The Back to School Laws include additional requirements for all Michigan schools as they plan for a return of preK-12 education for the 2020-2021 school year. Under the Back to School Laws, a public school academy must provide for instruction under an extended COVID-19 learning plan ("ECLP") that is approved by its authorizing body ("Authorizer"). ECLPs includes many of the same subject matters addressed in a public school academy's charter contract, including measurable educational goals to be achieved by all subgroups in the school, measurement of those educational goals by one or more benchmark assessments, a description of how the educational program, including instruction, will be delivered, a description of the school's curricula and specific reporting requirements for the 2020-2021 school year. Under the Back to School Laws, schools retain the flexibility to tailor and adjust their ECLPs to meet the needs of their students and the community they serve.

The Back to School Laws require, among other things, that each public school academy do the following:

- (1) Establish educational goals required to be included in the ECLP no later than September 15, 2020.
- (2) Approve an ECLP and submit it to their respective authorizing body ("Authorizer") for approval by October 1, 2020. If approved by the Authorizer, the ECLP is transmitted by the Authorizer to the Superintendent of Public Instruction and the State Treasurer.
- (3) Make an ECLP accessible through the transparency reporting link on the school's website by October 1, 2020.
- (4) Within the first nine weeks of the 2020-2021 school year, administer 1 or more benchmark assessments from the list approved by the Michigan Department of Education (MDE)<sup>1</sup>, a benchmark assessment provided by MDE, or local benchmark assessments, or a combination of the above, to pupils in grades K-8 to measure math and reading proficiency. In addition, by the last day of the 2020-2021 school year, administer another benchmark assessment to pupils in K-8 to measure proficiency in the same subject matter. The Back to School Laws require schools to use the same benchmark assessment(s) used in the 2019-2020 school year, if applicable.
- (5) Provide each pupil's data from the benchmark assessment or benchmark assessments, as available, to the pupil's parent or legal guardian within 30 days of administering the benchmark assessment(s).

<sup>1</sup> MDE has approved four providers of benchmark assessments and continues to assess additional providers. See [https://www.michigan.gov/documents/mde/Benchmark assessments 700077 7.pdf](https://www.michigan.gov/documents/mde/Benchmark%20assessments%207000777.pdf)

- (6) Not later than February 1, 2021, create a report that addresses the progress made in meeting the educational goals in the ECLP that the academy expected would be achieved by the middle of the school year and make the report available on the transparency reporting link on a public school academy's website.
- (7) Not later than the last day of the 2020-2021 school year, create a report concerning progress made in meeting the educational goals in the ECLP and make the report available on the transparency reporting link on a public school academy's website.
- (8) No later than June 30, 2021, send the aggregate academy-level data from a benchmark assessment(s), excluding data from a local benchmark assessment or local benchmark assessments, to a regional data hub that is part of the Michigan data hub network that shall compile the data and send it to the Center for Educational Performance and Information (CEPI).
- (9) Thirty days after approval of the ECLP, the Board shall meet monthly to re-confirm how pupil instruction is being delivered at the school and whether it is consistent with the ECLP and to ensure that 2 2-way interaction, as defined in the Act, is occurring between students and teachers each week of the school year for at least 75% of students enrolled in the school. At each meeting, the Board shall: (a) publicly announce its weekly interaction rates of 2 2-way interaction since its last meeting; (b) allow for public comment on the ECLP; and (c) discuss whether changes to the method of delivery for pupil instruction under the ECLP are necessary.


**THE ACADEMY BOARD THEREFORE RESOLVES THAT:**

- 1. The actions taken by Academy representatives to prepare and submit the Academy's ECLP to Authorizer are ratified.
- 2. The ECLP, as approved by the Authorizer, is approved by the Academy Board as the ECLP and as the ECLP Amendment to the Contract.
- 3. All resolutions and parts of resolutions insofar as they conflict with the provisions of this resolution be and the same hereby are rescinded.
- 4. The Academy will deliver from time to time such information regarding the implementation of the Academy's ECLP as the Authorizer or Michigan Department of Education may reasonably request.
- 5. Any Board policies or provision of Board policies that prohibit or impede the Academy's compliance with ECLP are temporarily waived, suspended or altered.
- 6. This Resolution shall take immediate effect and continue through the end of the 2020-2021 school year. If the Back to School Laws are amended, and such amendments requires additional Board action relative to the ECLP, the Board may take such action to comply with existing law.

Ayes: 6

Nays: 0

Resolution declared adopted.



Print Name: Steven Null

Secretary, Academy Board

AMENDMENT NO. 6

to the  
July 1, 2019 Contract to Charter  
A Public School Academy and Related Documents

Issued To

NEW BRANCHES CHARTER ACADEMY  
(A PUBLIC SCHOOL ACADEMY)

By

THE CENTRAL MICHIGAN UNIVERSITY  
BOARD OF TRUSTEES  
(AUTHORIZING BODY)



CONTRACT AMENDMENT NO. 6

NEW BRANCHES CHARTER ACADEMY

In accordance with Article IX of the Terms and Conditions of the Contract (the "Contract"), dated July 1, 2019, issued by the CENTRAL MICHIGAN UNIVERSITY BOARD OF TRUSTEES (the "University Board") to NEW BRANCHES CHARTER ACADEMY (the "Academy"), as amended, the parties agree to further amend the Contract as follows:

- 1.) Amend Schedule 6: Physical Plant Description, by replacing the Parking Lot Use Agreement contained therein with the Parking Lot Use Agreement, attached as Tab 1.
- 2.) Amend Schedule 7, Section d: Curriculum, by replacing the materials contained therein with the materials attached as Tab 2.

This entire amendment is hereby approved by the University Board and the Academy Board through their authorized designees, and shall have an effective date of September 1, 2020.



Dated: 12/10/2020

By: Corey R. Northrop, Executive Director  
The Governor John Engler Center for Charter Schools  
Designee of the University Board



Dated: 12/8/20

By: Kina King - Board President  
New Branches Charter Academy  
Designee of the Academy Board

New Branches Charter Academy

Contract Amendment No. 6

# Tab 1

## PARKING LOT USE AGREEMENT

THIS PARKING LOT USE AGREEMENT (the "Agreement") is entered into to be effective as of September 1, 2020 (the "Effective Date"), by and between THE WELL INTERNATIONAL, a Michigan nonprofit corporation, of 3661 Poinsettia Avenue, S.E., Grand Rapids, Michigan 49508-5547 (the "Church") and NEW BRANCHES CHARTER ACADEMY, a Michigan public school academy organized and operating under the Revised School Code, MCLA 380.1, et seq., as amended, of 3662 Poinsettia Avenue, S.E., Grand Rapids, Michigan 49508 (the "School").

### RECITALS

WHEREAS, Church is the owner of real property commonly known as 3661 Poinsettia Ave., S.E., Grand Rapids, Michigan 49508 (the "Church Property"); and

WHEREAS, School is the owner of real property located adjacent to the Church Property commonly known as 3662 Poinsettia Ave., S.E., Grand Rapids, Michigan 49508 (the "School Property"); and

WHEREAS, pursuant to the Easement Agreement dated November 30, 2009 and recorded with the Kent County Register of Deeds on March 6, 2010 as Instrument No. 20100305-0018676 (the "Easement Agreement") each party has the right to use portions of the other party's property for ingress and egress to its respective parcel, but not for parking use or other purposes.

WHEREAS, Church is willing to permit School to use the parking lot located on the Church Parcel (the "Parking Lot") for vehicular parking to benefit the School Property during the Term (defined below) in accordance with the terms and conditions contained in this Agreement;

WHEREAS, Church and School now desire to enter into this Agreement to document the terms and conditions relative to School's use of the Church Property.

NOW, THEREFORE, the parties agree as follows:

### AGREEMENT

Parking Lot. Church grants to School a license to use the Parking Lot for the Term upon the terms and conditions set forth in this Agreement. The Easement Agreement shall remain in full force and effect during the Term of this Agreement and shall survive the expiration or earlier termination of this Agreement for the limited purpose of providing ingress and egress to each parcel as reasonably necessary, but shall not thereafter provide School any parking or other rights relative to the Parking Lot. This provision shall survive the expiration or earlier termination of this Agreement.

Term. The term of this Agreement shall commence on the Effective Date, and shall terminate on June 30, 2022 (the "Initial Term"), unless School sooner sells the School Property or loses its charter contract. Thereafter, this Agreement shall be automatically renewed for successive three (3) year periods (each a "Renewal Term"), on the same terms and conditions, unless either party delivers a notice of termination to the other party, not less than ninety (90) days prior to the

end of the Initial Term, or then current Renewal Term, as the case may be, in which case this Agreement will terminate at the end of the Initial Term or then current Renewal Term as applicable. The Initial Term and each Renewal Term, if any, is and are referred to herein after as the "Term").

If School sells the School Property, then this Agreement shall terminate automatically upon the date of sale. School agrees to give Church prior notice of the sale.

Use of Church Property.

During the Term, the Parking Lot shall be jointly used and occupied for vehicular parking for the Church Property and the School Property. School will not use the Parking Lot for any other purpose in violation of any law, municipal ordinance or regulation. Notwithstanding anything in this Agreement to the contrary, Church shall have the priority of use of the Parking Lot on Sunday of each week.

The parties acknowledge that there may be infrequent scheduled occasions during the Term when Church requires use of most or all of the Parking Lot during regular school hours for conferences or other special events (each a "Scheduled Event"). In such cases, Church will provide at least ninety (90) days prior advance notice use of the Scheduled Event.

There may also be infrequent unscheduled occasions during the Term when Church requires use of most or all of the Parking Lot for funerals or similar unexpected events (each an "Unscheduled Event"). In such cases, School will endeavor to give at least three (3) days prior notice of the Unscheduled Event.

Condition. School acknowledges that it is accepting use of the Parking Lot in its present "AS IS" condition and that School agrees to release and hold Church harmless from any liability in connection with its use of the Parking Lot.

Operating Costs. The parties agree that the owner of the School Property shall pay seventy percent (70%), and that the owner of the Church Property shall pay thirty percent (30%), of the annual cost of operation, maintenance, repair and replacement of the Parking Lot (collectively "Operating Costs"). Operating Costs shall also include the cost of snow removal, parking lot lighting, and waste removal and recycling from the Parking Lot. Church shall initially pay for all such Operating Costs, and within 30 days after the delivery of an invoice by Church to School for the same, School shall remit its share of the invoiced Operating Costs to Church.

Maintenance, Repair and Replacement. Any maintenance, repair, replacement and related cost of the Parking Lot (other than the operating costs escribed in Paragraph 5 above) shall be subject to the approval of both parties as to the extent of the repairs or replacement and the sharing of costs. Failure to agree shall not be deemed an event of default under Section 8 but shall instead give both parties the right to terminate this Agreement without cost or penalty as of June 15th of the then-current school year.

Signage. During the Term, School, at its expense, may install and maintain directional arrows painted on the Parking Lot to guide traffic and may erect or install and maintain signs on the Parking Lot, subject to the written consent of Church, which consent shall not be unreasonably withheld.

Events of Default. If a party breaches a covenant of this Agreement and fails to cure such breach within thirty (30) days of receiving written notice of said breach from the other party, the breaching party shall be in default. In the event of a default, the non-defaulting party may terminate this Agreement and the obligations for payment or performance arising prior to the date of such termination shall survive termination until fully paid or performed.

Indemnification. To the extent permitted by law, each party shall indemnify, defend and hold the other party harmless from any and all claims, costs and expenses for injury to persons or damage to property to the extent such injury or damage arises from the party's, its employees, agents, invitees and contractors, use of the School Property or the Church Property, as the case may be.

Assignment. Except in connection with a sale of the Church Property, this Agreement shall not be assigned by one party without the written consent of the other party, which consent shall not be unreasonably withheld. The parties agree that this Agreement will terminate automatically upon the sale of the School's real property to any individual or entity other than another school.

Notices. Notices or consent of any kind required or permitted under this Agreement shall be deemed duly delivered if delivered by person or if mailed by certified mail, return receipt requested, postage prepaid to the appropriate party as follows:

If to Church:

The Well Church  
Attn: Kathy El-Ali, Senior Leader  
3661 Poinsettia Avenue, S.E.  
Grand Rapids, Michigan 49508-5547

If to School:

New Branches Charter Academy  
Attn: School Administrator  
3662 Poinsettia Avenue, S.E.  
Grand Rapids, Michigan 49508-5547

or at such other address or to the attention of such other individual as shall be specified in writing by the respective parties.

Waiver. The failure of either party to insist upon strict performance of any covenant or condition of this Agreement or to exercise any option herein conferred in any one or more instances shall not be construed as a waiver or relinquishment of any such covenant, condition or option, but the same shall be and remain in full force and effect. No covenant, term or condition of this Agreement shall be deemed to have been waived by either party, unless such waiver be in writing by such party.

Entire Agreement. This Agreement sets forth all covenants, promises, agreements, conditions and understandings between School and Church concerning the use of the Parking Lot, and there are no covenants, promises, agreements, conditions or understandings, either oral or written, between Church and School other than herein set forth.

Partial Invalidity. If any term, covenant or condition of this Agreement or the application thereof to any person or circumstance shall be determined to be invalid or unenforceable, the remainder of this Agreement of the application of such term, covenant or condition to persons or circumstances, shall not be affected thereby and the remainder of the Agreement shall be valid and enforceable to the fullest extent permitted by law, unless removal of such term, covenant or condition materially impacts the general intent of the Agreement.

Amendments. Except as otherwise stated herein, no subsequent alteration, amendment, change or addition to this Agreement shall be binding upon Church or School unless reduced to writing and signed by both parties.

Applicable Law. This Agreement shall be governed, in all respects, under the laws of the State of Michigan.

Prior Agreements. The parties acknowledge that all prior agreements relative to parking on the Parking Lot have been terminated and are of no further force and effect.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be signed in their respective names by their respective officers as of the Effective Date.

DATED: September 14, 2020

THE WELL INTERNATIONAL, a Michigan non-profit corporation

By   
Its Board President

NEW BRANCHES CHARTER ACADEMY, a Michigan public school academy organized and operating under the Revised School Code, MCLA 380.1, et seq., as amended

DATED: September 29, 2020

By   
Its Senior Leader

New Branches Charter Academy

Contract Amendment No. 6

# Tab 2

## CURRICULUM

Pursuant to Applicable Law and the Terms and Conditions of this Contract, including Article VI, Section 6.4, the Academy shall implement, deliver, and support the curriculum identified in this schedule.

The Academy has adopted Amplify CKLA™ for grades K-5 English Language Arts (“ELA”); Expeditionary Learning for grades 6-8 ELA; Great Minds® Eureka Math™ for grades K-8; Mystery Science for grades K-2 and Full Option Science System™ (“FOSS”) for grades 4-8; Michigan Association of Intermediate School Administrators (“MAISA”) social studies for grades K-8; Exemplary Physical Education Curriculum™ (“EPEC™”); and Michigan Model for Health™ as a curriculum. The curriculum for all core subjects has been received, reviewed and approved by the Center.

- Amplify CKLA <https://ckla.amplify.com/>
- Expeditionary Learning <https://curriculum.eleducation.org/>
- Eureka Math <https://greatminds.org/>
- Mystery Science <http://www.choicecurriculum.com/index.php>
- FOSS <https://www.deltaeducation.com/foss/next-generation#scope>
- Michigan Model for Health [http://www.michigan.gov/mdhhs/0,5885,7-339-73971\\_4911\\_4912\\_74286---,00.html](http://www.michigan.gov/mdhhs/0,5885,7-339-73971_4911_4912_74286---,00.html)
- Exemplary Physical Education Curriculum (EPEC) <http://www.michiganfitness.org/epec/>

### **Elementary**

The following subjects/courses are offered at the Academy.

Course	K	1	2	3	4	5	6	7	8
English Language Arts	X	X	X	X	X	X	X	X	X
Mathematics	X	X	X	X	X	X	X	X	X
Science	X	X	X	X	X	X	X	X	X
Social Studies	X	X	X	X	X	X	X	X	X
Health	X	X	X	X	X	X	X	X	X
Physical Education	X	X	X	X	X	X	X	X	X



AMENDMENT NO. 7

to the  
July 1, 2019 Contract to Charter  
A Public School Academy and Related Documents

Issued To

NEW BRANCHES CHARTER ACADEMY  
(A PUBLIC SCHOOL ACADEMY)

By

THE CENTRAL MICHIGAN UNIVERSITY  
BOARD OF TRUSTEES  
(AUTHORIZING BODY)

CONTRACT AMENDMENT NO. 7

NEW BRANCHES CHARTER ACADEMY

In accordance with Article IX of the Terms and Conditions of the Contract (the "Contract"), dated July 1, 2019, issued by the CENTRAL MICHIGAN UNIVERSITY BOARD OF TRUSTEES (the "University Board") to NEW BRANCHES CHARTER ACADEMY (the "Academy"), as amended, the parties agree to further amend the Contract as follows:

- 1.) Amend Schedule 7, Section b: Educational Goal and Related Measures, by replacing the materials contained therein with the materials attached as Tab 1.

This entire amendment is hereby approved by the University Board and the Academy Board through their authorized designees, and shall have an effective date of July 1, 2021.

  
\_\_\_\_\_

Dated: 06/22/2021

By: Corey R. Northrop, Executive Director  
The Governor John Engler Center for Charter Schools  
Designee of the University Board

  
\_\_\_\_\_

Dated: 6-14-2021

By: \_\_\_\_\_  
New Branches Charter Academy  
Designee of the Academy Board

New Branches Charter Academy

Contract Amendment No. 7

# Tab 1

## EDUCATIONAL GOAL AND RELATED MEASURES

Pursuant to Applicable Law and the Terms and Conditions of this Contract, including Article VI, Section 6.2, the Academy shall achieve or demonstrate measurable progress for all groups of pupils toward the achievement of the educational goal identified in this schedule. Although an increase in academic achievement for all groups of pupils as measured by assessments and other objective criteria is the most important factor in determining the Academy’s progress toward the achievement of the educational goal, the Center also considers other factors. Upon request, the Academy shall provide the Center with a written report, along with supporting data, assessing the Academy’s progress toward achieving this goal. In addition, the University expects the Academy will meet the State of Michigan’s accreditation standards pursuant to state and federal law.

### **Educational Goal to be Achieved**

Prepare students academically for success in college, work and life.

### **Measures to Assist In Determining Measurable Progress Toward Goal Achievement**

To assist in determining whether the Academy is achieving measurable progress toward the achievement of this goal, the Center will annually assess the Academy’s performance using the following measures.

#### **Measure 1: Student Achievement**

The academic achievement of **all students who have been at the academy for one or more years<sup>1</sup>** in grades 3-8 will be assessed using the following measures and targets:

Sub Indicator	Measure	Metric	Target
<b>Against a Standard:</b>	The percentage of students meeting or surpassing the current, spring, grade-level national norms <sup>2</sup> on the NWEA Growth reading and math tests administered in the spring.	Distribution (which will be in the form of percentages): Exceeds $\geq 70.0\%$ Meets $\geq 50.0\%$ Approaching $\geq 30.0\%$ Does not meet $< 30.0\%$	50%
In the event that performance against the standard falls below these required expectations, “measurable progress towards the achievement of this goal” will be defined using the following measures and targets:			
<b>Over Time:</b>	The percentage of students meeting or surpassing spring grade-level national norms over time (CY-AVG(PY1+PY2+PY3)).	Trend score (which will be in the form of $-x$ to $+x$ ): Exceeds $\geq 6.0\%$ Meets $\geq 3.0\%$ Approaching $\geq 1.0\%$ Does not meet $< 1.0\%$	3.0%
<b>Comparison Measure:</b>	The percentage of students categorized as proficient or advanced on the most recent state assessment will surpass the school’s Composite Resident District (CRD) percentage.	Portfolio Distribution (which will be in the form of $-x$ to $+x$ ): Exceeds $\geq 10.0\%$ Meets $\geq 5.0\%$ Approaching $\geq 0.0\%$ Does not meet $< 0.0\%$	5.0%

<sup>1</sup> One or more years students (also called 1+ students) are students who are enrolled in the academy on or before count day and are still enrolled at the end of a given academic year.

<sup>2</sup> Grade level national norms are updated periodically by NWEA following comprehensive norming studies. The Center will use the most updated national norms published by NWEA and will inform the Academy when they are updated and how the updated norms may impact analysis and performance reporting.

**Measure 2: Student Growth**

The academic growth of all students in grades 3-8 at the Academy will be assessed using the following measures and targets:

Sub Indicator	Measure	Metric	Target
<b>Against a Standard:</b>	The median of student growth percentiles (MGP) reflecting fall-to-spring scaled score growth on the reading and math NWEA Growth tests.	MGP: Exceeds $\geq$ 65th Meets $\geq$ 50th Approaching $\geq$ 45th Does not meet $<$ 45th	Reading: 50 Math: 50
In the event that performance against the standard falls below these required expectations, “measurable progress towards the achievement of this goal” will be defined using the following measures and targets:			
<b>Over Time:</b>	The percentage of students making at least one year’s growth over time (CY-AVG(PY1+PY2+PY3)).	Trend score (which will be in the form of $-x$ to $+x$ ): Exceeds $\geq$ 6.0% Meets $\geq$ 3.0% Approaching $\geq$ 1.0% Does not meet $<$ 1.0%	3.0%
<b>Comparison Measure:</b>	The mean student growth percentile reflecting growth on the two most recent state assessments will surpass the school’s Composite Resident District.	Portfolio Distribution (which will be in the form of $-x$ to $+x$ ): Exceeds $\geq$ 10.0% Meets $\geq$ 5.0% Approaching $\geq$ 0.0% Does not meet $<$ 0.0%	5.0%

AMENDMENT NO. 8

to the  
July 1, 2019 Contract to Charter  
A Public School Academy and Related Documents

Issued To

NEW BRANCHES CHARTER ACADEMY  
(A PUBLIC SCHOOL ACADEMY)

By

THE CENTRAL MICHIGAN UNIVERSITY  
BOARD OF TRUSTEES  
(AUTHORIZING BODY)

CONTRACT AMENDMENT NO. 8

NEW BRANCHES CHARTER ACADEMY

In accordance with Article IX of the Terms and Conditions of the Contract (the "Contract"), dated July 1, 2019, issued by the CENTRAL MICHIGAN UNIVERSITY BOARD OF TRUSTEES (the "University Board") to NEW BRANCHES CHARTER ACADEMY (the "Academy"), as amended, the parties agree to further amend the Contract as follows:

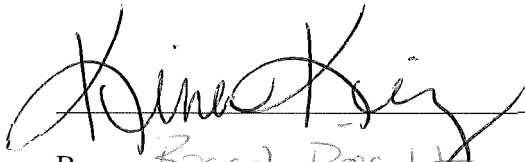
- 1.) Amend Schedule 5: Description of Staff Responsibilities, by inserting at the end of this Schedule the Management Services Agreement Amendment, attached as Tab 1.

This entire amendment is hereby approved by the University Board and the Academy Board through their authorized designees, and shall have an effective date of May 17, 2021.



Dated: 08/20/2021

By: Corey R. Northrop, Executive Director  
The Governor John Engler Center for Charter Schools  
Designee of the University Board



Dated: 8/18/21

By: Board President  
New Branches Charter Academy  
Designee of the Academy Board

New Branches Charter Academy

Contract Amendment No. 8

# Tab 1



## MANAGEMENT SERVICES AGREEMENT

### AMENDMENT

The Management Services Agreement (the "Agreement") made and entered into as of the 1<sup>st</sup> day of July 2019, by and between Choice Schools Associates, L.L.C., a Michigan limited liability company ("CSA"), and the New Branches Charter Academy (the "Academy"), a body corporate and public school academy organized under Part 6A of the Michigan Revised School Code (the "Code"), is hereby amended effective as of May 17, 2021.

