

# CONTRACT TO CHARTER A PUBLIC SCHOOL ACADEMY AND RELATED DOCUMENTS

**ISSUED TO** 

PANSOPHIA ACADEMY (A PUBLIC SCHOOL ACADEMY)

By The

### CENTRAL MICHIGAN UNIVERSITY BOARD OF TRUSTEES

(AUTHORIZING BODY)

### **TABLE OF CONTENTS**

Contract Documents Tab		
Resolutions Establishing the Method of Selection, Length of Term, and Number of Members of Board of Directors	A	
Terms and Conditions of Contract	В	
Contract Schedules	C	
Schedule 1: Restated Articles of Incorporation	1	
Schedule 2: Amended Bylaws	2	
Schedule 3: Fiscal Agent Agreement	3	
Schedule 4: Oversight, Compliance and Reporting Agreement	4	
Schedule 5: Description of Staff Responsibilities	5	
Schedule 6: Physical Plant Description	6	
Schedule 7: Required Information for a Public School Academy	7	
Section a: Governance Structure	a	
Section b: Educational Goal and Related Measures	b	
Section c: Educational Programs	С	
Section d: Curriculum	d	
• Section e: Methods of Pupil Assessment	e	
Section f: Application and Enrollment of Students	f	
Section g: School Calendar and School Day Schedule	g	
• Section h: Age or Grade Range of Pupilsl	h	
Schedule 8: Information Available to the Public and The Center	8	



#### REAUTHORIZATION OF PUBLIC SCHOOL ACADEMY

#### Pansophia Academy

#### Recitals:

- 1. At its February 14, 2019, meeting this board authorized the issuance of a contract to charter as a public school academy to Pansophia Academy. On July 1, 2019, the contract was effective.
- 2. The contract of this academy expires June 30, 2022.
- 3. The Governor John Engler Center for Charter Schools has completed its evaluation and assessment of the operation and performance of Pansophia Academy.
- 4. The university president or designee has recommended the reissuance of a contract to charter as a public school academy to Pansophia 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 Pansophia 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 Pansophia 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 Pansophia Academy is able to comply with all terms and conditions of the contract.

CMU BDT APPROVED

Date: 2/17/2022 Signature May Jan Hanagan



#### PROPOSAL FOR BOARD ACTION: CONSENT AGENDA

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

#### **Project Description:**

After reviewing the exigent appointment process, the Center for Charter Schools believes that this process cannot adequately protect the University Board from a situation where an academy governing board and the educational service provider simultaneously resign. The challenges in recruiting, interviewing and appointing a new board (or at least three members who could meet as a quorum), and have the new board contract with a new educational service provider, is time consuming and cannot be accomplished quickly. Accordingly, the Center recommends that the University Board charter contracts include a revision to a provision regarding the appointment of a conservator/manager on a temporary basis to address situations such as the en masse resignation of an academy governing board.

The conservator/manager would have all the powers and duties of the academy's governing board and would function in the board's place upon appointment. The conservator/manager would be designated by the University President or his or her designee upon consultation with the University Board Chair. The current conservator/manager provision required the action of the full University Board to appoint a conservator/manager. In order for this change to occur, the University Board's Method of Selection, Appointment and Removal Policy must be amended.

**Proposed by:** Provost Gealt

PROPOSED RESOLUTION: CONSENT AGENDA

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

BE IT RESOLVED, That the policy titled Public School Academy Board of Directors: Method of Selection, Appointment, and Removal as amended and dated February 15, 2018, is adopted and replaces the Public School Academy Board of Directors: Method of Selection, Appointment and Removal approved and dated December 7, 2006, July 12, 2007 and July 14, 2011; and Be it further

RESOLVED, That these provisions shall be implemented with new charter contracts and shall be phased in as existing charter contracts are reissued. This applies to new and existing charter contracts issued under Part 6A, Part 6E or MCL 380.1311b to MCL 380.1311m of the Revised School Code. The charter schools office is authorized to negotiate changes in the terms and conditions of charter contracts to fully implement these provisions.

Date: 2/15/18
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#### 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.
- 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 with the conservator during their appointment. All appointments made with the conservator during their appointment.

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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.

Date: <u>M5118</u>
Signature: <u>my Hanagen</u>

#### **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: 215/18

Signature: my Hanogan



# TERMS AND CONDITIONS OF CONTRACT

**DATED: JULY 1, 2022** 

**ISSUED BY** 

#### CENTRAL MICHIGAN UNIVERSITY BOARD OF TRUSTEES

**CONFIRMING THE STATUS OF** 

PANSOPHIA ACADEMY

AS A

PUBLIC SCHOOL ACADEMY

ARTICLE I DEFINITIONS	1
Section 1.1. Certain Definitions	1
Section 1.2. Captions.	3
Section 1.3. Gender and Number	4
Section 1.4. Statutory Definitions	4
Section 1.5. Schedules	4
Section 1.6. Application	4
Section 1.7. Conflicting Contract Provisions.	4
ARTICLE II RELATIONSHIP BETWEEN THE ACADEMY AND THE UNIVERSITY BOARD	4
Section 2.1. Constitutional Status of Central Michigan University	4
Section 2.2. Independent Status of the Academy	4
Section 2.3. Financial Obligations of the Academy Are Separate From the State of Michigan, University Board and the University	
Section 2.4. Academy Has No Power To Obligate or Bind the State of Michigan, the University Board or the University	5
Section 2.5. New Public School Academies Located Within the Boundaries of a Community District	5
ARTICLE III ROLE OF THE UNIVERSITY BOARD AS AUTHORIZING BODY	
Section 3.1. University Board Resolutions	5
Section 3.2. University Board as Fiscal Agent for the Academy	5
Section 3.3. Oversight Responsibilities of the University Board	
Section 3.4. University Board Administrative Fee	6
Section 3.5. University Board Approval of Condemnation	
Section 3.6. Authorization to Employ or Contract	
Section 3.7. Teacher Certification	
Section 3.8. Administrator and Teacher Evaluation Systems	
Section 3.9. Reimbursement of University Board Services	
ARTICLE IV REQUIREMENT THAT THE ACADEMY ACT SOLELY AS GOVERNMENTAL ENTITY	7
Section 4.1. Limitation on Actions in Performance of Governmental Functions.	7
Section 4.2. Other Permitted Activities.	
Section 4.3. Academy Board Members Serve In Their Individual Capacity	
Section 4.4. Incompatible Public Offices and Conflicts of Interest Statutes	7
Section 4.5. Prohibition of Identified Family Relationships	
Section 4.6. Oath of Public Office	
Section 4.7. Academy Counsel	8
ARTICLE V CORPORATE STRUCTURE OF THE ACADEMY	
Section 5.1. Nonprofit Corporation	
Section 5.2. Articles of Incorporation.	9

	Section 5.3. Bylaws	9
4	RTICLE VI OPERATING REQUIREMENTS	9
	Section 6.1. Governance Structure	9
	Section 6.2. Educational Goal and Related Measures	9
	Section 6.3. Educational Programs	9
	Section 6.4. Curriculum	9
	Section 6.5. Methods of Pupil Assessment	9
	Section 6.6. Application and Enrollment of Students.	9
	Section 6.7. School Calendar and School Day Schedule	10
	Section 6.8. Age or Grade Range of Pupils	10
	Section 6.9. Collective Bargaining Agreements	10
	Section 6.10. Accounting Standards	10
	Section 6.11. Annual Financial Statement Audit	10
	Section 6.12. Address and Description of Physical Plant	10
	Section 6.13. Contributions and Fund Raising	10
	Section 6.14. Disqualified Organizational or Contractual Affiliations	10
	Section 6.15. Method for Monitoring Academy's Compliance with Applicable Law and its Targeted Education Outcomes	nal 1(
	Section 6.16. Matriculation Agreements	11
	Section 6.17. Postings of Accreditation Status	11
4	RTICLE VII TUITION PROHIBITED	11
	Section 7.1. Tuition Prohibited; Fees and Expenses.	11
4	RTICLE VIII COMPLIANCE WITH APPLICABLE LAWS	11
	Section 8.1. Compliance with Applicable Law	11
4	RTICLE IX AMENDMENT	11
	Section 9.1. Amendments.	11
	Section 9.2. Process for Amendment Initiated by the Academy	11
	Section 9.3. Process for Amendment Initiated by the University Board	11
	Section 9.4. Final Approval of Amendments	12
	Section 9.5. Change in Existing Law	12
	Section 9.6. Emergency Action on Behalf of University Board	12
4	RTICLE X CONTRACT REVOCATION, TERMINATION, AND SUSPENSION	12
	Section 10.1. Statutory Grounds for Revocation	12
	Section 10.2. Other Grounds for Revocation	12
	Section 10.3. Automatic Amendment Of Contract; Automatic Termination of Contract If All Academy Sites Closed; Economic Hardship Termination	13
	Section 10.4. Grounds and Procedures for Academy Termination of Contract	14
	Section 10.5. Grounds and Procedures for University Termination of Contract	

	Section 10.6. University Board Procedures for Revoking Contract	14
	Section 10.7. Contract Suspension	17
	Section 10.8. Conservator; Appointment By University President	17
	Section 10.9. Academy Dissolution Account	18
4	RTICLE XI PROVISIONS RELATING TO PUBLIC SCHOOL ACADEMIES	19
	Section 11.1. The Academy Budget; Transmittal of Budgetary Assumptions; Budget Deficit; Enhanced Deficit Elimination Plan	
	Section 11.2. Insurance	20
	Section 11.3. Legal Liabilities and Covenant Against Suit	20
	Section 11.4. Lease or Deed for Proposed Site.	21
	Section 11.5. Certificate(s) of Use and Occupancy	21
	Section 11.6. New Building Construction or Renovations.	21
	Section 11.7. Criminal Background and History Checks; Disclosure of Unprofessional Conduct	21
	Section 11.8. Special Education	21
	Section 11.9. Information Available to the Public and the Center	21
	Section 11.10. Deposit of Public Funds by the Academy	22
	Section 11.11. Nonessential Elective Course	22
4	RTICLE XII GENERAL TERMS	22
	Section 12.1. Notices	22
	Section 12.2. Severability	22
	Section 12.3. Successors and Assigns	22
	Section 12.4. Entire Contract	23
	Section 12.5. Assignment	23
	Section 12.6. Non-Waiver	23
	Section 12.7. Governing Law	23
	Section 12.8. Counterparts	23
	Section 12.9. Term of Contract	23
	Section 12.10. Indemnification of University	23
	Section 12.11. Construction.	24
	Section 12.12. Force Majeure	24
	Section 12.13. No Third Party Rights.	24
	Section 12.14. Non-agency	24
	Section 12.15. University Board or the Center's General Policies on Public School Academies Shall Apply	24
	Section 12.16. Survival of Provisions.	24
	Section 12.17. Termination of Responsibilities	24
	Section 12.18. Disposition of Academy Assets Upon Termination or Revocation of Contract	24
	Section 12.19. Student Privacy	24

Section 12.20. Disclosure of Information to Parents and Legal Guardians, subject to Section 12.22	25
Section 12.21. List of Uses for Student Directory Information; Opt Out Form; Notice to Student's Guardian	_
Section 12.22. Confidential Address Restrictions	26
Section 12.23 Partnership Agreement	26

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 has considered and has approved the issuance of a contract to Pansophia Academy;

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

#### ARTICLE I DEFINITIONS

Section 1.1. <u>Certain Definitions</u>. For purposes of this Charter 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 Pansophia Academy which is established as a public school academy pursuant to this Charter 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, including all rules, regulations, and orders promulgated thereunder.
- (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 President of Central Michigan University in accordance with Section 10.8 of these Terms and Conditions of Contract.

- (h) "Contract" means, in addition to the definition set forth in the Code, these Terms and Conditions of Contract, the Reauthorizing Resolution, the Method of Selection, Appointment, and Removal Resolution, the Charter Contract Schedules 1-8, as defined below, the Educational Service Provider Policies, the Master Calendar of Reporting Requirements and the Application.
- (i) "Department" means the Michigan Department of Education.
- (j) "Director" means a person who is a member of the Academy Board.
- (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, and which agreement has been submitted to the Center for review, has not been disapproved by the director of The Governor John Engler Center for Charter Schools, is consistent with the Educational Service Provider Policies, as they may be amended from time to time, and with 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 an agreement that has been entered into between an ESP and the Academy Board. 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 of Contract.
- (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 or 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 and that has been submitted to The Governor John Engler Center for Charter Schools for review and has not been disapproved by the director of The Governor John Engler Center for Charter Schools.
- (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 Central Michigan University Board of Trustees on February 17, 2022, approving the issuance of a Contract to the Academy.
- (r) "Schedules" means the following Contract documents: 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 a 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, 2022, Issued by the Central Michigan University Board of Trustees Confirming the Status of Pansophia Academy as a Public School Academy."
- (x) "The Governor John Engler Center for Charter Schools" or "the Center" means the office designated by the Central Michigan University Board of Trustees as the initial point of contact for public school academy applicants and public school academies authorized by the Central Michigan University Board of Trustees. The Center is also responsible for administering the Central Michigan University Board of Trustees' 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 Central Michigan 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. <u>Captions</u>. 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. <u>Gender and Number</u>. The masculine, feminine, or neuter pronouns in this Contract shall be interpreted without regard to gender, and the use of the singular shall be deemed to include the plural (and vice versa) wherever applicable.
- Section 1.4. <u>Statutory Definitions</u>. Statutory terms defined in the Code shall have the same meaning in this Contract.
- Section 1.5. <u>Schedules</u>. All Schedules to this Contract are incorporated into, and made part of, this Contract.
- Section 1.6. <u>Application</u>. 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. <u>Conflicting Contract Provisions</u>. 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 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. <u>Constitutional Status of Central Michigan University</u>. 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. <u>Independent Status of the Academy</u>. 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. <u>Financial Obligations of the Academy Are Separate From the State of Michigan, University Board and the University</u>. 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 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. <u>University Board Resolutions</u>. 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. <u>University Board as Fiscal Agent for the Academy</u>. 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. <u>University Board Administrative Fee</u>. 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. <u>University Board Approval of Condemnation</u>. 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. <u>Authorization to Employ or Contract</u>. 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 3.7. <u>Teacher Certification</u>. Except as otherwise provided by law, the Academy shall use certificated teachers according to State Board rule.
- Section 3.8. <u>Administrator and Teacher Evaluation Systems</u>. 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 a Management Agreement with an Educational Service Provider, the Academy Board shall ensure that the Educational Service Provider complies with this section.
- Section 3.9. <u>Reimbursement of University Board Services</u>. 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. <u>Limitation on Actions in Performance of Governmental Functions</u>. 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 4.2. 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. As set forth in the Method of Selection, Appointment and Removal 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. <u>Incompatible Public Offices and Conflicts of Interest Statutes</u>. 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. <u>Prohibition of Identified Family Relationships</u>. 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 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 domestic partner.

Section 4.6. <u>Oath of Public Office</u>. 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.

Section 4.7. <u>Academy Counsel</u>. 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.

### ARTICLE V CORPORATE STRUCTURE OF THE ACADEMY

- Section 5.1. <u>Nonprofit Corporation</u>. 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. <u>Articles of Incorporation</u>. 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. <u>Bylaws</u>. 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. <u>Educational Goal and Related Measures</u>. 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. <u>Educational Programs</u>. The Academy shall implement, deliver and support the educational programs identified in Schedule 7c.
- Section 6.4. <u>Curriculum</u>. 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 also shall assess pupil performance using all applicable testing that the Code or the Contract require. 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. <u>Application and Enrollment of Students</u>. The Academy shall comply with the application and enrollment requirements identified in Schedule 7f.

- Section 6.7. <u>School Calendar and School Day Schedule</u>. The Academy shall comply with the school calendar and school day schedule requirements as set forth in Schedule 7g.
- Section 6.8. <u>Age or Grade Range of Pupils</u>. The Academy shall comply with the age or grade ranges as stated in Schedule 7h.
- Section 6.9. <u>Collective Bargaining Agreements</u>. Collective bargaining agreements, if any, with employees of the Academy shall be the responsibility of the Academy.
- Section 6.10. <u>Accounting Standards</u>. 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. <u>Annual Financial Statement Audit</u>. 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 6.12. 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. <u>Contributions and Fund Raising</u>. 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. <u>Disqualified Organizational or Contractual Affiliations</u>. 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. <u>Matriculation Agreements</u>. 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 6.17. <u>Postings of Accreditation Status</u>. 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. <u>Tuition Prohibited</u>; <u>Fees and Expenses</u>. 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. <u>Compliance with Applicable Law</u>. 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. <u>Amendments</u>. 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. <u>Process for Amendment Initiated by the Academy</u>. 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. <u>Process for Amendment Initiated by the University Board</u>. 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. <u>Final Approval of Amendments</u>. 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. <u>Change in Existing Law</u>. 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. <u>Statutory Grounds for Revocation</u>. 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, 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. <u>Automatic Amendment Of Contract; Automatic Termination of Contract If All Academy Sites Closed; Economic Hardship Termination.</u> 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. <u>University Board Procedures for Revoking Contract</u>. 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 timeline 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) <u>Plan of Correction</u>. 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) <u>University Board's Contract Reconstitution Provision</u>. 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 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) <u>Request for Revocation Hearing</u>. 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) <u>University Board Decision</u>. 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) <u>Effective Date of Revocation</u>. 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) <u>Disposition of State School Aid Funds</u>. 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 10.7. <u>Contract Suspension</u>. The University Board's process for suspending the Contract is as follows:

- (a) <u>The Center Director Action</u>. 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) <u>Disposition of State School Aid Funds</u>. 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 timeline 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. <u>Conservator</u>; <u>Appointment By University President</u>. 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.

### ARTICLE XI PROVISIONS RELATING TO PUBLIC SCHOOL ACADEMIES

Section 11.1. <u>The Academy Budget; Transmittal of Budgetary Assumptions; Budget Deficit;</u> <u>Enhanced Deficit Elimination Plan.</u> 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 7th 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 adopt 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; and
  - (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; and
  - (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. <u>Insurance</u>. 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. <u>Legal Liabilities and Covenant Against Suit</u>. 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. <u>Lease or Deed for Proposed Site</u>. 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. <u>Certificate(s) of Use and Occupancy</u>. 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. <u>Information Available to the Public and the Center.</u>

- (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. <u>Deposit of Public Funds by the Academy</u>. 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.

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 388.1766b. 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, as applicable.

#### ARTICLE XII GENERAL TERMS

Section 12.1. <u>Notices</u>. 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: The Governor John Engler Center for Charter Schools

Attn: Executive Director Central Michigan University

EHS 200

Mt. Pleasant, MI 48859

General Counsel: General Counsel

Central Michigan University Mt. Pleasant, MI 48859

Chief Financial Officer: Vice President for Finance and Administrative Services

Central Michigan University Mt. Pleasant, MI 48859

If to the Academy: Academy Board President

Pansophia Academy 52 Abbott Avenue Coldwater, MI 49036

Section 12.2. <u>Severability</u>. 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. <u>Successors and Assigns</u>. 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. <u>Entire Contract</u>. 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. <u>Non-Waiver</u>. 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. <u>Governing Law</u>. 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. <u>Counterparts</u>. 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. <u>Term of Contract</u>. 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 five (5) academic years and shall terminate on June 30, 2027, 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. <u>Indemnification of University</u>. 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. <u>Construction</u>. 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. <u>Force Majeure</u>. 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. <u>No Third Party Rights</u>. 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. <u>University Board or the Center's General Policies on Public School Academies Shall Apply</u>. 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. <u>Survival of Provisions</u>. 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. <u>Termination of Responsibilities</u>. 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. <u>Disposition of Academy Assets Upon Termination or Revocation of Contract</u>. 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, the Code, and Applicable Law.
- Section 12.19. <u>Student Privacy</u>. In order to protect the privacy of students enrolled at the Academy, the Academy Board, subject to Section 12.22, 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, subject to Section 12.22.

- (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. <u>List of Uses for Student Directory Information; Opt Out Form; Notice to Student's Parent or Legal Guardian.</u>

- (a) Subject to Section 12.22, 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; and
  - (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 term "directory information" shall have the same meaning as defined in MCL 380.1136.

#### Section 12.22. Confidential Address Restrictions.

- (a) The Academy shall not disclose the confidential address of a student if the student or the student's parent or legal guardian has obtained a participation card issued by the department of the attorney general under the address confidentiality program act and the parent or legal guardian provides notice of the issuance of the participation card, in a form and manner prescribed by the Michigan Department of Education.
- (b) The term "confidential address" shall have the meaning as defined in MCL 380.1136.

Section 12.23. <u>Partnership Agreement</u>. If the Department and State School Reform/Redesign Office impose a partnership agreement on the Academy, the Academy shall work collaboratively with the Department, the State School Reform/Redesign 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 first set forth above.

#### CENTRAL MICHIGAN UNIVERSITY BOARD OF TRUSTEES

By:
Richard K. Studley, Chair
Date:
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.
PANSOPHIA ACADEMY
By: Board President Board President
Date: 5 23 2022

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

CENTRAL MICH	IIGAN UNIVERSITY BOARD	OF TRUSTEES
Ry:	dley, Chair	
Richard K. Stud	dley, Chair	
Date: 05/11/2022	2	
the Contract and all	l Applicable Law, and that the A	hereby certify that the Academy is able to comply with academy, through its governing board, has approved and and Conditions of this Contract and all Applicable Law
PANSOPHIA ACA	ADEMY	
By:Board Presiden	nt	
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## **CONTRACT SCHEDULES**

<u>S</u>	chedules
Restated Articles of Incorporation	1
Amended Bylaws	2
Fiscal Agent Agreement	3
Oversight, Compliance and Reporting Agreement	4
Description of Staff Responsibilities	5
Physical Plant Description	6
Required Information for a Public School Academy	7
Information Available to the Public and The Center	8

# CONTRACT SCHEDULE 1 RESTATED ARTICLES OF INCORPORATION

MICHIGAN DEPART CORPORATIONS,				THOMAS DUDE ALL	ED
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N			1	TranInfo:1 22350523-1	
Name Georgia Balsley				Chk#: 16799 Aut: \$10 ID: 735939	100
Address	,				
52 Abbott Ave.					
City	State	Zip		EFFECTIVE DATE:	
Coldwater	MI	49036			
				735939	

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

**OF** 

#### PANSOPHIA 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: Pansophia Academy.

The corporation identification number ("CID") assigned by the Bureau is: 735939.

The corporation has used no other names.

The date of filing the original Articles of Incorporation was: July 21, 1995.

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: Pansophia 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.

#### Description:

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 Georgia Balsley.

The address of its registered office in Michigan is: 52 Abbott Ave., Coldwater, MI 49036.

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. 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 August, 2017, in accordance with the provisions of Section 641 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 28<sup>+1</sup> day of August, 2017.