WHEREAS, the Academy operates pursuant to a charter contract (the "Contract") issued by the Central Michigan University ("CMU"); and

WHEREAS, CSA is a limited liability company providing educational and managerial services to public school academies that has the ability to implement a comprehensive educational program and management methodologies for the Academy; and

WHEREAS, the Academy contracted with CSA on July 1, 2019, to perform certain services related to the Academy's educational program and operations; and

WHEREAS, CSA and the Academy agree to amend the Management Services Agreement to provide an updated fee schedule for the remainder of the Agreement term; and

WHEREAS, Article XI, Paragraph F of the Management Services Agreement permits written modification of this Agreement if agreed to by both parties.

NOW, THEREFORE, IT IS AGREED AS FOLLOWS:

The parties agree to amend Article V (Financial Arrangement) C (Compensation for Services) of the contract with the following language:

#### ARTICLE V

##### FINANCIAL ARRANGEMENT

C. Compensation for Services. For the term of this Agreement, the Academy shall pay Choice an annual fee. This annual fee shall be as follows:

1. **2019-2020 School Year**. The annual fee to be paid for services performed between July 1, 2019, through June 30, 2020, shall be ten (10.00%) percent of all gross revenues.

2. **2020-2021 School Year**. The annual fee to be paid for services performed between July 1, 2020, through June 30, 2021, shall be ten (10.00%) percent of all gross revenues.

3. **2021-2022 School Year**. The annual fee to be paid for services performed between July 1, 2021, through June 30, 2022, shall be ten (10.00%) percent of all gross revenues.

4. **2022-2023 School Year**. The annual fee to be paid for services performed between July 1, 2022, through June 30, 2023, shall be ten (10.00%) percent of all gross revenues.

For purposes of this Section, the term "gross revenues" means the sum of (a) the amount of all payments applicable to a school year that the Academy receives directly or indirectly under Article V, Paragraph A (subject to MDE oversight, audit, and adjustment) including amounts retained by CMU plus (b) the amount of all grants received by the Academy under Article V, Paragraph B(2) that were initiated and administered by Choice and which are to be expended during that school year. The parties expressly agree that the management fee paid out of the general fund for grant management services related to ESSER II and ESSER III dollars only will be calculated at a reduced fee of 1%, and CSA will not attempt to recoup the percentage differential in the future years.

Choice's annual fee shall be paid in twelve (12) equal monthly installments beginning in July of each school year. The exact day of the month that each monthly installment payment is to be paid will coincide with the timing of any state aid payment from the State of Michigan to be received in that month. In months where no state school aid payments are to be received, the day of the month when that monthly installment will be due will be mutually agreed upon by the parties after taking into consideration available year-end funds and the timing of funds to be made available from state aid anticipation notes or other sources. All installments of the annual fee for the 2022-2023 school year shall be paid by June 30, 2023, if this Agreement is not extended beyond that scheduled termination date, subject to adjustment consistent with Academy's annual financial audit and MDE pupil accounting reviews. The amount of the annual fee is subject to a reduction in a

mutually agreeable amount in any school year if extenuating circumstances make the entire annual fee inappropriate.

CHOICE SCHOOLS ASSOCIATES, L.L.C.

By *Sarah Wildey*  
\_\_\_\_\_

Sarah Wildey, President

NEW BRANCHES

CHARTER ACADEMY

By *[Signature]*  
\_\_\_\_\_

Chair, Board of Directors

AMENDMENT NO. 9

to the  
July 1, 2019 Contract to Charter  
A Public School Academy and Related Documents

Issued To

NEW BRANCHES CHARTER ACADEMY  
(A PUBLIC SCHOOL ACADEMY)

By

THE CENTRAL MICHIGAN UNIVERSITY  
BOARD OF TRUSTEES  
(AUTHORIZING BODY)

CONTRACT AMENDMENT NO. 9

NEW BRANCHES CHARTER ACADEMY

In accordance with Article IX of the Terms and Conditions of the Contract (the "Contract"), dated July 1, 2019, issued by the CENTRAL MICHIGAN UNIVERSITY BOARD OF TRUSTEES (the "University Board") to NEW BRANCHES CHARTER ACADEMY (the "Academy"), as amended, the parties agree to further amend the Contract as follows:

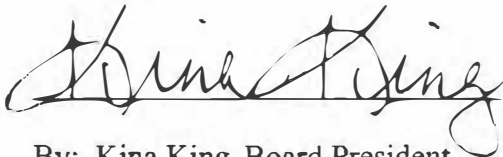
- 1.) Amend Schedule 7, Section c: Educational Programs, by incorporating into this Section a virtual component, limited to the 2021-2022 school year, that complies with Applicable Law, University Board requirements, and pupil membership requirements set forth in the Michigan Department of Education Pupil Accounting Manual.

This entire amendment is hereby approved by the University Board and the Academy Board through their authorized designees, and shall have an effective date of the Academy's first day of school for the 2021-2022 school year.



Dated: 09/23/2021

By: Corey R. Northrop, Executive Director  
The Governor John Engler Center for Charter Schools  
Designee of the University Board



Dated: 9-21-2021

By: Kina King, Board President  
New Branches Charter Academy  
Designee of the Academy Board

AMENDMENT NO. 10

to the  
July 1, 2019 Contract to Charter  
A Public School Academy and Related Documents

Issued To

NEW BRANCHES CHARTER ACADEMY  
(A PUBLIC SCHOOL ACADEMY)

By

THE CENTRAL MICHIGAN UNIVERSITY  
BOARD OF TRUSTEES  
(AUTHORIZING BODY)

CONTRACT AMENDMENT NO. 10

NEW BRANCHES CHARTER ACADEMY

In accordance with Article IX of the Terms and Conditions of the Contract (the "Contract"), dated July 1, 2019, issued by the CENTRAL MICHIGAN UNIVERSITY BOARD OF TRUSTEES (the "University Board") to NEW BRANCHES CHARTER ACADEMY (the "Academy"), as amended, the parties agree to further amend the Contract as follows:

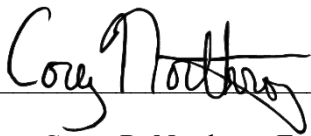
- 1.) Amend Article XII, Section 12.9. Term of Contract, of the Terms and Conditions of Contract, by replacing the language contained therein with the following:

"Term of Contract. This Contract is for a fixed term and shall terminate at the end of the Contract term without any further action of either the University Board or the Academy. This Contract shall commence on the date first set forth above and shall remain in full force and effect until June 30, 2024, unless sooner revoked, terminated, or suspended pursuant to Article X of these Terms and Conditions. Pursuant to University Board policy, the standards by which the Academy may be considered for the issuance of a new contract will be guided by the following core questions:

- Is the Academy's academic program successful?
- Is the Academy's organization viable?
- Is the Academy demonstrating good faith in following the terms of its charter and applicable law?

The Center shall establish the process and timeline for the issuance of a new contract. The standards for the issuance of a new contract shall include increases in academic achievement for all groups of pupils as measured by assessments and other objective criteria established by the University Board as the most important factor of whether to issue or not issue a new contract. Consistent with the Code, the University Board in its sole discretion may elect to issue or not issue a new contract to the Academy."

This entire amendment is hereby approved by the University Board and the Academy Board through their authorized designees, and shall have an effective date of July 1, 2022.

  
\_\_\_\_\_ Dated: 12/16/2021  
By: Corey R. Northrop, Executive Director  
The Governor John Engler Center for Charter Schools  
Designee of the University Board

  
\_\_\_\_\_ Dated: 12/13/21  
By: Board President  
New Branches Charter Academy  
Designee of the Academy Board

AMENDMENT NO. 11

to the  
July 1, 2019 Contract to Charter  
A Public School Academy and Related Documents

Issued To

NEW BRANCHES CHARTER ACADEMY  
(A PUBLIC SCHOOL ACADEMY)

By

THE CENTRAL MICHIGAN UNIVERSITY  
BOARD OF TRUSTEES  
(AUTHORIZING BODY)



CONTRACT AMENDMENT NO. 11

NEW BRANCHES CHARTER ACADEMY

In accordance with Article IX of the Terms and Conditions of the Contract (the "Contract"), dated July 1, 2019, issued by the CENTRAL MICHIGAN UNIVERSITY BOARD OF TRUSTEES (the "University Board") to NEW BRANCHES CHARTER ACADEMY (the "Academy"), as amended, the parties agree to further amend the Contract as follows:

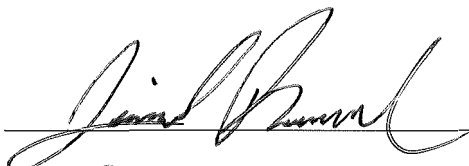
- 1.) Amend Schedule 5: Description of Staff Responsibilities, by replacing the Management Services Agreement and the Management Services Agreement Amendment contained therein with the Management Services Agreement, attached as Tab 1.

This entire amendment is hereby approved by the University Board and the Academy Board through their authorized designees, and shall have an effective date of July 1, 2022.



Dated: 03/21/2022

By: Corey R. Northrop, Executive Director  
The Governor John Engler Center for Charter Schools  
Designee of the University Board



Dated: 3/14/22

By: Josiah Roggenback  
New Branches Charter Academy  
Designee of the Academy Board

New Branches Charter Academy

Contract Amendment No. 11

# Tab 1

## MANAGEMENT SERVICES AGREEMENT

This Management Services Agreement (the “Agreement”) is made and entered into as of the 1<sup>st</sup> day of July 1, 2022, by and between Choice Schools Associates, L.L.C., of Michigan limited liability company (“CSA”), and the New Branches Charter Academy (the “Academy”), a body corporate and public school academy organized under Part 6A of the Michigan Revised School Code (the “Code”).

**WHEREAS**, the Academy operates pursuant to a charter contract (the “Contract”) issued by the Central Michigan University Board of Trustees (“CMU”); and

**WHEREAS**, the Academy operates as a public school Academy under the direction of the Academy Board (the “Board”); and

**WHEREAS**, CSA is a limited liability company providing educational and managerial services to public school academies that has the ability to implement a comprehensive educational program and management methodologies for the Academy; and

**WHEREAS**, the Academy desires to engage CSA to perform certain services related to the Academy’s educational program and operations.

**NOW, THEREFORE, IT IS AGREED AS FOLLOWS:**

### ARTICLE I

#### CONTRACTUAL RELATIONSHIP

**A. Academy Authority.** The Academy has been granted the Contract by CMU to organize and operate a public school academy, together with the powers necessary or desirable for carrying out the educational program set forth in the Contract. The Academy is authorized by law to contract with a private entity to provide educational management services, provided that no provision of such a contract shall be effective if it would prohibit the Board from acting as a independent, self-governing public body, allow public decisions to be made other than in compliance with the Open Meetings Act, or interfere with the Board’s constitutional duty to exercise its statutory, contractual and fiduciary obligations governing the operation of the Academy.

**B. Delegated Authority.** Acting under and in the exercise of such authority, the Academy hereby engages CSA, to the extent permitted by law, to perform specified functions relating to the provision of educational services and the management and operation of the Academy; provided, however, that this Agreement is subject to all the terms and conditions of the Contract. The Contract shall be deemed incorporated herein by this reference. In the event of any inconsistency between provisions of this Agreement and provisions of the Contract, the provisions of the Contract shall prevail.

**C. Status of the Parties.** CSA is a limited liability company of Michigan and is not a division or a part of the Academy. The Academy is a body corporate and governmental entity authorized by the Code and is not a division or part of CSA. The relationship between CSA

and the Academy is based solely on the terms of this Agreement. The parties to this Agreement intend that the relationship between them is that of an independent contractor, not an employee-employer relationship. The relationship between the parties was developed and entered into through arm's length negotiations and is based solely on the terms of this Agreement. Except as otherwise expressly designated by written agreement of the parties with consent from anyone whose consent is required by law or contract, no agent, officer or employee of the Academy shall be determined to be an agent or employee of CSA and no agent, officer or employee of CSA shall be determined to be an agent or employee of the Academy. The Academy will be solely responsible for its acts and omissions and the acts and omissions of its agents, officers and employees and CSA will be solely responsible for its acts and omissions and the acts and omissions of its agents, officers, employees and subcontractors.

## ARTICLE II

### TERM

**A. Term.** The Agreement shall become effective July 1, 2022 and shall cover two academic years commencing on July 1, 2022 and ending on June 30, 2024, subject to a continued Contract from CMU and continued state per capita funding. The Contract from CMU is effective through June 30, 2024 and the parties recognize that during the reauthorization process CMU may condition an extension or reauthorization of the Contract upon modifications to this Agreement or submission of a new agreement.

**B. Revocation or Termination of Contract.** If the Academy's Contract issued by the Central Michigan University Board of Trustees is revoked, terminated or a new charter contract is not issued to the Academy after expiration of the Academy's Contract, this Agreement shall automatically terminate on the same date as the Academy's Contract is revoked, terminated, or expires without further action of the parties. In the event that a reconstitution of the Academy's Contract includes measures that require cancelling of this Agreement, this Agreement shall automatically terminate on the same date as the effective date of the reconstitution of the Academy's Contract.

**Reconstitution of Contract.** In the event that the Academy is required (i) to close an Academy site pursuant to a notice issued by the Michigan Department of Education under Section [507][528][561] of the Code, MCL [380.507][380.528][380.561]; or (ii) to undergo a reconstitution pursuant to Section [507][528][561] of the Code, MCL [380.507][380.528][380.561], and the Contract, and such closure of an Academy site or reconstitution causes an amendment to or termination of this ESP Agreement, the parties agree that this ESP Agreement shall be amended or terminated to implement the Academy site closure or reconstitution, with no cost or penalty to the Academy, and CSA shall have no recourse against the Academy or the University Board for implementing such site closure or reconstitution.

## ARTICLE III

### FUNCTIONS OF CSA

**A. Responsibility.** CSA shall be responsible for the management, operations, administration, and education at the Academy, consistent with Board Policy, the Contract and applicable law. Such functions include, but are not limited to:

1. Implementation and administration of the Educational Program and curriculum contained in the Contract;
2. Marketing and communication plan development for board approval; the cost of implementation shall be the Academy's responsibility;
3. Budget preparation and financial management services;
4. Management of accounting and bookkeeper services;
5. Risk management;
6. Acquisition of instructional and non-instructional materials, equipment and supplies, the cost of which shall be the Academy's responsibility;
7. Selection, employment and supervision of all teachers and staff and the personnel management services (recordkeeping, wage and benefits administration, training and technical assistance) necessary to support those employees;
8. Food service management;
9. Transportation management;
10. Facilities management, including assistance in securing funding sources for facility improvements;
11. Preparation and timely submission of required CMU, local, state and federal reports;
12. Information and technology system management;
13. Preparation of applications and reports for State and Federal grants;
14. Management of school building operations;
15. Administration of extra-curricular and co-curricular activities and program approved by the Board;
16. Preparation and implementation of administrative guidelines supporting board policy, including student codes of conduct;
17. Provisions of special education programs and services to eligible students who attend the Academy in conformity with the requirements of state and federal laws and applicable regulations and policies.

**B. Educational Goals and Program.** CSA shall implement the educational goals and programs set forth in the Contract, including but not limited to methods of pupil assessment, admission policy and criteria, school calendar and school day schedule, age and grade classifications or pupils to be enrolled, and methods to be used to monitor performance towards targeted educational outcomes (collectively the “Educational Program”). In the event that CSA determines that it is advisable to modify the Educational Program set forth in the Contract, CSA will provide written notification to the Board specifying the changes it recommends and the reasons for the proposed changes. No changes in the Educational Program shall be implemented without the prior written approval of the Board and CMU. CSA shall provide the Board with periodic written reports specifying the level of achievement of each of the Academy’s educational goals set forth in the Contract and detailing its plan for meeting any educational goals that are not being attained. These reports will be submitted to the Board immediately prior to the Board’s regular meeting in January and July each year, and at such other times as specified in Board policy as the same may be changed from time to time.

**C. Subcontracts.** It is anticipated that CSA will utilize subcontracts to provide some of the services it is required to provide to the Academy, including but not limited to transportation and/or food service. CSA shall not subcontract the management, oversight or operation of the teaching and instructional program, without the prior approval of the Board. Board approval of other subcontracts is not required unless the cost for these subcontracted services is projected to exceed the funds appropriated for that purpose in the Academy's approved budget. CSA will receive no additional fee as a result of subcontracting of any services. CSA remains responsible to the Academy for the services provided through subcontracting agreements. CSA shall ensure that all subcontracts comply with applicable law including the Family Educational Rights and Privacy Act, 20 U.S.C. §1232g et seq., ("FERPA") and the criminal background check provisions of the Code.

**D. Place of Performance.** Instruction services other than field trips will normally be performed at the Academy facilities. CSA may perform functions other than instruction, such as purchasing, professional development, and administrative functions at off-site locations, unless prohibited by the Contract or applicable law. The Academy shall provide CSA with the necessary office space at the Academy site to perform all services for the Academy described in this Agreement.

**E. Acquisitions.** All acquisitions made by CSA for the Academy, including, but not limited to, instructional materials, equipment, supplies, furniture, computers and other technology, shall be owned by and remain the property of the Academy. CSA and its subcontractors will comply with all federal and state laws, rules, and regulations in addition to such policies as the Board may, from time to time adopt, under Section 1267 and Section 1274 of the Code as if the Academy were making these purchases directly from a third party supplier or vendor. CSA will not add any fees or charges to the cost of the equipment, materials and supplies purchased from third parties when it seeks reimbursement for the cost of these acquisitions.

**F. Pupil Performance Standards and Evaluation.** CSA is responsible for and accountable to the Board for the performance of students who attend the Academy. CSA shall implement pupil performance evaluations which permit evaluation of the educational progress of each Academy student, using measures of student and school performance required by the Contract or applicable laws and such additional measures as shall be mutually agreed upon by the Board and CSA including but not limited to parent satisfaction surveys.

**G. Student Recruitment.** CSA shall be responsible for the recruitment of students subject to the provisions of the Contract or applicable laws and the policies adopted by the Board. Students shall be selected in accordance with the procedures set forth in the Contract and in compliance with the Code and other applicable law. CSA shall follow all applicable procedures regarding student recruitment, enrollment and lottery management, and shall be responsible for publication of appropriate public notices.

**H. Student Due Process Hearings.** CSA shall provide students with procedural and substantive due process in conformity with the requirements of applicable law and Board policy regarding discipline, special education, confidentiality and access to records, to an extent consistent with the Academy's own obligations. The Board shall retain the right to provide due process as required by law and to determine whether any student will be expelled.

**I. Legal Requirements.** CSA shall provide educational programs that meet the requirements under the Contract and applicable law, unless such requirements are or have been waived.

**J. Rules and Procedures.** The Board shall consider, adopt and conduct its operation in conformity with policies and procedures applicable to the Academy and CSA is directed to enforce the policies and procedures adopted by the Board. CSA shall assist the Board in its policy making function by recommending the adoption of reasonable policies and procedures applicable to the Academy.

**K. School Year and School Day.** The school year and the school day shall be as provided in the Contract and as defined annually by the Board in compliance with applicable law.

**L. Authority.** CSA shall have authority and power necessary to undertake its responsibilities described in this Agreement except in the case(s) wherein by law such power may not be delegated.

**M. Compliance with Academy's Contract.** CSA agrees to perform its duties and responsibilities under this Agreement in a manner that is consistent with the Academy's obligations under the Academy's Contract issued by the Central Michigan University Board of Trustees, including all schedules attached thereto and policies references therein, as they may be amended. The provisions of the Academy's Contract shall supersede any competing or conflicting provisions contained in this Agreement. CSA agrees to assist the Academy in complying with all of the Academy's reporting, recordkeeping, and other obligations under

the Academy's Contract. CSA shall not act in a manner which will cause the Academy to be in breach of its Contract. Any action or inaction by CSA that causes the Contract to be in jeopardy of revocation, termination or reconstitution is a material breach of the Agreement. In addition, a failure of CSA to perform reasonably the functions set forth in Article III may be considered a material breach of this Agreement.

**N. Additional Programs.** The services provided by CSA to the Academy under this Agreement consist of the Educational Program as set forth in the Contract, as the same may change from time to time. The Academy may decide to provide additional programs, including but not limited to summer school. Any revenues collected from such programs will go directly to the Academy. The Academy may also purchase additional services from CSA at mutually agreeable cost. Such additional services shall be documented in writing as an amendment to this Agreement, subject for review by CMU.

**O. Annual Budget Preparation.** The Board shall by Board resolution appoint the Board Treasurer, or such other officer as determined by the Board, to serve as the chief administrative officer of the School (the "CAO") under the Uniform Budgeting and Accounting Act, MCL 141.421 et seq. (the "Budgeting and Accounting Act"). Notwithstanding any other provisions of the Agreement to the contrary, the Board resolution may designate CSA's chief financial officer, or such other CSA employee as is mutually agreed upon by CSA and the Academy, as the designated agent of the CAO to assist the CAO with the performance of the CAO's duties under the Budgeting and Accounting Act. CSA will provide the Board with a proposed annual budget that shall conform to the Michigan Public School Accounting Manual and the Uniform Budgeting and Accounting Act, MCL 141.421 et seq. and in a form satisfactory to the Board and in compliance with the Contract. The budget shall contain reasonable detail as requested by the Board and as necessary to comply with the public accounting standards applicable to public schools and applicable law. The budget shall include anticipated revenues and projected expenses and costs reasonably associated with operating the Academy and the Educational Program including, but not limited to, the projected cost of all services and educational programs provided to the Academy, rent and lease payments, debt service, maintenance and repairs to Academy facilities, supplies and furnishings necessary to operate the Academy, taxes, insurance premiums, utilities, professional fees, and other costs and expenses connected to the operation of the Academy. The proposed budget shall be submitted to the Board for approval not later than thirty (30) calendar days prior to the date when the approved budget is required to be submitted to CMU. CSA may not make deviations from the approved budget without the prior written approval of the Board.

**P. Compliance with Section 503c.** On an annual basis, CSA agrees to provide the Board all of the same information that a school district is required to disclose under section 503c of the Code, MCL 380.503c or under section 18(2) of the State Aid Act of 1979, MCL 388.1618(2), for the most recent school fiscal year in which the information is available. Within thirty (30) days of receiving the information under section 18(2), the Board and CSA shall make this information publicly available on the Academy's website, in a form and



manner prescribed by the Michigan Department of Education. The defined terms in section 503c of the Code, MCL 380.503c, shall have the same meaning in this Agreement.

**Q. Compliance with the Contract.** CSA shall make information concerning the operation and management of the Academy, including without limitation the information described in the Contract, available to the Academy as deemed necessary by the Board in order to enable the Academy to fully satisfy its obligations under the Contract.

**R. Suspension and Debarments List.** Federal agencies are required to award contracts only to presently responsible sources and cannot award funds to entities that have been suspended or debarred from doing business with the federal government. The Academy is a recipient of federal funding and CSA is required to refrain from any action that will result in being suspended or debarred. CSA certifies and affirms that it is not included on the federal Suspension and Debarments list of Excluded Parties List; nor is CSA affiliated with any party that is included on the federal Suspension and Debarments list of Excluded Parties List.

**S. Personally Identifiable Information.** CSA agrees to treat all personally identifiable information ("PII") received from the Academy or from students confidentially and securely, in compliance with all applicable laws and regulations related to protecting the privacy of PII, including without limitation the Family Education Rights and Privacy Act (FERPA), the Michigan Revised School Code, and Section 5 of Michigan's Student Online Personal Protection Act, MCL 388.1295. Except as permitted under the Code, CSA shall not sell or otherwise provide to a for-profit business entity any PII that is part of an Academy student's education records. If CSA receives information that is part of an Academy student's education records, CSA shall not sell or otherwise provide the information to any other person except as permitted under the Code. For purposes of this section, the terms "educational records" and "personally identifiable information" shall have the same meaning as those terms in section 1136 of the Code, MCL 380.1136. In addition, CSA will maintain a documented security program that incorporates appropriate, commercially reasonable, and industry-standard security measures to protect such PII. CSA will notify the Academy of any security breach that impacts PII received from the Academy or from students within a commercially reasonable time after discovery and will provide regular status updates until the breach is resolved. After final resolution of the breach, CSA will provide the Academy with a final incident report.

**T. Data Security Breach.** CSA shall promptly report to the Board, not later than the first business day following discovery, any use or disclosure of personally identifiable information from the Academy's education records or other information not suitable for public release (collectively, Covered Data or Information ("CDI") that is not authorized by this Agreement or Applicable Law. CSA agrees to promptly undertake to identify: (i) the nature of the unauthorized use or disclosure, (ii) the CDI used or disclosed, (iii) who made the unauthorized use or received the unauthorized disclosure, (iv) what CSA has done or shall do to mitigate any deleterious effect of the unauthorized use or disclosure, (v) whether, and if so on what grounds, CSA has determined that the security breach has not or is not

likely to cause substantial loss or injury to, or result in identity theft with respect to, one or more residents of this state, and (vi) what corrective action CSA has taken or shall take to prevent future similar unauthorized use or disclosure. CSA shall provide such other information as reasonably requested by the Academy Board. CSA shall take appropriate action, in accordance with MCL 445.72, to notify affected individuals whose CDI may have been compromised.

## ARTICLE IV

### OBLIGATIONS OF THE BOARD

**A. Board Policy Authority.** The Board is responsible for determining the fiscal and academic policies that will govern the operation of the Academy, including policies relative to the conduct of students while in attendance at the Academy or enroute to and from the Academy and regulations governing the procurement of supplies, materials and equipment. The Board shall exercise good faith in considering the recommendations of CSA on issues including, but not limited to, policies, rules, regulations, procedures, curriculum and budgets subject to the constraints of law and the requirements of the Contract. Failure of CSA and the Board to agree on educational policies is grounds for termination of the Agreement by either party and will be subject to Article VII (C) of this Agreement.

**B. Building Facility.** The Board is responsible for the acquisition by either purchase or lease of a building facility that complies with all of the requirements of the Contract.

**C. Academy Employees.** The Board may employ such employees as it deems necessary. The cost to employ Academy employees shall be paid by the Board.

**D. Educational Consultants.** The Board may retain an educational consultant or consultants to review the operations of the Academy and the performance of CSA under this Agreement. CSA shall cooperate with the educational consultant or consultants and will provide those individuals with prompt access to records, facilities and information as if such request came from the full Board. CSA shall have no authority to select, evaluate, assign, supervise or control any educational consultant employed by the Board, and agrees that it will not bring or threaten to bring any legal action against the Board or any educational consultant for the performance of the functions requested to be performed by the Board and which are consistent with this Agreement. The cost to employ an educational consultant shall be paid by the Board.

**E. Legal Counsel.** The Board shall select and retain legal counsel to advise it on any matter, including but not limited to its rights and responsibilities under the Contract, this Agreement and applicable law.

**F. Audit Services.** The Board shall select and retain an independent auditor to perform the annual financial audit in accordance with the Contract and applicable state law.

**G. Budget.** The Board is responsible for adopting a budget in accordance with the provisions of the Uniform Budgeting and Accounting Act, MCL 141.421 et seq, that has adequate resources to fulfill its obligations under the Contract, including but not limited to its

oversight of CSA, the organization of the Academy, negotiation of the Contract and any amendments, payment of personnel costs, insurance required under the Contract and this Agreement, the annual financial audit and retention of the Board's legal counsel and consultants. CSA may not make expenditures or commitments which deviate from the amounts or purposes of appropriations contained in the approved budget without the prior approval of the Board in the form of an approved amendment to the budget in accordance with applicable law and the Contract. In addition, the Board is responsible for determining the budget reserve amount included as part of the Academy's annual budget, for implementing fiscal policies that will assist the Academy in attaining the stated budget reserve amount and for approving necessary amendments to the budget to reflect necessary deviations from the adopted budget. The budget may be amended from time to time as deemed necessary by the Board. The Board shall designate an Academy Board member as the Chief Administrative Officer of the Academy.

**H. Academy Funds.** The Board shall determine the depository of all funds received by the Academy. All funds received by the Academy shall be initially deposited in the Academy's depository account. Signatories on all Board accounts shall solely be current Board members properly designated annually by Board resolution. All interest or investment earnings on Academy accounts shall accrue to the Academy. The Board shall provide Academy funding on a consistent and timely basis to CSA in order that CSA may fulfill its obligations under this Agreement.

**I. Governmental Immunity.** The Board shall determine when to assert, waive or not waive its governmental immunity. Nothing in this Agreement is intended to, nor shall it be construed as a relinquishment or waiver by the Board of any immunity from action or liability.

**J. Contract with CMU.** The Board will not act in a manner which will cause the Academy to be in breach of its Contract with CMU.

**K. Evaluation of CSA.** The Board will evaluate the performance of CSA each year to provide CSA with an understanding of the Board's view and its performance under this Agreement. A preliminary evaluation will normally occur in January of each year followed by the year-end evaluation in June. The Board will determine the format to conduct this evaluation. Special evaluations may occur at any time.

## ARTICLE V

### FINANCIAL ARRANGEMENT

**A. Primary Source of Funding.** As a Michigan public school academy, the primary source of funding for the Academy is state school aid payments based upon the number of eligible students enrolled in the Academy combined with such other payments as may be available from state and federal sources for specific programs and services.

**B. Other Revenue Sources.** In order to supplement and enhance the state school aid payments and improve the quality of education at the Academy, the Board and CSA, with prior Board approval, shall endeavor to obtain revenue from other sources. In this regard:

1. The Academy and/or CSA shall solicit and receive donations consistent with the mission of the Academy.
2. The Academy and/or CSA may apply for and receive grant money, in the name of the Academy. CSA shall provide advance notification to the Board of any grant applications it intends to make and receive the approval of the Board for the application prior to filing or submitting any grant.
3. To the extent permitted by law, CSA may charge fees to students for extra services such as summer programs, after school programs and athletics and charge non-Academy students who participate in such programs approved by the Board.

All funds received by CSA or the Academy from such other revenue sources shall inure to and be deemed the property of the Academy, except as otherwise agreed by the parties in writing as an amendment to this Agreement.

**C. Compensation for Services.** For the term of this Agreement, the Academy shall pay CSA an annual fee. This annual fee shall be calculated as follows: The annual fee to be paid for services performed between July 1, 2022 through June 30, 2024 shall be ten (10.00%) percent of all annual gross revenues less the three percent (3%) retained by CMU for its oversight fee. CSA's annual fee shall be paid in twelve (12) equal monthly installments beginning in July of each school year. The exact day of the month that each monthly installment is to be paid will coincide with the timing of any state school aid payment from the State of Michigan to be received in that month. In months where no state school aid payments are to be received, the day of the month when that monthly installment will be due will be mutually agreed upon by the parties after taking into consideration available year-end funds and the timing of funds to be made available from state school aid anticipation notes or other sources. All installments of the annual fee for the 2023-2024 school year shall be paid by June 30, 2024 if this Agreement is not extended beyond the scheduled termination date. The amount of the annual fee is subject to reduction in a mutually agreeable amount in any school year if extenuating circumstances make payment of the entire annual fee inappropriate.

**D. Reasonable Compensation.** The parties wish to satisfy the requirements of Rev. Proc. 97-13 so that the provision of CSA's services under this Agreement does not cause the Academy's facilities to be treated as used in a private business use under Section 141(b) of the Internal Revenue Code of 1986, as amended. CSA's compensation under this Agreement is reasonable compensation for services rendered. CSA's compensation for services under this Agreement will not be based, in whole or in part, on a share of net profits from the operations of the Academy.

**E. Payment of Educational Program Costs.** In addition to the Academy's obligation to pay or reimburse CSA for the cost to employ CSA employees under Article VI (B), (C) and (D), all costs reasonably incurred within Board approved budget parameters in providing the Educational Program at the Academy shall be paid by the Academy. Such costs shall include, but shall not be limited to, curriculum materials, professional development and training, textbooks, library books, computer and other equipment, software, supplies utilized at the Academy for educational purposes, building payments, maintenance, utilities, capital improvements, and marketing and development costs. Marketing and development costs charged to the Academy shall be limited to those costs specific to the Academy program and shall not include any costs for the marketing and development of CSA. The Board shall pay or reimburse CSA monthly for approved fees and expenses, as identified in the board approved annual budget, upon properly presented documentation and approval by the Board at its next regularly scheduled meeting. At its option, the Board may advance funds to CSA for the fees and expenses associated with the Academy's operation provided that documentation for the fees and expenses are provided for Board ratification at its next regularly scheduled meeting. In paying costs on behalf of the Academy, CSA shall not charge an added fee. Any costs reimbursed to CSA that are determined by the independent audit not to be reasonably incurred on behalf of the Educational Program of the Academy shall be promptly returned to the Academy by CSA.

**F. CSA Costs.** The annual fee to be paid to CSA set forth in Article V, Section C is intended to compensate CSA for all expenses it incurs for administrative and financial services it is required to provide under this Agreement, including but not limited to, expenses associated with individuals providing professional and curriculum development services, accounting services, clerical services, management and budgeting services, and administrative services. CSA will provide sufficient professional and non-professional staff in these areas, who shall be compensated by CSA. In addition, the annual fee is intended to compensate CSA for all costs incurred by CSA to provide these services. The annual fee does not include payments for CSA personnel provided pursuant to Article VI (B), (C), and (D), the cost of which will be paid or reimbursed to CSA in accordance with Article VI (A). Any services to be provided by CSA that are included in the annual fee but are performed by a subcontractor shall not be charged to, reimbursed by, or passed through as an additional cost to the Academy. Additionally, no corporate costs of CSA shall be charged to, or reimbursed by, the Academy.

**G. CSA Legal Services.** The annual fee set forth in Article V, Section C is intended to compensate CSA for routine legal fees it incurs to receive advice regarding the scope of its obligations under state and federal law to provide the administrative and financial services CSA is required to provide under this Agreement. The annual fee does not cover non-routine legal services, including but not limited to the legal fees and costs associated with the appointment of special education hearing officers and the engagement of counsel to represent the Academy in legal or administrative proceedings, which are the responsibility of the Academy. The Board shall at all times retain the sole authority and discretion to engage independent legal counsel.

**H. Other Public School Academies.** The Academy acknowledges that CSA has entered or will enter into management agreements with other public school academies. CSA shall separately account and provide written detail for reimbursable expenses incurred on behalf of the Academy and other public school academies, and only charge the Academy for expenses incurred on behalf of the Academy.

**I. Financial Reporting.** On not less than a monthly basis, CSA shall provide the Board with monthly financial statements that shall include a balance sheet, an object level detailed statement of revenues, expenditures and changes in fund balance that includes a comparison of budget-to-actual information and an explanation of the variances of expenditures for review and approval by the Board. This report shall explain any variances from the approved budget and shall contain recommendations for necessary budget corrections. The foregoing presentation shall be in a form and format acceptable to the Board and shall be provided to Board members not less than three (3) business days prior to the Board meeting at which the information will be considered in the Board packets sent to Board members in preparation for Board meetings. CSA shall provide special reports as necessary to keep the Board informed of changing conditions. All finance and other records of the ESP related to the Academy will be made available to the Academy, the Academy's independent auditor and the Authorizer upon request.

**J. Operational Reporting.** At least two (2) times per year, December and May unless agreed otherwise, CSA will provide the Board with comprehensive written reports detailing Academy operations, finances and student performance. In order to enable the Board to monitor CSA's educational performance and the efficiency of its operation of the Academy, upon the request of the Board, CSA will provide written reports to the Board on any topic of Academy activity or operations and which are consistent with this Agreement. These special reports will be provided in a timely fashion, but not less than one (1) week after the request for the report is received by CSA unless the Board and CSA mutually agree upon an extended timetable.

**K. Audit Report Information.** CSA will make all of its financial and other records related to the Academy available to the Academy and the Academy's independent auditor selected by the Board.

**L. Other Financial Relationships.** Any lease, promissory notes or other negotiable instruments, lease-purchase agreements or other financing agreements between the Academy and CSA shall be contained in a document separate from this Agreement and shall comply with applicable law and CMU's Educational Service Provider Policies.

**M. Access to Records.** CSA shall keep accurate financial records pertaining to its operation of the Academy, together with all Academy financial, educational and student records prepared by or in the possession of CSA and retain all of these records for a period as required by Bulletin 1022 of Michigan's Record Retention Schedule, or applicable law, whichever period is the longest, from the close of the fiscal year to which such books, accounts and records relate. CSA shall further make information concerning the operation and management of the Academy, including but not limited to, information required to be

kept by the Contract with CMU, including all exhibits and schedules, available to the Academy as deemed necessary by the Board in order to enable the Academy to fully satisfy its obligations under the Contract and to CMU upon request. Financial, educational, operational and student records that are now or may in the future come into the possession of CSA remain Academy records and are required to be returned by CSA to the Academy upon demand, provided that CSA may retain copies of records necessary to document the services provided to the Academy and its actions under the Agreement. CSA and the Academy shall maintain the proper confidentiality of personnel, student and other records as required by law. All Academy records shall be physically or electronically available, upon request, at the Academy's physical facilities. The financial, educational, operational and student records pertaining to the Academy are Academy property and are public documents subject to disclosure in accordance with the provisions of the Michigan Freedom of Information Act. This Agreement shall not be construed to restrict CMU's or the public's access to these records under the Freedom of Information Act or the Contract, except to the extent permitted by law.

**N. Access to Confidential Information.** CSA, and its respective officers, directors, employees and designated agents are each hereby authorized to serve as agents of the Academy having a legitimate educational interest in the Program and its students for purposes of the Family Educational Rights and Privacy Act, 20 U.S.C. §1232g et seq., ("FERPA"), such that they are jointly and severally entitled to access the educational records of the Program for all purposes related to FERPA. The Academy agrees to define "school official" in the Academy's annual notification of rights under 20 U.S.C. §1232g, 34 C.F.R. §99, FERPA to include a contractor who performs an institutional service or function for which the Academy would otherwise use its own employees, who is under the direct control of the Academy with respect to the use and maintenance of personally-identifiable information from education records, and who is subject to the requirements of 34 C.F.R. §99.33(a) governing the use and redisclosure of personally identifiable information from education records. The Board designates CSA and certain of its employees and subcontractors as school officials of the Academy having a legitimate educational interest such that they are entitled to access to educational records under FERPA. CSA and its employees and subcontractors agree to comply with FERPA and corresponding regulations applicable to school officials. Except as set forth in this Paragraph or as expressly acknowledged in writing by the Board, no employee of CSA shall be deemed to be an agent of the Academy. During the term of this Agreement, the Academy may disclose, and CSA and its officers, directors, employees and designated agents may have access to, confidential information to the extent permitted by applicable law, including without limitation, the Family Educational Rights and Privacy Act, 20 U.S.C. §1232g et seq., ("FERPA"), the Individuals with Disabilities Education Act ("IDEA"), 20 USC §1401 et seq., 34 CFR 300.610-300.626; Section 504 of the Rehabilitation Act of 1973, 29 USC §794a, 34 CFR 104.36; the Michigan Mandatory Special Education Act, MCL 380.1701 et seq.; the Americans with Disabilities Act, 42 USC §12101 et seq.; the Health Insurance Portability and Accountability Act ("HIPAA"), 42 USC 1320d-13200d-8; 45 CFR 160, 162 and 164;

and social security numbers, as protected by the federal Privacy Act of 1974, 5 USC §552a; and the Michigan Social Security Number Privacy Act, MCL445.84. CSA agrees that it shall comply with all applicable law regarding the safeguarding of the confidentiality of such information.

## ARTICLE VI

### PERSONNEL AND TRAINING

**A. Personnel Responsibility.** CSA is responsible for providing the Academy with a School Administrator and other qualified administrative, teaching, food service, secretarial, maintenance and transportation staff to operate the Academy within the staffing levels approved by the Board in its annual budget. CSA shall have the responsibility to recruit, select, hire, evaluate, compensate, assign, discipline, transfer and terminate the employment of all individuals that it employs to provide services at or for the Academy, consistent with state and federal law and the provisions of this Agreement. With the exception of the Board employees, if any, CSA shall be the employer of all individuals working at or for the Academy and accepts full liability and is responsible for the payment of all costs incurred by CSA attributable to these employees, including wages, salaries, fringe benefits, payroll taxes, social security contributions, unemployment costs, workers compensation costs, and liability insurance costs irrespective of whether CSA receives an advancement of its costs or the payment of services from the Academy. Unless required by applicable statute, court or administrative decision, or Attorney General's opinion, CSA shall not make payments to the Michigan Public School Employees' Retirement System or any other public retirement system on behalf of its employees. CSA will provide the Board with a detailed listing of the actual wages, salaries, fringe benefits, social security contributions, unemployment costs and workers compensation costs for all employees of CSA who will be assigned to provide services at the Academy. The Board will pay CSA for the cost of the actual wages, salaries, fringe benefits, social security contributions, unemployment costs, and workers compensation costs of employees assigned to the Academy not later than three (3) business days before that compensation is due to the employees or to other entities to be paid to provide these benefits, provided that these costs are not higher than anticipated and approved in the annual budget. Alternatively, the Board may advance funds to CSA for the cost of the wages, salaries, fringe benefits, social security contributions, unemployment costs and workers compensation costs of employees assigned to the Academy provided that documentation for the fees and expenses are provided for Board review at its next regularly scheduled Board meeting and are consistent with budget allocations. At the request of the Board, CSA will provide payroll services for employees of the Board. CSA will not assign any employee to work at the Academy who has not successfully completed a pre-employment background check (including statutorily required criminal history, criminal background and unprofessional conduct checks) consistent with Michigan State Police guidelines and credential verification, and, a pre-employment physical if appropriate. CSA will not place in the employment contracts with any of its employees assigned to work at the



Academy any non-compete agreements of any nature. CSA agrees that any provision of an employment agreement with any of its employees that would be in violation of this provision is void and shall not be enforceable in any forum. CSA will comply with the requirements of applicable law, including but not limited to section 1249 of the Code, MCL 380.1249, regarding the evaluation of its employees based in part upon data on student growth and the establishment of employee compensation levels that include job performance and job accomplishments as a significant factor. In the event that an employee hired by CSA is retired under the Michigan Public School Employees Retirement Act, CSA will comply with any applicable notice and reporting requirement.

**B. School Administrator.** CSA shall provide the Academy with a School Administrator who shall be responsible for the daily operational control of the Academy and to make recommendations to CSA regarding employees to be assigned to the Academy. CSA will have the authority, consistent with applicable law, to select and supervise the School Administrator and to hold that individual accountable for the success of the Academy. The School Administrator will be a CSA employee, but the individual selected by CSA must be acceptable to the Board. CSA will consult with the Board prior to hiring the School Administrator and will consult with the Board prior to taking any action that would alter the employment status of the School Administrator. At the request of the Board, CSA will review the performance of the School Administrator with the Board. Upon receipt of written notification indicating that the Board is not satisfied with the performance of the School Administrator, CSA will provide a replacement School Administrator if the performance problems are not resolved. The Board will reimburse CSA for any reasonable costs associated with the termination of the School Administrator during a school year, at the Board's request, provided that the amount of the costs to be reimbursed shall not exceed three (3) months of the School Administrator's salary and fringe benefits. The employment contract with the School Administrator, and the duties and compensation of the School Administrator shall be determined by CSA, but that individual must be assigned on a full time basis to the Academy and may not be providing services to any other school or Academy without the prior approval of the Board. If CSA chooses to execute an employment agreement with the School Administrator that has a term longer than one year, the Board reserves the right to have the School Administrator placed elsewhere by CSA if the Board is dissatisfied with that individual's performance at the end of any school year and will be considered a non-renewal rather than a termination for purposes of this Agreement.

**C. Teachers.** As part of the annual budgeting process, CSA shall make a recommendation to the Board regarding the number of teachers required for the operation of the Academy pursuant to the Contract. CSA shall provide the Academy with such teachers, qualified in the grade levels and subjects as are required by the Academy. The curriculum taught by such teachers shall be the curriculum prescribed in the Contract. Such teachers may, at the discretion of CSA, work at the Academy on a full or part time basis. If assigned to the Academy on a part time basis, such teachers may also work at other schools operated by CSA. Each teacher assigned to or retained by the Academy shall hold a valid teaching certificate or temporary special permit issued by the State Board of Education under the

Code, to the extent required under the Code and the Every Student Succeeds Act of 2015 ("ESSA") or other applicable law. If CSA chooses to execute contracts with teaching staff that have a term of longer than one year, the Board reserves the right to have teachers placed elsewhere by CSA if the Board is dissatisfied with their performance at the end of any school year. Teachers employed by CSA shall not be considered teachers for purposes of continuing tenure under MCL Section 38.71 et. seq.

**D. Support Staff.** As part of the annual budgeting process, CSA shall make a recommendation to the Board regarding the number of support staff required for the operation of the Academy pursuant to the Contract. CSA shall provide the Academy with such support staff, qualified in the areas required, as are required by the Board. Such support staff may, in the discretion of CSA, work at the Academy on a full or part time basis. If assigned to the Academy on a part time basis, such support staff may also work at other schools operated by CSA. Each support staff employee assigned to or retained by the Academy shall have received the training and hold the certificates, degrees or licenses legally required for the position to which they are assigned under the Code and ESSA or other applicable law. If CSA chooses to execute contracts with support staff that have a term of longer than one year, the Board reserves the right to have support staff placed elsewhere by CSA if the Board is dissatisfied with their performance at the end of any school year.

**E. Training.** CSA shall provide training to the School Administrator, teachers and paraprofessionals on a regular and continuing basis and shall insure that they receive all training required by law and the policies of the Board. The School Administrator, teachers, paraprofessionals and other support staff employees shall receive such other training as CSA determines as reasonable and necessary under the circumstances within the board approved budget.

## ARTICLE VII

### TERMINATION OF AGREEMENT

**A. Termination by the Academy for Cause.** This Agreement may be terminated by the Academy for cause prior to the end of the term specified in Article II in the event that CSA should fail to remedy a material breach within a period reasonable under the circumstances, which in no event shall be longer than sixty (60) calendar days after notice from the Academy. A material breach is a failure by CSA to carry out its responsibilities under this Agreement and may include, but is not limited to, (1) failure to account for its expenditures or to pay operating costs (providing funds are available to do so), (2) failure to follow policies or procedures duly adopted by the Board, (3) failure to follow the Educational Program, (4) a violation of the Contract or of applicable law, or (5) any action or inaction by CSA that is not cured within 60 days of notice thereof which causes the Contract to be revoked, terminated, suspended, or which causes the Contract to be put in jeopardy of revocation, suspension or termination by Central Michigan University. In order to terminate this Agreement for cause, the Board is required to provide CSA with written notification of

the facts it considers to constitute material breach and the period of time within which CSA has to remedy this breach not to exceed sixty (60) calendar days. After the period to remedy the material breach has expired, the Board may terminate this Agreement by providing CSA with written notification of termination. The Academy and CSA will make every effort necessary to remedy a breach of the ESP Agreement in order to continue school operations until completion of the then current school fiscal year.

**B. Termination by CSA for Cause.** The Agreement may be terminated by CSA for cause prior to the end of the term specified in Article II in the event the Academy fails to remedy a material breach within a period reasonable under the circumstances, which in no event shall be longer than sixty (60) calendar days after notice from CSA. A material breach is a failure by the Academy to carry out its responsibilities under this Agreement and may include, but is not limited to (1) a failure to make timely payments to CSA as required by this Agreement, (2) a failure to give consideration to the recommendations of CSA regarding the operation of the Academy, (3) a violation of the Contract or of applicable law or (4) any action or inaction by the Academy that places the Contact in jeopardy of suspension, revocation, reconstitution or termination. In order to terminate this Agreement for cause, CSA is required to provide the Board with written notification of the facts it considers to constitute material breach and the period of time within which the Academy has to remedy this breach not to exceed sixty (60) days. After the period to remedy the material breach has expired, CSA may terminate this Agreement by providing the Board with written notification of termination. The Academy and CSA will make every effort necessary to remedy a breach of the ESP Agreement in order to continue school operations until completion of the then current school fiscal year.