Mc Georgia Valstey Preside

# CONTRACT SCHEDULE 2 <u>AMENDED BYLAWS</u>

## TABLE OF CONTENTS

### PANSOPHIA ACADEMY

## AMENDED BYLAWS

ARTIO	CLE I – Name	1
ARTIO	CLE II – Form of Academy	1
ARTIO	CLE III – Offices	1
1.	Principal Office	1
2.	. Registered Office	1
ARTIO	CLE IV – Board of Directors	1
1.	General Powers	1
2.	. Method of Selection and Appointment	
	Length of Term	
4.		2
5.		
6.	·	
7.	Tenure	
	Removal and Suspension	
9.	•	
10	0. Board Vacancies	
	1. Compensation	
ARTIO	CLE V – Meetings	3
1.	. Annual and Regular Meetings	3
2.		
3.	Notice; Waiver	
	. Quorum	
5.		
6.	Open Meetings Act	4
7.		
ARTIO	CLE VI - Committees	4
1.	. Committees	4
ARTIO	CLE VII – Officers of the Board	4
1.	. Number	4
2.	Election and Term of Office	
3.		_

4. Vacancies	5
5. President	5
6. Vice-President	5
7. Secretary	
8. Treasurer	
9. Assistants and Acting Officers	
10. Salaries	
11. Filling More Than One Office	
ARTICLE VIII – Contracts, Loans, Checks and Deposits; Special Corporate Acts	6
1. Contracts.	6
2. Loans	6
3. Checks, Drafts, etc.	6
4. Deposits	6
5. Voting of Gifted, Bequested or Transferred Securities Owned by this Corporation	
6. Contracts Between Corporation and Related Persons	
ARTICLE IX - Indemnification	
ARTICLE X – Fiscal Year	9
ARTICLE XI – Amendments	9
ARTICLE XII – Terms and Conditions Definitions	9
CERTIFICATION	9

#### **AMENDED BYLAWS**

OF

#### PANSOPHIA ACADEMY

#### ARTICLE I NAME

This organization shall be called Pansophia 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. <u>Principal Office</u>. The principal office of the Academy shall be located in the state of Michigan.
- Section 2. <u>Registered Office</u>. 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. <u>General Powers</u>. 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 Amended Bylaws, the Contract and Applicable Law.
- Section 2. <u>Method of Selection and Appointment</u>. The Central Michigan University Board of Trustees ("University Board") shall prescribe the method of appointment for members of an Academy's Board. 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 by resolution, except as prescribed by subparagraph d. The Center Director shall recommend qualified individuals to the University Board.

Amended Bylaws - 1 Pansophia Academy

- b. The Academy Board, by resolution and majority vote, shall nominate its subsequent members, except as provided otherwise. The Academy Board 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 University President, the Center Director may appoint a qualified individual to the Academy Board. 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. <u>Length of Term.</u> A Director of the Academy Board shall serve at the pleasure of the University Board. Terms of the initial positions of the Academy Board 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. <u>Number of Director Positions</u>. 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. <u>Qualifications of Academy Board Members</u>. To be qualified to serve on the Academy Board, 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. <u>Tenure</u>. 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. <u>Removal and Suspension</u>. If the University Board determines that the service in office of a Director of the Academy Board is no longer necessary, then the University Board may remove

Amended Bylaws - 2 Pansophia Academy

the Academy Board member with or without cause and shall specify the date when the Academy Board member's service ends. The 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 the service of a Director of the Academy Board 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. <u>Resignation</u>. 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. <u>Board Vacancies</u>. A 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. <u>Compensation</u>. A Director of the Academy Board shall serve as a volunteer Director. By resolution of the Academy Board, the Directors may be reimbursed for their reasonable expenses incident to their duties.

#### ARTICLE V MEETINGS

- Section 1. <u>Annual and Regular Meetings</u>. 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. <u>Special Meetings</u>. 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. <u>Notice; Waiver</u>. 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, or 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.

Amended Bylaws - 3 Pansophia Academy

Section 4. <u>Quorum</u>. 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:

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

A Director of the Academy Board who is absent from a meeting of the Academy Board due to military duty may participate in the meeting virtually, and that member's virtual presence will count towards quorum and allow the absent member to participate in and vote on business before the Academy Board.

- Section 5. <u>Manner of Acting</u>. 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 Academy Board may vote by proxy, by way of a telephone conference or any other electronic means of communication.
- Section 6. <u>Open Meetings Act</u>. 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. <u>Committees</u>. 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 Amended Bylaws; or (iii) any action the Academy Board cannot lawfully delegate under the Articles, Amended 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 I. <u>Number</u>. The officers of the Academy Board shall be a President, Vice-President, Secretary, Treasurer, and such assistant Treasurers and assistant Secretaries as may be selected by the Academy Board.

Amended Bylaws - 4 Pansophia Academy

- Section 2. <u>Election and Term of Office</u>. The Academy Board shall elect the initial officers at its first duly noticed meeting. Thereafter, the officers of the Academy Board 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. <u>Removal.</u> 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. <u>Vacancies</u>. A vacancy in any office shall be filled by appointment by the Academy Board for the unexpired portion of the term.
- Section 5. <u>President.</u> The President of the Academy Board 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 Academy Board as may be prescribed by the Academy Board from time to time.
- Section 6. <u>Vice-President</u>. The Vice-President of the Academy Board 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 Board 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 Amended 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. <u>Treasurer</u>. The Treasurer of the Academy Board 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 Academy 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. <u>Assistants and Acting Officers</u>. 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

Amended Bylaws - 5 Pansophia Academy

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. <u>Salaries</u>. Officers of the Academy 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. <u>Filling More Than One Office</u>. 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. <u>Contracts</u>. 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. <u>Loans</u>. 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. <u>Checks, Drafts, etc.</u> 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. <u>Deposits</u>. 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. <u>Voting of Gifted, Bequested or Transferred Securities Owned by this Corporation.</u>
  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

Amended Bylaws - 6 Pansophia Academy

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. <u>Contracts Between Corporation and Related Persons</u>. 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 Board shall be an employee of the Academy for all purposes and not an employee of the University for any purpose. With respect to Academy Board 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 Board employee;

Amended Bylaws - 7 Pansophia Academy

- (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 domestic partner:

- (a) Is employed by the Academy Board;
- (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 domestic partner.

## 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.

Amended Bylaws - 8 Pansophia Academy

#### 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 corporation may amend its Amended 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 Amended 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 23rd day of May, 2022.

Academy Board Secretary

## **CONTRACT SCHEDULE 3**

**FISCAL AGENT AGREEMENT** 

#### **SCHEDULE 3**

#### **FISCAL AGENT AGREEMENT**

This Fiscal Agent 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 Pansophia 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. <u>Definitions</u>. 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.

Schedule 3-1 Pansophia Academy

#### ARTICLE II FISCAL AGENT DUTIES

- Section 2.1. <u>Receipt of State School Aid Payments and Other Funds</u>. 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. <u>Transfer to Academy</u>. Except as provided in Article X of the Terms and Conditions of Contract and in the Oversight, Compliance and ReportingAgreement, 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 Academy Account designated by a resolution of the Academy Board and by a method of transfer acceptable to the Fiscal Agent.
- Section 2.3. <u>Limitation of Duties</u>. 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 manner 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 manner 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 <u>Eligibility for State School Aid Payments</u>. 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.

Schedule 3-2 Pansophia Academy

- Section 3.2. <u>State School Aid Payment Overpayments and Penalties</u>. 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. <u>Method of Payment</u>. 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. <u>Compliance with State School Aid Act</u>. In order to assure that funds are available for the education of pupils, the Academy shall comply with all applicable provisions of the State School Aid Act of 1979, as amended.
- Section 4.2. <u>Academy Account</u>. The Academy is authorized to establish an account in the name of the Academy. Signatories to the Academy 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 Academy Account. 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. <u>Mid-Year Transfers</u>. 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 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.

#### ARTICLE V RECORDS AND REPORTS

Section 5.1. <u>Records</u>. 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.

Schedule 3-3 Pansophia Academy

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. <u>Representations</u>. 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. <u>Limitation on Liability</u>. 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.

Schedule 3-4 Pansophia Academy

#### **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 Pansophia Academy.

BY:

David Boyne

Director, State Finance Division Bureau of State and Authority Finance Michigan Department of Treasury

Date: February 4, 2022

Schedule 3-5 Pansophia Academy

## **CONTRACT SCHEDULE 4**

OVERSIGHT, COMPLIANCE AND REPORTING AGREEMENT

#### **SCHEDULE 4**

#### OVERSIGHT, COMPLIANCE AND REPORTING AGREEMENT

This Oversight, Compliance, and Reporting 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 Pansophia 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. <u>Definitions</u>. 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. <u>Oversight Responsibilities</u>. 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.

Schedule 4-1 Pansophia Academy

- 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.
- 1. 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 pursuant to the Terms and Conditions of Contract to amend, revoke, reconstitute, terminate or suspend the Contract.
- o. Provide information and support to the Academy.
- Section 2.2. <u>Compliance and Reporting Duties</u>. 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 Contract.
  - e. Comply with the Center's Educational Service Provider Policies, as may be amended.

Schedule 4-2 Pansophia Academy

- 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.
- 1. If the Academy operates an online or other distance learning program, it shall submit a monthly report to the MDE, in the form and manner prescribed by the MDE, that reports the number of pupils enrolled in the online or other distance learning program, during the immediately preceding month.

Section 2.3. <u>Waiver of Compliance and Reporting Duties</u>. 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. <u>Records</u>. 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.

Schedule 4-3 Pansophia Academy

#### ARTICLE IV MISCELLANEOUS

Section 4.1. <u>Administrative Fee</u>. 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. <u>Time of the Essence</u>. 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.

#### 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, CEPI, OEAA and the MDE. Pursuant to this authorization, the Center shall abide by regulations that govern the use of student data within the 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 MDE, the Superintendent of Public Instruction, the State Board of Education, CEPI, 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.

Schedule 4-4 Pansophia Academy

# CONTRACT SCHEDULE 5 <u>DESCRIPTION OF STAFF RESPONSIBILITIES</u>

### **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.

Qualifications	5-1
Administrator and Teacher Evaluation Systems	5-1
Performance Evaluation System	5-1
Teacher and Administrator Job Performance Criteria	5-1
Reporting Structure	5-1
Position Responsibilities	5-1
School Administrator(s)	5-1
Instructional Staff	5-2
Non-Instructional Staff	5-2
Educational Service Provider Agreement	5-3

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. 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 CS Partners, LLC, and CSP Management, Inc., d/b/a as Partner Solutions for Schools ("CSP Management" and together with CS Partners, collectively "CSP").

### **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

Schedule 5-1 Pansophia Academy

at a district or school level to be "administering instructional programs" if the person's position description or day-today 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.

Schedule 5-2 Pansophia Academy

#### **SERVICES AGREEMENT**

This Services Agreement (the "Agreement") is made and entered into as of July 1, 2022 by and among CS PARTNERS, INC., a Michigan corporation ("CS Partners"), CSP MANAGEMENT INC., a Michigan corporation d/b/a PARTNER SOLUTIONS FOR SCHOOLS ("Partner Solutions for Schools" and together with CS Partners, collectively "CSP"), and PANSOPHIA ACADEMY, a Michigan public school academy (the "Academy") formed under Part 6(A) of the Revised School Code (the "Code"), as amended.

As a wholly owned subsidiary of CS Partners, Partner Solutions for Schools is the employer of record for all staff assigned to work at the Academy. CS Partners provides the educational consulting services and oversees the management and operational services of the Academy. Together, CS Partners and Partner Solutions for Schools are jointly responsible for providing the Services under this Agreement.

The Academy has been issued a contract (the "Contract") by the CENTRAL MICHIGAN UNIVERSITY BOARD OF TRUSTEES (the "Authorizer") to organize and operate a public school academy. The Authorizer is the statutory authorizing body. The Code and the Contract permit a public school academy to contract with persons and entities for the operation and management of the public school academy.

The Academy and CSP desire to create an enduring educational partnership whereby the Academy and CSP will work together to develop and bring about systems of educational excellence and services to the Academy based on CSP's vision of school design, CSP's management principles, the Educational Program (defined below), and the educational goals and curriculum adopted by the Board of Directors of the Academy (the "Board").

THEREFORE, the parties hereby agree as follows:

### ARTICLE I Relationship of the Parties and Other Matters

Section 1. <u>Authority</u>. The Academy represents that (a) it is authorized by law to contract with a private entity for the provision of management and operational services to the Academy, (b) it has been issued the Contract from the Authorizer to organize and operate a public school academy, (c) it is authorized by the Authorizer to supervise and control the Academy, and (d) it is vested with all powers necessary or desirable for carrying out the Educational Program (defined below) contemplated in this Agreement.

To the extent permitted by law, the Academy hereby authorizes and grants to CSP the necessary authority and power to perform under this Agreement. No provision of this Agreement shall interfere with the Board's statutory, contractual, and fiduciary responsibilities, nor shall any provisions of this Agreement be construed so as to prohibit the Academy from acting as an independent, self-governing public body, or allow public decisions to be made other than in compliance with the Michigan Open Meetings Act.

ClarkHill\30108\441564\266642192.v1-4/4/22 PA Board Packet Page 34 of 78

Schedule 5-3 Pansophia Academy

Section 2. <u>Services; Educational Program.</u> The parties agree that CSP, to the extent permitted by and in conformity with the Contract and applicable laws, shall provide all labor materials, and supervision necessary for the provision of the management and operational services to the Academy contemplated by this Agreement as specifically set forth on the attached <u>Exhibit A</u> (the "Services").

CSP shall provide Services to the Academy so the Academy can carry out the educational goals, educational programs, curriculum, method of pupil assessment, admissions, policy and criteria, school calendar and school day schedule, and age and grade range of pupils to be enrolled, educational goals and methods to be used to monitor compliance with performance of targeted educational outcomes, as previously adopted by the Board and as included in the Contract (collectively, the "Educational Program").

Section 3. <u>Compliance with Academy's Contract</u>. CSP 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 Authorizer. The provisions of the Academy's Contract shall supersede any competing or conflicting provisions contained in this Agreement.

Section 4. <u>Relationship of the Parties.</u> CSP is not a division or any part of the Academy. The Academy is a corporate and governmental entity authorized under the Code. The Academy is not a division or any part of CSP. The relationship between the parties hereto was developed and entered into through arms-length negotiation and is based solely on the terms of this Agreement.

Section 5. <u>CSP as Independent Contractor</u>; <u>Agency.</u> The parties to this Agreement intend that the relationship of CSP to the Academy is that of an independent contractor, and not an employee of the Academy. Except as set forth in this paragraph, no agent or employee of CSP shall be determined to be an agent or employee of the Academy, except as expressly acknowledged, in writing, by the Academy. Notwithstanding the foregoing, CSP and its employees and subcontractors are hereby designated by the Board as "School Officials" of the Academy having a legitimate educational interest such that they are entitled to access educational records under the Family Educational Rights and Privacy Act ("FERPA") and its implementing regulations during the Term of this Agreement (defined below) to the extent that their roles fit the definition of School Official under § 99.31(a)(1)(i)(B)) of FERPA's implementing regulations. CSP and its employees and subcontractors agree to comply with FERPA and corresponding regulations applicable to school officials. CSP shall promulgate and recommend to the Board policies and administrative guidelines sufficient to implement this Section.

During the Term of this Agreement, the Academy may disclose confidential data and information to CSP, and its respective officers, directors, employees and designated agents to the extent permitted by applicable law, including without limitation, the Family Educational Rights and Privacy Act, the Individual 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 American 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; Privacy Act of 1974, 5 USC §552a; and the Michigan Social Security Number Privacy Act, MCL §445.84. CSP will be solely responsible for its acts, the acts of its agents, employees, and those subcontractors who are contracted through CSP.

Section 6. No Related Parties or Common Control. The parties hereby agree that none of the voting power of the governing body of the Academy or the Board will be vested in CSP or its directors, members, managers, officers, shareholders, or employees. Further, the Academy and CSP are not, and shall not become: (a) members of the same controlled group, as that term is defined in the Internal Revenue Code of 1986, as amended (the "IRS Code"); or (b) related persons, as that term is defined in the IRS Code.

Section 7. <u>Personnel Responsibility</u>. CSP has the ultimate authority to select, discipline and transfer personnel, consistent with applicable laws. The School Leader (as defined below) shall be responsible for approving and submitting appropriate hours-worked reports for all hourly employees. CSP evaluation and compensation systems shall comply with all applicable laws.

Section 8. School Leader. CSP shall identify and appoint a School Leader, with advisory input from the Board, to oversee the management, operation and performance of the Academy, including the Educational Program at the Academy (the "School Leader"). The School Leader will be an employee of Partner Solutions for Schools, who may be disciplined and/or terminated by CSP in its sole discretion. The School Leader will serve as the on-site supervisor to Staff. The School Leader, in consultation with CSP, will select and hold accountable all staff in leadership team positions. The School Leader shall be responsible for supervising and managing the Educational Program and instruction of students. CSP will have the authority, consistent with applicable laws, to select and supervise the School Leader and to hold the School Leader accountable for the success of the Academy. CSP shall notify the Board prior to the termination of the School Leader.

If the Board becomes dissatisfied with the performance of the School Leader, it shall state the causes of such dissatisfaction in writing and deliver it to CSP. CSP shall have a reasonable period of time to remedy the dissatisfaction; however, if it cannot remedy the dissatisfaction, CSP shall remove and replace the School Leader at the Academy as soon as practicable. Additionally, it is agreed that any dissatisfaction of the Board shall be reasonable in nature and related specifically to the duties and responsibilities of the School Leader at the Academy.

Section 9. <u>Teachers and staff.</u> CSP will provide administrative support to the School Leader to obtain resumes and credential information for the School Leader to staff the Academy. CSP will empower the School Leader with the authority to select, hire and hold accountable the teachers and support staff for the operation of the Academy. After qualified staff are selected and hired by the School Leader, Partner Solutions for Schools will onboard and provide additional administrative support to the School Leader. Teachers employed by Partner Solutions for Schools are not eligible for purposes of continuing tenure under MCL §38.71 et seq.

Section 10. <u>Criminal Background Checks.</u> Partner Solutions for Schools agrees that it shall not assign any of its employees, agents or other individuals to perform any services under

this Agreement except as permitted under Sections 1230, 1230a, 1230b and related provisions of the Code pertaining to criminal background and criminal conduct checks. The Academy shall require that the results of the criminal background check are received, reviewed, and used (subject to a verification process) by the Academy's Authorized User acting on behalf of the Academy and/or the Board, only as permitted by law to evaluate the qualifications of the individual for his/her assignment.

Section 11. The Board. The Board is the governing body with oversight responsibilities over the Academy. The parties acknowledge that throughout this Agreement the term "Board" and the term "Academy" are sometimes used interchangeably in some sections for the sole purpose of readability based on the nature and subject-matter of the article/section. This Agreement must be approved by the Board and executed by a duly authorized member of the Board (on behalf of the Academy), and by so executing this Agreement the Board acknowledges and accepts all obligations and responsibilities related to the Board as set forth in this Agreement.

Section 12. <u>Availability of Funds</u>. Notwithstanding any other term or provision in this Agreement to the contrary, CSP shall not be, directly or indirectly, liable to any third party for any cost or expense incurred by the Academy, and CSP shall only be required to perform its responsibilities under this Agreement to the extent that CSP has received such revenues from the Academy pursuant to the terms of this Agreement (excluding Payroll Costs as elsewhere defined in this agreement that are legally owed to staff at the Academy). CSP shall, however, remain liable to the Academy for any cost it commits the Academy to without the Board's approval.

Section 13. <u>Information Available to the Public.</u> On an annual basis, CSP shall provide the Academy Board all the same information that a school district is required to disclose under section 18(2) of the State School Aid Act, MCL §388.1618(2), for the most recent school fiscal year for which the information is available. Within thirty (30) days of receipt of this information under section 18(2), the Academy Board shall make this information publicly available on its website, in a form and manner prescribed by the Michigan Department of Education. The defined terms in Section 503c of the Code shall have the same meaning in this Agreement.

Section 14. <u>Non-Compete Agreement.</u> CSP agrees that it shall not impose any contractual requirement or contractual obligation on any of its employees assigned to the Academy to enter into a non-compete provision or agreement of any nature.

Section 15. <u>Lease and Loans.</u> If the Academy and CSP enter into a lease, execute promissory notes or other negotiable instruments, or enter into a lease-purchase agreement or other financing relationship, then such agreements must be separately documented and separately approved and shall not be a part of or incorporated into this Agreement. In addition, all such agreements must comply with the Contract and applicable law, as well as any applicable Authorizer policies.

Section 16. <u>Data Security Breach.</u> CSP shall promptly report to the Board, not later than two (2) days 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. CSP 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 CSP has done or shall do to mitigate any deleterious effect of the unauthorized use or disclosure, (v) whether, and if so on what grounds, CSP 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 CSP has taken or shall take to prevent future similar unauthorized use or disclosure. CSP shall provide such other information as reasonably requested by the Academy Board. CSP shall take appropriate action, in accordance with MCL §445.72, to notify affected individuals whose CDI may have been compromised.

#### ARTICLE II Term

Section 1. <u>Term.</u> This Agreement shall be effective for the duration of the Academy's current authorizing Contract term of five (5) years with the Authorizer beginning July 1, 2022 ("Effective Date") subject to earlier termination under Article VI and ending on June 30, 2027. The term of this Agreement shall not exceed the term of the Academy's Contract.

### ARTICLE III Obligations of the Academy

- Section 1. <u>Good Faith Obligation</u>. The Academy shall exercise good faith in considering CSP's recommendations relative to the Educational Program and/or the Services.
- Section 2. <u>Academy Funds</u>. The Board shall determine the depository of all funds received by the Academy including, but not limited to, the State School Aid and any Additional Revenue (as defined in <u>Exhibit A</u>). All funds received by the Academy shall be deposited in the Academy's depository account as required by law. Signatories on all Academy Board accounts shall solely be members of the Board or properly designated Academy Board employees. All interest or investment earnings on Academy accounts shall accrue to the Academy.
- Section 3. <u>Evaluation of CSP.</u> The Board may evaluate the performance of CSP each fiscal year. A preliminary evaluation will normally occur in January of each fiscal year, followed by a year-end evaluation in June. The Board and CSP shall mutually agree upon the format for the evaluation. The Board's decisions whether to evaluate or not evaluate CSP shall not affect the terms and conditions of this Agreement.

### ARTICLE IV Compensation and Reimbursement of Costs

Section 1. <u>Compensation for Services</u>. During the Term of this Agreement, the Board shall pay CS Partners an annual fee (the "Fee") equal to ten percent (10%) of the total Aid received from the State of Michigan, pursuant to the State School Aid Act of 1979, as amended. At no time shall the annual fee be less than \$80,000.

The Fee may also include ten percent (10%) of any Additional Revenue (as defined in Exhibit A) provided that CS Partners discloses that the Fee also applies to said Additional Revenue and the Board approves the same in the Academy's annual budget, or any revised budget, prior to the application and payment of such Fee.