**C. Termination by Either Party Without Cause.** If CSA and the Board are unable to agree on educational programs, curriculum or other educational policies that affect the Academy in a significant way, either party may elect to terminate this Agreement at the end of a school year, provided that the terminating party gives the other party written notification of termination at least sixty (60) calendar days prior to the termination date.

**D. Change in Law.** If any federal, state or local law or regulation, or court decision has a material adverse impact on the ability of either party to carry out its obligations under this Agreement, then either party, upon written notice, may request renegotiation of the Agreement; and if the parties are unable or unwilling to renegotiate the terms within ninety (90) calendar days after the notice, the party requiring the renegotiation may terminate this Agreement on thirty (30) calendar days further written notice.

**E. Rights to Property Upon Termination.** Upon termination of this Agreement all property (real or personal), equipment, materials and supplies whether purchased by the Academy or by CSA with state school aid funds or other funds secured by the Academy, shall remain the exclusive property of the Academy. CSA shall have the right upon proof of ownership to reclaim any usable property or equipment (e.g., including, but not limited to, desks, computers, copying machines, fax machines, telephones) that was purchased by CSA with CSA funds. Fixtures and building alterations shall become the property of the Academy.

**F. Mid-Year Transition.** The Academy and CSA agree that mid-year terminations should be avoided if possible and endeavor to take reasonable efforts necessary to remedy a breach of this agreement in order to continue school operations until completion of the then current school fiscal year. If a breach cannot be remedied, the Academy Board and CSA agree to work cooperatively to transition management and operations of the academy without disrupting the Academy's operations. CSA shall perform this transition in a similar manner as described under Article VII (J) based upon completion of the then-current school period.

**G. End of Agreement Transition.** Upon termination or expiration of this Agreement, or if this agreement is terminated due to a Contract revocation, reconstitution, or termination or non-renewal, CSA shall, without additional charge: (i) close the financial records on the then current school fiscal year which includes, but is not limited to, the completion and submission of the annual financial audit, state and federal grant reporting and all other associated reporting required within the required timelines established by the appropriate local, state or federal authority; (ii) organize and prepare student records for transition to the new educational services provider, self-management or in the case of a school closure, transfer to a student's new school as designated by the student's parent/legal guardian or to a person or entity authorized to hold such records; (iii) provide for the orderly transition of employee compensation and benefits to the new educational services provider or self-management without disruption to staffing, or in the case of school closure, final payment of all employee compensation, benefit and tax obligations related to services provided by CSA to the Academy; (iv) organize and prepare the Academy's records, both electronic and hard-copy, for transition to the new educational services provider, self-management or dissolution; and (v) provide for the orderly transition to the new educational services provider, self-management or dissolution of all Academy-owned assets including, but not limited to, furniture, fixtures, equipment and real estate. This includes any keys, log-in information and passwords related to any Academy asset.

## ARTICLE VIII

### PROPRIETARY INFORMATION

**A. CSA Proprietary Information and Academy Rights of Use.** CSA shall own all copyright and other proprietary rights to all instructional and educational materials, training materials, curriculum and lesson plans, and any other materials developed by CSA, its employees, agents or subcontractors, or by any individual working for or supervised by CSA, which (i) were not directly developed exclusively by staff working at the Academy; or (ii) were paid for by CSA with CSA funds. The Academy shall have an ongoing right to use, at no cost, all such materials in use as of the termination of this Agreement.

**B. Academy Proprietary Information and CSA Rights of Use.** The Academy shall own all copyright and other proprietary rights to all instructional and educational materials, training materials, curriculum and lesson plans, and any other materials (i) developed exclusively by staff working at the Academy; or (ii) both directly developed and

paid for by the Academy; or (iii) developed by CSA, at the direction of the Board with Academy funds. CSA shall have an ongoing right to use, at no cost, all such materials developed during the term of this Agreement.

**C. Required Disclosure.** Both parties shall be permitted to report any new teaching techniques or methods of significant revisions to known teaching techniques or methods to CMU, the ISD in which the Academy is located and to the State Board of Education, which teaching techniques or methods may thereafter be made available to the public, as provided in Sections 505(3) of the Code, notwithstanding anything contained in this Article VIII to the contrary. Any educational materials and teaching techniques developed by CSA and/or used by the Academy are subject to disclosure under the Code and the Freedom of Information Act.

**D. Marks.** The Academy and CSA shall provide written notice to the other party regarding the existence of any trademarks, service marks, mascot, or other identifying symbols (Marks) that they consider to be proprietary in nature. Execution of the Agreement satisfies this notice requirement as to each party's name and the Academy's tree logo. The Academy and CSA agree not to use Marks of the other party without the prior written approval.

## ARTICLE IX

### INDEMNIFICATION

**A. Indemnification of CSA.** To the extent permitted by law, the Academy shall indemnify and hold CSA (which term for purposes of this Paragraph A, includes CSA's officers, directors, agents and employees) harmless against any and all claims, demands, suits, or other forms of liability (including reasonable attorney's fees and costs) that may arise out of, or by reason of, any noncompliance by the Academy Board (its officers, directors and employees) with any agreements, covenants, warranties, or undertakings of the Academy Board (its officers, directors and employees) contained in or made pursuant to this Agreement; and any misrepresentation or breach of the representations and warranties of the Board contained in or made pursuant to this Agreement. In addition, the Academy shall reimburse CSA for any and all legal expenses and costs associated with the defense of any such claim, demand, or suit. The indemnification requirements of this paragraph may be met by the purchase of insurance in a form and amounts reasonably acceptable to CSA.

**B. Limitations of Liabilities.** The Academy may assert or not assert all immunities and statutory limitations of liability in connection with any claims arising under this Agreement.

**C. Indemnification of the Academy.** To the extent permitted by law, CSA shall indemnify and hold the Academy (which term for purposes of this Paragraph C, includes the Academy Board and its officers, directors, agents and employees) harmless against any and all claims, demands, suits, or other forms of liability (including reasonable attorney fees and

costs) that may arise out of, or by reason of, any noncompliance by CSA with any agreements, covenants, warranties, or undertakings of CSA contained in or made pursuant to this Agreement; and any misrepresentation or breach of the representations and warranties of CSA contained in or made pursuant to this Agreement. In addition, CSA shall reimburse the Academy for any and all legal expenses and costs associated with the defense of any such claim, demand, or suit. The indemnification requirements of this paragraph may be met by the purchase of insurance in a form and amounts acceptable to the Academy.

**D. Indemnification for Negligence.** To the extent permitted by law, the Academy shall indemnify and hold harmless CSA, and CSA's Board of Directors, officers, employees, agents and representatives, from any and all claims and liabilities which CSA may incur and which arise out of the negligence of the Academy Board or its directors, officers, employees, agents or representatives. To the extent permitted by law, CSA shall indemnify and hold harmless the Academy, and the Academy's Board of Directors, officers, employees, agents or representatives, from any and all claims and liabilities which the Academy may incur and which arise out of the negligence of CSA's directors, officers, employees, agents or representatives.

**E. Indemnification of Central Michigan University.** The parties acknowledge and agree that Central Michigan University, its Board of Trustees, and its members, officers, employees, agents or representatives (collectively "University") are deemed to be third party beneficiaries for purposes of this Agreement. As third party beneficiaries, CSA hereby promises to indemnify, defend and hold harmless the University from and against all demands, claims, actions, suits, causes of action, losses, judgments, liabilities, damages, fines penalties, demands, forfeitures, or any other liabilities or losses of any kind whatsoever, including costs and expenses (not limited to reasonable attorney fees, expert and other professional fees), of settlement and prosecution imposed upon or incurred by the University, and not caused by the sole negligence of the University, which arise out of or are in any manner connected with the University Board's approval of the Academy's Application, the University Board's consideration of or issuance of a Contract, CSA's preparation for or operation of the Academy, or which are incurred as a result of the reliance by the University upon information supplied by CSA, or which arise out of CSA's failure to comply with the Contract or applicable law. The parties expressly acknowledge and agree that the University may commence legal action against CSA to enforce its rights as set forth in this section of the Agreement.

## ARTICLE X

### INSURANCE

**A. Insurance of the Academy.** The Academy shall purchase its own insurance policy and shall secure and maintain such policies of insurance as required by the Michigan Universities Self Insurance Corporation ("M.U.S.I.C."). This coverage shall include the building and related capital facilities if they are the property of the Academy. The Academy

shall maintain such insurance in an amount and on such terms as required by the provisions of the Contract, including the indemnification of CSA required by this Agreement. The Academy shall, upon request, present evidence to CSA that it maintains the requisite insurance in compliance with the provisions of this paragraph. CSA shall comply with any information or reporting requirements applicable to the Academy under the Academy's policy with its insurer(s), to the extent practicable.

**B. Insurance of CSA.** CSA shall secure and maintain such policies of insurance as required by the Contract and M.U.S.I.C.. In the event the University or M.U.S.I.C. requests any change in coverage by CSA, CSA agrees to comply with the change in the type or amount, as requested, within thirty (30) days after notice of the insurance coverage change. CSA's insurance is separate from and in addition to the insurance the Academy Board is required to obtain under the Contract. CSA shall, upon request, present evidence to the Academy and CMU that it maintains the requisite insurance in compliance with the provisions of this paragraph. The Academy shall comply with any information or reporting requirements applicable to CSA under CSA's policy with its insurer(s), to the extent practicable.

**C. Workers' Compensation Insurance.** Each party shall maintain workers' compensation insurance when and as required by law, covering their respective employees.

## ARTICLE XI

### MISCELLANEOUS

**A. Sole Agreement.** This Agreement supersedes and replaces any and all prior agreements and understandings between the Academy and CSA on the subject matter hereof.

**B. Force Majeure.** Neither party shall be liable if the performance of any party or all of this Agreement is prevented, delayed, hindered or otherwise made impracticable or impossible by reason of any strike, flood, riot, fire, explosion, war, act of God, sabotage, accident, or any other casualty, or cause beyond either party's control, and which cannot be overcome by reasonable diligence and without unusual expense.

**C. Notices.** All notices, demands, requests and consents under this Agreement shall be in writing, shall be delivered to each party, and shall be effective when received by the parties or mailed to the parties at their respective addresses set forth below, or at such other address as may be furnished by a party to the other party:

If to CSA:

Choice Schools Associates  
5251 Clyde Park Avenue SW  
Wyoming, MI 49509

Attn: Sarah Wildey

If to the Academy:

New Branches Charter Academy

3662 Poinsettia Ave. SE  
Grand Rapids, MI 49508

Attn: Board President

A courtesy copy of the notice shall also be provided to the legal counsel of the party to be served, if known.

**D. Severability.** The invalidity of any of the covenants, phrases or clauses in this Agreement shall not affect the remaining portions of this Agreement, and this Agreement shall be construed as if such invalid covenant, phrase or clause had not been contained in this Agreement.

**E. Successors and Assigns.** This Agreement shall be binding upon, and inure to the benefit of, the parties and their respective successors and assigns.

**F. Entire Agreement.** This Agreement is the entire agreement between the parties relating to the services provided, and the compensation for such services, by the parties. Any modification to this Agreement must be made in writing, approved by the Board and CSA, and signed by a duly authorized officer. In addition, any modification of this Agreement must follow CMU's ESP policies before it can be executed.

**G. Non-Waiver.** No failure of a party in exercising any right, power or privilege under this Agreement shall affect such right, power or privilege, nor shall any single or partial exercise thereof preclude any further exercise thereof or the exercise of any other right, power or privilege. The rights and remedies of the parties under this Agreement are cumulative and not exclusive of any rights or remedies which any of them may otherwise have.

**H. Assignment.** CSA may not assign this Agreement without the prior written approval of the Board and without prior notification to CMU. Any such assignment shall be done in a manner consistent with CMU's ESP policies.

**I. Governing Law.** This Agreement shall be governed by and enforced in accordance with the laws of the state of Michigan.

**J. Delegation of Authority.** Nothing in this Agreement shall be construed as delegating to CSA any of the powers or authority of the Board that are not subject to delegation by the Board under Michigan law or the Contract.

**K. Compliance with Law.** The parties agree to comply with all applicable laws and regulations.

**L. Warranties and Representations.** The Academy and CSA each represent (1) that it has the authority under law to execute, deliver and perform this Agreement and to incur the obligations provided for under this Agreement, (2) that its actions have been duly and validly authorized, and (3) that it will adopt any and all resolutions or expenditure approvals required for execution of this Agreement.



**M. Dispute Resolution Procedure.** Any and all disputes between the parties concerning any alleged breach of this Agreement or arising out of or relating to the interpretation of this Agreement or the parties' performance of their respective obligations under this Agreement that are unable to be resolved through discussion and negotiation shall be resolved by arbitration, and such an arbitration procedure shall be the sole and exclusive remedy for such matters. The arbitrator shall be selected from a panel provided by and in accordance with the rules of the American Arbitration Association. The arbitration shall be conducted in accordance with the rules of the American Arbitration Association, with such variations as the parties and the arbitrator unanimously accept. Any arbitration hearing shall be conducted in Grand Rapids, Michigan. The arbitrator shall be required to issue a cause opinion with a written explanation as to the final decision. CMU shall be notified of the arbitrator's decision and a copy of the arbitrator's opinion shall be made available to CMU upon request. A judgment on the award rendered by the arbitrators may be entered in any court having appropriate jurisdiction. The cost of arbitration, not including attorney fees, shall be paid by the losing party. It shall be in the discretion of the arbitration panel to award reasonable attorney fees to the prevailing party, to be paid if awarded by the losing party.

**N. Modification to Conform to Changed CMU Policies.** The parties intend that this Agreement shall comply with CMU's Educational Service Provider Policies, as the same may be changed from time to time. In the event that changes in CMU's Educational Service Provider Policies implemented after the date of execution of this Agreement cause any provision of this Agreement to be in conflict the revised Policies, the parties agree to amend this Agreement to eliminate the conflict within thirty (30) calendar days after being advised by CMU of the changes to its policies.

**O. CMU Review.** This Agreement is subject to review and non-disapproval by CMU and shall not become effective until the Academy Board is notified in writing that CMU does not disapprove of this Agreement.

## ARTICLE XII

### MATTERS RELATED TO REVENUE PROCEDURES 2017-13

**A.** CSA's compensation under the Agreement is reasonable and is not based, in whole or in part, on a share of the net profits and/or a share of the net losses from the operation of the Academy or upon the disposition, damage or destruction of the Academy's property;

**B.** The Agreement does not pass along to CSA the burden of bearing any share of the net losses from the operation of the Academy or upon the disposition, damage or destruction of the Academy's property;

**C.** The term of the Agreement is not greater than 30 years or 80 percent of the useful life of the Academy's tax-exempt bond financed school facility (if shorter) including all renewal options;

**B.** The Agreement does not pass along to CSA the burden of bearing any share of the net losses from the operation of the Academy or upon the disposition, damage or destruction of the Academy's property;

**C.** The term of the Agreement is not greater than 30 years or 80 percent of the useful life of the Academy's tax-exempt bond financed school facility (if shorter) including all renewal options;

**D.** The Academy bears the risk of loss upon the disposition, damage or destruction of the Academy's property; and

**E.** CSA is not entitled to and will not take any federal tax position that is inconsistent with being a service provider under this Agreement to the Academy.

Further, with regard to governance;

**A.** None of the Academy's Board of Directors serve as a director, officer, shareholder, partner, member, or employee of the service provider;

**B.** The Academy's Board of Directors does not include the chief executive officer of the service provider or the chairperson (or equivalent executive) of the service provider's governing body; and

**C.** The chief executive officer of the service provider is not the chief executive officer of the Academy or any of the Academy's related parties (as defined in §1.150-1(b)).

The parties have executed this Agreement as of the day and year first above written.

CHOICE SCHOOLS ASSOCIATES, L.L.C

BY *Sarah Wildey*

Date: Jan 13 2022

NEW BRANCHES CHARTER ACADEMY

BY *Kina King*  
President, Board of Directors

Date: Jan 13 2022

AMENDMENT NO. 12

to the  
July 1, 2019 Contract to Charter  
A Public School Academy and Related Documents

Issued To

NEW BRANCHES CHARTER ACADEMY  
(A PUBLIC SCHOOL ACADEMY)

By

THE CENTRAL MICHIGAN UNIVERSITY  
BOARD OF TRUSTEES  
(AUTHORIZING BODY)

CONTRACT AMENDMENT NO. 12

NEW BRANCHES CHARTER ACADEMY

In accordance with Article IX of the Terms and Conditions of the Contract (the "Contract"), dated July 1, 2019, issued by the CENTRAL MICHIGAN UNIVERSITY BOARD OF TRUSTEES (the "University Board") to NEW BRANCHES CHARTER ACADEMY (the "Academy"), as amended, the parties agree to further amend the Contract as follows:

- 1.) Amend Schedule 6: Physical Plant Description, by replacing the Financing Agreement and the Future Advance Mortgage contained therein with the materials attached as Tab 1.

This entire amendment is hereby approved by the University Board and the Academy Board through their authorized designees, and shall have an effective date of April 14, 2023.



Dated: 08/22/2023

By: Corey R. Northrop, Executive Director  
The Governor John Engler Center for Charter Schools  
Designee of the University Board



Dated: 8/14/23

By: Eric Thomas-Ferrell  
New Branches Charter Academy  
Designee of the Academy Board

New Branches Charter Academy

Contract Amendment No. 12

# Tab 1

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**BOND PURCHASE AGREEMENT**

**By and Between**

**NEW BRANCHES CHARTER ACADEMY**

**and**

**HORIZON BANK**

**Relating to:**

**\$1,855,422**

**NEW BRANCHES CHARTER ACADEMY  
Public School Academy Refunding Bond, Series 2023  
(General Obligation)**

**Dated as of April 14, 2023**

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## BOND PURCHASE AGREEMENT

THIS BOND PURCHASE AGREEMENT, dated as of April 14, 2023 (together with any amendments or supplements hereto, this "*Agreement*"), is made between **NEW BRANCHES CHARTER ACADEMY**, a Michigan nonprofit corporation and public school academy, of 3662 Poinsettia Ave SE, Grand Rapids, MI 49508 (the "*Academy*") and **HORIZON BANK**, an Indiana Bank (the "*Lender*").

**WHEREAS**, Act 451 Public Acts of Michigan, 1976, as amended (the "*Revised School Code*"), authorize a public school academy to borrow money to issue its bonds to finance capital purchases and capital improvements and to issue refunding bonds to refinance bonds issued for such purposes, and such bonds shall be the full faith and credit obligation of the public charter school academy;

**WHEREAS**, the Academy proposes to issue and sell its Public School Academy Refunding Bond, Series 2023 (General Obligation) in the original principal amount of \$1,855,422 (the "*Bond*") to be dated April 14, 2023 pursuant to a resolution adopted by the Academy's Board of Directors on August 8, 2022 (the "*Resolution*") in order to finance: (i) the current refunding of the Prior Obligations as defined in the Resolution; and (ii) the costs of issuing the Bonds;

**WHEREAS**, the Academy used the proceeds of the Prior Obligations from the Michigan Financing Authority to finance the acquisition, renovation, furnishing and equipping of its school facility located in Grand Rapids, Michigan ("*Facility*");

**WHEREAS**, pursuant to the Resolution, the Academy has irrevocably pledged its state school aid funds to be received by the Academy ("*State Aid*") for repayment of the Bond and the Academy will authorize the direct intercept of State School Aid Payments allocated to the Academy pursuant to a State School Aid Payment Agreement and Direction, between the Academy, the Lender, as acknowledged by the Central Michigan University Board of Trustees (the "*Authorizing Body*"), dated as of the date of the Bond (the "*Payment Intercept Agreement*") which will provide for the intercept of the Academy's pledged State Aid to be sent directly to the Lender by the Authorizing Body for the payment of the principal of and the interest on the Bond on such dates and at such times provided in the Payment Intercept Agreement; and

**WHEREAS**, the Academy hereby offers to sell, and the Lender hereby offers to purchase the Bond in accordance with the terms of this Agreement.

**NOW, THEREFORE**, in consideration of the premises and in order to induce the Lender to purchase the Bond, the Academy and the Lender hereby agree as follows:

### ARTICLE I DEFINITIONS

**SECTION 1.1 Certain Defined Terms.** In addition to the terms defined in the Recitals and elsewhere in this Agreement, the following words and terms shall have the meanings set forth below:

**"Act"** means Act 451 Public Acts of Michigan, 1976, as amended.

**"Affiliate"** of a Person means any Person that now or in the future controls, is controlled by, or is under common control with, the Person. A Person controls a Person if the Person has, directly or indirectly, the power in direct or cause the direction of the management or policies of the Person.

**"Authorizing Body"** has the meaning set forth in the recitals hereto.

**"Bond"** has the meaning set forth in the recitals hereto.

**"Bond Counsel"** means Miller, Canfield, Paddock and Stone, P.L.C. (or any other nationally recognized bond counsel selected by the Academy).

**"Bond Payment Date"** means any date on which payments of principal and interest are due on the Bond. The Bond Payment Dates are set forth on **Exhibit A** to this Agreement.

**"Bond Purchase Agreement"** or **"Agreement"** means this Bond Purchase Agreement, as it may be amended from time to time.

**"Business Day"** means a day other than a Saturday, Sunday or any other day on which banks in the State of Michigan are authorized to be closed.

**"Capitalized Lease Obligation"** means any obligation of the Academy to pay future rentals under a lease which, in accordance with GAAP, is required to be shown as a liability on a balance sheet of the Academy.

**"Claim"** means any claim, counterclaim, cross-claim, or third-party claim.

**"Closing Date"** means April 14, 2023 or such other date as the Lender and the Academy shall agree upon.

**"Code"** means the Internal Revenue Code of 1986, as amended from time to time and any successor provision, act or statute, and the regulations from time to time promulgated or proposed thereunder.

**"Collateral"** means any properties or assets of the Academy or any other Person, in or upon which Lender at any time holds a security interest, mortgage or other lien to secure any Lender Indebtedness.

**"Event of Default"** has the meaning specified in Section 6.1 of this Agreement.

**"Executive Order"** means Executive Order No. 13224, effective as of September 24, 2001, and relating to Blocking Property and Prohibiting Transactions with Persons Who Commit, Threaten to Commit, or Support Terrorism (66 Fed. Reg. 49079 (2001)).

**"Facility"** has the meaning set forth in the recitals hereto.



**"Foreign Assets Control Regulations"** means the foreign assets control regulations of the United States Treasury Department (31 C.F.R., Subtitle B, Chapter V, as amended).

**"Indebtedness"** means at any time the sum of all of the following for the Academy: (a) obligations for borrowed money, including but not limited to the Lender Indebtedness, (b) obligations representing the deferred purchase price of property or services (other than accounts payable arising in the ordinary course of business payable on terms customary in the trade), (c) obligations, whether or not assumed, secured by liens or payable out of the proceeds or production from property now or hereafter owned or acquired, (d) obligations which are evidenced by notes, acceptances, or other instruments, (e) obligations with respect to letters of credit, whether drawn or undrawn, contingent or otherwise, (f) net market-to-market exposure under swaps and other financial contracts, (g) off-balance sheet liabilities, (h) Capitalized Lease Obligations, (i) indebtedness attributable to permitted securitization transactions, (j) any other obligation for borrowed money or other financial accommodation which in accordance with GAAP would be shown as a liability on a balance sheet, and (k) all contingent obligations with respect to any of the foregoing indebtedness of others.