Notwithstanding the above, the parties agreed on October 25, 2021, as evidenced by the attached board resolution "Resolution to Approve Additional Management Fee-ESSER 3 Funding" (Exhibit B), that the Academy Board would pay to CS Partners one percent (1%) of the ESSER 3 funds that the Academy has or will receive, in the total amount of \$12,598.00, for the additional work related to the ESSER 3 allocations being awarded to the Academy. The additional total management fee of \$12,598.00 will be paid by the Academy in two (2) equal installments of \$6,598.00 during the 2021-2022 and 2022-2023 school fiscal years.

The parties intend that this Agreement meet all of the applicable safe harbor conditions as set forth in Sections 5.02 through Sections 5.07 of the Revenue Procedure 2017-13. In this regard, the Academy and CSP make the following representations:

- (i) (A) CSP's compensation under this Agreement is reasonable compensation for services to be rendered hereunder and is not based, in whole or in part, on a share of 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) This Agreement does not pass on to CSP the burden of bearing any share of net losses from the operation of the Academy or upon the disposition, damage or destruction of the Academy's property; (C) The term of this Agreement is not greater than 30 years or 80 percent of the useful life of the Academy's school facilities currently financed with tax-exempt debt (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) CSP 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.
- (ii) In interpreting this Agreement and in the provision of the services required hereunder, CSP shall not have any role or relationship with the Academy that, in effect, substantially limits the Academy's ability to exercise its rights and obligations under State law. As required by the Academy's Article of Incorporation and Bylaws, the Academy Board may not include any director, officer or employee of a management company that contracts with the Academy. In furtherance of such restriction, it is agreed between the Academy and CSP that none of the voting power of the governing body of the Academy will be vested in CSP or its directors, members, managers, officers, shareholders and employees, and the Academy and CSP will not be related parties as defined in Treas. Reg. 1.150-1(b).

Section 2. <u>Payment of Payroll Costs</u>. In addition to the Fee, Partner Solutions for Schools will invoice the Academy for all employment costs ("Payroll Costs") for Partner Solutions for Schools' employees assigned to the Academy. Payroll Costs include salary, benefits, and other costs attributable to personnel employed and assigned by Partner Solutions for Schools to perform Services at the Academy under this Agreement, including but not limited to gross wages, FICA, Medicare, FUTA, SUTA, workers' compensation insurance, professional liability insurance,

employer portions of health, dental, vision and life insurance, and 401K employer contributions (if applicable).

Partner Solutions for Schools shall be advanced funds for Payroll Costs no later than the third business day preceding each payroll date ("Payroll Date") for Partner Solutions for Schools' employees assigned to perform Services at the Academy under this Agreement. For purposes of this Agreement, the Payroll Date shall be that date or dates established annually by Partner Solutions for Schools.

Section 3. <u>Payment of Reimbursable Expenses</u>. In addition to the Fee, the Academy shall reimburse CSP for all costs reasonably incurred and paid by CSP ("Reimbursable Expenses") in providing the Services specifically related to the Academy. Reimbursable Expenses include, but are not limited to, Payroll Costs (as defined in Section 2 above) for Partner Solutions for Schools' employees assigned to the Academy that are not advanced under Section 2 above, costs mandated by a governmental entity, administrative agency or court of law, e.g., payment into Michigan Public Employees Retirement System (MPSERS), other expenses for equipment, software, supplies, food service, transpertation, special education, psychological services, and medical services.

CSP will invoice the Academy for reimbursement of Reimbursable Expenses with a detailed receipt of material or services provided. The Academy shall only reimburse for costs included in an annual operating budget approved by the Board or as amended during the academic year. In paying such costs on behalf of the Academy, CSP shall not charge an added fee (or markup). Marketing and development costs paid by or 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 CSP. No corporate costs of CSP shall be charged to, or reimbursed by, the Academy.

If desired, the Board may advance funds to CSP for such costs reimbursable under the Agreement before such costs are incurred (rather than reimburse CSP after the expense is incurred).

Documentation of all expenses must be reflected in the Board's financial packets and presented to the Board for approval and/or ratification at its next regularly scheduled meeting.

All items acquired with Academy funds 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.

Section 4. Other Institutions. The Academy acknowledges that CSP may enter into agreements similar to this Agreement with other public or private educational schools or institutions (the "Institutions"). CSP shall maintain separate accounts for reimbursable expenses incurred on behalf of the Academy and for reimbursable expenses incurred on behalf of the Institutions. CSP shall only charge the Academy for expenses incurred on behalf of the Academy.

If CSP incurs reimbursable expenses on behalf of the Academy and the Institutions which are incapable of precise allocation between the Academy and the Institutions, then CSP shall allocate such expenses among the Institutions and the Academy, on a pro-rata basis, based on the number of students enrolled at the Academy and the Institutions, or the number of staff assigned to the Academy and the Institutions or upon such other equitable basis as agreed by the parties. Any such information will be provided to the Academy's auditors as necessary to verify as part of the audit.

Section 5. Review of Budget. In accordance with the Board-approved budget timeline, CSP shall propose an annual budget for the Academy to the Academy's Chief Administrative Officer ("CAO") and the Board. The Board shall review, revise, and timely approve the annual budget. The Academy's CAO shall not be an employee of CSP but shall be a member of the Academy Board.

Section 6. Procurement Policies. The Board hereby retains the obligation, as provided in the Code, to adopt written policies governing the procurement of supplies, materials, and equipment for the Academy. Unless otherwise prohibited by law, CSP shall directly procure all supplies, materials, and equipment provided that CSP complies with the Code including, but not limited to, Sections 1267 and 1274 of the Code, MCL §380.1267 and MCL §380.1274, as if the Academy were making these purchases directly from a third party supplier or vendor and the Board's written policies promulgated thereunder related to such items as if the Academy were making these purchases directly from a third party supplier or vendor. CSP shall not include any added fees or charges with the cost of equipment, materials and supplies purchased from third parties or vendors.

### ARTICLE V Proprietary Information

Section 1. <u>Academy's Rights to Curriculum and Educational Materials.</u> The Academy shall own, without restriction, all proprietary rights to curriculum and educational materials that: (a) are or were both directly developed and paid for by the Academy; or (b) are or were developed by CSP at the direction of the Board with Academy funds.

Section 2. <u>CSP's Rights to Curriculum and Educational Materials.</u> CSP shall own, without restriction, all curriculum, and educational materials, and all other proprietary information owned by, developed by or otherwise in the possession of CSP, except as set forth in this Article.

Section 3. Non-Disclosure of Proprietary Information. Except as specifically required by the Code, Court Order, discovery mandated by state or federal court rules or the Michigan Freedom of Information Act, the proprietary information and materials of CSP shall be held in strict confidence by the Academy. Such proprietary information and materials must be clearly marked in order to be protected. CSP's educational materials and teaching techniques used by the Academy are subject to disclosure under the Code and the Freedom of Information Act.

During the Term of this Agreement, and continuing for three (3) years thereafter, both parties hereby agree that they will not use or disclose to anyone, directly or indirectly, for any

purpose whatsoever, any such proprietary information without the prior written consent of the other party.

#### ARTICLE VI Termination

Section 1. <u>Termination by CSP</u>. CSP may terminate this Agreement prior to the end of the Term in the event the Board fails to remedy a material breach within the required time frames below, subject to Sections 6 and 8 below.

- 1. CSP may immediately terminate this Agreement with no additional liability or responsibility if CSP fails to receive compensation for Payroll Costs. For this breach only, the Academy has until the Payroll Date to fund payroll or reach an agreement with CSP on the payment of these funds or else an immediate breach may be declared.
- 2. CSP may also terminate this Agreement with no additional liability or responsibility upon the occurrence of the following:
  - a) Academy operations cease to exist due to, but not limited to, bankruptcy or insolvency, discontinued operations by its successors and assigns, facility closure, or reconstruction; In the event of any termination prior to the end of the Term of this Agreement, CSP shall provide reasonable assistance in accordance with the Authorizer's Educational Service Provider Policies for transition or termination of the Academy for the wind-up of the Academy due to the above circumstances. CSP shall perform wind-up services similar to and in a similar manner as described in Article VI, Section 8.
  - b) The Academy requests a reduction in workforce greater than 20%.
  - c) The Academy is a financially distressed business as set forth in the Worker Assistance and Retraining Notification Act (WARN), 29 U.S.C. §2101, et seq. To the extent practicable, he Board shall notify CSP 90 days prior to the facility closure in order for CSP to satisfy notice requirements to Partner Solutions for Schools' staff under WARN.
  - d) A determination has been made by a governmental entity, administrative agency or court of law that Partner Solutions for Schools is required to pay into MPSERS.
  - e) Failure by the Academy to pay the Fee or Reimbursable Expenses.
  - f) If there is a substantial and unforeseen increase in the cost of administering services of this Agreement. or
  - g) The Academy makes decisions that are adverse to the Educational Program approved by the Board and personnel decisions inconsistent with the recommendations of CSP.

The Academy has thirty (30) days after notice from CSP to remedy any of these breaches except for the breach of non-payment of Payroll Costs.

Termination prior to the end of the Term shall not relieve the Academy of any financial or other obligations to CSP outstanding as of the date of termination. Failure by CSP to (a) declare a breach, (b) place the Academy on notice thereof, or (c) fail to exercise or exert any remedy available to CSP under this Agreement or applicable laws, shall not be deemed a waiver of CSP's rights and remedies whatsoever.

Notwithstanding the foregoing, CSP may terminate this Agreement without cause and without penalty to be effective upon completion of an academic year provided that CSP delivers written notice of intention to terminate to the Academy at least ninety (90) days prior to the end of the then-current academic year.

Section 2. <u>Termination by Academy</u>. The Academy may terminate this Agreement prior to the end of the Term in the event that CSP fails to remedy a material breach within the required time frames below.

- 1. Material failure by CSP to account for its expenditures or to pay funds for all compensation required for payroll (provided that CSP has received such funds from the Academy to do so);
- 2. Material failure by CSP to provide the Services as required by this Agreement;
- 3. A determination has been made by a governmental entity, administrative agency or court of law that Partner Solutions for Schools is required to participate in MPSERS: or
- 4. Any action or inaction by CSP that causes the Contract to be in jeopardy of revocation, suspension or termination, as evidenced by written notification from the Authorizer and is not cured within sixty (60) days of that notice.

CSP has ten (10) days after notice from the Academy to remedy a breach that involves the non-payment of funds for all "compensation" required for payroll (provided that CSP has received such funds from the Academy to do so) or to reach an agreement with the Academy on the payment of those funds. CSP has thirty (30) days after written notice from the Academy to remedy all other breaches. Upon expiration of this Agreement, or termination for any reason, all amounts due to CSP shall immediately become due and payable by the Academy, unless otherwise agreed in writing by CSP.

Notwithstanding the foregoing, the Academy may terminate this Agreement without cause and without penalty to be effective upon completion of the academic year provided that the Academy delivers written notice of intent to terminate to CSP at least ninety (90) days prior to the end of the then-current academic year.

Section 3. <u>Revocation or Termination of Contract</u>. If the Academy's Contract issued by the Central Michigan University Board of Trustees is revoked or 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.

Section 4. Amendment Caused By Academy Site Closure or Reconstitution. In the event that the Academy is required (i) to close an Academy site pursuant to a notice issued under Section 507 of the Code, MCL §380.507; or (ii) to undergo a reconstitution pursuant to Section 507 of the Code, MCL §380.507, and the Contract, and such 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 CSP shall have no recourse against the Academy or the Authorizer Board for implementing such site closure or reconstitution.

Section 5. Change in Law. If any federal, State or local law or regulation, or court or administrative decision, or attorney general's opinion (collectively referred to in this Agreement as the "applicable laws") has a substantial and material adverse impact (as reasonably determined by the party suffering the impact) on the ability of the impacted party to carry out its obligations under this Agreement, then the impacted party, upon written notice, may request a renegotiation of this Agreement. If the parties are unable or unwilling to successfully renegotiate the terms of this Agreement within ninety (90) days after the notice, and after making good faith efforts which shall include, but not be limited to, the use of a third party arbitrator and/or alternative dispute resolution process, the impacted party may terminate this Agreement as of the end of the thencurrent academic year.

Section 6. <u>Transition</u>. The Academy and CSP agree to make all 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 and CSP agree to work cooperatively to transition management and operations of the school without disrupting the school's operations. In the event of any termination prior to the end of the Term of this Agreement, CSP shall provide reasonable assistance in accordance with the Authorizer's Educational Service Provider Policies. CSP shall perform this transition or termination in a similar manner as described in Article VI, Section 8 below based upon completion of the then-current school period.

Section 7. <u>Personal Property upon Termination or Expiration</u>. Upon any termination or the expiration of this Agreement, the Academy may elect (a) to purchase any personal property which has been purchased or leased from a third party solely with CSP funds, provided such purchase or lease is permitted under the purchase or lease documents relating thereto, at the fair market, depreciated value of such personal property or (b) to return same to CSP. All personal property purchased or leased by CSP using Academy funds is and shall remain the personal property of the Academy.

Section 8. <u>Obligations Upon Termination or Expiration</u>. Upon any termination or the expiration of this Agreement, the parties shall remain obligated for all financial or other obligations due at the time of the termination or expiration.

Upon termination or expiration of this Agreement, or this Agreement is terminated due to a Contract revocation, reconstitution, termination or non-renewal, CSP 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 within required timelines established by the appropriate local, state or federal authority; (ii) organize and prepare student records for transition to the new ESP, 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 ESP 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 CSP to the Academy; (iv) organize and prepare the Academy's records, both electronic and hard-copy, for transition to the new ESP, self-management or dissolution; and (v) provide for the orderly transition to the new ESP, 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.

After any termination or the expiration of this Agreement, and once all such obligations referenced above are satisfied, the parties shall have no further obligations to each other under this Agreement whatsoever except for the continuing obligations under (a) Article V (confidentiality and non-use/non-disclosure of proprietary information) and (b) Article VII (indemnification).

### ARTICLE VII Indemnification and Cooperation

Section 1. <u>Indemnification of CSP.</u> To the extent permitted by law, the Academy shall indemnify, save, and hold harmless CSP and all of its employees, officers, directors, subcontractors, and agents against any and all lawsuits and causes of action or other forms of liability that may arise out of or by reason of any noncompliance by the Academy with any agreements, covenants, warranties or undertakings of the Academy contained in or made pursuant to this Agreement, and any misrepresentations or breach of this Agreement, and any acts or failures to act by the Academy which occurred prior to the Effective Date of this Agreement.

In addition, to the extent permitted by law, the Academy shall indemnify, save, hold harmless, and reimburse CSP for any and all legal expenses and costs associated with the defense of any such claim, demand or suit. The Academy agrees to advance to CSP all costs, actual attorneys' fees, actual experts' fees, and similarly related expenses immediately upon request so that CSP is not required to pay such expenses out of its own funds.

CSP agrees that for any claim for indemnification made by CSP, to the extent the interests of CSP and the Academy are aligned, and there is no conflict of interest between the parties, the parties agree to coordinate a defense to minimize the costs of such defense. To the extent the Academy shall be responsible for indemnification of CSP, the Academy shall have the right to select the attorneys of its choice and to make all decisions and in every respect control the manner in which CSP and the Academy are defended. Notwithstanding the foregoing, in no event shall the Academy indemnify CSP for the attorney fees accrued by CSP in the regular course of business.

To the extent the parties are coordinating a defense, the parties shall utilize shared counsel which shall be paid for by the Academy and no reimbursement of any costs or fees shall be necessary. The Academy may reimburse CSP for pre-approved legal expenses and costs associated with the defense of any such claim, demand, or suit which are not otherwise covered by the shared defense.

If desired, all or part of the indemnification obligations set forth in this section may be met by the purchase of insurance by the Academy. The indemnification in this Section shall also specifically apply, without limitation, to any current claims or litigation at the time this Agreement is executed, as well as any future or additional claims or litigation regarding any prior activities of the Academy.

Section 2. <u>Indemnification of the Academy.</u> CSP shall indemnify, save, and hold harmless the Academy and all of its employees (if any), officers, directors, subcontractors, and agents against any and all lawsuits and causes of action or other forms of liability that may arise out of, or by reason of any noncompliance by CSP with any agreements, covenants, warranties, or undertakings of CSP contained in or made pursuant to this Agreement, and any misrepresentation or breach of this Agreement and any acts or failures to act by CSP which occurred prior to the Effective Date of this Agreement.

In addition, CSP shall indemnify, save, hold harmless, and reimburse the Academy for any and all legal expenses and costs associated with the defense of such claim, demand or suit. CSP agrees to advance to the Academy all costs, actual attorneys' fees, actual experts' fees, and such similarly related expenses immediately upon request so that the Academy is not required to pay such expenses out of its own funds.

The Academy agrees that for any claim for indemnification made by the Academy, to the extent the interests of CSP and the Academy are aligned, the parties agree to coordinate a defense to minimize the costs of such defense. To the extent CSP shall be responsible for indemnification of the Academy, CSP shall have the right to select the attorneys of its choice and to make all decisions and in every respect control the manner in which CSP and the Academy are defended. Notwithstanding the foregoing, in no event shall CSP indemnify the Academy for the attorney fees accrued by the Board in the regular course of business.

To the extent the parties are coordinating a defense, the parties shall utilize shared counsel which shall be paid for by CSP and no reimbursement of any costs or fees shall be necessary. CSP may reimburse the Academy for pre-approved legal expenses and costs associated with the defense of any such claim, demand, or suit which are not otherwise covered by the shared defense.

If desired, all or part of the indemnification obligations set forth in this section may be met by the purchase of insurance by CSP. The indemnification in this Section shall also specifically apply, without limitation, to any current claims or litigation at the time this Agreement is executed, as well as any future or additional claims or litigation regarding any prior activities of CSP.

Section 3. <u>Indemnification for Negligence</u>. To the extent permitted by law, each party to this Agreement shall indemnify and hold harmless the other, and their respective boards of directors, partners, officers, employees, agents, and representatives, from any and all claims and

liabilities which they may incur and which arise out of the negligence of the other party's trustees, directors, officers, employees, agents, or representatives.

Section 4. <u>Immunities and Limitations</u>. The Academy may assert all immunities and statutory limitations of liability in connection with any claims arising under this Agreement.

Section 5. <u>Responsibility of the Parties.</u> Each party will be solely and entirely responsible for its acts and omissions and for the acts and omissions of its agents and employees (if any) in connection with the performance of that party's responsibilities under this Agreement.

Section 6. <u>Mutual Duty to Cooperate</u>. The parties acknowledge that each party has a duty and obligation to cooperate with the other party, and further that such duty to cooperate is a material part of this Agreement. The purpose of the duty to cooperate is to enable each party to perform its obligations as efficiently as possible. The duty to cooperate shall include all areas of the business of the Academy and the Services. The duty to cooperate also includes reasonable assistance in the event of litigation or a dispute involving a party related to the Academy or the Services provided, such as provision of testimony, records and/or documents reasonably related to the litigation or dispute (which are not otherwise protected from disclosure under applicable law). The duty to cooperate will be provided in such a manner that it does not adversely affect the other party's ability to defend against a claim.

Section 7. 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, CSP hereby promises to indemnify, defend and hold harmless the University from and against all claims, demands, 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), 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, CSP'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 CSP, or which arise out of CSP's failure to comply with the Contract or Applicable Law. The parties expressly acknowledge and agree that the University may commence legal action against CSP to enforce its rights as set forth in this section of the Agreement.

#### ARTICLE VIII Insurance

Section 1. <u>Academy Insurance</u>. The Academy will secure and maintain general liability and umbrella insurance coverage. This coverage will include the building and related capital facilities if they are the property of the Academy. The Academy will maintain such insurance in an amount and on such terms as required by the provisions of the Contract, including the indemnification of CSP required by this Agreement, and naming CSP as an additional insured.

The Academy will, upon request, present evidence to CSP that it maintains the requisite insurance in compliance with the provisions of this section. CSP will comply with any information or reporting requirements applicable to the Academy under the Academy's policy with its insurer(s), to the extent practicable. Nothing in this Agreement is intended, nor shall be construed, as a waiver or relinquishment of any immunity from action or liability enjoyed by the Academy under controlling law.

- Section 2. <u>CSP Insurance.</u> CSP will secure and maintain general liability and umbrella insurance coverage, with the Academy listed as an additional insured. CSP will maintain such policies of insurance as are required by the Contract and the Michigan Universities Self-Insurance Corporation ("M.U.S.I.C."), including the indemnification of the Academy as required by this Agreement. In the event that Authorizer or M.U.S.I.C. requests any change in coverage by CSP, CSP agrees to comply with any change in the type or amount of coverage as requested, within thirty (30) days after notice of the insurance coverage change. CSP will, upon request, present evidence to the Academy and Authorizer that it maintains the requisite insurance in compliance with the provisions of this section. The Academy will comply with any information or reporting requirements applicable to CSP under CSP's policy with its insurer(s), to the extent practicable.
- Section 3. <u>Evidence and Notices.</u> Each party shall, upon request, present evidence to the other that it maintains the requisite insurance as required in this Article VIII. The policies of insurance of each party shall also provide that the other party receive from the insurer(s) a minimum thirty (30) day written notice of any termination of said policies.
- Section 4. <u>Workers' Compensation Coverage.</u> Additionally, each party shall maintain workers' compensation insurance, as required by State law, covering their respective employees, if any.

### ARTICLE IX Warranties and Representations

- Section 1. <u>Warranties and Representations of the Academy</u>. The Academy represents to CSP that (a) it has the authority under law to execute, deliver, and perform this Agreement and to incur the obligations provided for under this Agreement, (b) its actions have been duly and validly authorized, and (c) it will adopt the necessary resolutions.
- Section 2. <u>Warranties and Representations of CS Partners</u>. CS Partners represents and warrants to the Academy that (a) it is a Michigan corporation in good standing duly authorized to conduct business in the State of Michigan, (b) it has the authority under applicable laws to execute, deliver and perform this Agreement and to incur the obligations provided for under this Agreement, (c) its actions have been duly and validly authorized, and (d) it will adopt any and all resolutions required for execution of this Agreement.
- Section 3. <u>Warranties and Representations of Partner Solutions for Schools.</u> Partner Solutions for Schools represents and warrants to the Academy that: (a) it is a Michigan corporation in good standing duly authorized to conduct business in the State of Michigan; (b) it has the

authority under applicable laws to execute, deliver and perform this Agreement and to incur the obligations provided for under this Agreement; (c) its actions have been duly and validly authorized; and (d) it will adopt any and all resolutions required for execution of this Agreement.

Section 4. <u>Mutual Representations and Warranties</u>. Each party represents and warrants to the other party that except as disclosed in writing to the other party, to its knowledge, there are no pending actions, claims, suits, or proceedings, whether threatened or reasonably anticipated, against or affecting it, which if adversely determined would have a material adverse effect (as might be reasonably determined by the non-affected party if disclosed) on its ability to perform its obligations under this Agreement.

### ARTICLE X Alternative Dispute Resolution

Section 1. Mediation. 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 shall first be communicated in writing to the other party and mutually discussed between the parties with an opportunity to cure. If no resolution can be ascertained through that mutual discussion, then the matter will be submitted to mediation for resolution in Branch County, Michigan. Both parties must mutually agree upon the mediator selected and shall participate in all meetings in good faith. The mediation shall be conducted in accordance with the rules of the American Arbitration Association seated in Branch County, Michigan, with such variations as the parties and the mediator unanimously accept. A cause opinion (written explanation) shall be required as to the final decision. The Authorizer shall be notified of said decision, and upon the Authorizer's request, the cause opinion shall be made available. The parties will share equally in the costs of the mediation including forum fees, expenses, and charges of the mediator.

Section 2. Arbitration. If the mediation does not result in a mutually satisfactory compromise, then the matter shall be resolved by arbitration, and such procedure shall be the sole and exclusive remedy for such matters. The parties shall mutually agree upon a single arbitrator. If the parties cannot mutually agree upon an arbitrator, the parties shall select an arbitrator in accordance with the rules and procedures of the American Arbitration Association The arbitration shall be conducted in accordance with the rules of the American Arbitration Association seated in Branch County, Michigan, with such variations as the parties and the arbitrator unanimously accept. The arbitrator's award shall be final and binding. A judgment on the award rendered by the arbitrator may be entered in any court having appropriate jurisdiction, by any party, without the consent of the other party. The parties shall split the cost of the arbitrator, including forum fees, expenses and charges of the arbitrator. Each party shall be responsible for its own costs and attorney fees. A cause opinion (written explanation) shall be required as to the final decision. The Authorizer shall be notified of said decision, and upon the Authorizer's request, the cause opinion shall be made available.

### ARTICLE XI Miscellaneous

Section 1. Entire Agreement. This Agreement supersedes and replaces any and all prior written or oral agreements and understandings between the Academy and CSP regarding the

subject matter hereof. This Agreement, including <u>Exhibit A and Exhibit B</u>, constitutes the entire agreement of the parties.

Section 2. <u>Force Majeure.</u> Notwithstanding any other sections of this Agreement, neither party shall be liable for any delay in performance or inability to perform due to acts of God or due to war, riot, embargo, fire, explosion, sabotage, pandemic, accident, labor strike, flood, terrorism, or other acts beyond its reasonable control.

Section 3. <u>Governing Law.</u> This Agreement and the rights of the parties hereto shall be interpreted according to the laws of the State of Michigan (the "State").

Section 4. Official Notices. All notices or other communications required by the terms of this Agreement shall be in writing and sent to the parties at the addresses set forth below. Notice may be given by certified or registered mail, postage prepaid, return receipt requested, traceable carrier or personal delivery. Notices shall be deemed to have been given on the date of personal delivery, or, if given by mail, the postmark date. Unless amended or updated in writing, the addresses of the parties hereto for the purposes of this Agreement shall be:

The Academy:

Board President Pansophia Academy Abbott Avenue Coldwater, MI 49036

CSP:

**CS Partners** 

Partner Solutions for Schools

c/o Chris Matheson

869 S. Old US 23, Suite 500 Brighton, Michigan 48114

Section 5. <u>Assignment</u>. This Agreement shall not be assigned (a) by CSP, without prior consent of the Board, in writing, which consent shall not be unreasonably withheld; or (b) by the Academy, without the prior consent of CSP, in writing, which consent shall not be unreasonably withheld. CSP may, without the consent of the Board, delegate the performance of but not responsibility for any duties and obligations of CSP hereunder to any independent contractor, expert or professional advisor. However, this Agreement shall not be assignable without prior notification to the Authorizer and the Board; and any assignment must be done in a manner consistent with the Authorizer's Educational Service Provider Policies and applicable law.

Section 6. <u>Amendment</u>; <u>Effect of Headings</u>. This Agreement may only be amended in writing, signed by a duly authorized representative of each party and in a manner consistent with the Authorizer's Educational Service Provider Policies.

The underlined headings are included for convenience of the reader, and if the underlined headings are inconsistent with the other text, the underlined text shall be disregarded.

Section 7. <u>Tax Exempt Financing</u>. If at any time the Academy determines that it is in the best interests of the Academy to obtain financing from the Michigan Finance Authority or any

other type of financing that is tax-exempt pursuant to the Internal Revenue Code of 1986, then the parties hereby agree that this Agreement shall be automatically amended for the sole and limited purpose of compliance with IRS Revenue Procedure 2017-13, and/or its progeny. Any such automatic amendment shall be as limited as practicable, and the parties shall promptly execute a written agreement reflecting such amendment, but the failure of the parties to do so shall not affect the effectiveness of the automatic amendment referenced above; provided, however, that any such amendment shall be consistent with the Authorizer's Educational Service Provider Policies.

- Section 8. <u>Waiver</u>. No waiver of any portion of this Agreement shall be deemed or shall constitute a waiver of any other provision, nor shall such waiver constitute a continuing waiver unless otherwise expressly stated in writing.
- Section 9. <u>Severability</u>. The invalidity of any portion or term of this Agreement shall not affect the remaining portions or terms of this Agreement. In the event a portion or a term of this Agreement is deemed invalid, the parties shall cooperatively work together to modify the invalid portion or term as minimally as possible to cure the invalidity, while at all times preserving the spirit and purpose of the applicable portion or term.
- Section 10. <u>Successors and Assigns</u>. This Agreement shall be binding upon and inure to the benefit of the parties and their respective successors and permitted assigns. This Agreement shall not be assignable without prior notification to the Authorizer. Any assignable party shall be considered an ESP, as defined by the Authorizer's Educational Service Provider Policies. As such, any assignable party shall follow the requirements set forth in these ESP Policies.
- Section 11. No Third Party Rights. This Agreement is made for the sole benefit of the Academy and CSP. Except as otherwise expressly provided herein, nothing in this Agreement shall create or be deemed to create a relationship between the parties, or either of them individually with any third person, third party beneficiary, fiduciary, or the Authorizer.
- Section 12. <u>Survival of Termination</u>. All representations, warranties, indemnities, and non-disclosures/confidentiality obligations made in this Agreement shall survive any termination or expiration of this Agreement without limitation.
- Section 13. <u>Delegation of Authority; Compliance with Laws.</u> Nothing in this Agreement shall be construed as delegating to CSP any of the powers or authority of the Board which are not subject to delegation by the Board in accordance with the Contract and all applicable laws. The parties agree to comply with all applicable laws.
- Section 14. <u>Governmental Immunity</u>. Nothing in this Agreement is intended, nor will be construed, as a waiver of the governmental immunity provided to the Academy and its incorporators, board members, officers, employees, and volunteers under Section 7 of Act 170, Public Acts of Michigan, 1964, as amended, MCL 691.1407.
- Section 15. <u>Execution</u>. The parties may execute this Agreement by facsimile or in counterparts. A facsimile or photographic copy of this Agreement may be relied upon by either party, or any third party, as if it were an original signature copy. If this Agreement is executed in

counterparts, the separate counterpart signature pages shall be combined and treated by the parties, or any third party, as if the separate counterpart signature pages were part of one original signature copy.

Section 16. <u>Review by Independent Counsel.</u> The parties agree that each has reviewed, or had the opportunity to review, this Agreement with its own independent legal counsel prior to the execution of this Agreement.

[Signature Page Follows]

The undersigned hereby execute this Agreement as of the date set forth first above.

### The Academy:

PANSOPHIA ACADEMY, a Michigan public

school academy

By:

Its: **Board President** 

CSP:

CS PARTNERS, INC., a Michigan corporation

Its:

Designated Officer

CSP MANAGEMENT INC., d/b/a PARTNER SOLUTIONS FOR SCHOOLS, a Michigan corporation

Its:

Designated Officer

### Exhibit A

### SERVICES AGREEMENT

The purpose of this Exhibit A is to set forth and define the Services to be provided by CSP pursuant to the Agreement.

### EDUCATIONAL MANAGEMENT SERVICES TO BE PROVIDED BY CS PARTNERS

- A. CSP shall implement the Educational Program (defined in Article I, Section 2 of the Agreement). Modification of the Educational Program as provided in the Contract may only occur with the prior written consent of the Board and, if required, an amendment to the Contract which requires Authorizer approval.
- B. CSP may perform functions other than Instruction, including but not limited to purchasing, board support, professional development, and administrative functions off-site (i.e., not on the Academy property), unless prohibited by applicable laws. Student records, which are the property of the Academy, and books and records of the Academy, shall be maintained by CSP and available at the Academy's site.
- C. Although the Board shall be responsible for establishing and implementing recruitment and admission policies in accordance with the Educational Program and the Contract, CSP shall enroll students for the Academy in accordance with such Board policies provided that said policies are in compliance with the Contract and applicable laws.
- D. CSP shall provide student due process hearings in compliance with all applicable laws, to an extent consistent with the Academy's own obligations as to students only (and not as to faculty). The Board hereby retains the right to provide due process, as required by law, if desired.
- E. CSP shall administer and provide the Educational Program in a manner which shall meet the requirements imposed under the Contract and applicable laws, unless such requirements are waived. The Academy hereby agrees to interpret State and local regulations within the confines of applicable law in order to give CSP flexibility and freedom to implement the Educational Program in a manner desired by the parties.
- F. In order to supplement and enhance the School Aid payments received from the State of Michigan, and improve the quality of education at the Academy, CSP may assist the Academy's efforts to obtain revenue from other sources (the "Funding Sources"), and in this regard:
  - 1. the Academy and/or CSP with prior approval of the Board may solicit and receive grants and donations in the name of the Academy from various funding sources consistent with the mission of the Academy;
  - 2. the Academy and/or CSP with prior Board approval may apply for and receive grant money in the name of the Academy from various funding sources;

- to the extent permitted under the Code and Contract, and with the approval of the Board, CSP or the Academy may charge fees to students for extra services, such as summer and after-school programs, athletics, etc., and charge non-Academy students who participate in such programs; and
- 4. all funds received by the Academy from such other revenue sources (generally, the "Additional Revenue") shall inure to and be the deemed property of the Academy (however, as provided in Article IV, Section 1 of the Agreement, the Fee may apply against all such Additional Revenue), except that the Academy's compensation/payment to CS Partners for any award of ESSER 3 funds shall be limited to one percent (1%) of the ESSER 3 award, not to exceed \$12,598.00, to be paid in equal amounts of \$6,289.00 during the Academy's 2021-2022 and 2022-2023 fiscal years as set forth in the October 25, 2021 Board Resolution, attached Exhibit B.

To the extent permitted by applicable law, CSP shall be responsible for the administration of grant funds from third parties used in support of the Academy Program. CSP shall ensure that the grant funds are used in accordance with applicable statutory and regulatory requirements and the terms of the pertinent grant agreements, including, but not limited to, administrative and reporting requirements and adherence to cost principles and audit requirements for federal awards, where applicable. CSP shall provide the Academy Board with copies of all reports relative to the administration and use of grant funds in a form and manner to permit adequate time for the Academy Board to review and comment. Such provision to the Academy Board may occur after submission to the granting organizations.

If the Academy receives grant revenue for the Academy Program, the use of which is restricted by Applicable Law, CSP shall use that portion of the grant revenue solely for the purposes permitted by Applicable Law.

- G. CSP may subcontract any and all aspects of the Services. However, CSP shall not subcontract the management, oversight, or operation of the teaching and instructional aspects of the Services (the "Instruction"), except as specifically permitted in this Agreement, or with prior written approval of the Board. Any services to be provided by CSP that are included in the management fee but are performed by a subcontractor shall not be charged to, reimbursed by or passed through as an additional cost to the Academy.
- H. CSP shall not act in a manner which will cause the Academy to be in breach of its Contract with the Authorizer.
- I. CSP shall provide reasonably requested or expected information to the Board on a monthly basis, or upon the Board's reasonable request, to enable the Board to monitor CSP's performance under this Agreement.

#### BUSINESS/FINANCE SERVICES TO BE PROVIDED BY CS PARTNERS

- J. CSP shall be directly accountable to the Board for the administration, operation, and performance of the Academy in accordance with the Contract. CSP's obligation to provide the Services is expressly limited by the budget approved by the Board pursuant to the terms of this Agreement. The Services shall be funded by the Academy budget, and neither CSP nor the Academy shall be permitted to expend Academy funds on the Services in excess of the amount set forth in the Academy Budget.
- K. CSP through the School Leader shall implement pupil performance evaluations consistent with the Educational Program, which permit evaluation of the educational progress of each Academy student. CSP shall be responsible for and accountable to the Board for the performance of students who attend the Academy. At a minimum, CSP shall utilize assessment strategies required by the Educational Program. The Academy and CSP will cooperate in good faith to identify other measures of and goals for students and school performance consistent with the Contract.
- L. CSP through the School Leader shall plan and supervise special education services to students who attend the Academy. CSP or the Academy may contract these services if it determines that it is necessary and appropriate for the provision of services to students with special needs, or if instruction cannot be met within the Academy's program. Such services shall be provided in a manner that complies with applicable laws.
- M. CSP through the School Leader shall be responsible for all of the management, operation, administration, and education at the Academy which includes, but is not limited to:
  - 1. implementation and administration of the Educational Program approved by the Board and the selection and acquisition of instructional materials, equipment and supplies;
  - 2. management of all personnel functions, including professional development for all instructional personnel and the personnel functions outlined in this Agreement;
  - 3. all aspects of the business administration (as determined and as generally understood in the industry) of the Academy as agreed between CSP and the Board;
  - 4. any function necessary or expedient for the administration of the Academy consistent with the Educational Program, or otherwise approved by the Board.
- N. Except as otherwise provided in this Agreement, CSP shall keep all student, educational and financial records relating to the Academy available at the Academy site, and the same shall be available for public inspection upon reasonable request consistent with the Contract and applicable laws. All student, educational and financial records pertaining to the Academy are Academy property and such records are subject to the provisions of the Michigan Freedom of Information Act. All Academy records shall be physically or electronically available, upon request, at the Academy's physical facilities. Except as permitted under the Code, CSP shall not sell or otherwise provide to a for-profit business entity any personally identifiable information that is part of an Academy student's education records. If CSP receives information that is part of an Academy student's education records, CSP shall not sell or otherwise provide the information to any other person except as provided under the Code. For purposes of this section, the terms "education records" and "personally identifiable information" shall have the same meaning as those terms in section 1136 of the Code, MCL 380.1136. Except as permitted under the Contract and applicable

law, CSP shall not restrict the University's or the public's access to the Academy's records. All records shall be kept in accordance with the Contract and applicable state and federal requirements.

#### O. CSP shall provide the Board with:

- 1. a projected annual budget, in accordance with the board-approved budget timeline, prior to July 1<sup>st</sup> of each school year, related to the Services in accordance with the Contract and the Educational Program which budget shall include a budget reserve amount as determined by the Board;
- 2. detailed monthly financial statements no more than thirty (30) days after month's end (and financial statements reasonably requested by the Board more frequently). Financial statements will be provided as directed by the Board, in a form and format acceptable to the Board and to all Board members at least three (3) business days prior to each Board meeting to allow time for all Board members to review the information prior to the meeting. The monthly financial statements shall include: a balance sheet, a statement of revenues, expenditures and changes in fund balance at object level detail with comparison of budget-to-actual information and explanations of variance, and a cash flow statement. The monthly statements shall include all revenues received, from whatever source, with respect to the Academy, and detailed budgets with statements of all direct expenditures (with details) for the Services rendered to or on behalf of the Academy, whether incurred on-site or off-site;
- 3. facilitate the annual audit in compliance with applicable laws showing the manner in which funds are spent at the Academy, however, it is acknowledged that only the Academy shall select and retain independent auditors and the Academy shall contract directly with any auditor of its choice, and CSP will cooperate with the production of any and all documents necessary for the audit. Any such audit shall be the property of the Academy. All finance and other records of CSP related to the Academy will be made available by CSP to the Academy, the Academy's independent auditor and the Authorizer upon request; and
- 4. other information as reasonably requested by the Board to enable the Board to monitor CSP's performance under the Agreement.

### HUMAN RESOURCES SERVICES TO BE PROVIDED BY CSP

- P. CSP shall work with the School Leader to recommend staffing levels to the Board, and select, hire, evaluate, assign, discipline and transfer personnel, consistent with applicable laws, and consistent with the parameters adopted and included within the Academy's budget and the Educational Program.
- Q. As set forth in the Agreement, CSP shall identify and appoint a School Leader and if applicable, members of a Leadership Team to administer the Educational Program at the Academy (the "School Leader"). The School Leader will be an employee of Partner Solutions for Schools.

- R. CSP shall work with the School Leader to provide the Academy with such teachers, qualified in the applicable grade levels and subjects approved by the Board and consistent with the Contract and applicable law. CSP shall ensure that the curriculum taught by the Academy's teachers is the curriculum set forth in the Contract. Such teachers may also provide instruction at the Academy on a full or part-time basis. If assigned to the Academy on a part-time basis, such teachers may also provide instruction at another institution, or other locations approved by Partner Solutions for Schools. Each teacher assigned to the Academy shall meet and maintain all necessary requirements as established by the Michigan Department of Education, the Authorizer, and State and federal law.
- S. CSP shall work with the School Leader to provide the Academy with such support staff, qualified in the areas required. The parties anticipate that such support staff may include clerical staff, administrative assistants, bookkeeping staff, maintenance personnel, and the like. Such support staff may, in the discretion of Partner Solutions for Schools, provide services at the Academy on a full or part-time basis. If assigned to the Academy on a part-time basis, said support staff may also provide services at another institution, or other locations approved by Partner Solutions for Schools.
- Т. Since, except as specified in this Agreement, all teaching, support staff and other nonteaching personnel performing functions on behalf of the Academy, shall be employees of Partner Solutions for Schools, compensation of all employees of Partner Solutions for Schools shall be paid by Partner Solutions for Schools upon receipt of funds from the Academy. For purposes of the Agreement and this Exhibit, "compensation" shall include salary and benefits. Evaluation and compensation systems administered by Partner Solutions for Schools shall comply with all applicable laws, including Sections 1249, 1249a, 1249b and 1250 of the Revised School Code and any successor statute that is substantially similar to Sections 1249, 1249a, 1249b and 1250. Partner Solutions for Schools shall pay its portion of social security, unemployment, and any other taxes required by law to be paid on behalf of its employees assigned to the Academy. Unless required by applicable laws, Partner Solutions for Schools shall not make payments to the Michigan Public School Employees' Retirement System or any other public retirement system on behalf of its employees. Partner Solutions for Schools accepts full liability and is responsible for paying all salaries, benefits, payroll taxes, workers compensation, unemployment compensation and liability insurance for its employees leased to the Academy or working on Academy operations for work already completed irrespective of whether CSP receives an advancement of its costs or the payment of service from the Academy. However, Academy's non-payment of such funds is considered a material breach of this Agreement.
- U. Partner Solutions for Schools will complete and sign all necessary 401K regulatory and plan documents for its employee benefits plan as required by law and as fiduciary agent of the plan.

## Exhibit B to SERVICES AGREEMENT

### RESOLUTION TO APPROVE ADDITIONAL MANAGEMENT FEE- ESSER 3 FUNDING

[RESOLUTION FOLLOWS]

### Pansophia Academy Board of Directors

Resolution to Approve Additional Management Fee - ESSER 3 Funding

WHEREAS, section 3.6 of the Terms and Conditions of the Contract to Charter a Public School Academy ("Contract") between the Central Michigan University Board of Trustees and the Pansophia Academy Board of Directors (the "Academy Board"), authorizes the Academy Board to engage in an agreement with an educational service provider ("ESP") to carry out the operational activities of the Academy;

WHEREAS, the Academy Board has entered into an agreement ("ESP Agreement") with CS Partners for management and operational services;

WHEREAS, the ESP Agreement provides that the compensation for services ("Fee") may be applied to Additional Revenue as defined in the ESP Agreement;

BE IT RESOLVED, that the Academy Board agrees to pay CS Partners an additional management fee of \$12,598 to conduct additional work related to the ESSER 3 allocations being awarded to the Academy.

Secretary's Certification:

I certify that the foregoing resolution was duly adopted by the Pansophia Academy Board of Directors at the properly noticed meeting held on the 25<sup>th</sup> day of October, 2021, at which a quorum was present.

Board Secretary

PA Board Packet Page 29 of 29 PA Board Packet Page 60 of 78

# 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.

Physical Plant Description	6-1
Site Plan	6-3
Floor Plans (Main Facility)	6-4
Bond (Main Facility)	6-6
Mortgage Agreement (Main Facility)	6-19
Office of Fire Safety Approvals (Main Facility)	6-49
Certificate of Use and Occupancy (Main Facility)	6-51
Floor Plan (Portable Units)	6-52
Bills of Sale (Portable Units)	6-53
Certificate of Use and Occupancy (Portable Units)	6-57

- 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 Pansophia Academy (the "Academy") is as follows:

Address: 52 Abbott Avenue

Coldwater, MI 49036

Description:

The Academy is located on a three-acre site with Abbott Ave., Morse St., Elizabeth St. and North Hudson St. forming the boundaries of the Site. The Academy utilizes the adjacent well-equipped city park for a playground and outdoor recreation area. There are two parking lots: a student pick-up area located on Abbott Ave. and a main parking lot/entrance on Elizabeth St.

The Site's main facility contains approximately 32,959 square feet of space. The facility is constructed of pre-cast cement blocks and steel. Interior walls are either block or specially hardened drywall. The facility includes 17 classrooms, 12 restrooms, office space, a specialized study area, speech room, special education classroom, workroom, a full service kitchen, storage areas, and a gymnasium. The Site also includes two modular classroom units, each containing approximately 1,504 square feet. Each unit includes two classrooms that measure approximately 752 square feet.

Configuration of Grade Levels: Kindergarten through Twelfth Grade.

Term of Use: Term of Contract.

Name of School District and Intermediate School District:

Local: Coldwater Community Schools

ISD: Branch

- 3. It is acknowledged and agreed that the information identified below, 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,

Schedule 6-1 Pansophia Academy

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.