**"Lender Indebtedness"** means, for purposes of this Agreement, the Bond and any other Indebtedness of the Academy owed to the Lender.

**"OFAC"** means the Office of Foreign Assets Control.

**"Payment Intercept Agreement"** has the meaning set forth in the recitals hereto.

**"Person"** means an individual, a corporation, a partnership, an association, a trust or any other entity or organization, including a government or political subdivision or any agency or instrumentality thereof.

**"Prohibited Jurisdiction"** means any country or jurisdiction that is the subject of a prohibition order (or any similar order or directive), sanctions, or restrictions promulgated or administered by any governmental authority of the United States of America.

**"Prohibited Person"** means any Person (1) who is subject to the provisions of the Executive Order, (2) who is owned or controlled by, or acting for or on behalf of, any Person who is subject to the provisions of the Executive Order, (3) with whom Lender is prohibited from dealing or otherwise engaging in any transaction by any requirement of law, including the Executive Order, (4) who commits, threatens, or conspires to commit or supports "terrorism" as defined in the Executive Order, (5) who is named as a "specially designated national and blocked person" on the most current list published by the OFAC at its official website, <http://www.treasury.gov/ofac/downloads/t1lisdn.pdf>, or at any replacement website or other replacement official publication of such list, or (6) who is an Affiliate of or affiliated with a Person listed above.

**"Related Documents"** means this Agreement, the Bond, the Resolution, the Payment Intercept Agreement, the Non-Arbitrage and Tax Compliance Certificate of the Academy, IRS Form 8038-G of the Academy and any documents related thereto.

**"Resolution"** has the meaning set forth in the recitals hereto.

**"State"** means the State of Michigan.

**"Trading With the Enemy Act"** means 50 U.S.C. App. 1 et seq.

**"Unmatured Event of Default"** means an event, condition or circumstance that with the lapse of time or the giving of notice to the Academy, or both, would be an Event of Default.

**"USA PATRIOT Act"** means the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001 (Public Law 107-56).

**SECTION 1.2 Defined Terms in the Resolution.** Capitalized terms used in this Bond Purchase Agreement and not otherwise defined herein are used as defined in the Resolution.

## ARTICLE II PURCHASE OF BOND; BOND TERMS

**SECTION 2.1 Agreement to Purchase.** Upon the terms, subject to the conditions and relying upon the representations and warranties set forth in this Agreement and the Related Documents, the Lender agrees to purchase from the Academy, and the Academy agrees to sell to the Lender, the Bond at an aggregate purchase price of \$1,855,422. The Bond shall be dated as of the Closing Date. The Bond shall be issued and secured as provided in the Resolution. The Bond shall be in the principal amount of \$1,855,422 with a final maturity on April 14, 2038 (the **"Maturity Date"**). Under the Bond, principal installments will be due and payable as set forth herein commencing on April 24, 2023 and monthly thereafter on the Bond Payment Date. During the first one hundred twenty (120) months after the Closing Date (the **"Initial Fixed Rate Period"**), the Bond shall bear interest at the rate of 5.29% per annum, with interest calculated on the basis of 360-day year comprised of twelve 30-day months. During the sixty (60) months after the Initial Fixed Rate Period (the **"Final Fixed Rate Period"**), the Bond shall bear interest at a fixed rate determined as of April 14, 2033 equal to 310 basis points plus the Federal Home Loan Bank of Indianapolis Community Investment Program interest rate per annum multiplied by an appropriate tax exempt percentage to be determined by the Lender, with interest calculated on the basis of 360-day year comprised of twelve 30-day months. The principal and interest due on each Bond Payment Date during the Initial Fixed Rate Period and the principal and interest due on each Bond Payment Date during the Final Fixed Rate Period are set forth in **Exhibit A**, which is incorporated and made a part hereof. The interest due on each Bond Payment Date during the Final Fixed Rate Period will be provided by the Lender as an amendment to **Exhibit A** no later than 30 days prior to the commencement of the Final Fixed Rate Period. The Academy agrees that it will deposit with Lender payment of principal of and interest on this Bond in immediately available funds by 3:00 p.m. on each Bond Payment Date.

Upon the occurrence of an Event of Default (taking into account any applicable notice or cure period), the Academy shall pay interest on the outstanding Bond at an interest rate equal to the interest rate which would otherwise be in effect plus an interest rate spread of 500 basis points (5.00%) (the **"Default Rate"**). In the event a determination of taxability shall occur, in addition to the amounts required to be paid with respect to the Bond, the Academy shall be obligated to pay to the Lender the positive difference, if any, between the amount of interest that would have been

paid during the period of taxability if the Bond had borne interest at a taxable rate as determined by the Bank and the interest actually received by the Bank with respect to the Bond. If any regularly scheduled, monthly payment of principal or interest on this Bond is not paid within 7 days after it is due, then the Academy must immediately pay to Lender, at Lender's option, a late charge in an amount equal to five percent (5%) of the amount past due as of the date the payment was due. This late charge is in addition to Lender's other rights and remedies for default in payment of an installment of principal or interest when due. Lender may impose a non-sufficient funds fee for any check that is presented for payment that is returned for any reason. The Bond may be prepaid in whole or in part prior to maturity at the option of the Academy at any time upon fifteen (15) days prior written notice to the Lender, at par plus accrued interest to the prepayment date. The Academy acknowledges and agrees that the Lender has agreed to purchase and hold the Bond only until the Maturity Date.

**SECTION 2.2 Closing Arrangements.** Payment for the Bond shall be made to the order of the Academy in immediately available funds. The Closing for the payment for the Bond and delivery of closing documents shall take place at the offices of Bond Counsel by not later than at 4:00 p.m., local time, on the Closing Date. The above-referenced hour and date of such delivery and payment is referred to herein as the "**Closing.**"

**SECTION 2.3 Unconditional Payments.** The obligations of the Academy under this Agreement shall be absolute, unconditional and shall remain in full force and effect until the entire principal of, premium, if any, and interest on the Bond shall have been paid or duly provided for, and such obligations shall not be affected, modified or impaired upon the happening from time to time of any event, including without limitation any of the following, whether or not with notice to, or the consent of, the Academy:

- (a) The amendment, waiver, compromise, settlement, release or termination of any or all of the obligations, covenants or agreements of the Academy contained in this Agreement, or of the payment, performance or observance thereof;
- (b) The failure to give notice to the Academy of the occurrence of an Event of Default or a default under the terms and provisions of this Agreement, the Bond, or any Related Document;
- (c) The invalidity, unenforceability or termination of any of the Related Documents;
- (d) The waiver, compromise, settlement, release or termination of the Academy's obligations, covenants or agreements under the Related Documents or of the payment, performance or observance thereof;
- (e) The existence of any claim, set off, defense or other right which the Academy may have at any time against the Lender, or any other person or entity, whether in connection with any of the Related Documents, the transactions contemplated herein or therein or any unrelated transactions;
- (f) The extension of the time for payment of any principal of, premium, if any, or interest, and all other amounts owing or payable on the Bond, or of the time for performance of

any obligations, covenants or agreements under or arising out of the Related Documents, or the extension or the renewal of any thereof;

(g) The modification or amendment (whether material or otherwise) of any obligation, covenant or agreement set forth in the Related Documents;

(h) The taking or the omission of any of the actions referred to in any of the Related Documents;

(i) Any failure, omission, delay or lack on the part of the Academy or the Lender to enforce, assert or exercise any right, power or remedy conferred on the Academy or the Lender in any of the Related Documents, or any other act or acts on the part of the Academy, the Lender, or any of the holders from time to time of the Bond;

(j) The voluntary or involuntary liquidation, dissolution, sale or other disposition (other than by way of mortgage or granting of security interest to secure borrowing of the Academy) of all or substantially all the assets, marshalling of assets and liabilities, receivership, insolvency, bankruptcy, assignment for the benefit of creditors, reorganization, arrangement, composition with creditors or readjustment of, or other similar proceedings affecting the Academy, or any lessee of the facilities financed or refinanced with the proceeds of the Bond, or any of the assets of any of them, or any allegation or contest of the validity of the Related Documents, or the disaffirmance of any of the foregoing;

(k) To the extent permitted by law, any event or action that would, in the absence of this clause, result in the release or discharge by operation of law of the Academy from the performance or observance of any obligation, covenant or agreement contained in this Agreement; or

(l) The default or failure of the Academy fully to perform any of its obligations set forth in this Agreement.

### **ARTICLE III CONDITIONS PRECEDENT**

***SECTION 3.1 Conditions Precedent to Lender's Obligation to Purchase Bond.*** As conditions precedent to the obligation of the Lender to purchase the Bond, the Academy shall provide to the Lender on or before the Closing Date, each in form and substance satisfactory to the Lender and the Lender's counsel, Warner Norcross + Judd LLP (hereinafter, "***Lender's Counsel***");

(a) *Bond.* The Bond duly executed by the Academy.

(b) *Related Documents.* (i) a counterpart of this Agreement duly executed by the Academy and the Lender, (ii) a certified copy of the Resolution and (iii) a fully executed copy of the Payment Intercept Agreement with an acknowledgment from the Authorizing Body.

(c) *Mortgage.* Academy shall sign and deliver a mortgage in form and substance satisfactory to Lender that grants to Lender a valid first lien on the Facility, together with a

collateral assignment of rents in form and substance satisfactory to Lender that grants to Lender a valid first lien on all rents and similar income arising from the Facility.

(d) *Incumbency Certificate.* An incumbency certificate of the Academy in respect of each of the officials who is authorized to (i) execute this Agreement and the Bond on behalf of the Academy, and (ii) take actions for the Academy under this Agreement and the Related Documents with respect to this Agreement and the Bond.

(e) *Certificate of Authorizing Body.* A certificate of the Authorizing Body relating to the Academy and the Bond in form and substance acceptable to the Lender.

(f) *Certificate of Academy.* A certificate of the Academy relating to the Bond and compliance with the Act in form and substance acceptable to the Lender.

(g) *Evidence of Qualification to Borrow; Good Standing Certificate.* Evidence that the Academy has qualified status from the Michigan Department of Treasury and is in good standing in the State of Michigan.

(h) *Organizational Documents.* Certified copies of the Academy's articles of incorporation, bylaws, charter agreement with the Authorizing Body and its management agreement with Choice Schools Associates, LLC.

(i) *Commitment Fee and Expenses.* The Lender shall have received payment of its commitment fee in the amount of \$10,000 plus all costs and expenses referred to in Section 7.3 hereof for which invoices have been presented to the Academy as of the Closing Date.

(j) *Bond Counsel Opinion.* The opinion of Bond Counsel, addressed to the Lender or on which it may rely, in form and substance satisfactory to the Lender, addressing, among other things, the tax-exempt status of the Bond.

(k) *Other Documents.* The Lender shall have received such other documents, certificates and opinions as the Lender or the Lender's Counsel shall have reasonably requested.

**SECTION 3.2 Conditions of the Academy's Obligation to Sell Bond.** The Academy's obligation to sell and deliver the Bond is subject to satisfaction of the following conditions on or before the Closing Date:

- (a) The Lender shall have tendered the purchase price set forth in Section 2.1 hereof.

## **ARTICLE IV REPRESENTATIONS AND WARRANTIES**

**SECTION 4.1 Representations and Warranties of the Academy.** To induce the Lender to enter into this Agreement and purchase the Bond, the Academy hereby represents and warrants to, and agrees with, the Lender as follows (which representations, warranties and agreements shall survive the execution and delivery of this Agreement and the issuance of the Bond):

(a) *Organization, Powers.* The Academy has all necessary power to carry on its present activities, and has full power, right and authority to enter into this Agreement and the Related Documents to which it is a party and to perform each and all of the matters and things provided for herein and therein.

(b) *Authority, Etc.* The execution, delivery and performance by the Academy of this Agreement and the Related Documents to which it is a party have been duly authorized by all necessary corporate action and this Agreement and the Related Documents to which it is a party constitute the legal, valid and binding obligations of the Academy, enforceable in accordance with their respective terms, except to the extent that enforceability may be limited by bankruptcy, insolvency or other laws affecting creditors' rights generally and general principles of equity.

(c) *Compliance with Laws and Contracts.* The execution, delivery and performance by the Academy of this Agreement and the Related Documents to which it is a party will not (i) violate any provision of any law, rule, regulation, order, writ, judgment, injunction, decree, determination or award as currently in effect to which the Academy is subject; (ii) result in a breach of or constitute a default under the provisions of any indenture, loan or credit agreement or any other agreement, lease or instrument to which the Academy may be or is subject or by which it, or its property, is bound; or (iii) result in, or require, the creation or imposition of any mortgage, deed of trust, assignment, pledge, lien, security interest or other charge or encumbrance of any nature on or with respect to any of the properties of the Academy other than as provided therein; and the Academy is not in default under any such law, rule, regulation, order, writ, judgment, injunction, decree, determination or award or any such indenture, agreement, lease or instrument.

(d) *No Material Misstatements.* The financial statements and the reports provided to the Lender, taken in the aggregate, do not contain, nor does this Agreement or any written statement furnished by the Academy to the Lender contain, any untrue statement of a material fact or omits to state a material fact.

(e) *Litigation.* There is no action, suit, proceeding, inquiry or investigation at law or in equity or before or by any court, public board or body pending or, to the knowledge of the Academy threatened against or affecting the Academy (a) wherein an unfavorable decision, ruling or finding would have a material adverse effect on: (i) the transactions contemplated by, or the validity of, this Agreement, the Related Documents to which it is a party or any agreement or instrument to which the Academy is a party and which is used or contemplated for use in the consummation of the transactions contemplated by this Agreement or the Related Documents, or (ii) the Academy's ability to perform its obligations under the Bond; or (b) which in any way contests the existence, organization or powers of the Academy or the titles of the officers of the Academy to their respective offices.

(f) *Accuracy of Information.* All information supplied by the Academy to the Lender relating to the Academy is, taken in the aggregate, true and accurate in all material respects as of the date of delivery of the Bond.

(g) *Related Documents.* As of the Closing Date, the representations and warranties of the Academy in the Related Documents are true and correct, and the Academy has furnished or caused to be furnished to the Lender a true and correct copy of all the Related Documents to which

it is a party as in effect on such date. As of the Closing Date, the Academy is in full compliance with all of the terms and conditions of the Related Documents to which it is a party.

(h) *No Sovereign Immunity.* The Academy is subject to civil and commercial law in respect of its obligations under this Agreement and the Related Documents; and the Academy does not enjoy any right of immunity from liability or legal process in a court of competent jurisdiction of the State of Michigan on the grounds of sovereign immunity in respect of its obligations under this Agreement and the Related Documents.

## ARTICLE V CONTINUING COVENANTS

**SECTION 5.1 Covenants.** So long as the Bond remains outstanding or any amount is due or owing to the Lender hereunder, unless the Lender shall otherwise consent in writing, the Academy hereby agrees that it shall:

(a) *Reporting Requirements.* The Academy shall keep proper books of record and account in accordance with generally accepted principles of accounting applicable to governmental entities such as the Academy. For so long as the Bond remains outstanding, the Academy shall provide to the Lender the following information disclosures: (i) a copy of the Academy's adopted annual budget for the present fiscal year and future fiscal years, as applicable; (ii) a copy of revisions, if any, to the Academy's annual budget as approved by its governing board; (iii) a copy of the Academy's audited financial statements for such fiscal year reflecting in reasonable detail the financial position and results of operation of the Academy, together with the audit report by a certified public accountant or firm of independent certified public accountants of suitable experience and responsibility, together with a copy of any management letter delivered by the auditors in connection with such financial statements, to be delivered no later than 120 days after the end of each fiscal year of the Academy; and (iv) copies of all communications with the Authorizing Body and promptly upon receipt by the Academy from the Authorizing Body, a copy of any report or notification required under the charter contract with the Authorizing Body regarding non-renewal, termination, violations or possible violations of the terms of the charter contract or any concerns or potential concerns the Authorizing Body may have regarding the Academy, including without limitation, such reports or notifications, including notifications via telephonic communications, which would give grounds for the Authorizing Body to begin the revocation process, as well as any response by the Academy required under the terms of the charter contract with the Authorizing Body; and (v) such additional information as the Lender may request *from time to time*.

(b) *No Additional Senior or Parity Debt.* The Academy shall not create, incur, guaranty or otherwise become directly or indirectly liable with respect to any obligation or indebtedness for borrowed money on a senior or parity basis with the Bond, except for State Aid notes for cash flow borrowings of the Academy that are secured on a parity basis with the Bond.

(c) *Compliance with Laws.* The Academy shall comply with all federal, state and local laws, regulations and orders that apply to the Academy or its assets that are material to the Academy's business or assets. The Academy shall obtain and maintain any and all licenses, permits, franchises, governmental authorizations or other rights that are necessary for the conduct of the

Academy's business and ownership of its assets or that are required by applicable law from time to time.

(d) *Certification of Beneficial Owners and Other Additional Information.* Provide: (i) such information and documentation as may reasonably be requested by the Lender from time to time for purposes of compliance by the Lender with applicable laws (including without limitation the USA PATRIOT Act and other "know your customer" and anti-money laundering rules and regulations), and any policy or procedure implemented by the Lender to comply therewith; and (ii) if the Academy is or was required to deliver a Certification of Beneficial Owners to the Lender, (a) confirmation of the accuracy of the information set forth in the most recent Certification of Beneficial Owners provided to the Lender, as and when requested by the Lender; and (b) a new Certification of Beneficial Owners in form and substance acceptable to the Lender when the individual(s) identified as a controlling party and/or a direct or indirect individual owner on the most recent Certification of Beneficial Owners provided to the Lender have changed.

(e) *Inspection of Records.* Upon reasonable request of the Lender and during normal business hours, the Academy will give the Lender or any agent or counsel therefor, access to and permission to examine, copy or make excerpts from, any and all books, records and documents under control of the Academy relating to the financial condition of the Academy.

(f) *Enrollment.* The Academy shall have on the Closing Date and maintain throughout the term of the Bond an enrollment at a level to generate sufficient State school aid to support the payment of the principal of and interest on the Bond. The Academy shall provide evidence of such enrollment as required by the Lender.

(g) *Maintain Existence; Permits and Licenses; Transfer of Assets.* The Academy covenants and agrees that for so long as the Bond remains outstanding:

(i) it shall maintain its existence as a public school academy under Michigan law, including without limitation, maintain, renew and/or extend its charter contract with the Authorizing Body or another authorizing body and shall operate its facilities as a public school academy which will produce sufficient available revenues to pay the debt service and all other amounts due and owing under the Bond; the Academy shall maintain, renew and/or extend its management contract with a management company acceptable to Lender; and the Academy shall provide Lender with written evidence of the renewal/extension of its charter contract and management contract within 30 days of such renewal/extension.

(ii) it will do, or cause to be done, all things necessary to obtain, renew and secure all permits, licenses and other governmental approvals and to comply, or cause its lessees, if any, to comply, with such permits, licenses and other governmental approvals necessary for operation of the Academy as a public school academy; and

(iii) it may not transfer or sell any of its assets without the prior written consent of the Lender, except that the Academy may: (A) transfer assets having a fair value of less than \$25,000 in a given school year without adequate consideration and (B) sell assets for fair market value as determined by a qualified appraiser.



(h) *Maintain Insurance.* The Academy shall maintain insurance against fire, theft, and other casualty on its insurable real and personal property at full replacement cost with policy terms and conditions and companies acceptable to the Lender and maintain insurance against liability on account of damage to persons or property as required under all workers' compensation laws. Also, the Academy shall maintain any other insurance as may from time to time be reasonably requested by the Lender and, upon request, shall deliver certified copies of all such insurance policies to the Lender. All policies are subject to Lender's approval of amounts, deductibles, co-insurance and other policy provisions and carriers.

(i) *Banking Services.* The Academy shall establish and maintain its primary depository account with the Lender at all times while the Bond is outstanding.

(j) *Financial Covenants.* The Academy shall maintain, as of June 30 of each year, a minimum Debt Service Coverage Ratio of not less than 1.10x commencing on June 30, 2024. "**Debt Service Coverage Ratio**" means the ratio of the Academy's Cash Flow Available for Debt Service divided by the Academy's required annual Debt Service for the most recently completed fiscal year. As used herein, "**Cash Flow Available for Debt Service**" means the change in unrestricted net assets plus/minus unrealized gains or losses on investments plus depreciation expense plus interest expense plus/minus other non-cash gains or losses plus/minus one-time gains or losses, and "**Debt Service**" means all required principal and interest payments due during the Academy's fiscal year. The Academy shall furnish the Lender with a certificate of an authorized officer of the Academy stating that the Academy is in compliance with the Debt Service Coverage Ratio covenant set forth above, containing detailed calculations of such covenant for the period then ended. Such certificate shall be provided annually, not later than 120 days after the end of each fiscal year of the Academy, commencing with the fiscal year ending on June 30, 2024.

## ARTICLE VI DEFAULT AND ACCELERATION

**SECTION 6.1 Events of Default.** Each of the following will be an "**Event of Default**" under this Agreement and the Bond:

(a) *Payment.* If the Academy defaults in the payment of the amounts due under this Bond or if the Academy defaults in the payment of principal or interest of any other Lender Indebtedness, and the payment default is not cured (i) within ten (10) days after payment was due, or (ii) within then (10) days after a demand for payment in full during the existence of an Event of Default.

(b) *Performance.* If the Academy fails to perform any of the Academy's other obligations under, or to comply with any of the terms, conditions and covenants that are contained in, this Agreement, the Bond or any other Related Documents or other agreement, document or instrument that the Academy has given or in the future gives to Lender, and such performance default continues uncured for a period of thirty (30) days after notice from the Lender, except that such notice will not be required in respect of any default that is not capable of being cured or after the maturity date of the Bond.

(c) *Other Indebtedness.* If the Academy defaults in the payment of any Indebtedness that the Academy at any time owes to any other Person within applicable grace periods or periods to cure resulting in a demand for such Indebtedness to be paid in full, except to the extent that the Academy is in good faith disputing the payment.

(d) *Warranties and Representations.* If any warranty or representation that the Academy makes in this Agreement or in the Bond or any statement, warranty or representation that the Academy has made or in the future makes in any other Related Documents, certificate, report or other document, instrument or agreement that is delivered under this Agreement or in the Bond is false or inaccurate in any material respect when made.

(e) *Voluntary Proceedings.* If the Academy (i) applies for or consents to the appointment of, or the taking of possession by, a receiver, custodian, trustee or liquidator of the Academy or of all or a substantial part of the Academy's property, (ii) is generally unable to pay its debts as they become due, (iii) makes a general assignment for the benefit of its creditors, (iv) starts a voluntary case under the federal Bankruptcy Code (as now or in the future in effect), (v) files a petition that seeks to take advantage of any other law that provides for the relief of debtors, (vi) fails to controvert in a timely or appropriate manner, or acquiesces in writing to, any petition that is filed against the Academy in any involuntary case under the Bankruptcy Code or (vii) takes any action for the purpose of effecting any of the foregoing.

(f) *Involuntary Proceedings.* If a proceeding or case is started in any court of competent jurisdiction and is not dismissed within sixty (60) days seeking (i) the liquidation, reorganization, dissolution, winding up or composition or readjustment of the Academy or the Academy's assets or the appointment of a trustee, receiver, custodian, liquidator or the like of the Academy or of all or any substantial part of the assets of the Academy or (ii) similar relief in respect of the Academy under any law that provides for the relief of debtors; or if an order for relief against the Academy is entered in an involuntary case under the Bankruptcy Code.

Upon the occurrence of any such Event of Default, the Bond shall bear interest at the Default Rate. In addition, all or any part of the indebtedness evidenced by the Bond and all or any part of all other indebtedness and obligations that the Academy then owes to Lender will, at the option of the Lender, become immediately due and payable without notice or demand. If any levy, writ of attachment, garnishment, execution or similar process is issued against or placed upon any material property of the Academy, which is not released or discharged within sixty (60) days, then all such indebtedness will automatically become immediately due and payable. All or any part of the indebtedness evidenced by the Bond also may become, or may be declared to be, immediately due and payable under the terms and conditions contained in any Related Documents or other agreement that has been or in the future is entered into between the Academy and Lender.

**SECTION 6.2 Setoff.** The Academy acknowledges that after an Event of Default, Lender has and will have the right to set off any indebtedness that Lender from time to time owes to the Academy, including, without limitation, any indebtedness that is represented by any deposit account that the Academy maintains with Lender, against any indebtedness that is at any time due and payable by the Academy to Lender.

**SECTION 6.3 Remedies.** Lender has and will have all rights and remedies that the law and any agreement of the Academy provide. Any requirement of reasonable notice with respect to any sale or other disposition of Collateral will be met if Lender sends the notice at least ten (10) days before the date of sale or other disposition. The Academy must reimburse Lender for any and all expenses, including reasonable attorney fees and legal expenses that Lender pays or incurs in protecting and enforcing the rights of and obligations to Lender under any provision of this Bond or any Related Document.

Each right and remedy granted to Lender in this Agreement and in the Bond or in any other Related Documents or allowed to Lender by law will be cumulative and may be exercised from time to time. No failure on the part of Lender to exercise, and no delay in exercising, any right or remedy will be a waiver of that right or remedy or a waiver of any other right or remedy. This Bond may not be amended and no provision of it may be waived except by a writing signed by Lender.

**SECTION 6.4 Waivers.** A delay by Lender in the exercise of any right or remedy will not be considered a waiver of it. A single or partial exercise by Lender of any right or remedy will not preclude any other or future exercise of it or the exercise of any other right or remedy. A waiver by Lender of any default or of any provision of the Bond will not be effective unless it is in writing and signed by Lender. A waiver of any right or remedy on one occasion will not be a waiver of that right or remedy on any future occasion.

The Academy waives demand for payment, presentment, notice of dishonor and protest of the Bond and waives all defenses based on suretyship or impairment of collateral. The Academy also consents to any extension or postponement of time of payment of the Bond to any substitution, exchange or release of all or any part of any security given to secure it, to the addition of any party to it and to the release, discharge, waiver, modification or suspension of any rights or remedies against any person liable for the indebtedness that the Bond evidences.

## **ARTICLE VII MISCELLANEOUS**

**SECTION 7.1 Amendments and Waivers.** No amendment or waiver of any provision of this Agreement nor consent to any departure by the Academy therefrom shall in any event be effective unless the same shall be in writing and signed by the Academy and the Lender. Any such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given.

**SECTION 7.2 Notices.** Except as otherwise provided herein, all notices, requests and other communications to any party hereto shall be in writing (including bank wire, telecopier or similar writing) and shall be given to such party, addressed to it, at its address or facsimile number set forth below or such other address or facsimile number as such party may hereafter specify. Each such notice, request or communication shall be effective (a) if given by facsimile, when such facsimile is transmitted to the facsimile number specified below, (b) if given by mail, five days after such communication is deposited in the United States mails with first class postage prepaid, addressed as aforesaid, or (iii) if given by any other means, when delivered at the address specified below.

If to the Lender, to

Horizon Bank  
3250 West Centre Avenue, Ste 1  
Portage, Michigan 49024  
Attention: Jason Braford  
Tel: (269) 216-0023  
Fax: (269) 321-8349

If to the Academy:

New Branches Charter Academy  
3662 Poinsettia Ave SE  
Grand Rapids, MI 49508  
Attention: Kristin Zizio  
Tel: (616) 799-4126  
Fax: (616) 785-8455

**SECTION 7.3 Costs, Expenses and Taxes.** The Academy agrees to pay on demand all reasonable costs and expenses of the Lender, including but not limited to the reasonable fees and expenses of counsel for the Lender, in connection with the preparation, negotiation, amendment or enforcement of this Agreement and the Related Documents, and with respect to advising the Lender as to its rights and responsibilities under this Agreement and the Related Documents or any waiver or amendment of, or the enforcement of, this Agreement and the Related Documents.

**SECTION 7.4 Severability; Maximum Interest.** Any provision of this Agreement which is prohibited, unenforceable or not authorized in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition, unenforceability or non-authorization without invalidating the remaining provisions hereof or affecting the validity, enforceability or legality of such provision in any other jurisdiction. Nothing contained in this Agreement shall be deemed to establish or require the payment of interest at a rate in excess of the maximum rate permitted by applicable law. In the event that any rate or payment hereunder, singly or in the aggregate, exceeds the maximum rate permitted by applicable law, such rate or payment shall be automatically reduced to the maximum rate permitted by applicable law. In the event that the rate of interest required to be paid under this Agreement shall exceed the maximum rate permitted by applicable law, the amount of such excess shall be deferred and any subsequent reduction in the rate of interest required to be paid hereunder will not reduce the rate of interest below the maximum rate permitted by applicable law until the total amount of interest accrued equals the amount of interest which would have accrued if the rate of interest required hereunder had at all times been in effect.

**SECTION 7.5 Patriot Act.** The Lender is subject to the requirements of the USA Patriot Act, and hereby notifies the Academy that pursuant to the requirements of the USA Patriot Act, it is required to obtain, verify, and record information that identifies the Academy, which information includes the name and address and the Academy and other information that will allow the Lender to identify the Academy in accordance with the USA Patriot Act. In addition, the Academy shall:

(a) ensure that no person who owns a controlling interest in or otherwise controls the Academy is or shall be listed on the Specially Designated Nationals and Blocked Person List or other similar lists maintained by the OFAC, the Department of the Treasury or included in any Executive Orders,

(b) not use or permit the use of the Bond proceeds to violate any of the foreign asset control regulations of OFAC or any enabling statute or Executive Order relating thereto, and

(c) comply, and cause any of its subsidiaries to comply, with all applicable Bank Secrecy Act laws and regulations, as amended.

***SECTION 7.6 Anti-Money Laundering/International Trade Law Compliance.*** Neither the Academy nor any Affiliate over which the Academy exercises control is a Prohibited Person, and each such Affiliate is in compliance with all applicable orders, rules, regulations, and recommendations of the OFAC. Neither the Academy nor any Affiliate over which the Academy exercises control, or its members, shareholders or partners:

(a) is subject to United States of America or multilateral economic or trade sanctions adopted by the United States of America and currently in force,

(b) is owned or controlled by, or acts on behalf of any governments or Persons who are subject to United States of America or multilateral economic or trade sanctions adopted by the United States of America and currently in force,

(c) is a Prohibited Person or is otherwise named, identified, or described on any blocked persons list, designated nationals list, denied persons list, entity list, debarred party list, unverified list, sanctions list or other list of individuals or entities with whom U.S. Persons may not conduct business, including, without limitation, lists published or maintained by the OFAC, United States Department of Commerce, or the United States Department of State.

To the Academy's knowledge, none of the Collateral is traded or used, directly or indirectly by a Prohibited Person or organized in at Prohibited Jurisdiction., To the extent applicable to them, the Academy and its Affiliates have established an anti-money laundering compliance program as required by all applicable anti-money laundering laws and regulations, including the USA PATRIOT Act. None of the Academy's or any of its Affiliates' funds or other assets constitute property of, or are beneficially owned, directly or indirectly, by any Person subject to trade restrictions under the laws of the United States of America, including, without limitation, the International Emergency Economic Powers Act, 50 U.S.C. §§ 1701 et seq., the Trading With the Enemy Act, any of the Foreign Assets Control Regulations, or any enabling legislation or regulations promulgated thereunder or executive order relating thereto, including, without limitation: (i) the Executive Order, and (ii) the USA PATRIOT Act, with the result that an investment in the Academy or any of its Affiliates (whether directly or indirectly), is prohibited by law or any Loan made by Lender is in violation of law. No such Person has any interest of any nature whatsoever in the Academy or any Affiliate over which the Academy exercises control, with the result that an investment in the Academy or any such Affiliate (whether directly or indirectly) is prohibited by law or any Loan made by Lender is in violation of law. No funds of the Academy or any Affiliate over which the Academy exercises control have been derived from any unlawful activity with the result that an investment in the Academy or any such Affiliate (whether directly or indirectly) is prohibited by law or any Loan made by Lender is in violation of law. Neither the Academy nor any Affiliate over which the Academy exercises control (i) is a "blocked person" as described in the Executive Order, the Trading With the Enemy Act, or the Foreign Assets Control Regulations, or (ii) engages in any dealings or transactions, or is otherwise

associated, with any such "blocked person." For the purposes of determining whether a representation with respect to any indirect ownership is true under this *Section*, neither the Academy nor any Affiliate over which the Academy exercises control will be required to make any investigation into ownership of publicly traded stock or other publicly traded securities, or the ownership of assets by a collective investment fund that holds assets for employee benefit plans or retirement arrangements.

***SECTION 7.7 No Fiduciary Relationship.*** The Academy acknowledges and agrees that (i) the purchase and sale of the Bond pursuant to this Agreement is an arm's-length commercial transaction between the Academy and the Lender, (ii) in connection with such transaction and with the discussions, undertakings and procedures leading up to the consummation of such transaction, the Lender is and has been acting solely as a principal and not as agent, advisor or fiduciary of the Academy, (iii) the Lender has not assumed an advisory or fiduciary responsibility in favor of the Academy with respect to the purchase and sale of the Bond or the process leading thereto (whether or not the Lender, or any affiliate of the Lender, has advised or is currently advising the Academy on other matters) or any other obligation to the Academy except the obligations expressly set forth in this Agreement; provided, however, that for both subsections (ii) and (iii) herein, it is the Academy's understanding that a financial advisory relationship shall not be deemed to exist when, in the course of acting as a purchaser, an underwriter, a broker, dealer or municipal securities dealer renders advice to an issuer, including advice with respect to the structure, timing, terms and other similar matters concerning a new issue of municipal securities, and (iv) the Academy has consulted with its own legal, accounting, tax and financial advisors to the extent it deemed appropriate in connection with the sale of the Bond. The Lender hereby notifies the Academy it is not acting as a Municipal Advisor (as defined in Section 15B of the Securities Exchange Act of 1934, as amended), it is not an agent of the Academy, and it does not have a fiduciary duty to the Academy in connection with the matters contemplated by this Agreement.

***SECTION 7.8 Rights to Share Information.*** The Lender shall have the right to discuss the financial condition of the Academy and the Property, and to disclose any non-confidential information received by Lender regarding the Academy or the Property with any third parties, singularly or together, as Lender may choose in its sole and absolute discretion. Notwithstanding any other term of this Agreement or any other agreement the Lender has with the Academy, the Academy agrees that the Lender may share financial and other information about the Academy with Affiliates of the Lender for purposes related to the Academy's accounts or possible accounts with the Lender or its Affiliate.

***SECTION 7.9 Survival of this Agreement.*** All covenants, agreements, representations and warranties made in this Agreement shall survive the purchase by the Lender of the Bond and shall continue in full force and effect so long as the Bond shall be outstanding or any obligations of the Academy to the Lender hereunder shall be outstanding and unpaid.

***SECTION 7.10 Headings.*** Section headings in this Agreement are included herein for convenience of reference only and shall not constitute a part of the Agreement for any other purpose.

***SECTION 7.11 Entire Agreement.*** This Agreement embodies the entire agreement and understanding between the Academy and the Lender and supersedes all prior, agreements and understandings between the Academy and the Lender relating to the subject matter hereof.


**SECTION 7.12 Counterparts.** This Agreement may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute but one and the same instrument.

[The remainder of this page is intentionally left blank.]

**WAIVER OF JURY TRIAL. THE UNDERSIGNED HEREBY ACKNOWLEDGES THAT THE TIME AND EXPENSE REQUIRED FOR TRIAL BY JURY OF ANY CONTROVERSY RELATED IN ANY WAY TO THIS AGREEMENT, THE BOND OR ANY DOCUMENTS EXECUTED IN CONNECTION WITH THIS AGREEMENT, THE BOND OR ANY TRANSACTION CONTEMPLATED IN ANY SUCH DOCUMENTS, WOULD EXCEED THE TIME AND EXPENSE REQUIRED FOR A BENCH TRIAL AND HEREBY WAIVES, TO THE FULLEST EXTENT PERMITTED BY LAW, TRIAL BY JURY, AND WAIVES ANY BOND OR SURETY OR SECURITY UPON SUCH BOND WHICH MIGHT, BUT FOR THIS WAIVER, BE REQUIRED OF THE HOLDER OF THE BOND. THE ACADEMY AND THE LENDER ACKNOWLEDGE THAT THE FOREGOING WAIVER IS KNOWING AND VOLUNTARY.**

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

**NEW BRANCHES CHARTER ACADEMY**

By   
Name: Kida King  
Title: Board President

**HORIZON BANK**

By \_\_\_\_\_  
Name: Jason Braford  
Title: Vice President, Commercial Loan Officer

28009423

[Signature Page to Bond Purchase Agreement]



**WAIVER OF JURY TRIAL. THE UNDERSIGNED HEREBY ACKNOWLEDGES THAT THE TIME AND EXPENSE REQUIRED FOR TRIAL BY JURY OF ANY CONTROVERSY RELATED IN ANY WAY TO THIS AGREEMENT, THE BOND OR ANY DOCUMENTS EXECUTED IN CONNECTION WITH THIS AGREEMENT, THE BOND OR ANY TRANSACTION CONTEMPLATED IN ANY SUCH DOCUMENTS, WOULD EXCEED THE TIME AND EXPENSE REQUIRED FOR A BENCH TRIAL AND HEREBY WAIVES, TO THE FULLEST EXTENT PERMITTED BY LAW, TRIAL BY JURY, AND WAIVES ANY BOND OR SURETY OR SECURITY UPON SUCH BOND WHICH MIGHT, BUT FOR THIS WAIVER, BE REQUIRED OF THE HOLDER OF THE BOND. THE ACADEMY AND THE LENDER ACKNOWLEDGE THAT THE FOREGOING WAIVER IS KNOWING AND VOLUNTARY.**

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

**NEW BRANCHES CHARTER ACADEMY**

By \_\_\_\_\_  
Name:  
Title:

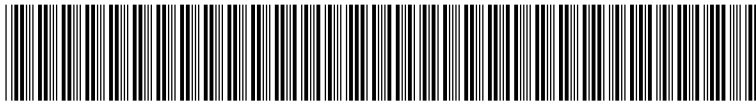
**HORIZON BANK**

By \_\_\_\_\_  
Name: Jason Bradford  
Title: Vice President, Commercial Loan Officer

28009423

[Signature Page to Bond Purchase Agreement]

**EXHIBIT A**  
**BOND AMORTIZATION SCHEDULE**



\*00000000009975685006004142023\*

# AMORTIZATION SCHEDULE

Principal	Loan Date	Maturity	Loan No	Call / Coll	Account	Officer	Initials
\$1,855,422.00	04-14-2023	04-24-2038	9975685	19	342	JAB1	

References in the boxes above are for Lender's use only and do not limit the applicability of this document to any particular loan or item.  
Any item above containing "\*\*\*\*" has been omitted due to text length limitations.

**Borrower:** New Branches Charter Academy  
3662 Poinsettia Ave Se  
Grand Rapids, MI 49508

**Lender:** HORIZON BANK  
KALAMAZOO (342)  
515 FRANKLIN STREET  
MICHIGAN CITY, IN 46360

**Disbursement Date:** April 14, 2023  
**Interest Rate:** 5.290

**Repayment Schedule:** Installment  
**Calculation Method:** 30 /360 U.S. Rule

Payment Number	Payment Date	Payment Amount	Interest Paid	Principal Paid	Remaining Balance
1	05-24-2023	14,976.25	10,905.76	4,070.49	1,851,351.51
2	06-24-2023	14,976.25	8,161.37	6,814.88	1,844,536.63
3	07-24-2023	14,976.25	8,131.33	6,844.92	1,837,691.71
4	08-24-2023	14,976.25	8,101.16	6,875.09	1,830,816.62
5	09-24-2023	14,976.25	8,070.85	6,905.40	1,823,911.22
6	10-24-2023	14,976.25	8,040.41	6,935.84	1,816,975.38
7	11-24-2023	14,976.25	8,009.83	6,966.42	1,810,008.96
8	12-24-2023	14,976.25	7,979.12	6,997.13	1,803,011.83
<b>2023 TOTALS:</b>		<b>119,810.00</b>	<b>67,399.83</b>	<b>52,410.17</b>	
9	01-24-2024	14,976.25	7,948.28	7,027.97	1,795,983.86
10	02-24-2024	14,976.25	7,917.30	7,058.95	1,788,924.91
11	03-24-2024	14,976.25	7,886.18	7,090.07	1,781,834.84
12	04-24-2024	14,976.25	7,854.92	7,121.33	1,774,713.51
13	05-24-2024	14,976.25	7,823.53	7,152.72	1,767,560.79
14	06-24-2024	14,976.25	7,792.00	7,184.25	1,760,376.54
15	07-24-2024	14,976.25	7,760.33	7,215.92	1,753,160.62
16	08-24-2024	14,976.25	7,728.52	7,247.73	1,745,912.89
17	09-24-2024	14,976.25	7,696.57	7,279.68	1,738,633.21
18	10-24-2024	14,976.25	7,664.47	7,311.78	1,731,321.43
19	11-24-2024	14,976.25	7,632.24	7,344.01	1,723,977.42
20	12-24-2024	14,976.25	7,599.87	7,376.38	1,716,601.04
<b>2024 TOTALS:</b>		<b>179,715.00</b>	<b>93,304.21</b>	<b>86,410.79</b>	
21	01-24-2025	14,976.25	7,567.35	7,408.90	1,709,192.14
22	02-24-2025	14,976.25	7,534.69	7,441.56	1,701,750.58
23	03-24-2025	14,976.25	7,501.88	7,474.37	1,694,276.21
24	04-24-2025	14,976.25	7,468.93	7,507.32	1,686,768.89
25	05-24-2025	14,976.25	7,435.84	7,540.41	1,679,228.48
26	06-24-2025	14,976.25	7,402.60	7,573.65	1,671,654.83
27	07-24-2025	14,976.25	7,369.21	7,607.04	1,664,047.79
28	08-24-2025	14,976.25	7,335.68	7,640.57	1,656,407.22
29	09-24-2025	14,976.25	7,302.00	7,674.25	1,648,732.97
30	10-24-2025	14,976.25	7,268.16	7,708.09	1,641,024.88
31	11-24-2025	14,976.25	7,234.18	7,742.07	1,633,282.81
32	12-24-2025	14,976.25	7,200.06	7,776.19	1,625,506.62
<b>2025 TOTALS:</b>		<b>179,715.00</b>	<b>88,620.58</b>	<b>91,094.42</b>	
33	01-24-2026	14,976.25	7,165.78	7,810.47	1,617,696.15
34	02-24-2026	14,976.25	7,131.34	7,844.91	1,609,851.24
35	03-24-2026	14,976.25	7,096.76	7,879.49	1,601,971.75
36	04-24-2026	14,976.25	7,062.03	7,914.22	1,594,057.53
37	05-24-2026	14,976.25	7,027.14	7,949.11	1,586,108.42
38	06-24-2026	14,976.25	6,992.09	7,984.16	1,578,124.26
39	07-24-2026	14,976.25	6,956.90	8,019.35	1,570,104.91
40	08-24-2026	14,976.25	6,921.55	8,054.70	1,562,050.21
41	09-24-2026	14,976.25	6,886.04	8,090.21	1,553,960.00
42	10-24-2026	14,976.25	6,850.37	8,125.88	1,545,834.12
43	11-24-2026	14,976.25	6,814.55	8,161.70	1,537,672.42
44	12-24-2026	14,976.25	6,778.57	8,197.68	1,529,474.74
<b>2026 TOTALS:</b>		<b>179,715.00</b>	<b>83,683.12</b>	<b>96,031.88</b>	
45	01-24-2027	14,976.25	6,742.43	8,233.82	1,521,240.92
46	02-24-2027	14,976.25	6,706.14	8,270.11	1,512,970.81

**AMORTIZATION SCHEDULE  
(Continued)**

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47	03-24-2027	14,976.25	6,669.68	8,306.57	1,504,664.24
48	04-24-2027	14,976.25	6,633.06	8,343.19	1,496,321.05
49	05-24-2027	14,976.25	6,596.28	8,379.97	1,487,941.08
50	06-24-2027	14,976.25	6,559.34	8,416.91	1,479,524.17
51	07-24-2027	14,976.25	6,522.24	8,454.01	1,471,070.16
52	08-24-2027	14,976.25	6,484.97	8,491.28	1,462,578.88
53	09-24-2027	14,976.25	6,447.54	8,528.71	1,454,050.17
54	10-24-2027	14,976.25	6,409.94	8,566.31	1,445,483.86
55	11-24-2027	14,976.25	6,372.17	8,604.08	1,436,879.78
56	12-24-2027	14,976.25	6,334.25	8,642.00	1,428,237.78
<b>2027 TOTALS:</b>		<b>179,715.00</b>	<b>78,478.04</b>	<b>101,236.96</b>	
57	01-24-2028	14,976.25	6,296.15	8,680.10	1,419,557.68
58	02-24-2028	14,976.25	6,257.88	8,718.37	1,410,839.31
59	03-24-2028	14,976.25	6,219.45	8,756.80	1,402,082.51
60	04-24-2028	14,976.25	6,180.85	8,795.40	1,393,287.11
61	05-24-2028	14,976.25	6,142.07	8,834.18	1,384,452.93
62	06-24-2028	14,976.25	6,103.13	8,873.12	1,375,579.81
63	07-24-2028	14,976.25	6,064.01	8,912.24	1,366,667.57
64	08-24-2028	14,976.25	6,024.73	8,951.52	1,357,716.05
65	09-24-2028	14,976.25	5,985.26	8,990.99	1,348,725.06
66	10-24-2028	14,976.25	5,945.63	9,030.62	1,339,694.44
67	11-24-2028	14,976.25	5,905.82	9,070.43	1,330,624.01
68	12-24-2028	14,976.25	5,865.83	9,110.42	1,321,513.59
<b>2028 TOTALS:</b>		<b>179,715.00</b>	<b>72,990.81</b>	<b>106,724.19</b>	
69	01-24-2029	14,976.25	5,825.67	9,150.58	1,312,363.01
70	02-24-2029	14,976.25	5,785.33	9,190.92	1,303,172.09
71	03-24-2029	14,976.25	5,744.82	9,231.43	1,293,940.66
72	04-24-2029	14,976.25	5,704.12	9,272.13	1,284,668.53
73	05-24-2029	14,976.25	5,663.25	9,313.00	1,275,355.53
74	06-24-2029	14,976.25	5,622.19	9,354.06	1,266,001.47
75	07-24-2029	14,976.25	5,580.96	9,395.29	1,256,606.18
76	08-24-2029	14,976.25	5,539.54	9,436.71	1,247,169.47
77	09-24-2029	14,976.25	5,497.94	9,478.31	1,237,691.16
78	10-24-2029	14,976.25	5,456.16	9,520.09	1,228,171.07
79	11-24-2029	14,976.25	5,414.19	9,562.06	1,218,609.01
80	12-24-2029	14,976.25	5,372.03	9,604.22	1,209,004.79
<b>2029 TOTALS:</b>		<b>179,715.00</b>	<b>67,206.20</b>	<b>112,508.80</b>	
81	01-24-2030	14,976.25	5,329.70	9,646.55	1,199,358.24
82	02-24-2030	14,976.25	5,287.17	9,689.08	1,189,669.16
83	03-24-2030	14,976.25	5,244.46	9,731.79	1,179,937.37
84	04-24-2030	14,976.25	5,201.56	9,774.69	1,170,162.68
85	05-24-2030	14,976.25	5,158.47	9,817.78	1,160,344.90
86	06-24-2030	14,976.25	5,115.19	9,861.06	1,150,483.84
87	07-24-2030	14,976.25	5,071.72	9,904.53	1,140,579.31
88	08-24-2030	14,976.25	5,028.05	9,948.20	1,130,631.11
89	09-24-2030	14,976.25	4,984.20	9,992.05	1,120,639.06
90	10-24-2030	14,976.25	4,940.15	10,036.10	1,110,602.96
91	11-24-2030	14,976.25	4,895.91	10,080.34	1,100,522.62
92	12-24-2030	14,976.25	4,851.47	10,124.78	1,090,397.84
<b>2030 TOTALS:</b>		<b>179,715.00</b>	<b>61,108.05</b>	<b>118,606.95</b>	
93	01-24-2031	14,976.25	4,806.84	10,169.41	1,080,228.43
94	02-24-2031	14,976.25	4,762.01	10,214.24	1,070,014.19
95	03-24-2031	14,976.25	4,716.98	10,259.27	1,059,754.92
96	04-24-2031	14,976.25	4,671.75	10,304.50	1,049,450.42
97	05-24-2031	14,976.25	4,626.33	10,349.92	1,039,100.50
98	06-24-2031	14,976.25	4,580.70	10,395.55	1,028,704.95
99	07-24-2031	14,976.25	4,534.87	10,441.38	1,018,263.57
100	08-24-2031	14,976.25	4,488.85	10,487.40	1,007,776.17
101	09-24-2031	14,976.25	4,442.61	10,533.64	997,242.53
102	10-24-2031	14,976.25	4,396.18	10,580.07	986,662.46
103	11-24-2031	14,976.25	4,349.54	10,626.71	976,035.75
104	12-24-2031	14,976.25	4,302.69	10,673.56	965,362.19
<b>2031 TOTALS:</b>		<b>179,715.00</b>	<b>54,679.35</b>	<b>125,035.65</b>	
105	01-24-2032	14,976.25	4,255.64	10,720.61	954,641.58
106	02-24-2032	14,976.25	4,208.38	10,767.87	943,873.71
107	03-24-2032	14,976.25	4,160.91	10,815.34	933,058.37
108	04-24-2032	14,976.25	4,113.23	10,863.02	922,195.35
109	05-24-2032	14,976.25	4,065.34	10,910.91	911,284.44
110	06-24-2032	14,976.25	4,017.25	10,959.00	900,325.44
111	07-24-2032	14,976.25	3,968.93	11,007.32	889,318.12
112	08-24-2032	14,976.25	3,920.41	11,055.84	878,262.28