Schedule 6-2 Pansophia Academy

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ND PARKING- EXISTING SPACES TO BE RE-STRIPED TO

VIDE ADA AISLES AS SHOWN 47 + 3 ADA = 50 SPACES LEGAL DESCRIPTION
PARCEL #302-000-000-206-02: MORSE STREET GRAPHIC SCALE

13-0481 SHEET NO. 1 of 2

HARD COPY IS INTENDED TO BE 24" X 36" WHEN PLOTTED. SCALE(S) INDICATED AND GRAPHIC QUALITY MAY NOT BE ACCURATE FOR ANY OTHER SIZES

PM REVIEW:

QA/QC REVIEW:

DATE:

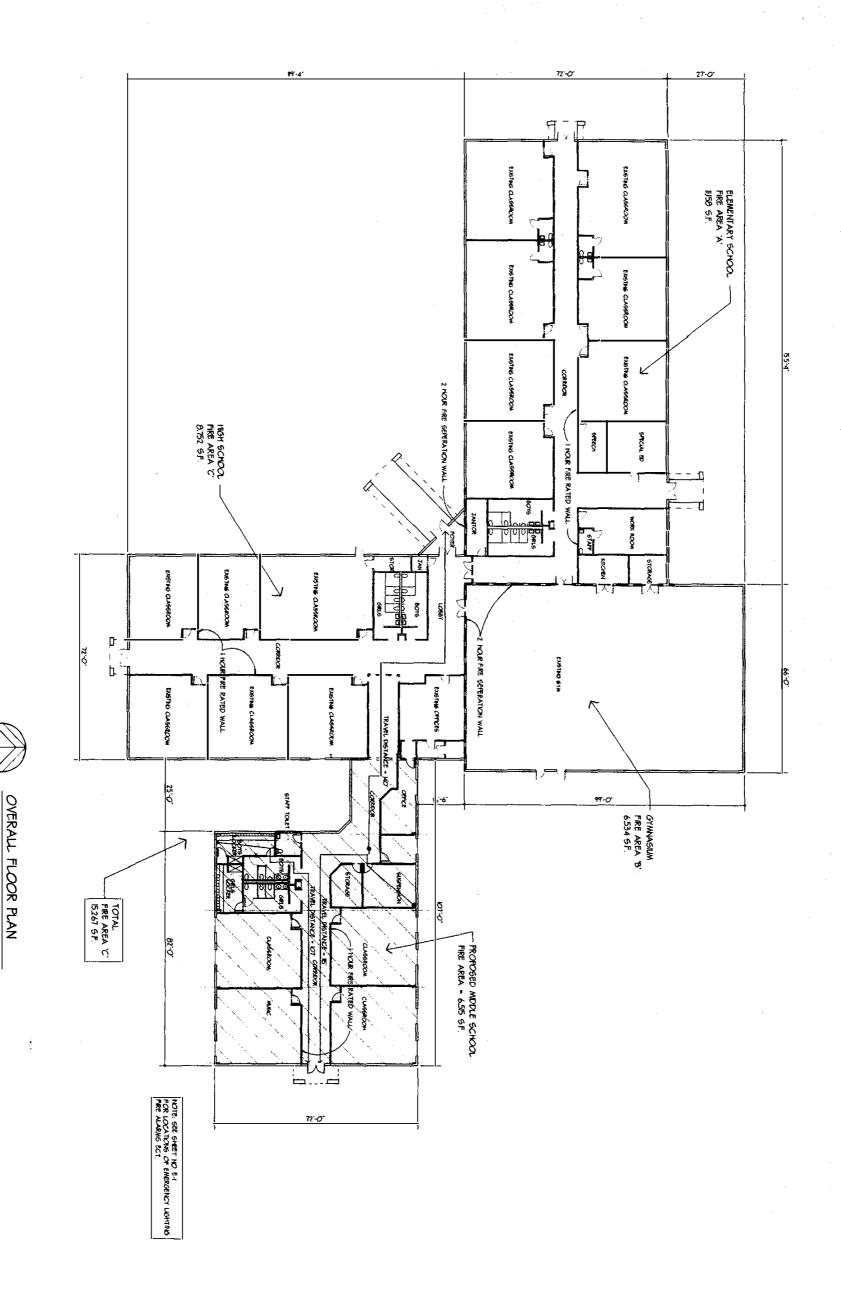
JULY 2013

SEAL:

OVERALL SITE PLAN
SITE PLAN REVIEW

PANSOPHIA ACADEMY
52 ABBOTT STREET
COLDWATER, MICHIGAN





OVERAUL OVERAUL FLOOR PLAN

SCALE 146. - 1-0.



PROPOSED ADDITION TO:

# **PANSOPHIA ACADEMY**

52 ABBOTT STREET COLDWATER, MICHIGAN

# **BRAND CONSTRUCTION, INC.**

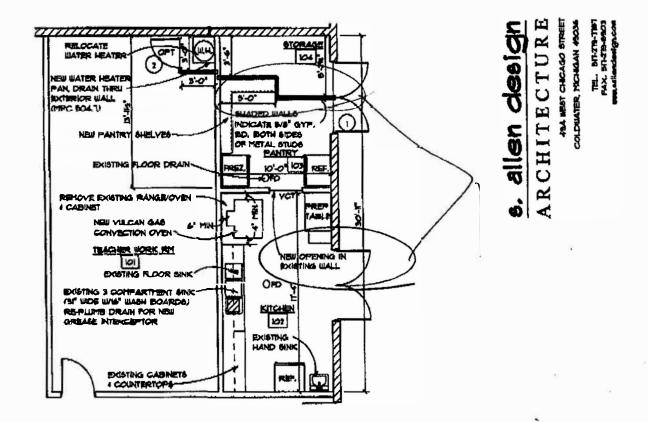
86 W. CHICAGO QUINCY, MICHIGAN



591 Marshall Rd. Coldwater, Michigan 49036 Tel. 517-279-7787 Fax 517-279-8903

Jan. 25. 2010 4:09PM S ALLEN DESIGN ARCHITECTURE

No.0471 P. 2



# PANSOPHIA ACADEMY KITCHEN RENOVATION



# UNITED STATES OF AMERICA STATE OF MICHIGAN COUNTY OF BRANCH

# PANSOPHIA ACADEMY PUBLIC SCHOOL ACADEMY REVENUE BOND, SERIES 2021 (GENERAL OBLIGATION)

Registered Owner: TCF National Bank

Principal Amount: \$940,000

Interest Rate: 3.500%

Date of Issuance: April 30, 2021

FOR VALUE RECEIVED, Pansophia Academy, County of Branch, State of Michigan (the "Academy"), hereby acknowledges itself indebted and promises to pay, but only as provided in this Bond, to the Registered Owner specified above, or its registered assigns, the Principal Amount specified above in the principal installment amounts on the dates set forth on the attached Exhibit A, which is hereby incorporated and made part hereof, in lawful money of the United States of America, together with interest thereon at the Interest Rate set forth above, commencing on June 1, 2021, and monthly thereafter as set forth on the attached Exhibit A. Interest on this Bond shall be computed on the basis of a 360-day year and the number of actual days elapsed. The Academy agrees that it will deposit with the Registered Owner payment of principal of and interest on this Bond in immediately available funds by 3:00 p.m. on the dates set forth on the attached Exhibit A.

This Bond is issued under and in pursuance of the provisions of Act 451, Public Acts of Michigan, 1976, as amended, for the purpose of currently refunding certain Prior Obligations of the Academy, as more fully described in the Resolution adopted by the Board of Directors of the Academy on April 26, 2021, approving the issuance of this Bond (the "Resolution"). For the prompt payment of this Bond, both principal and interest, the full faith and credit of the Academy is hereby pledged. As further security for the repayment of the Bond, the Academy has granted to the Registered Owner a first lien mortgage (the "Mortgage") on the Academy's Facility as more fully described in the Resolution.

Schedule 6-6 Pansophia Academy

The Academy shall be precluded from incurring any additional indebtedness that is senior to the Mortgage and the full faith and credit pledge by the Academy under this Bond. With the written consent of the Registered Owner, the Academy may incur additional indebtedness secured by the Mortgage and on a parity basis with the full faith and credit pledge by the Academy under this Bond. Without the consent of the Registered Owner, the Academy may incur additional indebtedness subordinate to the Mortgage and the full faith and credit pledge by the Academy under this Bond.

THIS BOND IS A FULL FAITH AND CREDIT OBLIGATION OF THE ACADEMY PAYABLE SOLELY FROM THE ACADEMY'S FUNDS PLEDGED THEREFOR PURSUANT TO THE RESOLUTION. ALL STATE SCHOOL AID IS SUBJECT TO ANNUAL APPROPRIATION BY THE STATE LEGISLATURE AND THE LEGISLATURE IS NOT REQUIRED TO APPROPRIATE MONIES FOR SUCH PURPOSE. THIS BOND DOES NOT CONSTITUTE AN OBLIGATION, EITHER GENERAL, SPECIAL, OR MORAL, OF THE STATE OF MICHIGAN, THE CENTRAL MICHIGAN UNIVERSITY BOARD OF TRUSTEES (THE "AUTHORIZING BODY" OF THE ACADEMY), OR ANY OTHER POLITICAL SUBDIVISION OF THE STATE, AND NEITHER THE FULL FAITH AND CREDIT NOR ANY TAXING POWERS OF THE STATE OF MICHIGAN, THE AUTHORIZING BODY OR ANY OTHER POLITICAL SUBDIVISION OF THE STATE ARE PLEDGED TO THE PAYMENT OF PRINCIPAL AND INTEREST WITH RESPECT TO THIS BOND. THE ACADEMY HAS NO TAXING POWER.

If the Academy fails to make any payment of principal, interest or other amount coming due pursuant to the provisions of this Bond within ten (10) calendar days of the date due and payable, the Academy also shall pay to the Registered Owner a late charge equal to five percent (5%) of the amount of such payment (the "Late Charge"). Such five (5) day period shall not be construed in any way to extend the due date of any such payment. Upon maturity, whether by acceleration, demand or otherwise, and at the Registered Owner's option upon the occurrence of any Event of Default (as hereinafter defined) and during the continuance thereof, amounts outstanding under this Bond shall bear interest at a rate per annum (based on the actual number of days that principal is outstanding over a year of 360 days) which shall be six percentage points (6.00%) in excess of the Interest Rate, but not more than the maximum rate allowed by law (the "Default Rate"). The Default Rate shall continue to apply whether or not judgment shall be entered on this Bond. Both the Late Charge and the Default Rate are imposed as liquidated damages for the purpose of defraying the Registered Owner's expenses incident to the handling of delinquent payments, but are in addition to, and not in lieu of, the Registered Owner's exercise of any rights and remedies hereunder, under applicable law, and any fees and expenses of any agents or attorneys which the Registered Owner may employ. In addition, the Default Rate reflects the increased credit risk to the Registered Owner of carrying a loan that is in default. The

Academy agrees that the Late Charge and Default Rate are reasonable forecasts of just compensation for anticipated and actual harm incurred by the Registered Owner, and that the actual harm incurred by the Registered Owner cannot be estimated with certainty and without difficulty.

If interest on this Bond is determined to be taxable for any reason, the interest shall be recomputed from the date of taxability to an interest rate per annum equal to the Interest Rate specified above plus a rate sufficient such that the total interest to be paid on the Bond would, after such interest was reduced by the amount of any federal, state or local income tax (including any interest or penalties) actually payable thereon, equal the amount of interest due with respect to the Bond at the Interest Rate specified above for this Bond as determined by the Registered Owner, and at the Registered Owner's option, payment of the principal evidenced by this Bond may be accelerated.

If there is a change in the Internal Revenue Code of 1986, as amended, or its regulations or in the interpretation thereof by any court, administrative authority or other governmental authority (other than an event of taxability as described above) which takes effect after the date of this Bond and which changes the effective yield on the Bond to the Registered Owner, including, but not limited to, changes in federal income tax rates, the interest rate on the Bond shall change accordingly to compensate the Registered Owner for such change in effective yield.

The Academy covenants and agrees to maintain a Post Distribution Debt Service Coverage Ratio that will be at least one point two (1.20) during each fiscal year. All determinations required pursuant to this covenant shall be made utilizing the Academy's audited financial statement for the appropriate fiscal year, beginning with the audit for the school year ending June 30, 2021. The term "Post Distribution Debt Service Coverage Ratio" is defined as the Academy's: (i) change in net position plus; (ii) interest expense plus; (iii) depreciation and amortization expense less; (iv) gain on sale of assets minus; (vi) distributions and/or dividends divided by the sum of all contractual principal and interest payments for the trailing 12 month period on all of the Academy's outstanding obligations, including capital leases and long-term debt obligations, measured annually, commencing with the school year ending June 30, 2021. The Academy will provide the Registered Owner during the term of this Bond a certification that the above Post Distribution Debt Service Coverage Ratio requirement has been met no later than December 31 following the end of each school year.

The Academy further covenants and agrees to provide to the Registered Owner the following information: (i) simultaneously with delivery to the Authorizing Body, but not later than one hundred twenty (120) days after the close of each fiscal year, its 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; (ii) 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 a violation or possible violation of the terms of the Charter Contract 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; (iii) simultaneously with delivery to the Authorizing Body, a copy of any report concerning the results of any educational testing required by federal or State law; and (iv) simultaneously with delivery to the Michigan Department of Education, the Academy shall provide the Registered Owner with a copy (which may be by electronic transfer) of each report on enrollment and headcount statistics provided to the Michigan Department of Education.

This Bond may be prepaid and redeemed, in whole or in part, at any time in accordance with the terms of the Prepayment Addendum attached hereto as <u>Exhibit B</u>.

Any one of the following shall constitute an Event of Default hereunder:

- (a) Default in the payment of any interest on this Bond when and as the same is due; or
- (b) Default in the payment of the principal of or any premium or other payment obligation on this Bond, when and as the same is due, whether at the stated maturity or redemption date thereof or by acceleration; or
- (c) Failure of State Aid Payments to be deposited with the Authorizing Body; or
- (d) Contingent renewal, termination, revocation or nonrenewal of the Charter Contract with the Authorizing Body, unless waived in writing by the Registered Owner; or
- (e) Default in the observance or performance of any other of the covenants, agreements or conditions on the part of the Academy included in this Bond and the continuance thereof for a period of 30 days after the Registered Owner gives written notice to the Academy; provided, however, if such Default is such that it cannot be cured within such 30 day period, it shall not constitute an Event of Default if the Default is correctable and if corrective action is instituted within such 30 day period and diligently pursued until the Default is corrected, but in no event shall the period allowed for correction exceed ninety (90) days; or
- (f) An Event of Default under the Mortgage; or

(g) The Academy being placed on probationary status by the Authorizing Body or the Michigan Department of Education unless waived in writing by the Registered Owner

Upon the occurrence and continuation of any Event of Default hereunder, the Registered Owner may declare the principal of and any premium on this Bond and the interest accrued thereon to be due and payable immediately, and, upon such declaration, such principal and premium, if any, and interest shall become and be immediately due and payable. Interest on the Bond shall cease to accrue on the date of such payment.

If any Event of Default has occurred and is continuing then, in each case, the Registered Owner may proceed to protect and enforce its rights under the laws of the State or under this Bond by the exercise of any proper legal or equitable right or remedy as the Registered Owner deems most effectual to protect and enforce such rights, and without limitation of the foregoing, may:

- (a) By mandamus, or other suit, action or proceeding at law or in equity, enforce its rights to collect the principal of and interest on the Bond adequate to carry out the covenants and agreements as to, and pledge of, such principal and interest, and to require the Academy to carry out any other agreements with, or for the benefit of, the Registered Owner and to perform its duties under this Bond and the Mortgage;
  - (b) Bring suit upon the Bond;
- (c) By action or suit in equity enjoin any acts or things which may be unlawful or in violation of the rights of the Registered Owner;
  - (d) By action or suit, enforce the remedies provided under the Mortgage; and
- (e) Exercise any or all other rights and remedies provided for by law, and by any suit, action or special proceeding at law or in equity, either for the specific performance of any covenant or agreement contained herein or in the Mortgage, or in aid of execution of any power or right herein or therein granted.

No remedy by the terms of this Bond is intended to be exclusive of any other remedy, but each and every such remedy shall be cumulative and shall be in addition to any other remedy given to the Registered Owner now or hereafter existing at law or in equity or by statute. No delay or omission to exercise any right or power accruing upon any default or Event of Default shall impair any such right or power or shall be construed to be a waiver of any such default or Event of Default, or acquiescence therein; and every such right and power may be exercised from time to time and as often as may be deemed expedient. No waiver of any default or Event of Default hereunder, whether by the Registered Owner, shall extend to or shall affect any subsequent default or Event of Default or shall impair any rights or remedies consequent thereon.

The Registered Owner hereby notifies the Academy that pursuant to the requirements of the USA Patriot Act (Title III of Pub. L. 107-56, signed into law October 26, 2001) (the "Act"), and the Registered Owner's policies and practices, the Registered Owner is required to obtain, verify and record certain information and documentation that identifies the Academy, which information includes the name and address of the Academy and such other information that will allow the Registered Owner to identify the Academy in accordance with the Act. In addition, the Academy shall: (a) ensure that no person who owns any direct or indirect equity interest in or otherwise controls the Academy or any subsidiary of the Academy is or shall be listed on the Specially Designated Nationals and Blocked Person List or other similar lists maintained by the Office of Foreign Assets Control ("OFAC"), the Department of the Treasury or included in any Executive Orders; (b) not use or permit the use of the proceeds of the Bond 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.

The Registered Owner shall have the right to discuss the affairs of the Academy with third parties, to discuss, the financial condition of the Academy with third parties, and to disclose any non-confidential information received by the Registered Owner regarding the Academy, with any third parties, as the Registered Owner may choose in its sole and absolute discretion. Notwithstanding any other term of this Bond or any other agreement the Registered Owner has with the Academy, the Academy agrees that the Registered Owner may share financial and other information about the Academy, with affiliates of the Registered Owner for purposes related to the Academy's accounts or possible accounts with the Registered Owner or its affiliates.

THE ACADEMY HEREBY ACKNOWLEDGES THAT THE TIME AND EXPENSE REQUIRED FOR TRIAL BY JURY OF ANY CONTROVERSY RELATED IN ANY WAY TO THIS BOND OR ANY GUARANTY FOR THIS BOND, 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 REGISTERED OWNER.

This Bond, and all matters arising from this Bond including, but not limited to, provisions related to loan charges, are governed by federal law and, to the extent not preempted by federal law, by the substantive law of the State of Michigan.

This Bond is transferable only upon the books of the Academy by the Registered Owner in person or the Registered Owner's attorney duly authorized in writing, upon the surrender of this Bond together with a written instrument of transfer satisfactory to the Academy, duly executed by the Registered Owner or the Registered Owner's attorney duly authorized in writing, and thereupon a new bond or bonds in the same aggregate principal amount and of the same

maturity shall be issued to the transferee in exchange therefor as provided in the Resolution authorizing the Bond.

It is hereby certified, recited, and declared that all acts, conditions and things required to exist, happen and be performed precedent to and in connection with the issuance of this Bond, existed, have happened and have been performed in due time, folio and manner, as required by the Constitution and statutes of the State of Michigan, and that the amount of this Bond together with all other indebtedness of the Academy does not exceed any constitutional or statutory limitation.

[Remainder of page intentionally left blank.]

Schedule 6-12 Pansophia Academy

IN WITNESS WHEREOF, the Pansophia Academy, Branch County, Michigan, by its Board of Directors, has caused this Bond to be executed in its name by its Authorized Officer as of the Date of Issuance.

Pansophia Academy

y:

Georgia Balsley-Hargett
s: President

37056706.1/088888.04621

# **TRANSFER**

For	value	received,	the	undersigned	hereby	sells,	assign	ns and	d transfers	unto
				Tax	Identific	ation	or S	Social	Security	No.
	) the	e within Bo	ond a	nd all rights th	nereunder	r, and h	ereby (	constit	utes and ap	points
					atto	rney, to	transfe	er the w	ithin Bond	on the
books kept	for regi	stration the	reof,	with full power	er of subs	titution	in the	premis	ses.	
Dated:										
				Noti	ce: The	signat	ture to	this	assignment	must

Notice: The signature to this assignment must correspond with the name as it appears on the registration books every particular without alteration or enlargement or any change whatsoever.

9

# **EXHIBIT A**

# SCHEDULE OF PRINCIPAL AND INTEREST PAYMENTS

[See Amortization Schedule Attached]



# **AMORTIZATION SCHEDULE - P + I**

**Borrower:** Pansophia Academy

Loan #: 801492471

Interest Calculation Method: 365/360

Loan Amount		940,000.00
Interest Rate		3.50%
Monthly Principal		\$9,791.67

Loan Date 4/30/2021

First Payment Date 6/1/2021

Maturity Date 4/30/2026

Payment #	Payment Date	Principal	Interest	<b>Total Payment</b>		Balance	
	4/30/2021				\$	940,000.00	
1	6/1/2021	\$9,791.67	\$2,924.44	\$12,716.11	\$	930,208.33	
2	7/1/2021	\$9,791.67	\$2,713.11	\$12,504.78	\$	920,416.66	
3	8/1/2021	\$9,791.67	\$2,774.03	\$12,565.70	\$	910,624.99	
4	9/1/2021	\$9,791.67	\$2,744.52	\$12,536.19	\$	900,833.32	
5	10/1/2021	\$9,791.67	\$2,627.43	\$12,419.10	\$	891,041.65	
6	11/1/2021	\$9,791.67	\$2,685.50	\$12,477.17	\$	881,249.98	
7	12/1/2021	\$9,791.67	\$2,570.31	\$12,361.98	\$	871,458.31	
8	1/1/2022	\$9,791.67	\$2,626.48	\$12,418.15	\$	861,666.64	
9	2/1/2022	\$9,791.67	\$2,596.97	\$12,388.64	\$	851,874.97	
10	3/1/2022	\$9,791.67	\$2,318.99	\$12,110.66	\$	842,083.30	
11	4/1/2022	\$9,791.67	\$2,537.95	\$12,329.62	\$	832,291.63	
12	5/1/2022	\$9,791.67	\$2,427.52	\$12,219.19	\$	822,499.96	
13	6/1/2022	\$9,791.67	\$2,478.92	\$12,270.59	\$	812,708.29	
14	7/1/2022	\$9,791.67	\$2,370.40	\$12,162.07	\$	802,916.62	
15	8/1/2022	\$9,791.67	\$2,419.90	\$12,211.57	\$	793,124.95	
16	9/1/2022	\$9,791.67	\$2,390.39	\$12,182.06	\$	783,333.28	
17	10/1/2022	\$9,791.67	\$2,284.72	\$12,076.39	\$	773,541.61	
18	11/1/2022	\$9,791.67	\$2,331.37	\$12,123.04	\$	763,749.94	
19	12/1/2022	\$9,791.67	\$2,227.60	\$12,019.27	\$	753,958.27	
20	1/1/2023	\$9,791.67	\$2,272.35	\$12,064.02	\$	744,166.60	
21	2/1/2023	\$9,791.67	\$2,242.84	\$12,034.51	\$	734,374.93	
22	3/1/2023	\$9,791.67	\$1,999.13	\$11,790.80	\$	724,583.26	
23	4/1/2023	\$9,791.67	\$2,183.81	\$11,975.48	\$	714,791.59	
24	5/1/2023	\$9,791.67	\$2,084.81	\$11,876.48	\$	704,999.92	
25	6/1/2023	\$9,791.67	\$2,124.79	\$11,916.46	\$	695,208.25	
26	7/1/2023	\$9,791.67	\$2,027.69	\$11,819.36	\$	685,416.58	
27	8/1/2023	\$9,791.67	\$2,065.77	\$11,857.44	\$	675,624.91	
28	9/1/2023	\$9,791.67	\$2,036.26	\$11,827.93	\$	665,833.24	
29	10/1/2023	\$9,791.67	\$1,942.01	\$11,733.68	\$	656,041.57	

30	11/1/2023	\$9,791.67	\$1,977.24	\$11,768.91	\$ 646,249.90
31	12/1/2023	\$9,791.67	\$1,884.90	\$11,676.57	\$ 636,458.23
32	1/1/2024	\$9,791.67	\$1,918.21	\$11,709.88	\$ 626,666.56
33	2/1/2024	\$9,791.67	\$1,888.70	\$11,680.37	\$ 616,874.89
34	3/1/2024	\$9,791.67	\$1,739.24	\$11,530.91	\$ 607,083.22
35	4/1/2024	\$9,791.67	\$1,829.68	\$11,621.35	\$ 597,291.55
36	5/1/2024	\$9,791.67	\$1,742.10	\$11,533.77	\$ 587,499.88
37	6/1/2024	\$9,791.67	\$1,770.66	\$11,562.33	\$ 577,708.21
38	7/1/2024	\$9,791.67	\$1,684.98	\$11,476.65	\$ 567,916.54
39	8/1/2024	\$9,791.67	\$1,711.64	\$11,503.31	\$ 558,124.87
40	9/1/2024	\$9,791.67	\$1,682.13	\$11,473.80	\$ 548,333.20
41	10/1/2024	\$9,791.67	\$1,599.31	\$11,390.98	\$ 538,541.53
42	11/1/2024	\$9,791.67	\$1,623.10	\$11,414.77	\$ 528,749.86
43	12/1/2024	\$9,791.67	\$1,542.19	\$11,333.86	\$ 518,958.19
44	1/1/2025	\$9,791.67	\$1,564.08	\$11,355.75	\$ 509,166.52
45	2/1/2025	\$9,791.67	\$1,534.57	\$11,326.24	\$ 499,374.85
46	3/1/2025	\$9,791.67	\$1,359.41	\$11,151.08	\$ 489,583.18
47	4/1/2025	\$9,791.67	\$1,475.55	\$11,267.22	\$ 479,791.51
48	5/1/2025	\$9,791.67	\$1,399.39	\$11,191.06	\$ 469,999.84
49	6/1/2025	\$9,791.67	\$1,416.53	\$11,208.20	\$ 460,208.17
50	7/1/2025	\$9,791.67	\$1,342.27	\$11,133.94	\$ 450,416.50
51	8/1/2025	\$9,791.67	\$1,357.51	\$11,149.18	\$ 440,624.83
52	9/1/2025	\$9,791.67	\$1,327.99	\$11,119.66	\$ 430,833.16
53	10/1/2025	\$9,791.67	\$1,256.60	\$11,048.27	\$ 421,041.49
54	11/1/2025	\$9,791.67	\$1,268.97	\$11,060.64	\$ 411,249.82
55	12/1/2025	\$9,791.67	\$1,199.48	\$10,991.15	\$ 401,458.15
56	1/1/2026	\$9,791.67	\$1,209.95	\$11,001.62	\$ 391,666.48
57	2/1/2026	\$9,791.67	\$1,180.44	\$10,972.11	\$ 381,874.81
58	3/1/2026	\$9,791.67	\$1,039.55	\$10,831.22	\$ 372,083.14
59	4/1/2026	\$9,791.67	\$1,121.42	\$10,913.09	\$ 362,291.47
60	4/30/2026	\$362,291.47	\$1,021.46	\$363,312.93	\$ (0.00)

Schedule 6-17 Pansophia Academy

#### **EXHIBIT B**

#### PREPAYMENT ADDENDUM

The Academy may prepay the principal of the Bond in increments of \$50,000 at any time as long as Registered Owner is provided written notice of the prepayment at least five (5) business days prior to the date of prepayment (the "Prepayment Date"). The notice of prepayment shall contain the following information: (a) the Prepayment Date and (b) the amount of principal to be prepaid. On the Prepayment Date, the Academy will pay to the Registered Owner, in addition to the other amounts then due on the Bond, the Prepayment Amount described below. The Registered Owner, in its sole discretion, may accept any prepayment of principal even if not required to do so under this Bond and may deduct from the amount to be applied against principal the other amounts required as part of the Prepayment Amount.

The Prepaid Principal Amount (as defined below) will be applied to the Bond in the reverse order of which the principal payments would have been due under the Bond's principal amortization schedule. In other words, if the Bond requires multiple principal payments, then as opposed to prepaying the next principal payment due, the Prepaid Principal Amount will be applied beginning with the final principal payment due on this Bond.

If Registered Owner exercises its right to accelerate the payment of this Bond prior to maturity, the Academy will pay to Registered Owner, in addition to the other amounts then due on the Bond, on the date specified by Registered Owner as the Prepayment Date, the Prepayment Amount.

The Registered Owner's determination of the Prepayment Amount will be conclusive in the absence of obvious error or fraud. If requested in writing by the Academy, the Registered Owner will provide the Academy a written statement specifying the Prepayment Amount. The Academy acknowledges and agrees that the prepayment premium: (i) constitutes liquidated damages, (ii) is a reasonable method for determining the actual losses of the Registered Owner in the event all or part of any principal of the Bond is paid in whole or in part before its original due date, and (iii) is not a penalty.

The following "Prepayment Amount" shall be due and payable in full on the Prepayment Date: The sum of: (i) the amount of principal which the Academy has elected to prepay or the amount of principal which the Registered Owner has required the Academy to prepay because of acceleration, as the case may be (the "Prepaid Principal Amount"), (ii) interest accruing on the Prepaid Principal Amount up to, but not including, the Prepayment Date, plus (iii) a prepayment premium on the Prepaid Principal Amount according to the following schedule:

Prepayment Date	Prepayment Premium Rate
Before May 1, 2022	5%
On or after May 1, 2022 but on or before April 30, 2023	4%
On or after May 1, 2023 but on or before April 30, 2024	3%
On or after May 1, 2024 but on or before April 30, 2025	2%
On or after May 1, 2025 but on or before April 30, 2026	1%

37538117.1/158067.00001

# **MORTGAGE**

## PANSOPHIA ACADEMY

as Mortgagor

to

# TCF NATIONAL BANK

as Mortgagee

## **RELATING TO:**

# \$940,000 PANSOPHIA ACADEMY PUBLIC SCHOOL ACADEMY REVENUE BOND, SERIES 2021

Dated as of April 30, 2021

Prepared by, and when recorded, return to:
James M. Crowley, Esq.
Miller, Canfield, Paddock and Stone, P.L.C.
150 West Jefferson, Suite 2500
Detroit, MI 48226

Schedule 6-19 Pansophia Academy

#### MORTGAGE

THIS MORTGAGE ("Mortgage") is made as of April 30, 2021, by and between PANSOPHIA ACADEMY, as Mortgagor ("Mortgagor") and TCF NATIONAL BANK, as the registered owner of the Series 2021 Bond (as defined below), as Mortgagee ("Mortgagee").

#### PRELIMINARY STATEMENTS

- A. Mortgagor is issuing its Public School Academy Refunding Bond, Series 2021 in the aggregate principal amount of \$940,000 (the "Series 2021 Bond") for the purposes set forth in the Series 2021 Bond. All capitalized terms used but not otherwise defined herein shall have the meanings assigned to such terms in the Series 2021 Bond.
- B. Pursuant to the Series 2021 Bond, certain State School Aid payments have been pledged and assigned by Mortgagor to Mortgagee for the payment of the principal of and interest on the Series 2021 Bond.
- C. The Series 2021 Bond is further secured by a lien on and security interest in the Mortgaged Estate (defined below) pursuant to this Mortgage, granted by Mortgagor.

#### **GRANTING CLAUSES**

FOR GOOD AND VALUABLE CONSIDERATION, including the indebtedness herein recited and the trust herein created, the receipt of which is hereby acknowledged, Mortgagor hereby irrevocably grants a security interest in, mortgages, warrants, grants, bargains, sells, transfers, conveys and assigns to Mortgagee and to its assigns forever, IN TRUST, WITH POWER OF SALE AND RIGHT OF ENTRY, for the benefit and security of Mortgagee, under and subject to the terms and conditions hereinafter set forth, all of Mortgagor's estate, right, title and interests in, to and under any and all of the following property now owned, together with all cash and noncash proceeds thereof, which may be referred to herein as the "Mortgaged Estate:"

#### **LAND**

The real property located in the County of Branch, State of Michigan (the "State"), described in Exhibit A attached hereto and by this reference incorporated herein (the "Land");

#### **IMPROVEMENTS**

Any and all buildings, structures, fixtures and improvements existing or to be constructed on the Land, including, but not limited to, the fixtures, attachments, appliances, equipment, machinery, and other articles attached to such buildings and improvements or situated thereon or on the Land, whether or not affixed thereto, and all replacements and substitutions therefor (collectively, the "Improvements" and, together with the Land, the "Real Property");

MORTGAGE Pansophia Academy, Series 2021 Bond

# RENTS, REVENUES AND DERIVATIVE INTERESTS

All rents, issues, profits and royalties derived from the Real Property and the operation thereof (collectively the "Revenues"); all estate, right, title and interest of Mortgagor in and to all leases or subleases covering the Real Property or any portion thereof now or hereafter existing or entered into, including, without limitation, all cash or security deposits, advance rentals and deposits or payments of similar nature; all right, title and interest of Mortgagor in and to all options to purchase or lease the Real Property or any portion thereof or interest therein, and any greater estate therein now owned; all interests, estate or other claims, both in law and in equity, which Mortgagor now has in the Real Property or any portion thereof or interest therein; all easements, rights-of-way and rights used in connection therewith or as a means of access thereto, and all tenements, hereditaments and appurtenances thereof and thereto; all right, title and interest of Mortgagor, now owned, in and to any land lying within the right-of-way of any street, open or proposed, adjoining the Real Property and any and all sidewalks, alleys and strips and gores of land adjacent to or used in connection with the Real Property (all of the foregoing in this paragraph being, collectively, the "Derivative Interests" and, together with the Real Property, the "Project");

#### **INTANGIBLES**

All of Mortgagor's interest in all existing and future accounts, contract rights, general intangibles, files, books of account, plans, specifications, agreements, permits, licenses and certificates necessary or desirable in connection with the acquisition, ownership, leasing, construction, operation, servicing or management of the Project, whether now existing or entered into or obtained after the date hereof, and all existing and future names under or by which the Project or any portion thereof may at any time be operated or known (the "Intangibles");

#### **CLAIMS AND AWARDS**

All the estate, interest, right, title, other claim or demand, including claims or demands with respect to the proceeds of insurance in effect with respect thereto, which Mortgagor now has or may hereafter acquire in the Project or Intangibles and any and all awards made for the taking by eminent domain, or by any proceeding or purchase in lieu thereof, of the whole or any part of the Project or Intangibles including, without limitation, any awards resulting from a change of grade of streets and awards for severance damages; and

#### **PROCEEDS**

All of the rents, revenues, issues, profits, products and proceeds of any and all of the foregoing.

A security interest is granted by this Mortgage in that portion of the Mortgaged Estate which constitutes personalty pursuant to and as set forth in Article IV hereof.

MORTGAGE Pansophia Academy, Series 2021 Bond

Schedule 6-21 Pansophia Academy

TO HAVE AND TO HOLD the Mortgaged Estate hereby granted or mortgaged or intended to be granted or mortgaged, unto Mortgagee, and its successors in trust, heirs and assigns, upon the terms, provisions and conditions set forth herein in fee simple forever.

PROVIDED, HOWEVER, that these presents are upon the condition that, if the Secured Obligations (defined below) hereby shall be paid when due, and if Mortgagor shall keep, perform and observe all and singular the obligations, covenants, agreements and provisions in this Mortgage expressed to be kept, performed by and observed by or on the part of Mortgagor, then this Mortgage and the estate and rights hereby granted shall cease, determine and be void, but otherwise shall be and remain in full force and effect.

# THIS MORTGAGE SHALL SECURE THE FOLLOWING INDEBTEDNESS AND OBLIGATIONS:

- (i) Payment of indebtedness evidenced by the Series 2021 Bond and all replacements, renewals, amendments, extensions, substitutions and modifications thereof bearing interest and being payable as provided therein;
- (ii) Performance of all obligations and covenants of Mortgagor under the Series 2021 Bond and each agreement of Mortgagor incorporated by reference therein or herein, or contained therein or herein;
- (iii) Payment of all other indebtedness and performance of all other obligations and covenants of Mortgagor contained in any other instrument given to evidence or further secure the payment and performance of any obligation secured hereby or thereby to the extent related to the Series 2021 Bond; and
- (iv) Payment of all fees and expenses of Mortgagee to the extent related to the Series 2021 Bond;

The indebtedness and the obligations secured by this Mortgage which are described in (i) through (iv) above may be referred to herein as the "Secured Obligations."

It is the intention of the parties hereto that the Mortgaged Estate shall secure all of the Secured Obligations presently or hereafter owed, and that the priority of the security interest created by this Mortgage for all such Secured Obligations shall be controlled by the time of proper recording of this Mortgage. In addition, this Mortgage shall also secure unpaid balances of advances made with respect to the Mortgaged Estate for the payment of taxes, assessments, insurance premiums, costs or any other advances incurred for the protection of the Mortgaged Estate, together with interest thereon until paid, all as contemplated in this Mortgage, all of which shall constitute a part of the Secured Obligations. This paragraph shall serve as notice to all persons who may seek or obtain a lien on the Mortgaged Estate subsequent to the date of recording of this Mortgage, that until this Mortgage is released, any debt owed by Mortgagor to the extent related to the Series 2021 Bond, including advances made subsequent to the recording of this Mortgage, shall be secured with the priority afforded this Mortgage as recorded.

MORTGAGE Pansophia Academy, Series 2021 Bond

Schedule 6-22 Pansophia Academy

IT IS HEREBY COVENANTED, DECLARED AND AGREED that the Mortgaged Estate is to be held and disposed of by Mortgagee, upon and subject to the provisions of this Mortgage.

#### **ARTICLE I**

## REPRESENTATIONS, WARRANTIES, COVENANTS AND AGREEMENTS OF MORTGAGOR

Mortgagor hereby represents, warrants, covenants and agrees:

**Section 1.01. Payment of Secured Obligations**. Mortgagor hereby grants this Mortgage to secure the payment and performance when due of the Secured Obligations. The consideration received by Mortgagor to execute and deliver this Mortgage and the liens and security interests created herein is sufficient and will provide a direct economic benefit to Mortgagor.

**Section 1.02. Title of Mortgagor**. Mortgagor has, subject to the matters set forth as exceptions in the loan policy of title insurance to be provided to Mortgagee in connection with this Mortgage as well as those exceptions provided in the attached Exhibit B (the "Permitted Encumbrances"), in its own right, good, marketable and indefeasible title in fee simple to the Mortgaged Estate, which is free from encumbrance superior to the encumbrance of this Mortgage, and has full right, power and authority to execute and deliver this Mortgage and to make the conveyances and grant the interests and security contemplated hereby. This Mortgage constitutes a valid first lien upon and security interest in the Mortgaged Estate, subject only to the Permitted Encumbrances.

Mortgagor hereby covenants that Mortgagor shall preserve such title and the validity and priority of the lien of this Mortgage and shall forever warrant and defend the same to Mortgagee against all lawful claims whatsoever; and shall execute, acknowledge and deliver all such further documents or assurances as may at any time hereafter be required by Mortgagee to protect fully the lien of this Mortgage.

#### Section 1.03. [Reserved]

Section 1.04. Maintenance; Repair; Alterations. Mortgagor shall: (i) keep the Mortgaged Estate in good condition and repair, subject to reasonable and ordinary wear and tear; not remove, demolish or substantially alter (except such alterations as may be required by applicable laws, ordinances or regulations) any of the Improvements; (ii) complete promptly and in good and workmanlike manner any building or other improvement which may be constructed on the Land and promptly restore in like manner any Improvement which may be damaged or destroyed thereon, subject to the provisions of Section 1.07 hereof, and pay when due all claims for labor performed and materials furnished therefor; (iii) comply with all applicable laws, ordinances, regulations, covenants, conditions and restrictions now or hereafter affecting the Mortgaged Estate or any part thereof or requiring any alterations or improvements; (iv) not commit or permit any waste or deterioration of the Mortgaged Estate; (v) keep and maintain

MORTGAGE Pansophia Academy, Series 2021 Bond 4

Schedule 6-23 Pansophia Academy

abutting grounds, sidewalks, roads, parking and landscape areas in good and neat order and repair; (vi) comply with the provisions of any lease, if this Mortgage is on a leasehold; (vii) use the Mortgaged Estate and continue to cause the Mortgaged Estate to be used as permitted under applicable law; and (viii) not commit, suffer or permit any act to be done in or upon the Mortgaged Estate in violation of any applicable law, ordinance or regulation.

**Section 1.05. Required Insurance**. Mortgagor shall provide, maintain and keep at all times in force those policies of insurance required in the Academy's Charter Contract with its authorizing body (the "Charter Contract").

#### Section 1.06. Delivery of Insurance Policies; Payment of Premiums.

- (a) All policies of insurance shall be issued by companies and in amounts as required by the provisions of the Charter Contract.
- (b) In the event Mortgagor fails to provide, maintain, keep in force or deliver and furnish to Mortgagee evidence of the policies of insurance required by the Charter Contract, Mortgagee may procure such insurance or single-interest insurance for such risks covering Mortgagee's interest, and Mortgagor will pay all premiums thereon promptly upon demand by Mortgagee, and until such payment is made by Mortgagor the amount of all such premiums, together with interest thereon, shall be secured by this Mortgage.
- (c) Upon occurrence of an Event of Default, Mortgagee shall apply any sums or amounts received pursuant hereto, or as Revenues or income of the Mortgaged Estate or otherwise, as required under the Series 2021 Bond. The receipt, use or application of any such sums by Mortgagee hereunder shall not be construed to affect the maturity of any Secured Obligation or any of the rights or powers of Mortgagee under the terms of the Series 2021 Bond or any of the obligations of Mortgagor under the Series 2021 Bond. Notwithstanding the application of such sums to the payment of a portion of the Secured Obligations, any unpaid portion of the Secured Obligations shall remain in full force and effect, and Mortgagor shall not be excused in the remaining payment thereof.

**Section 1.07. Insurance Proceeds**. After the occurrence of any casualty to the Mortgaged Estate or any part thereof, Mortgagor shall give prompt written notice thereof to Mortgagee and each insurer and promptly submit a claim to such insurer(s) for payment of insurance proceeds. Proceeds of all insurance awards ("Insurance Proceeds") shall be held and disbursed by the Mortgagor. Notwithstanding the application of Insurance Proceeds to the payment of a portion of the Secured Obligations, any unpaid portion of the Secured Obligations shall remain in full force and effect, and Mortgagor shall not be excused in the payment thereof.

Except as provided below, nothing contained in this Mortgage shall be deemed to excuse Mortgagor from repairing or maintaining the Mortgaged Estate as provided in Section 1.04 hereof. The application or release by Mortgagee of any Insurance Proceeds shall not cure or waive any Event of Default or notice of default under this Mortgage or invalidate any act done pursuant to such notice.

MORTGAGE Pansophia Academy, Series 2021 Bond

Schedule 6-24 Pansophia Academy

Section 1.08. Assignment of Policies Upon Foreclosure. In the event of the foreclosure of this Mortgage, or other transfer of title to the Mortgaged Estate, or any part thereof, by nonjudicial foreclosure sale or deed in lieu of foreclosure, the purchaser of the Mortgaged Estate, or such part thereof, shall succeed to all of Mortgagor's rights, including any rights to unexpired insurance and unearned or returnable premiums, in and to all insurance policies required by Section 1.05 hereof, subject to limitations on assignment of blanket policies, and limited to such rights as relate to the Mortgaged Estate or such part thereof. If Mortgagee acquires title to the Mortgaged Estate, or any part thereof, in any manner, it shall thereupon (as between Mortgagor and Mortgagee) become the sole and absolute owner of the insurance policies, and all proceeds payable thereunder with respect to the Mortgaged Estate, or such part thereof, required by Section 1.05 hereof, with the sole right to collect and retain all unearned or returnable premiums thereon with respect to the Mortgaged Estate, or such part thereof, if any.

#### Section 1.09. Expenses; Indemnification; Waiver of Offset.

- (a) Mortgagor shall pay or reimburse Mortgagee for all reasonable expenses incurred by Mortgagee before and after the date of this Mortgage with respect to any and all transactions contemplated by this Mortgage including without limitation, the preparation of any document reasonably required hereunder or any amendment, modification, restatement or supplement to this Mortgage, the delivery of any consent, non-disturbance agreement or similar document in connection with this Mortgage or the enforcement of any of Mortgagee's rights. Such expenses shall include, without limitation, all reasonable title and conveyancing charges, recording and filing fees and taxes, mortgage taxes, intangible personal property taxes, escrow fees, revenue and tax stamp expenses, privilege taxes, use taxes, insurance premiums (including title insurance premiums), title search and title rundown charges, brokerage commissions, finders' fees, placement fees, court costs, surveyors', photographers', appraisers', engineers', consulting professionals', accountants', and attorneys' fees and disbursements.
- (b) If (i) any sale (or prerequisite to a sale), action or proceeding shall be commenced by Mortgagee (including but not limited to any sale of the Mortgaged Estate, or any action to foreclose this Mortgage or to collect the Secured Obligations), or any action or proceeding is commenced to which Mortgagee is made a party, or in which it becomes necessary to defend or uphold the rights granted by this Mortgage (including, without limitation, any proceeding or other action relating to the bankruptcy, insolvency or reorganization of Mortgagor or any other person or entity obligated hereunder), or in which Mortgagee is served with any legal process, discovery notice or subpoena, and (ii) in each of the foregoing instances such action or proceeding in any manner relates to or arises out of this Mortgage or issuance of the Series 2021 Bond or acceptance of a guaranty from a guarantor of the Secured Obligations or any of the transactions contemplated by this Mortgage and such action or proceeding does not relate to or arise out of the negligence, breach of trust or willful misconduct of Mortgagee as applicable, then Mortgagor will immediately reimburse or pay to Mortgagee all of the expenses which have been or may be incurred by Mortgagee with respect to the foregoing (including reasonable counsel fees and disbursements), together with interest thereon, and

**MORTGAGE** 

Pansophia Academy, Series 2021 Bond

any such sum and the interest thereon shall be included in the Secured Obligations and have the full benefit of this Mortgage, prior to any right, or title to, interest in or claim upon the Mortgaged Estate attaching or accruing to this Mortgage, and shall be deemed to be secured by this Mortgage. In any action or proceeding to sell the Mortgaged Estate, to foreclose this Mortgage, or to recover or collect the Secured Obligations, the provisions of law respecting the recovering of costs, disbursements and allowances shall prevail unaffected by this covenant.