## AMORTIZATION SCHEDULE (Continued)

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113	09-24-2032	14,976.25	3,871.67	11,104.58	867,157.70
114	10-24-2032	14,976.25	3,822.72	11,153.53	856,004.17
115	11-24-2032	14,976.25	3,773.55	11,202.70	844,801.47
116	12-24-2032	14,976.25	3,724.17	11,252.08	833,549.39
<b>2032 TOTALS:</b>		<b>179,715.00</b>	<b>47,902.20</b>	<b>131,812.80</b>	
117	01-24-2033	14,976.25	3,674.56	11,301.69	822,247.70
118	02-24-2033	14,976.25	3,624.74	11,351.51	810,896.19
119	03-24-2033	14,976.25	3,574.70	11,401.55	799,494.64
120	04-24-2033	14,976.25	3,524.44	11,451.81	788,042.83
121	05-24-2033	14,976.25	3,473.96	11,502.29	776,540.54
122	06-24-2033	14,976.25	3,423.25	11,553.00	764,987.54
123	07-24-2033	14,976.25	3,372.32	11,603.93	753,383.61
124	08-24-2033	14,976.25	3,321.17	11,655.08	741,728.53
125	09-24-2033	14,976.25	3,269.79	11,706.46	730,022.07
126	10-24-2033	14,976.25	3,218.18	11,758.07	718,264.00
127	11-24-2033	14,976.25	3,166.35	11,809.90	706,454.10
128	12-24-2033	14,976.25	3,114.29	11,861.96	694,592.14
<b>2033 TOTALS:</b>		<b>179,715.00</b>	<b>40,757.75</b>	<b>138,957.25</b>	
129	01-24-2034	14,976.25	3,061.99	11,914.26	682,677.88
130	02-24-2034	14,976.25	3,009.47	11,966.78	670,711.10
131	03-24-2034	14,976.25	2,956.72	12,019.53	658,691.57
132	04-24-2034	14,976.25	2,903.73	12,072.52	646,619.05
133	05-24-2034	14,976.25	2,850.51	12,125.74	634,493.31
134	06-24-2034	14,976.25	2,797.06	12,179.19	622,314.12
135	07-24-2034	14,976.25	2,743.37	12,232.88	610,081.24
136	08-24-2034	14,976.25	2,689.44	12,286.81	597,794.43
137	09-24-2034	14,976.25	2,635.28	12,340.97	585,453.46
138	10-24-2034	14,976.25	2,580.87	12,395.38	573,058.08
139	11-24-2034	14,976.25	2,526.23	12,450.02	560,608.06
140	12-24-2034	14,976.25	2,471.35	12,504.90	548,103.16
<b>2034 TOTALS:</b>		<b>179,715.00</b>	<b>33,226.02</b>	<b>146,488.98</b>	
141	01-24-2035	14,976.25	2,416.22	12,560.03	535,543.13
142	02-24-2035	14,976.25	2,360.85	12,615.40	522,927.73
143	03-24-2035	14,976.25	2,305.24	12,671.01	510,256.72
144	04-24-2035	14,976.25	2,249.38	12,726.87	497,529.85
145	05-24-2035	14,976.25	2,193.28	12,782.97	484,746.88
146	06-24-2035	14,976.25	2,136.93	12,839.32	471,907.56
147	07-24-2035	14,976.25	2,080.33	12,895.92	459,011.64
148	08-24-2035	14,976.25	2,023.48	12,952.77	446,058.87
149	09-24-2035	14,976.25	1,966.38	13,009.87	433,049.00
150	10-24-2035	14,976.25	1,909.02	13,067.23	419,981.77
151	11-24-2035	14,976.25	1,851.42	13,124.83	406,856.94
152	12-24-2035	14,976.25	1,793.56	13,182.69	393,674.25
<b>2035 TOTALS:</b>		<b>179,715.00</b>	<b>25,286.09</b>	<b>154,428.91</b>	
153	01-24-2036	14,976.25	1,735.45	13,240.80	380,433.45
154	02-24-2036	14,976.25	1,677.08	13,299.17	367,134.28
155	03-24-2036	14,976.25	1,618.45	13,357.80	353,776.48
156	04-24-2036	14,976.25	1,559.56	13,416.69	340,359.79
157	05-24-2036	14,976.25	1,500.42	13,475.83	326,883.96
158	06-24-2036	14,976.25	1,441.01	13,535.24	313,348.72
159	07-24-2036	14,976.25	1,381.35	13,594.90	299,753.82
160	08-24-2036	14,976.25	1,321.41	13,654.84	286,098.98
161	09-24-2036	14,976.25	1,261.22	13,715.03	272,383.95
162	10-24-2036	14,976.25	1,200.76	13,775.49	258,608.46
163	11-24-2036	14,976.25	1,140.03	13,836.22	244,772.24
164	12-24-2036	14,976.25	1,079.04	13,897.21	230,875.03
<b>2036 TOTALS:</b>		<b>179,715.00</b>	<b>16,915.78</b>	<b>162,799.22</b>	
165	01-24-2037	14,976.25	1,017.77	13,958.48	216,916.55
166	02-24-2037	14,976.25	956.24	14,020.01	202,896.54
167	03-24-2037	14,976.25	894.44	14,081.81	188,814.73
168	04-24-2037	14,976.25	832.36	14,143.89	174,670.84
169	05-24-2037	14,976.25	770.01	14,206.24	160,464.60
170	06-24-2037	14,976.25	707.38	14,268.87	146,195.73
171	07-24-2037	14,976.25	644.48	14,331.77	131,863.96
172	08-24-2037	14,976.25	581.30	14,394.95	117,469.01
173	09-24-2037	14,976.25	517.84	14,458.41	103,010.60
174	10-24-2037	14,976.25	454.11	14,522.14	88,488.46
175	11-24-2037	14,976.25	390.09	14,586.16	73,902.30
176	12-24-2037	14,976.25	325.79	14,650.46	59,251.84
<b>2037 TOTALS:</b>		<b>179,715.00</b>	<b>8,091.81</b>	<b>171,623.19</b>	

**AMORTIZATION SCHEDULE  
(Continued)**

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177	01-24-2038	14,976.25	261.20	14,715.05	44,536.79
178	02-24-2038	14,976.25	196.33	14,779.92	29,756.87
179	03-24-2038	14,976.25	131.18	14,845.07	14,911.80
180	04-24-2038	14,977.54	65.74	14,911.80	0.00

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<b>2038 TOTALS:</b>		<b>59,906.29</b>	<b>654.45</b>	<b>59,251.84</b>	
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<b>TOTALS:</b>		<b>2,695,726.29</b>	<b>840,304.29</b>	<b>1,855,422.00</b>	
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**NOTICE:** This is an estimated loan amortization schedule. Actual amounts may vary if payments are made on different dates or in different amounts.

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## MORTGAGE

**THIS MORTGAGE** (this "**Mortgage**") is made as of April 14, 2023, by **NEW BRANCHES CHARTER ACADEMY**, a Michigan nonprofit corporation and public school academy, of 3662 Poinsettia Ave SE, Grand Rapids, MI 49508 ("**Mortgagor**"), to **HORIZON BANK**, an Indiana banking corporation, of 250 Pearl Street, NW, Grand Rapids, Michigan 49503 ("**Lender**"), for itself and as agent for the benefit of all of its affiliates (each entity controlled by, controlling or under common control with Lender, an "**Affiliate**").

FOR VALUE RECEIVED, Mortgagor mortgages and warrants to Lender the real property located in the City of Grand Rapids, Kent County, Michigan, described on **Exhibit A** attached to this Mortgage, and all of Mortgagor's rights, title and interest in and to (a) all buildings, structures and other improvements now or in the future located on the land and all easements, hereditaments and appurtenances now or in the future belonging to the land, (b) all fixtures now or in the future attached to or used in connection with the land, (c) all equipment (including, without limitation, all machinery, engines, boilers, elevators and plumbing, heating, air conditioning and ventilating equipment) now or in the future installed as part of any building located on the land, all of which equipment shall, as between Mortgagor and Lender, be considered to be fixtures and a part of the realty, (d) all Rents (as that term is defined in MCL 554.1051 et. seq.) thereof under present or future leases, or otherwise, including, without limitation, any rights conferred by MCL 554.1051 et. seq., as amended, and including, but not limited to, all cash or securities deposited under any such leases to secure the performance of the tenants by their obligations thereunder, and (e) all rights, if any, to make divisions of the land that are exempt from the platting requirements of the Michigan Land Division Act, as it shall be amended (if applicable). In this Mortgage, the above-described land, buildings, structures, improvements, easements, hereditaments, appurtenances, fixtures and equipment are collectively called the "**Premises**."

This Mortgage secures payment and performance of (a) Mortgagor's obligations under a certain \$1,855,422 Bond Purchase Agreement dated as of the date of this Mortgage (the "**BPA**"), between Mortgagor and Lender, (b) Mortgagor's obligations to Lender under this Mortgage, (c) any and all Rate Management Obligations (as defined in the BPA), and (d) all modifications, extensions and renewals of (a), (b) and (c). This Mortgage also secures payment and performance of any and all other indebtedness or obligations now or hereafter owing to Lender or any Affiliate by Mortgagor, including, without limitation, all Lender Indebtedness (as defined in the BPA), regardless of whether any such indebtedness or obligation is (1) not presently intended or contemplated by Mortgagor, Lender, or the Affiliate, (2) indirect, contingent, or secondary, (3) unrelated to the Premises or to any financing of the Premises by

## MORTGAGE

**THIS MORTGAGE** (this "**Mortgage**") is made as of April 14, 2023, by **NEW BRANCHES CHARTER ACADEMY**, a Michigan nonprofit corporation and public school academy, of 3662 Poinsettia Ave SE, Grand Rapids, MI 49508 ("**Mortgagor**"), to **HORIZON BANK**, an Indiana banking corporation, of 250 Pearl Street, NW, Grand Rapids, Michigan 49503 ("**Lender**"), for itself and as agent for the benefit of all of its affiliates (each entity controlled by, controlling or under common control with Lender, an "**Affiliate**").

FOR VALUE RECEIVED, Mortgagor mortgages and warrants to Lender the real property located in the City of Grand Rapids, Kent County, Michigan, described on **Exhibit A** attached to this Mortgage, and all of Mortgagor's rights, title and interest in and to (a) all buildings, structures and other improvements now or in the future located on the land and all easements, hereditaments and appurtenances now or in the future belonging to the land, (b) all fixtures now or in the future attached to or used in connection with the land, (c) all equipment (including, without limitation, all machinery, engines, boilers, elevators and plumbing, heating, air conditioning and ventilating equipment) now or in the future installed as part of any building located on the land, all of which equipment shall, as between Mortgagor and Lender, be considered to be fixtures and a part of the realty, (d) all Rents (as that term is defined in MCL 554.1051 et. seq.) thereof under present or future leases, or otherwise, including, without limitation, any rights conferred by MCL 554.1051 et. seq., as amended, and including, but not limited to, all cash or securities deposited under any such leases to secure the performance of the tenants by their obligations thereunder, and (e) all rights, if any, to make divisions of the land that are exempt from the platting requirements of the Michigan Land Division Act, as it shall be amended (if applicable). In this Mortgage, the above-described land, buildings, structures, improvements, easements, hereditaments, appurtenances, fixtures and equipment are collectively called the "**Premises**."

This Mortgage secures payment and performance of (a) Mortgagor's obligations under a certain \$1,855,422 Bond Purchase Agreement dated as of the date of this Mortgage (the "**BPA**"), between Mortgagor and Lender, (b) Mortgagor's obligations to Lender under this Mortgage, (c) any and all Rate Management Obligations (as defined in the BPA), and (d) all modifications, extensions and renewals of (a), (b) and (c). This Mortgage also secures payment and performance of any and all other indebtedness or obligations now or hereafter owing to Lender or any Affiliate by Mortgagor, including, without limitation, all Lender Indebtedness (as defined in the BPA), regardless of whether any such indebtedness or obligation is (1) not presently intended or contemplated by Mortgagor, Lender, or the Affiliate, (2) indirect, contingent, or secondary, (3) unrelated to the Premises or to any financing of the Premises by



Lender or the Affiliate, (4) of a kind or class that is different from any indebtedness or obligation now owing to Lender or the Affiliate by Mortgagor, (5) now or hereafter evidenced by a note or other document that does not refer to this Mortgage, or (6) not listed above.

The indebtedness and obligations secured by this Mortgage are collectively referred to in this Mortgage as the "**Indebtedness.**"

Mortgagor further warrants and represents to and agrees with Lender as follows:

1. **Payment of Indebtedness.** Mortgagor agrees to pay or perform all of the Indebtedness now or in the future owing by Mortgagor, including all interest on it, in accordance with the terms of the instruments, documents or agreements evidencing it ("**Instruments**").

2. **Warranties.** Mortgagor warrants and represents to Lender as follows:

(a) All financial statements and other written information concerning Mortgagor or the Premises that have been or in the future are furnished to Lender by or on behalf of Mortgagor are and shall be true and correct in all material respects when provided.

(b) The signing, delivery and performance of this Mortgage by Mortgagor will not violate any law, rule, judgment, order, agreement or instrument binding upon Mortgagor and will not require the approval of any public authority or any third party, and this Mortgage is the valid and binding obligation of Mortgagor, enforceable in accordance with its terms, except as may be limited by bankruptcy, insolvency, or other similar laws affecting the enforcement of creditors' rights and by general principles of equity.

(c) Mortgagor is a nonprofit corporation and is duly organized and validly existing in good standing under the laws of the State of Michigan; Mortgagor has full power and authority to enter into and perform its obligations under this Mortgage; Mortgagor's signing, delivery, and performance of this Mortgage have been duly authorized by all necessary action of Mortgagor's directors, or other governing body, and will not violate Mortgagor's articles of incorporation or other governing instrument, if any, and will not require the approval of any other Person.

3. **Assignment of Leases and Contracts.** Mortgagor assigns and mortgages to Lender, and grants to Lender a security interest in, as additional security for the Indebtedness, all of Mortgagor's right, title and interest in and to all existing and future oral or written leases of all or any part of the Premises or of any interest in them and all existing and future land contracts or other agreements by which the Premises or any interest in them is being or shall be sold, together with all Rents (as defined in MCL 554.1051 et. seq.) arising from, and all other proceeds of, those leases, land contracts or other agreements. Except in the ordinary course of business or otherwise with the written consent of Lender, Mortgagor shall not cancel, accept a surrender of, modify, consent to an assignment of the lessee's interest under, or make any other assignment or other disposition of any lease or land contract and shall not collect or accept any payment of a material amount of rent or of principal or interest or any other amount more than one month before it is due and payable. Mortgagor shall pay and perform all material obligations and

covenants required of it by the terms of each such lease, land contract or other agreement. If Mortgagor shall default in the payment or performance of any such obligation or covenant, then Lender shall have the right, but shall have no obligation, to pay or perform it on behalf of Mortgagor, and all sums reasonably expended by Lender in doing so shall be payable by Mortgagor to Lender upon demand, together with interest at the Default Rate. Neither this Paragraph nor the paragraph of this Mortgage entitled *Sale or Transfer* implies that Lender consents to the sale, lease or transfer of the Premises or any interest in them. Mortgagor consents to the appointment of a receiver if it appears likely that the Premises or any other collateral for the Indebtedness may be insufficient to satisfy the Indebtedness, or if Mortgagor has failed to turn over Rents as required under this Mortgage or MCL 554.1051 et. seq. The enforcement of this assignment of leases and rents and application of the proceeds by Lender does not: (i) make Lender a mortgagee in possession of the Premises; (ii) make Lender an agent of Mortgagor; (iii) constitute an election of remedies that precludes a later action to enforce the secured obligation owed to Lender or to enforce this Mortgage, including foreclosure by advertisement, or otherwise render this Mortgage unenforceable; or (iv) limit any other right available to Lender with respect to the obligation owed to Lender, as provided under the Michigan Uniform Assignment or Rents Act (Act 115 of 2022), MCL 554.1051 et. seq. and Act 116 of 2022 (MCL 600.3204 (concerning foreclosure by advertisement)).

4. **Assignment of Interest as Lessee or Purchaser.** Mortgagor assigns and mortgages to Lender, and grants to Lender a security interest in, as additional security for the Indebtedness, all of Mortgagor's right, title, and interest in and to all existing and future leases, land contracts, or other agreements by which all or any part of the Premises is being leased or purchased by Mortgagor, including all modifications, renewals, and extensions, and all of Mortgagor's rights in and to any purchase options contained in each lease, land contract, or other agreement. Mortgagor shall pay or cause to be paid each installment of rent or of principal or interest required to be paid by Mortgagor as the lessee, buyer, or other obligor under each such lease, land contract, or other agreement, as and when it becomes due and payable, whether by acceleration or otherwise. Mortgagor shall also pay and perform, or cause to be paid and performed, all other material obligations of Mortgagor as the lessee, buyer, or other obligor under each lease, land contract, or other agreement. If Mortgagor defaults in the payment of an installment of rent or of principal or interest or in the payment or performance of any other obligation under any such lease, land contract, or other agreement, beyond the expiration of any applicable grace or cure period, then Lender shall have the right, but shall have no obligation, to pay or perform it on behalf of Mortgagor and to exercise any rights of Mortgagor under the lease, land contract, or other agreement, including any purchase option. All sums that Lender reasonably expends in doing so shall become part of the Indebtedness, payable by Mortgagor to Lender upon demand, together with interest at the Default Rate. If Lender receives from the lessor or seller under a lease, land contract, or other agreement notice that there has occurred a default by Mortgagor as the lessee, buyer, or other obligor, then Lender may rely on the notice and take any action to cure the default under the paragraph of this Mortgage entitled *Lender's Right to Perform; Receiver* even though Mortgagor questions or denies the existence, nature, or extent of the claimed default. If Lender cures such default, that shall not be a waiver of Lender's right to accelerate the Indebtedness under the paragraph of this Mortgage entitled *Events of Default and Acceleration* by reason of such default.

5. **Minerals.** Mortgagor assigns and mortgages to Lender, and grants to Lender a

security interest in, as additional security for the Indebtedness, all of Mortgagor's right, title and interest in and to (i) all oil, gas and other minerals located in, on or under the Premises, (ii) all oil, gas or mineral leases, royalty agreements and other contracts that have been or in the future are entered into with respect to the Premises or with respect to any oil, gas or other minerals located in, on or under the Premises ("**Mineral Leases**"), and (iii) all rents, profits, royalties and income at any time arising from the Mineral Leases or from the sale of oil, gas or other minerals located in, on or under the Premises. During any Default as defined in the paragraph of this Mortgage entitled *Events of Default and Acceleration*, Lender shall be entitled to the present and full possession, receipt and use of and right to such oil, gas, other minerals, Mineral Leases, rents, profits, royalties and income for application to the Indebtedness in any manner that Lender in its sole discretion shall determine.

6. **Taxes.** Except to the extent being contested as permitted by the BPA or other Instrument or agreement between Mortgagor and Lender that replaces the BPA, Mortgagor shall pay, or cause to be paid, before they become delinquent, all taxes, assessments, and other similar charges levied upon or with respect to the Premises unless and to the extent only that (1) in a jurisdiction where payment of taxes and assessments is abated during the period of any contest, those taxes or assessments are being contested in good faith by appropriate proceedings and (2) Mortgagor shall have set aside on its books adequate reserves with respect to those taxes and assessments. Upon the request of Lender, Mortgagor will promptly deliver to Lender satisfactory evidence of payment of them.

7. **Insurance.** Mortgagor shall cause all buildings, improvements, other insurable parts of the Premises and rents and other income from the Premises to be insured against loss or damage by any loss covered by "special form" (f/k/a "all risks") property insurance in the full amount of its replacement cost and with insurers that are reasonably acceptable to Lender, and Mortgagor shall cause all premiums on the insurance to be paid when due. Within 45 days after Lender notifies Mortgagor that the Premises are located in a special flood hazard area but are not covered by flood insurance in the amount required by applicable law (including, without limitation, the federal Flood Insurance Act of 1968, as amended), Mortgagor shall obtain and at all times maintain in effect the required insurance. Each policy evidencing insurance required by this Paragraph shall provide that losses shall be payable to Lender as its interest shall appear at the time of the loss, shall contain a standard mortgage clause, shall be in form and substance reasonably acceptable to Lender and evidence of such shall be delivered to Lender. Each policy shall provide that the insurer shall give Lender at least 10 days' prior written notice of any cancellation of the insurance. Each renewal of each policy shall be evidenced to Lender at least 10 days before the expiration date of the policy. If there shall occur any material destruction of or damage to the Premises, Mortgagor shall give immediate notice to Lender, and Lender shall have the right to make proof of the loss or damage, if Mortgagor does not promptly do so. Provided no Default exists, Mortgagor is authorized to settle, adjust or compromise any claims for loss or damage under any insurance policy. Subject to the provisions of the paragraph of this Mortgage entitled *Proceeds of Insurance and Condemnation*, Mortgagor shall immediately endorse and deliver to Lender all proceeds of any policy. Lender may require Mortgagor to pay a reasonable fee to Lender for determining whether the Premises are located in a special flood hazard area, if either (i) Lender undertook the determination because of a revision of floodplain areas or (ii) Lender purchased required flood insurance, under the paragraph of this Mortgage entitled *Lender's Right to Perform; Receiver*, after Mortgagor failed to purchase the required

insurance following Lender's notification to Mortgagor that Mortgagor was required to do so.

8. **Maintenance and Repair.** Mortgagor shall maintain the Premises in good condition and repair; shall not commit or suffer any waste of the Premises; shall not remove, demolish or substantially alter any building or fixture on the Premises after its construction or renovation is completed except in the ordinary course of business or otherwise with the prior written consent of Lender, which shall not be unreasonably withheld (as to alterations); shall cause to be complied with in all material respects all laws, ordinances, regulations and requirements of any governmental authority applicable to the Premises or to activities on the Premises; shall promptly repair, restore, replace or rebuild any part of the Premises that is damaged or destroyed by any casualty; and shall promptly pay when due all charges for utilities and other services to the Premises.

9. **Lender's Right to Perform; Receiver.** If Mortgagor shall default in the performance of any obligation of Mortgagor under this Mortgage (including, without limitation, its obligations to keep the Premises in good condition and repair, to pay taxes and assessments and to obtain and maintain insurance), then Lender shall have the right, upon 30 days' written notice to Mortgagor, but shall have no obligation, to perform, or cause to be performed, the obligation, and Mortgagor shall reimburse Lender on demand for all sums expended by Lender in doing so, together with interest at the Default Rate. Lender and any Persons authorized by Lender shall have the right, subject to the rights of tenants, to enter upon the Premises at all reasonable times for the purpose of inspecting the Premises or effecting maintenance or repairs or taking any other action under the preceding sentence. The failure of Mortgagor to pay any taxes, assessments or similar charges upon the Premises when due or to obtain and maintain required insurance shall constitute waste and shall entitle Lender to the appointment by a court of competent jurisdiction of a receiver of the Premises for the purpose of preventing the waste. The receiver, subject to the order of the court, may collect the rents and income from the Premises and exercise control over the Premises as the court shall order. Any payment or performance by Lender under the paragraph of this Mortgage entitled *Assignment of Leases and Contracts* of an obligation that Mortgagor has failed to perform under a lease, land contract or other agreement, and any exercise by Lender of any right, remedy or option under a lease, land contract or other agreement, shall not be considered an assumption by Lender of the lease, land contract or other agreement or of any obligation or liability under it.

10. **Condemnation.** Subject to the provisions of the paragraph of this Mortgage entitled *Proceeds of Insurance and Condemnation*, if all or any part of the Premises is taken, whether temporarily or permanently, under power of eminent domain or by condemnation, the entire proceeds of the award or other payment for the taking shall be paid directly to Lender.

11. **Sale or Transfer.** If there shall be a sale or transfer, by operation of law or otherwise, of all or any part of the Premises, Lender may deal with the buyer or transferee with respect to this Mortgage and the Indebtedness as fully and to the same extent as it might with Mortgagor, without in any way releasing, discharging or affecting the liability of Mortgagor under this Mortgage and upon the Indebtedness, and without waiving Lender's right to accelerate payment of the Indebtedness, under the paragraph of this Mortgage entitled *Events of Default and Acceleration*, by reason of the sale or transfer.

12. **Property Information.** During any period when any part of the Premises are leased, Mortgagor shall promptly furnish to Lender, upon Lender's request from time to time, (i) copies of all leases then in effect with respect to all or any part of the Premises, including all amendments, (ii) a written schedule that shows for each tenant the tenant's name, the current rental rate (including any percentage rent), any rental or leasing concessions not yet realized by tenant, the units or area leased and the lease expiration date, (iii) a description of any leasable parts of the Premises that are not then leased, and (iv) any additional information concerning the Premises and the leasing of them that Lender shall reasonably request. Lender shall have the right at any reasonable time and upon reasonable prior notice (whether or not any part of the Premises is then being leased) to inspect Mortgagor's records concerning the Premises and any lease of or other transaction or matter concerning the Premises.

13. **Environmental and Access Warranties and Agreements.** Mortgagor warrants and represents to Lender, and agrees, as follows:

(a) Except as otherwise set forth in the BPA, the Premises, and all operations and activities on the Premises, are and shall continue to be in compliance in all material respects with all Environmental Laws (as defined below) and all access laws (except for tenant spaces where the tenant is responsible for such compliance). "**Environmental Laws**" means all federal, state, and local laws, regulations, and ordinances intended to protect or preserve Natural Resources and the Environment.

(b) Mortgagor shall notify Lender in writing within 10 days after Mortgagor receives any notice of the commencement of (a) any proceeding or investigation by a federal or state agency against it regarding compliance by it with Environmental Laws or access laws, or (b) any other judicial or administrative proceeding by or against it that, if adversely determined, could reasonably be expected to have a Material Adverse Effect.

(c) For purposes of this Mortgage, "**access law**" means any applicable law, ordinance, rule, regulation or order that regulates the accessibility of property to disabled Persons, including, without limitation, the federal Americans With Disabilities Act, as amended.

(d) **Access to Premises.** Lender and any Persons authorized by Lender shall have the right, subject to the rights of tenants, to enter upon the Premises at all reasonable times on reasonable advance notice for the purpose of investigating whether the Premises are in compliance with Environmental Laws and access laws, but only if: (a) a Default, as defined in the paragraph of this Mortgage entitled *Events of Default and Acceleration*, exists or has occurred and is continuing; or (b) Lender has a reasonable basis for belief that the Premises are not in compliance with Environmental Laws or access laws. Without limiting the foregoing, if there shall have occurred and be continuing a Default, then Lender shall have the right to conduct and submit to appropriate governmental agencies a "baseline environmental assessment" of the Premises within the meaning of Section 20101 of the Michigan Natural Resources and Environmental Protection Act, MCL 324.20101, as it shall be amended from time to time. If, at the time of the appraisal, investigation and assessment, there shall have occurred and be continuing a Default, then Mortgagor shall reimburse Lender on demand for all reasonable costs and

expenses of the appraisal, investigation and assessment, together with interest at the Default Rate. Mortgagor shall sign any consultant contract, waste manifest, notice and other documents that Lender reasonably requests to enable Lender to take or conduct any action or activity contemplated by this Paragraph, if Mortgagor is given a reasonable opportunity to negotiate the terms of the contract, manifest, notice or other document.

14. **Events of Default and Acceleration.** Upon the occurrence and the continued existence of any of the following events of default (each, a "**Default**"), all or any part of the Indebtedness shall, at the option of Lender, become immediately due and payable without notice or demand:

(a) If an Event of Default shall occur under the BPA or if an event of default shall occur (after the expiration of the applicable grace or notice period, if any) under any other Mortgagor obligation to Lender or any Affiliate under any Instrument or under any other mortgage, security agreement, BPA, assignment, guaranty or other agreement that now or in the future secures or relates to any of the Indebtedness ("**Security Documents**").

(b) If Mortgagor fails to perform any obligation to Lender under this Mortgage, whether or not Lender shall have performed the obligation on Mortgagor's behalf, under the paragraph of this Mortgage entitled *Lender's Right to Perform; Receiver*, and that failure shall continue unremedied or uncured for 30 days after Lender has provided Mortgagor with written notice of that failure (or such longer period of time as is necessary, but no longer than 90 days, provided Mortgagor promptly commences and diligently pursues such remedy or cure).

(c) If any warranty, representation or material written statement that has been or is in the future made to Lender or any Affiliate by Mortgagor in this Mortgage or in any Security Document, credit application, financial statement or otherwise, shall have been false in any material respect when made or furnished.

(d) If Mortgagor, without the written consent of Lender, shall sell, convey or transfer the Premises or any interest in the Premises (other than leases in the ordinary course of business) or any rents or profits from the Premises or if any mortgage, lien or other encumbrance or any writ of attachment, garnishment, execution or other legal process shall be issued against or placed upon the Premises or any interest in them or any rents or profits from them, except in favor of Lender, and is not discharged or dismissed within 30 days, or if any of Mortgagor's rights, title or interest in or to any part of the Premises or any interest in them shall be transferred by operation of law. Mortgagor's "interest" in the Premises shall be considered to include, without limitation, any right to make a division of the Premises that is exempt from the requirements of the Michigan Land Division Act, as it shall be amended (if applicable).

(e) If any law or government regulation shall impose a tax or assessment upon mortgages or debts secured by mortgages, unless Mortgagor shall, within 30 days after written notice and demand from Lender, pay all of those taxes and assessments imposed or assessed against the Indebtedness or this Mortgage.

(f) Other than liens (a) expressly consented to in writing by Lender and (b) liens expressly permitted under the terms of this Mortgage, Mortgagor's transfer by mortgage, trust deed or otherwise of a lien in all or any portion of the Premises shall constitute an Event of Default under this Mortgage, and upon such transfer, the Lender, without prior notice shall have the right to declare all sums secured hereby immediately due and payable and, upon failure by the Mortgagor to make such payment the Lender shall have the right to exercise all remedies provided in any note secured hereby, this Mortgage, any other Related Document, or otherwise at law.

15. **Remedies.** Lender has all rights and remedies given by this Mortgage or otherwise permitted by law, including the assignment of Rents provided for by Act No. 115 of the Public Acts of Michigan of 2022. In addition, if the Indebtedness shall not be paid at Maturity, Lender shall have the right and is authorized:

(a) To collect and receive all Rents (as defined by MCL 554.1051 et. seq.) and other amounts that are due now or in the future under the terms of any leases, land contracts, Mineral Leases, or other agreements, now or later in effect, by which the Premises or any interest in them are then sold or leased, and to exercise any other right or remedy of Mortgagor under any lease, land contract, other agreement, or Mineral Lease; but Lender will have no obligation to make any demand or inquiry as to the nature or sufficiency of any payment received or to file any claim or take any other action to collect the payment of any amounts to which Lender may become entitled, and Lender will not be liable for any of Mortgagor's obligations under any lease, land contract, other agreement, or Mineral Lease. Mortgagor consents to the appointment of a receiver if believed necessary or desirable by Lender to enforce its rights under this Mortgage.

(b) To obtain or update abstracts of title, title searches, title insurance and surveys with respect to the Premises, and Mortgagor shall reimburse Lender for all costs of doing so, together with interest at the Default Rate.

(c) To foreclose this Mortgage by action under applicable law.

(d) To sell, release and convey the Premises at public sale, and to sign and deliver to the purchasers at the sale good and sufficient deeds of conveyance, paying any surplus funds, after payment of the Indebtedness in full and the expenses of the sale, including attorney fees as provided by law, to Mortgagor, all in accordance with Chapter 32 of the Michigan Revised Judicature Act, as it may be amended from time to time, and any similar statutory provisions that may in the future be enacted in addition to Chapter 32 or in substitution for it. The Premises may, at the option of Lender, be sold in one parcel.

All rights and remedies of Lender under this Mortgage, whether or not exercisable only on default, shall be cumulative and may be exercised from time to time, and no delay by Lender in the exercise of any right or remedy shall be a waiver of it, and no single or partial exercise of any right or remedy shall prevent other or further exercise of it or the exercise of any other right or remedy, except to the extent otherwise provided by law. In this Mortgage, "**Maturity**" means the time when the Indebtedness shall be or shall become due and payable, whether by the terms

of the Instruments or under the paragraph of this Mortgage entitled *Events of Default and Acceleration* or otherwise.

16. **Security Interest In Fixtures.** Mortgagor grants to Lender a security interest in all of its rights, title and interest in and to all fixtures now or in the future located on the Premises. This Mortgage is intended to be effective as a financing statement filed as a fixture filing. If the Indebtedness is not paid at Maturity, Lender, at its option, may enforce this security interest in fixtures under the Michigan Uniform Commercial Code or other applicable law or may include fixtures in any foreclosure of this Mortgage under the paragraph of this Mortgage entitled *Remedies*. Any requirement of reasonable notice with respect to any sale or other disposition of fixtures under the Uniform Commercial Code shall be met if Lender sends the notice at least 10 days before the date of sale or other disposition.

17. **Indemnification.** Mortgagor shall indemnify and hold harmless Lender with respect to any and all claims, demands, causes of action, liabilities, damages, losses, judgments and expenses (including reasonable attorney fees) that shall be asserted against or incurred by Lender by reason of (i) any representation or warranty by Mortgagor in this Mortgage being inaccurate in any material respect when made, (ii) any failure of Mortgagor to perform any of Mortgagor's obligations under this Mortgage, or (iii) any past, present or future condition or use of the Premises (whether known or unknown), other than an excluded condition or use, including, without limitation, liabilities arising under any Environmental Law, unless such claims result from Lender's activities at the Premises. An "**excluded condition or use**" is one that both (A) does not exist or occur, to any extent, at any time before Mortgagor has permanently given up possession and control of the Premises by reason of a foreclosure of this Mortgage or Lender's acceptance of a conveyance of the Premises to Lender in lieu of foreclosure or the release or discharge of this Mortgage as part of a transaction including the conveyance of the Premises and (B) was not caused or permitted to exist, in whole or part, by any act or omission of Mortgagor. Indemnification by Mortgagor under this Paragraph shall not limit any other right or remedy (including Lender's right to accelerate payment of the Indebtedness) that is available to Lender by reason of the circumstance in respect of which indemnity is made. Mortgagor's obligations under this Paragraph shall survive foreclosure of this Mortgage and any conveyance of the Premises in lieu of foreclosure.

18. **Waivers.**

(a) Mortgagor and any other Person who in the future obtains a mortgage or lien upon, or any other interest in, the Premises waives, with respect to any foreclosure of this Mortgage and to the extent allowed by applicable laws, (i) any right to marshaling of the Premises, and (ii) the benefit of any stay, extension, exemption or moratorium law, now existing or enacted in the future.

(b) Lender may at any time release all or any part of the Premises from the lien of this Mortgage or release the liability of any Person for the Indebtedness, with or without consideration and without giving notice to, or obtaining the consent of, the holder of any mortgage or lien upon, or other interest in, the Premises. A release shall not impair or affect the validity or priority of this Mortgage, regardless of the effect of the release upon the mortgage, lien or other interest or the holder of it. This subparagraph



does not imply that Lender consents to the placing of a mortgage, lien or other encumbrance on the Premises.

(c) Mortgagor (i) waives notice of any advances or other extensions of credit included in the Indebtedness, (ii) waives any right to require Lender to sue upon or otherwise enforce payment of the Indebtedness or to enforce any security for it before exercising its rights and remedies under this Mortgage, and (iii) agrees that the validity and enforceability of this Mortgage shall not be impaired or affected by any failure of Lender to obtain or perfect, or to secure priority of, any other security at any time given, or agreed to be given, by any Person for the Indebtedness.

(d) Lender is authorized, from time to time and without notice to or consent of Mortgagor and with or without consideration, to give and make any extensions, renewals, modifications, waivers, settlements and compromises, on such terms and conditions as Lender may see fit, with regard to any security for the Indebtedness that is not owned by Mortgagor. Any of these actions shall not impair or affect the validity or enforceability of this Mortgage.

19. **Expenses.** Mortgagor shall pay to Lender on demand all expenses, including reasonable attorney fees and legal expenses, paid or incurred by Lender in enforcing this Mortgage, including, without limitation, taking any action in any bankruptcy, insolvency or reorganization proceeding concerning Mortgagor or foreclosing this Mortgage by advertisement or by action. The expenses shall bear interest, from the date paid by Lender, at the Default Rate.

20. **Application of Proceeds.** Subject to the provisions of the paragraph of this Mortgage entitled *Proceeds of Insurance and Condemnation*, if any rents or profits or any proceeds of insurance or proceeds of any condemnation or eminent domain award or proceeds from any sale of the Premises at foreclosure are paid to Lender, Lender shall apply the rents or profits or proceeds, in amounts and proportions that Lender shall in its sole discretion determine, to the full or partial satisfaction of any or all of the indebtedness and obligations secured by this Mortgage, including any contingent or secondary obligations, whether or not they shall then be due and payable by the primary obligor.

21. **Notices.** Any notice or other communication that this Mortgage requires or permits shall be in writing and shall be served and be effective as provided in the BPA.

22. **Governing law; Amendments and Waivers.** This Mortgage shall be governed by and interpreted in accordance with the laws of the State of Michigan, without giving effect to principles of conflict of laws. If any provision of this Mortgage is invalid, illegal, or unenforceable in any respect, then the validity, legality, and enforceability of the remaining provisions of this Mortgage shall not be affected, impaired, prejudiced, or disturbed. This Mortgage may not be modified except by a writing signed by the party to be charged. Lender's delay in exercising any right or remedy shall not be a waiver of that right or remedy. Lender's single or partial exercise of any right or remedy shall not preclude any other or future exercise of that or any other right or remedy. Lender's waiver of any Default or of any provision of this Mortgage shall not be effective unless it is in writing and signed by Lender. Lender's waiver of any right or remedy on any occasion shall not be a waiver of that right or remedy on any future

occasion.

23. **Complete Agreement; Definitions.** This Mortgage contains the entire agreement between Mortgagor and Lender with respect to its subject matter and supersedes all prior and contemporaneous oral or written agreements relating to such subject matter. There are no promises, terms, conditions, or obligations with respect to such subject matter other than those contained in this Mortgage. This Mortgage may not be modified except by a writing signed by the party to be charged. In this Mortgage "**Person**" means an individual and a corporation, partnership, limited liability company, trust, association, and any other entity, "**Banking Day**" means any day, other than a Saturday or Sunday, on which Lender is open for the transaction of substantially all of its banking functions, "**including**" means "including, without limitation", "**Maturity**" means the time when the Indebtedness shall be or shall become due and payable, whether by the terms of the Instruments, under the paragraph of this Mortgage entitled *Events of Default and Acceleration*, or otherwise, and all other capitalized terms not defined in this Mortgage have the meanings given them in the BPA.

24. **Other.** This Mortgage shall be binding upon and inure to the benefit of Lender and Mortgagor and their successors, and assigns. There are no third-party beneficiaries of this Mortgage. Mortgagor and Lender have participated jointly in the negotiation of this Mortgage. In the event any ambiguity or question of intent or interpretation arises, this Mortgage shall be construed as if drafted jointly by the parties, and no presumption or burden of proof shall arise favoring or disfavoring any party by virtue of the authorship of any provision of this Mortgage. The paragraph headings in this Mortgage are included only for convenience of reference and shall not have an effect on the interpretation of a provision of this Mortgage.

25. **Proceeds of Insurance and Condemnation.** Notwithstanding any other provision of this Mortgage (including the paragraphs of this Mortgage entitled *Insurance, Condemnation* and *Application of Proceeds*) or any Related Document, Mortgagor shall be permitted to apply proceeds of insurance and condemnation to the repair, rebuilding, and restoration of the Premises if (a) Mortgagor provides Lender with evidence reasonably satisfactory to Lender as to the cost of repair, rebuilding, and restoration; (b) the proceeds of insurance or condemnation and such other funds, if any, deposited with Lender are sufficient to pay in full the cost of such repair, rebuilding, and restoration; and (c) Mortgagor has reasonably satisfied Lender that it is able to continue to make its portion of all payments required under the BPA, or other Instrument or agreement between Mortgagor and Lender that replaces the BPA, during the period of repair, rebuilding, or reconstruction. If the proceeds of insurance, condemnation, and other funds are \$100,000 or less, they shall be held by Mortgagor if Mortgagor is permitted under this Mortgage to rebuild, repair, or restore. If proceeds of insurance and condemnation and such other funds exceed \$100,000, they shall be held by Lender and advanced to Mortgagor in accordance with Lender's then-current practices and requirements applicable to disbursing construction loans. Pending disbursement, all moneys on deposit with Lender shall be invested in investments directed by Mortgagor and reasonably approved by Lender. If Mortgagor elects not to repair, rebuild, or restore or if Mortgagor cannot satisfy the conditions of this paragraph, then Lender shall apply the proceeds of insurance, condemnation, and other funds as provided in the paragraph of this Mortgage entitled *Application of Proceeds*.

26. **Additional Appraisal.** Mortgagor agrees to pay the cost of any additional or supplemental appraisal of the Premises obtained by Lender during an Event of Default as Lender from time to time, in its sole reasonable discretion, deems necessary or prudent to comply with the requirements or recommendations of the Office of the Comptroller of the Currency or any other federal or state regulatory agency having supervisory authority with respect to the Lender, the Bond or the Premises. Such expenses, to the extent incurred while an Event of Default exists, shall be part of the Indebtedness secured by this Mortgage and shall be payable on demand and shall bear interest at the Bond rate until paid.

27. **Minimum Value Coverage.** In the event the outstanding balance of the Indebtedness exceeds eighty percent (80%) of the appraised value of the Premises (the "**Minimum Value**") as reasonably determined by an appraisal obtained by Lender during an Event of Default, Mortgagor shall, if the Event of Default still exists, within fifteen (15) business days after receipt of written notice from Lender, either (i) pay to Lender an amount sufficient to reduce the outstanding balance of the Indebtedness to an amount equal to the Minimum Value as of the date of such payment; or (ii) grant to or deposit with Lender (collectively "**Pledge**") additional collateral determined by Lender, in its reasonable discretion, to have a current market value sufficient when added to the appraised value of the Premises to increase the Minimum Value as of the date of such Pledge to an amount equal to or greater than the outstanding amount of the Indebtedness; or (iii) any combination of payments and Pledges which would result in the outstanding amount of the Indebtedness being equal to or less than the Minimum Value as of the date of such payment and Pledge. Failure of Mortgagor to take such action within fifteen (15) business days after receipt of written notice from Lender shall be deemed an Event of Default under this Mortgage and no additional cure period shall be allowed.

**EACH OF MORTGAGOR AND LENDER (BY ACCEPTING THIS MORTGAGE) IRREVOCABLY AND UNCONDITIONALLY WAIVES ITS RIGHT TO A TRIAL BY JURY IN ANY ACTION, INCLUDING A CLAIM, COUNTERCLAIM, CROSS-CLAIM, OR THIRD-PARTY CLAIM ("CLAIM"), THAT IS BASED UPON, ARISES OUT OF, OR RELATES TO THIS MORTGAGE OR THE INDEBTEDNESS, INCLUDING A CLAIM BASED UPON, ARISING OUT OF, OR RELATING TO ANY ACTION OR INACTION OF LENDER IN CONNECTION WITH THE ACCELERATION OF THE INDEBTEDNESS OR ENFORCEMENT OF THIS MORTGAGE.**

[signature page follows]

Mortgagor has signed this Mortgage as of the date stated on the first page.

**NEW BRANCHES CHARTER ACADEMY**  
a Michigan nonprofit corporation and public school  
academy

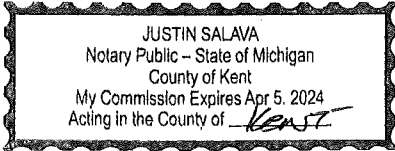
By: *Kina King*  
Name: Kina King  
Title: Board President

STATE OF MICHIGAN            )  
  ) ss.  
COUNTY OF   KENT        )

This instrument was acknowledged before me on   April 13  , 2023, by Kina King, the Board President of New Branches Charter Academy, a Michigan nonprofit corporation, for the corporation.

*[Signature]*  
Notary Public, State of Michigan, County of   KENT    
My commission expires   4-5-24    
Acting in the County of   KENT  

PREPARED BY AND RETURN TO:  
Rob M. Davies  
**WARNER NORCROSS + JUDD LLP**  
150 Ottawa Ave NW  
Suite 1500  
Grand Rapids, Michigan 49503-2487  
Telephone: (616) 752-2000  
28012678



## **EXHIBIT A**

### **DESCRIPTION OF PREMISES**

Land in the City of Grand Rapids, Kent County, MI, described as follows:

The West Quarter of the North Half of the Northeast Quarter of Section 20, Town 6 North, Range 11 West, City of Grand Rapids, Kent County, Michigan, Excepting therefrom Hanna Centennial Plat, according to the plat thereof as recorded in Liber 52 of Plats, page 22, Kent County Records.