- (c) To the extent permitted by law, Mortgagor shall indemnify and hold harmless Mortgagee, from and against all claims, damages, losses and liabilities (including, without limitation, reasonable attorneys' fees and expenses) arising out of or based upon any matter related to this Mortgage, the Mortgaged Estate or the occupancy, ownership, maintenance or management of the Mortgaged Estate by Mortgagor, including, without limitation, any claims based on the alleged acts or omissions of any employee or agent of Mortgagor except for such damages incurred due to the negligence, breach of trust or willful misconduct of Mortgagee or its affiliates, directors, officers, agents or employees. This indemnification shall be in addition to any other liability which Mortgagor may otherwise have to Mortgagee.
- (d) Mortgagor waives any and all right to claim or recover against Mortgagee for loss of or damage to Mortgagor, the Mortgaged Estate, Mortgagor's property or the property of others under Mortgagor's control from any cause insured against or required to be insured against by the provisions of this Mortgage except for such damages incurred due to the negligence, breach of trust or willful misconduct of Mortgagee.
- (e) All sums payable by Mortgagor under this Mortgage shall be paid without notice, demand, counterclaim, setoff, deduction or defense and without abatement, suspension, deferment, diminution or reduction, and the Secured Obligations of Mortgagor hereunder shall in no way be released, discharged or otherwise affected by reason of: (i) any damage to or destruction of or any condemnation or similar taking of the Mortgaged Estate or any part thereof; (ii) any restriction or prevention of or interference with any use of the Mortgaged Estate or any part thereof; (iii) any title defect or encumbrance or any eviction from the Mortgaged Estate or any part thereof by title paramount or otherwise; (iv) any bankruptcy, insolvency, reorganization, composition, adjustment, dissolution, liquidation or other like proceeding relating to Mortgagor, or any action taken with respect to this Mortgage by any trustee or receiver of Mortgagor, or by any court, in any such proceeding; or (v) any other occurrence whatsoever, whether similar or dissimilar to the foregoing; whether or not Mortgagor shall have notice or knowledge of any of the foregoing. To the extent permitted by law, Mortgagor waives all rights now or hereafter conferred by statute or otherwise to any abatement, suspension, deferment, diminution or reduction of any Secured Obligation. Notwithstanding the above, Mortgagor may maintain a separate suit regarding such matters.

MORTGAGE Pansophia Academy, Series 2021 Bond

#### Section 1.10. Taxes and Impositions.

- (a) Mortgagor agrees to pay, prior to delinquency, all real and personal property taxes and assessments, general and special, and all other taxes and assessments of any kind or nature whatsoever, which are assessed or imposed upon the Mortgaged Estate or any part thereof, or become due and payable, and which create, may create or appear to create a lien upon the Mortgaged Estate, or any part thereof, or upon any personal property, equipment or other facility used in the operation or maintenance thereof (all of which taxes, assessments and other governmental and nongovernmental charges of like nature are hereinafter referred to as "Impositions").
- (b) Subject to the applicable State law provisions, Mortgagor shall have the right before any delinquency occurs to contest or object to the amount or validity of any Imposition by appropriate legal proceedings.
- (c) Mortgagor covenants and agrees not to suffer, permit or initiate the joint assessment of the real and personal property, or any other procedure whereby the lien of the real property taxes and the lien of the personal property taxes shall be assessed, levied or charged to the Mortgaged Estate as a single lien.
- **Section 1.11. Utilities.** Mortgagor shall pay when due all utility charges which are incurred for the benefit of the Mortgaged Estate or any part thereof or which may become a charge or lien against the Mortgaged Estate for gas, electricity, water or sewer services furnished to the Mortgaged Estate and all other taxes, assessments or charges of a similar nature, whether public or private, affecting the Mortgaged Estate or any portion thereof, whether or not such taxes, assessments or charges are liens thereon.
- **Section 1.12. Actions Affecting Mortgaged Estate**. Mortgagor shall appear in and contest any action or proceeding purporting to affect the title of Mortgagor in the Mortgaged Estate or any part thereof or security hereof or the rights or powers of Mortgagee; and Mortgagor shall pay all costs and expenses, including cost of evidence of title and reasonable attorneys' fees, in any such action or proceeding in which Mortgagee may appear.
- Section 1.13. Actions by Mortgagee To Preserve Mortgaged Estate. Should Mortgagor fail to make any payment or to do any act as and in the manner provided in this Mortgage, Mortgagee, without notice to, or demand upon, Mortgagor and without releasing Mortgagor from any Secured Obligation, may make or do the same in such manner and to such extent as Mortgagee, may deem necessary to protect the security hereof. In connection therewith (without limiting its general powers), Mortgagee shall have, and is hereby given the right, but not the obligation: (i) to enter upon and take possession of the Mortgaged Estate; (ii) to make additions, alterations, repairs and improvements to the Mortgaged Estate which it may consider necessary or proper to keep the Mortgaged Estate in good condition and repair; (iii) to appear and participate in any action or proceeding affecting or which may affect the security hereof or the rights or powers of Mortgagee; (iv) to pay, purchase, contest or compromise any encumbrance, claim, charge, lien or debt which in the judgment of Mortgagee shall affect or appears to affect the security of this Mortgage or be prior or superior hereto; and (v) in

MORTGAGE Pansophia Academy, Series 2021 Bond

Schedule 6-27

exercising such powers, to pay necessary expenses, including employment of counsel or other necessary or desirable consultants. Any such costs and expenses incurred by Mortgagee and any such amounts paid by Mortgagee shall be secured hereby with the same priority afforded this Mortgage as recorded. Mortgagor shall immediately upon demand therefor by Mortgagee pay all of the foregoing costs and expenses incurred by Mortgagee in connection with the exercise by Mortgagee of the foregoing rights, including without limitation costs of evidence of title, court costs, appraisals, surveys and reasonable attorneys' fees provided, however, that Mortgagor shall not be liable to pay for any such costs or expenses incurred by Mortgagee due to the gross negligence, willful misconduct or breach of trust of Mortgagee or its affiliates, directors, officers, agents or employees.

**Section 1.14. Survival of Warranties**. Mortgagor shall fully and faithfully satisfy and perform the Secured Obligations. All representations, warranties and covenants of Mortgagor contained herein shall remain continuing obligations, warranties and representations of Mortgagor during any time when any portion of the obligations secured by this Mortgage remain outstanding.

Section 1.15. Eminent Domain. Should the Mortgaged Estate, or any part thereof or interest therein, be taken or damaged by reason of any public improvement or condemnation proceeding, or in any other manner ("Condemnation"), or should Mortgagor receive any notice or other information regarding such proceeding, Mortgagor shall give prompt written notice thereof to Mortgagee. Mortgagee may participate in any such Condemnation proceedings, and Mortgagor shall from time to time deliver to Mortgagee all instruments requested by Mortgagee to permit such participation. Mortgagor shall, at its sole cost and expense, diligently prosecute any such proceedings and shall consult with Mortgagee and cooperate with them in the carrying on or defense of any such proceedings. All proceeds of Condemnation awards or proceeds of sale in lieu of Condemnation with respect to the Mortgaged Estate and all judgments, decrees and awards for injury or damage to the Mortgaged Estate or any part thereof or interest therein shall be paid to Mortgagor or Mortgagee and shall be applied first to all reasonable costs and expenses incurred by Mortgagee, if any, in obtaining the proceeds. The balance of proceeds, if any, shall be paid to the Mortgagor.

Mortgagor hereby assigns and transfers to Mortgagee, and agrees to execute such further assignments of, all such proceeds, judgments, decrees and awards as Mortgagee may request. Mortgagee is hereby authorized, in the name of Mortgagor, to execute and deliver valid acquittances for, and to appeal from, any such judgment, decree or award. Mortgagor hereby authorizes, directs and empowers Mortgagee, at its option, and with notice to Mortgagor, on Mortgagor's behalf, or on behalf of the successors or assigns of Mortgagor, to adjust, compromise, claim, collect and receive such proceeds and to give proper receipts and acquittances therefor. Mortgagee shall not be, in any event or circumstance, liable or responsible for failure to collect or exercise diligence in the collection of any proceeds, judgments, decrees or awards unless such failure is due to Mortgagee's negligence, willful misconduct or breach of trust.

MORTGAGE Pansophia Academy, Series 2021 Bond

- **Section 1.16. Additional Security**. In the event Mortgagee at any time holds additional security for any of the Secured Obligations, it may enforce the sale thereof or otherwise realize upon the same, at its option, either before, concurrently with or after any sale is made hereunder.
- **Section 1.17. Additional Indebtedness**. Except for the Permitted Encumbrances, Mortgagor shall not further encumber the Mortgaged Estate or any portion thereof (including, without limitation, secured transactions under the Uniform Commercial Code in effect in the State, the "UCC").
- **Section 1.18. Successors and Assigns**. This Mortgage applies to, inures to the benefit of and binds all parties hereto, their heirs, legatees, devisees, administrators, executors, successors and assigns. The covenants and agreements of Mortgagor contained herein shall apply to and be binding upon any successor owner of the Mortgaged Estate or any part thereof.
- **Section 1.19. Inspections**. Mortgagee or their agents, representatives or workmen are authorized to enter upon notice of two Business Days to Mortgagor at any reasonable time upon or in any part of the Mortgaged Estate for the purpose of inspecting the same and all books, records and documents relating thereto.
- Section 1.20. Liens. Mortgagor shall pay and promptly discharge, at Mortgagor's sole cost and expense, all liens, encumbrances and charges upon the Mortgaged Estate, or any part thereof or interest therein other than the Permitted Encumbrances. Mortgagor shall have the right to contest in good faith the validity of any such lien, encumbrance or charge, provided Mortgagor shall thereafter diligently and in good faith proceed to cause such lien, encumbrance or charge to be removed and discharged. If Mortgagor shall fail to discharge any such lien, encumbrance or charge, then, in addition to any other right or remedy of Mortgagee, Mortgagee may, but shall not be obligated to, discharge the same, either, by paying the amount claimed to be due, or by procuring the discharge of such lien, either, by depositing in court a bond in the amount claimed or otherwise giving security for such claim, or in such manner as is or may be prescribed by law. Any cost incurred by Mortgagee in connection with any such payment or discharge shall be secured hereby and shall be immediately due and payable without notice or demand.
- **Section 1.21. Restrictions Affecting Title.** Mortgagor shall perform when due all obligations required to be performed by Mortgagor by the provisions of any agreement affecting title to the Mortgaged Estate or any part thereof.
- **Section 1.22. Further Assurances**. Mortgagor shall, upon the execution and delivery hereof and thereafter from time to time, take such actions as Mortgagee may request to cause this Mortgage, each supplement and amendment to such instrument and financing statements with respect thereto and each instrument of further assurance (collectively, the "Recordable Documents") to be filed, registered and recorded as may be required by law and maintain the first lien or security interest, as applicable, hereof upon the Mortgaged Estate and protect the validity of the Recordable Documents. Mortgagor shall take all action and do all things which it is authorized by law to take and do, and cooperate with Mortgagee as Mortgagee deems

MORTGAGE Pansophia Academy, Series 2021 Bond 10

Schedule 6-29

necessary or desirable, to insure the release of all encumbrances against the Mortgaged Estate, except the Permitted Encumbrances, existing prior to the date hereof.

So long as any Secured Obligations shall remain unpaid, Mortgagor shall execute, acknowledge, where appropriate, and deliver from time to time promptly at the request of Mortgagee all such instruments and documents as in the opinion of Mortgagee are necessary or desirable to preserve the first priority lien created by this Mortgage. If Mortgagor shall fail or refuse to execute, acknowledge, where appropriate, and deliver such instruments and documents to preserve the first priority lien created by this Mortgage within 10 Business Days following a written request by Mortgagee, Mortgagor irrevocably constitutes and appoints Mortgagee as its attorney-in-fact to execute and deliver such instruments, it being stipulated that such power of attorney is coupled with an interest and is irrevocable and binding.

Section 1.23. Performance of Covenants; Incorporation of Representations and Warranties. Mortgagor shall faithfully perform at all times any and all covenants, undertakings, stipulations and provisions contained in the Series 2021 Bond and in all of its proceedings pertaining to this Mortgage. The covenants, representations and warranties of Mortgagor set forth in the Series 2021 Bond are incorporated by reference into this Mortgage as if stated in full in this Mortgage and such representations and warranties as incorporated herein shall be deemed to have been made as of the date of this Mortgage and shall survive the execution and delivery of this Mortgage.

**Section 1.24. Notification of Event of Default Under Mortgage**. Mortgagor agrees to notify Mortgagee immediately in writing of any default by Mortgagor in the performance or observance of any covenant, agreement, representation, warranty or obligation of Mortgagor set forth in this Mortgage. Mortgagor shall also notify Mortgagee in writing of any event or condition which with the lapse of time or the giving of notice would constitute an Event of Default.

Section 1.25. Required Notices. Mortgagor shall notify Mortgagee within three (3) days of: (a) receipt of any notice from any governmental or quasi-governmental authority relating to the structure, use or occupancy of the Real Property or alleging a violation of any legal requirement; (b) a substantial change in the occupancy or use of all or any part of the Real Property; (c) receipt of any notice from the holder of any lien or security interest in all or any part of the Real Property; (d) commencement of any litigation affecting or potentially affecting the financial ability of Mortgagor or the value of the Real Property; (e) a fire or other casualty causing damage to all or any part of the Real Property; (f) receipt of any notice, request for information, demand letter or notification of potential liability with regard to hazardous materials or any other environmental matter affecting the Real Property or Mortgagor's interest therein; or (g) receipt of any notice of the imposition of, or of threatened or actual execution on, any lien on or security interest in all or any part of the Mortgaged Estate.

**Section 1.26. Organization; Due Authorization**. Mortgagor is a public school academy duly organized, validly existing and in good standing under the laws of the State and has the requisite power, authority and legal right to carry on the business conducted by it and to engage in the transactions contemplated by the Series 2021 Bond. The execution and delivery of

MORTGAGE Pansophia Academy, Series 2021 Bond

Schedule 6-30 Pansophia Academy

the Series 2021 Bond and this Mortgage and the performance and observance of the respective provisions thereof have all been authorized by all necessary actions of Mortgagor.

Section 1.27. Liabilities; Compliance With Other Instruments. Mortgagor has no liabilities regarding the Mortgaged Estate except those hereunder and those otherwise contemplated or permitted by this Mortgage, none of which are delinquent. Mortgagor is not in default (i) in the payment of any taxes levied or assessed against it or its assets, (ii) under any applicable statute, rule, order or regulation of any governmental authority, (iii) under this Mortgage, or (iv) under any other agreement to which it is a party or by which it or any of its properties are bound.

Neither the execution and delivery of this Mortgage and the Series 2021 Bond, nor the consummation of the transactions herein or therein contemplated nor compliance with the terms and provisions hereof or thereof, conflicts with or results or will result in a breach of any of the terms, conditions or provisions of the articles of incorporation of Mortgagor, any law, order, rule, regulation, writ, injunction or decree of any court or governmental authority, or any agreement or instrument to which Mortgagor is a party or by which it or any of its properties are bound, or constitutes or will constitute a default thereunder, or result or will result in the creation or imposition of any lien of any nature whatsoever upon any of its property or assets pursuant to the terms of any such agreement or instrument except the liens created or permitted by the Series 2021 Bond.

**Section 1.28. Enforceability**. This Mortgage and the Series 2021 Bond have been duly executed and delivered by Mortgagor and constitute valid and binding obligations of Mortgagor enforceable in accordance with their respective terms, except as the enforceability (but not the validity thereof) may be limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting the enforcement of creditors' rights generally.

Section 1.29. Pending Litigation. There are no proceedings pending or, to the knowledge of Mortgagor, threatened, against or affecting Mortgagor or any part of the Mortgaged Estate in any court or before any governmental authority or arbitration board or tribunal which if adversely determined would materially and adversely affect the properties, business, prospects, profits or condition (financial or otherwise) of Mortgagor or the right or ability of Mortgagor to enter into this Mortgage or the Series 2021 Bond, and if any such proceedings are subsequently initiated or threatened then Mortgagor will promptly provide written notice to Mortgagee. Mortgagor is not in default with respect to any order of any court or governmental authority or arbitration board or tribunal.

Section 1.30. Compliance With Law. Mortgagor and the Mortgaged Estate are in substantial compliance with all laws, ordinances, governmental rules or regulations to which it is subject, including, without limitation, the Occupational Safety and Health Act of 1970, the Employee Retirement Income Security Act of 1974 and all laws, ordinances, governmental rules or regulations relating to environmental protection the violation of which would materially and adversely affect the properties, business, prospects, profits or condition (financial or otherwise) of Mortgagor.

> **MORTGAGE** Pansophia Academy, Series 2021 Bond 12

Schedule 6-31 Pansophia Academy **Section 1.31. After-Acquired Property**. The Mortgage Estate shall include the right, title and interest of Mortgagor in and to all improvements, additions and appurtenances to, the Mortgaged Estate, hereafter acquired by or released to Mortgagor. As required, Mortgagor shall execute and deliver to Mortgagee any further assurances, mortgages, grants, conveyances or assignments as Mortgagee may reasonably require to subject such property to the lien of this Mortgage.

Section 1.32. Transfer of Interests in Mortgagor or Mortgaged Estate. Except in accordance with the terms and restrictions of the Series 2021 Bond, and except for the Permitted Encumbrances, Mortgagor shall not, by operation of law or otherwise, sell, convey, alienate, transfer, grant, bargain, mortgage, encumber or assign ownership or control of all or any interest direct or indirect in Mortgagor or any part of the Mortgaged Estate or any interest therein, without the prior written consent of Mortgagee.

**Section 1.33. Lease Provisions**. Any lease of all or any part of the Mortgaged Estate by Mortgagor permitted under this Mortgage and the Series 2021 Bond shall contain a provision obligating such lessee to enter into a subordination, attornment and nondisturbance agreement with Mortgagee, in form and substance satisfactory to Mortgagee.

**Section 1.34. Defeasance Terminates Lien**. Upon defeasance of the Series 2021 Bond, the lien of this Mortgage upon the Mortgaged Estate shall cease, and Mortgagee shall execute and deliver to Mortgagor at Mortgagor's sole cost and expense all documents necessary to effect such a release.

#### **ARTICLE II**

[RESERVED]

#### **ARTICLE III**

#### ASSIGNMENT OF LEASES AND RENTS

**Section 3.01. Assignment**. As additional security for the payment of the Indebtedness, insurance premiums, taxes and assessments, at the time and in the manner herein agreed, and for the performance of the covenants and agreement herein contained, pursuant to Act 210 of the Public Acts of Michigan of 1953, as amended, Mortgagor assigns, transfers, and sets over unto Mortgagee all of Mortgagor's estate, right, title and interest in and to (a) all present and future leases of the Mortgaged Estate or any portion thereof, all licenses and agreements relating to the management, leasing, occupancy or operation of the Mortgaged Estate, whether such leases, licenses and agreements are now existing or entered into after the date hereof ("Leases"); and (b) the rents, issues, revenues, receipts, deposits and profits of the Mortgaged Estate, including, without limitation, all amounts payable and all rights and benefits accruing to Mortgagor under the Leases ("Payments"). The term "Leases" shall also include all subleases and other agreements for the use or occupancy of the Real Property, all guarantees of and security for the

MORTGAGE Pansophia Academy, Series 2021 Bond

Schedule 6-32 Pansophia Academy

tenant's performance thereunder, the right to exercise any landlord's liens and other remedies to which the landlord is entitled, and all amendments, extensions, renewals or modifications thereto. This assignment shall run with the land and be good and valid as against Mortgagor or those claiming by, under or through Mortgagor, from the date of the recording of this instrument. This assignment shall continue to be operative during the foreclosure or any other proceedings taken to enforce this Mortgage. In the event of a sale or foreclosure, which shall result in a deficiency, this assignment shall stand as security during the redemption period for the payment of such deficiency. This assignment is given as collateral security only and shall not be construed as obligating Mortgagee to perform any of the covenants or undertakings required to be performed by Mortgagor contained in any such assigned leases. Upon the occurrence and during the continuance of an Event of Default, Mortgagee shall be entitled to all the rights and remedies conferred by Act 210 of the Public Acts of Michigan of 1953, as amended. Payments collected by Mortgagee subsequent to any Event of Default shall be applied at the direction of, and in such order as determined by Mortgagee, to the costs, if any, of taking possession and control of and managing the Real Property and collecting such amounts, including to reasonable attorneys' fees, receiver's fees, premiums on receiver's bonds, costs of repairs to the Mortgaged Estate, premiums on insurance policies, taxes, assessments and other charges on the Mortgaged Estate, and the costs of discharging any obligation or liability of Mortgagor with respect to the Leases and to the sums secured by this Mortgage. MORTGAGOR HEREBY WAIVES ANY RIGHT TO NOTICE, OTHER THAN SUCH NOTICE AS MAY BE PROVIDED IN ACT 210 OF THE PUBLIC ACTS OF MICHIGAN OF 1953, AS AMENDED, AND WAIVES ANY RIGHT TO ANY HEARING, JUDICIAL OR OTHERWISE, PRIOR TO MORTGAGEE'S EXERCISE OF ITS RIGHTS UNDER THIS MORTGAGE AND/OR THE ASSIGNMENT OF AND RENTS GRANTED TO LENDERS HEREUNDER.

Section 3.02. Rights of Mortgagee. Upon the occurrence and during the continuance of an Event of Default, Mortgagee may, at any time without notice (except if required by any Applicable Law), either in person, by agent or by a court-appointed receiver, regardless of the adequacy of Mortgagee's security, enter upon and take possession and control of the Mortgaged Estate to perform all acts necessary and appropriate to operate and maintain the Mortgaged Estate, including to execute, cancel or modify the Leases, make repairs to the Mortgaged Estate, execute or terminate contracts providing for the management or maintenance of the Mortgaged Estate, all on such terms as are deemed best to protect the security of this assignment. Mortgagee and the receiver shall have access to the books and records used in the operation and maintenance of the Mortgaged Estate and shall be liable to account only for those Rents actually received. Mortgagee shall not be liable to Mortgagor, anyone claiming under or through Mortgagor or anyone having an interest in the Mortgaged Estate by reason of anything done or left undone by Mortgagee hereunder, except to the extent of Mortgagee's gross negligence or willful misconduct. Any entering upon and taking possession and control of the Mortgaged Estate by Mortgagee or the receiver and any application of Payments as provided herein shall not cure or waive any Event of Default or invalidate any other right or remedy of Mortgagee.

**Section 3.03. Mortgagor's Affirmative Obligations**. Mortgagor shall: (a) fulfill, perform and observe in all respects each and every condition and covenant of Mortgagor contained in any Lease; (b) give prompt notice to Mortgagee of any claim or event of default under any Lease given to or by Mortgagor, together with a complete copy or statement of any MORTGAGE

Pansophia Academy, Series 2021 Bond

information submitted or referenced in support of such claim or event of default; (c) at the sole cost and expense of Mortgagor, enforce the performance and observance of each and every covenant and condition of any Lease to be performed or observed by any other party thereto, unless such enforcement is waived in writing by Mortgagee; and (d) appear in and defend any action challenging the validity, enforceability or priority of the lien created hereby or the validity or enforceability of any Lease.

Section 3.04. Negative Covenants. Mortgagor shall not, without Mortgagee's consent: (a) enter into any Lease; (b) modify or amend the terms of any Lease; (c) grant any consents under any Lease, including any consent to an assignment of any Lease, a mortgaging of the leasehold estate created by any Lease or a subletting by the tenant under any Lease; (d) terminate, cancel, surrender, or accept the surrender of, any Lease, or waive or release any person from the observance or performance of any material obligation to be performed under the terms of any Lease or liability on account of any warranty given thereunder; or (e) assign, transfer, mortgage, pledge or hypothecate any Lease or any interest therein to any party other than Mortgagee. Any lease, modification, amendment, grant, termination, cancellation, surrender, waiver or release in violation of the foregoing provision shall be null and void and of no force and effect.

**Section 3.05. Effect of Assignment**. The foregoing assignment shall not cause Mortgagee to be: (a) a mortgagee in possession; (b) responsible or liable for the control, care, management or repair of the Mortgaged Estate or for performing any of the terms, agreements, undertakings, obligations, representations, warranties, covenants and conditions of the Leases; (c) responsible or liable for any waste committed on the Mortgaged Estate by the tenants under any of the Leases or any other parties, for any dangerous or defective condition of the Mortgaged Estate, or for any negligence in the management, upkeep, repair or control of the Mortgaged Estate resulting in loss or injury or death to any tenant, licensee, employee, invitee or other person; (d) responsible for or under any duty to produce rents or profits; or (e) directly or indirectly liable to Mortgagor or any other person as a consequence of the exercise or failure to exercise any of the rights, remedies or powers granted to Mortgagee hereunder or to perform or discharge any obligation, duty or liability of Mortgagor arising under the Leases.

#### **ARTICLE IV**

#### **SECURITY AGREEMENT**

Section 4.01. Creation of Security Interest. With respect to any portion of the Mortgaged Estate which now constitutes fixtures governed by the UCC, this Mortgage shall constitute a security agreement between Mortgagor as the debtor and Mortgagee as the secured party, and Mortgagor hereby grants to Mortgagee a security interest in such portion of the Mortgaged Estate (such portion being the "Fixtures"). Cumulative of all other rights of Mortgagee hereunder, Mortgagee shall have all of the rights conferred upon secured parties by the UCC. Mortgagor will execute and deliver to Mortgagee all financing statements that may from time to time be required by Mortgagee to establish and maintain the validity and priority of the security interest of Mortgagee, or any modification thereof, and all costs and expenses of any searches required by Mortgagee. Mortgagee may exercise any or all of the remedies of a secured

MORTGAGE

Pansophia Academy, Series 2021 Bond

Schedule 6-34 Pansophia Academy

party available to it under the UCC with respect to such property, and it is expressly agreed that if upon an Event of Default Mortgagee should proceed to dispose of such property in accordance with the provisions of the UCC, 10 days' notice by Mortgagee to Mortgagor shall be deemed to be reasonable notice under any provision of the UCC requiring such notice; provided, however, that Mortgagee may at its option, dispose of such property in accordance with Mortgagee's rights and remedies with respect to the real property pursuant to the provisions of this Mortgage, in lieu of proceeding under the UCC.

Mortgagor shall give advance notice in writing to Mortgagee of any proposed change in Mortgagor's name, identity, or business form or structure and will execute and deliver to Mortgagee, prior to or concurrently with the occurrence of any such change, all additional financing statements that Mortgagee may reasonably require to establish and maintain the validity and priority of Mortgagee's security interest with respect to any of the Mortgaged Estate described or referred to herein.

Some of the items of the Mortgaged Estate described herein are goods that are or are to become fixtures related to the Real Property, and it is intended that as to those goods, this Mortgage shall be effective as a financing statement filed as a fixture filing from the date of its filing for record in the real estate records of the county in which the Mortgaged Estate is situated. Information concerning the security interest created by this instrument may be obtained from Mortgagee, as secured party, at the address of Mortgagee stated in Section 6.05 of this Mortgage. The mailing address of Mortgagor, as debtor, is as stated in Section 6.05 of this Mortgage.

Section 4.02. Warranties; Representations and Covenants of Mortgagor. Mortgagor hereby warrants, represents and covenants, with respect to the Fixtures, as follows:

- (a) except for the security interest granted hereby, Mortgagor is, and as to any of the Fixtures to be acquired after the date hereof will be, the sole owner of the Fixtures, free from any adverse lien, security interest, encumbrance or adverse claims thereon of any kind whatsoever except for purchase money liens and Permitted Encumbrances. Mortgagor will notify Mortgagee of and will defend the Fixtures against, all prohibited claims and demands of all persons at any time claiming the same or any interest therein;
- (b) Mortgagor will not lease, sell, convey or in any manner transfer the Fixtures (except Fixtures transferred in the ordinary course of business and replaced by Fixtures of a similar nature and having at least the same value as the Fixtures replaced, and except for Permitted Encumbrances) without the prior written consent of Mortgagee;
- (c) the Fixtures are not used or bought for personal, family or household purposes;
- (d) the Fixtures will be kept on or at the Project and Mortgagor will not remove the Fixtures from the Project without the prior written consent of Mortgagee, except such portions or items of personal property which are consumed or worn out in ordinary usage, all of which shall be promptly replaced by Mortgagor with new items of equal or greater quality; and

MORTGAGE Pansophia Academy, Series 2021 Bond 16

Schedule 6-35 Pansophia Academy

(e) all covenants and obligations of Mortgagor contained herein relating to the Mortgaged Estate shall be deemed to apply to the Fixtures whether or not expressly referred to herein.

#### **ARTICLE V**

## EVENTS OF DEFAULT AND REMEDIES UPON DEFAULT

- **Section 5.01. Events of Default**. Any one or more of the following events shall be deemed an event of default hereunder (each, an "Event of Default"):
  - (a) the occurrence of a default or an Event of Default by Mortgagor under the Series 2021 Bond (other than this Mortgage) subject to any applicable notice or cure periods provided therein;
    - (b) a default or breach of any covenant contained in Section 1.05, 1.10 or 1.25;
  - (c) if Mortgagor shall file a voluntary petition in bankruptcy or shall be adjudicated a bankrupt or insolvent within the meaning of the United States Bankruptcy Code, 11 U.S.C. §§ 101 et seq., as amended (the "Bankruptcy Code"), or shall file any petition or answer seeking or acquiescing in any reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief for itself under any present or future federal, state or other statute, law or regulation relating to bankruptcy, insolvency or other relief for debtors; or shall seek or consent to or acquiesce in the appointment of any trustee, receiver or liquidator of Mortgagor of all or any part of the Mortgaged Estate, or of any or all of the royalties, rents, issues or profits thereof, or shall make any general assignment for the benefit of creditors, or shall admit in writing its inability to pay its debts generally as they become due;
  - (d) if a court of competent jurisdiction shall enter an order, judgment or decree approving a petition filed against Mortgagor seeking any reorganization, dissolution or similar relief under any present or future federal, state or other statute, law or regulation relating to bankruptcy, insolvency or other relief for debtors, and such order, judgment or decree shall remain unvacated and unstayed for an aggregate of 60 days (whether or not consecutive) from the first date of entry thereof; or any trustee, receiver or liquidator of Mortgagor or of all or any part of the Mortgaged Estate, or of any or all of the royalties, rents, issues or profits thereof, shall be appointed without the consent or acquiescence of Mortgagor and such appointment shall remain unvacated and unstayed for an aggregate of 30 days (whether or not consecutive);
  - (e) if a writ of execution or attachment or any similar process shall be issued or levied against all or any part of or interest in the Mortgaged Estate, or any judgment involving monetary damages shall be entered against Mortgagor which shall become a lien on the Mortgaged Estate or any portion thereof or interest therein and such

MORTGAGE Pansophia Academy, Series 2021 Bond execution, attachment or similar process or judgment is not released, bonded, satisfied, vacated or stayed within 30 days after its entry or levy;

- (f) if, during the term of the Series 2021 Bond secured by this Mortgage, Mortgagor shall without the prior written approval of Mortgagee (unless permitted as provided herein) sell, convey, alienate, mortgage or encumber the Mortgaged Estate or any part thereof or any interest therein, or shall be divested of its title or any interest therein, in any manner, whether voluntarily or involuntarily, or if there is any merger, consolidation or dissolution affecting Mortgagor, or if there is a transfer of a majority interest in Mortgagor in a series of transactions or as a single transaction;
- (g) any assignment by Mortgagor of the whole or any part of the Revenues, issues or profits arising from the Mortgaged Estate (including, without limitation, the Revenues) to any person without the written consent of Mortgagee (unless permitted as provided herein) or if, without such consent, Mortgagor shall otherwise further encumber the Mortgaged Estate or any portion thereof (including, without limitation, secured transactions under the UCC);
- (h) if at any time any representation, warranty or statement made by Mortgagor in the Series 2021 Bond or any certificate delivered by Mortgagor shall be incorrect or misleading in any material respect, or any material misrepresentation shall at any time be made to Mortgagee by Mortgagor; or
- (i) failure by Mortgagor to punctually perform or observe any covenant or agreement contained in this Mortgage (other than as set forth above) and such failure shall not have been cured within 30 days after written notice from Mortgagee of such failure.
- **Section 5.02. Acceleration Upon Default; Additional Remedies**. Subject to the cure provisions of this Section 5.02, upon the occurrence of an Event of Default (which default is not cured within any applicable cure period) Mortgagee may, at Mortgagee's sole option exercised in Mortgagee's sole discretion, pursue any one or more of the following remedies:
  - (a) Declare all or any portion of the Secured Obligations to be due and payable, and the same shall thereupon become due and payable without any presentment, demand, protest or notice of any kind except as otherwise provided herein;
  - (b) Either in person or by agent, with or without bringing any action or proceeding, or by a receiver appointed by a court, and without regard to the adequacy of its security, enter upon and take possession of the Mortgaged Estate or any part thereof and do any acts which it deems necessary or desirable to preserve the value, marketability or rentability of the Mortgaged Estate, or part thereof or interest therein, increase the income therefrom or protect the security hereof and, with or without taking possession of the Mortgaged Estate, take any action described in Article II, III or IV hereof, sue for or otherwise collect the Revenues thereof, including those past due and unpaid, and apply the same, less costs and expenses of operation and collection including reasonable

MORTGAGE Pansophia Academy, Series 2021 Bond 18 attorneys' fees, upon any Secured Obligations, all in such order as Mortgagee may determine. The entering upon and taking possession of the Mortgaged Estate, the taking of any action described in Article II, III or IV hereof, the collection of such Revenues and the application thereof as aforesaid, shall not cure or waive any default or notice of default or invalidate any act done in response to such default or pursuant to such notice of default and, notwithstanding the continuance in possession of the Mortgaged Estate or the collection, receipt and application of Revenues, issues or profits, Mortgagee shall be entitled to exercise every right provided for the Series 2021 Bond or by law upon occurrence of any Event of Default, including the right to exercise the power of sale herein conferred;

- (c) Commence an action to foreclose this Mortgage (either judicially or non-judicially), appoint a receiver, specifically enforce any of the covenants hereof, or sell the Mortgaged Estate pursuant to the power of sale herein conferred and in a manner provided under Michigan law;
- (d) Exercise any or all of the remedies available to a secured party under the UCC, including, but not limited to:
  - (i) Either personally or by means of a court appointed receiver, commissioner or other officer, take possession of all or any of the Fixtures and exclude therefrom Mortgagor and all others claiming under Mortgagor, and thereafter hold, store, use, operate, manage, maintain and control, make repairs, replacements, alterations, additions and improvements to and exercise all rights and powers of Mortgagor in respect of the Fixtures or any part thereof. In the event Mortgagee demands or attempts to take possession of the Fixtures in the exercise of any rights under the Series 2021 Bond, Mortgagor promises and agrees to promptly turn over and deliver complete possession thereof to Mortgagee;
  - (ii) Without notice to or demand upon Mortgagor, make such payments and do such acts as Mortgagee may deem necessary to protect its security interest in the Fixtures, including, without limitation, paying, purchasing, contesting or compromising any encumbrance, charge or lien which is prior to or superior to the security interest granted hereunder and, in exercising any such powers or authority, to pay all expenses incurred in connection therewith;
  - (iii) Require Mortgagor to assemble the Fixtures or any portion thereof, at a place designated by Mortgagee and reasonably convenient to both parties, and promptly to deliver such Fixtures to Mortgagee, or an agent or representative designated by it. Mortgagee shall have the right to enter upon any or all of Mortgagor's premises and property to exercise Mortgagee's rights hereunder;
  - (iv) Sell, lease or otherwise dispose of the Fixtures at public sale, with or without having the Fixtures at the place of sale, and upon such terms and in

MORTGAGE Pansophia Academy, Series 2021 Bond

19

such manner as Mortgagee may determine. Mortgagee may be a purchaser at any such sale;

- Unless the Fixtures are perishable or threaten to decline speedily in (v) value or are of a type customarily sold on a recognized market, Mortgagee shall give Mortgagor at least 10 days' prior written notice of the time and place of any public sale of the Fixtures or other intended disposition thereof. Such notice may be mailed to Mortgagor at the address set forth in Section 6.05 herein and shall be deemed to be given on the date of mailing thereof; and
- Any sale made pursuant to the provisions of this subsection shall be deemed to have been a public sale conducted in a commercially reasonable manner if held contemporaneously with the sale of all or a portion of the remainder of the Mortgaged Estate under power of sale as provided herein upon giving the same notice with respect to the sale of the Personal Property hereunder as is required for such sale of the remainder of the Mortgaged Estate under power of sale, and such sale shall be deemed to be pursuant to a security agreement covering both real and personal property under the UCC.
- (e) Exercise any other rights or remedies which may now or hereafter be available to Mortgagee under this Mortgage or the Series 2021 Bond or pursuant to applicable law or in equity; or
- (f) If held by Mortgagee, surrender the insurance policies maintained pursuant to Section 1.05, collect the unearned insurance premiums and apply such sums as a credit on the Secured Obligations in such priority and proportion as Mortgagee shall deem proper, and in connection therewith, Mortgagor hereby appoints Mortgagee as agent and attorney-in-fact (which is coupled with an interest and is therefore irrevocable) for Mortgagee to collect such insurance premiums.

THIS MORTGAGE CONTAINS A POWER OF SALE AND UPON THE OCCURRENCE OF AN EVENT OF DEFAULT MAY BE FORECLOSED BY ADVERTISEMENT. IN FORECLOSURE BY ADVERTISEMENT AND THE SALE OF THE MORTGAGED ESTATE IN CONNECTION THEREWITH, NO HEARING IS REQUIRED AND THE ONLY NOTICE REQUIRED IS THE PUBLICATION OF NOTICE IN A LOCAL NEWSPAPER AND THE POSTING OF A COPY OF THE NOTICE ON THE PREMISES. THE MORTGAGOR HERBY WAIVES ALL RIGHTS UNDER THE CONSTITUTION AND LAWS OF THE UNITED STATES AND THE STATE TO A HEARING PRIOR TO SALE IN CONNECTION WITH FORECLOSURE OF THIS MORTGAGE BY ADVERTISEMENT AND ALL NOTICE REQUIREMENTS EXCEPT AS SET FORTH IN THE MICHIGAN STATUTE PROVIDING FOR FORECLOSURE BY ADVERTISEMENT.

> **MORTGAGE** Pansophia Academy, Series 2021 Bond 20

Schedule 6-39 Pansophia Academy

### Section 5.03. [Reserved].

**Section 5.04. Appointment of Receiver**. If an Event of Default (which is not cured within any applicable cure period) shall have occurred, Mortgagee as a matter of right and without notice to Mortgagor or anyone claiming under Mortgagor, and without regard to the value of the Mortgaged Estate or the interest of Mortgagor therein, shall have the right to apply to any court having jurisdiction to appoint a receiver or receivers of the Mortgaged Estate and Mortgagor hereby irrevocably consents to such appointment and waives notice of any application therefor. Any such receiver or receivers shall have all the usual powers and duties of receivers in like or similar cases in accordance with Michigan law and all the powers and duties of Mortgagee in case of entry as provided in Section 5.02(b) and shall continue as such and exercise all such powers until the date of confirmation of sale of the Mortgaged Estate unless such receivership is sooner terminated. Mortgagee shall, in addition to and not in limitation of any of the foregoing or any other remedies provided in this Mortgage or otherwise available under applicable law, have all of the rights provided under the laws of the State.

Section 5.05. Remedies Not Exclusive. Mortgagee shall be entitled to enforce payment and performance of any Secured Obligation hereby and to exercise all rights and powers under this Mortgage or under the Series 2021 Bond or other agreement or any laws now or hereafter in force. Neither the acceptance of this Mortgage nor its enforcement, whether by court action or pursuant to the power of sale or other powers herein contained, shall prejudice or in any manner affect Mortgagee's right to realize upon or enforce any other security now or hereafter held by Mortgagee, it being agreed that Mortgagee shall be entitled to enforce this Mortgage and any other security now or hereafter held by Mortgagee in such order and manner as it may determine. No remedy herein conferred upon or reserved to Mortgagee is intended to be exclusive of any other remedy given hereunder or now or hereafter existing at law or in equity or by statute. Every power or remedy given by the Series 2021 Bond to Mortgagee or to which Mortgagee may be otherwise entitled, may be exercised, concurrently or independently, from time to time and as often as may be deemed expedient by Mortgagee. Mortgagee may pursue inconsistent remedies.

The acceptance by Mortgagee of any sum after the same is due shall not constitute a waiver of the right either to require prompt payment, when due, of all other sums hereby secured or to declare a default as herein provided. The acceptance by Mortgagee of any sum in an amount less than the sum then due shall be deemed an acceptance on account only and upon condition that it shall not constitute a waiver of the obligation of Mortgagor to pay the entire sum then due, and failure of Mortgagor to pay such entire sum then due shall be and continue to be an Event of Default notwithstanding such acceptance of such amount on account, as aforesaid. Mortgagee shall be, at all times thereafter and until the entire sum then due shall have been paid, and notwithstanding the acceptance by Mortgagee thereafter of further sums on account, or otherwise, entitled to exercise all rights in this instrument conferred upon it, and the right to proceed with a sale under any notice of default, or an election to sell, or the right to exercise any other rights or remedies hereunder, shall in no way be impaired, whether any of such amounts are received prior or subsequent to such proceeding, election or exercise. Consent by Mortgagee to any action or inaction of Mortgagor which is subject to written consent or approval of Mortgagee hereunder shall not be deemed a waiver of the right to require such consent or approval to future or successive actions or inactions.

> MORTGAGE Pansophia Academy, Series 2021 Bond

Schedule 6-40 Pansophia Academy

Section 5.06. Possession of Mortgaged Estate. In the event of a trustee's sale or foreclosure sale hereunder and after the time of such sale, and Mortgagor occupies the portion of the Mortgaged Estate so sold, or any part thereof, Mortgagor shall immediately become the tenant of the purchaser at such sale, which tenancy shall be a tenancy from day to day, terminable at the will of either tenant or landlord, at a reasonable rental per day based upon the value of the portion of the Mortgaged Estate so occupied, such rental to be due and payable daily to the purchaser. An action of unlawful detainer shall lie if the tenant holds over after a demand in writing for possession of such Mortgaged Estate and premises; and this agreement and a trustee's deed shall constitute a lease and agreement under which the tenant's possession arose and continued. Nothing contained in this Mortgage shall be construed to constitute Mortgagee as a "mortgagee in possession" in the absence of its taking actual possession of the Mortgaged Estate pursuant to the powers granted herein.

Section 5.07. Relief from Stay. In the event that Mortgagor commences a case under the Bankruptcy Code or is the subject of an involuntary case that results in an order for relief under the Bankruptcy Code, subject to court approval, Mortgagee shall thereupon be entitled and Mortgagor irrevocably consents to relief from any stay imposed by Section 362 of the Bankruptcy Code on or against the exercise of the rights and remedies otherwise available to Mortgagee as provided in the Series 2021 Bond and Mortgagor hereby irrevocably waives its rights to object to such relief. In the event Mortgagor shall commence a case under the Bankruptcy Code or is the subject of an involuntary case that results in an order for relief under the Bankruptcy Code, Mortgagor hereby agrees that no injunctive relief against Mortgagee shall be sought under Section 105 or other provisions of the Bankruptcy Code by Mortgagor or other person or entity claiming through Mortgagor, nor shall any extension be sought of the stay provided by Section 362 of the Bankruptcy Code.

Section 5.08. Cash Collateral. To the fullest extent allowed by applicable law, Mortgagor hereby acknowledges and agrees that in the event that Mortgagor commences a case under the Bankruptcy Code or is the subject of an involuntary case that results in an order for relief under the Bankruptcy Code: (i) that all of the Revenues are, and shall for purposes be deemed to be, "proceeds, product, offspring, rents, or profits" of the Project covered by the lien of this Mortgage, as such quoted terms are used in Section 552(b) of the Bankruptcy Code; (ii) that in no event shall Mortgagor assert, claim or contend that any portion of the Revenues are, or should be deemed to be, "accounts" or "accounts receivable" within the meaning of the Bankruptcy Code and/or applicable state law; (iii) that the Revenues are and shall be deemed to be in any such bankruptcy proceeding "cash collateral" of Mortgagee as that term is defined in Section 363 of the Bankruptcy Code; and (iv) that Mortgagee has valid, effective, perfected, enforceable and matured rights in and to the Revenues without any further action required on the part of Mortgagee to enforce or perfect its rights in and to such cash collateral, including, without limitation, providing notice to Mortgagor under Section 546(b) of the Bankruptcy Code.

### **ARTICLE VI**

### **MISCELLANEOUS**

MORTGAGE Pansophia Academy, Series 2021 Bond

Schedule 6-41 Pansophia Academy

**Section 6.01. Governing Law**. This Mortgage shall be governed by the internal laws of the State without giving effect to its conflicts of law principles. In the event that any provision or clause of this Mortgage conflicts with applicable laws, such conflicts shall not affect other provisions of this Mortgage which can be given effect without the conflicting provision, and to this end the provisions of this Mortgage are declared to be severable. This instrument cannot be waived, changed, discharged or terminated orally, but only by an instrument in writing signed by the party against whom enforcement of any waiver, change, discharge or termination is sought. If any conflict shall arise between the terms of this Mortgage and the Series 2021 Bond, the terms of the Series 2021 Bond shall govern.

Section 6.02. Waiver of Rights. To the extent permitted by law, Mortgagor waives the benefit of all laws now existing or that hereafter may be enacted (i) providing for any appraisement before sale of any portion of the Mortgaged Estate, or (ii) in any way extending the time for the enforcement of the collection of the Secured Obligations or creating or extending a period of redemption from any sale made in collecting the Secured Obligations. To the full extent Mortgagor may do so under the laws of the State, Mortgagor agrees that Mortgagor will not at any time insist upon, plea, claim or take the benefit or advantage of any law now or hereafter in force providing for any appraisement, valuation, stay, extension, redemption or homestead exemption, and Mortgagor, for Mortgagor, Mortgagor's representatives, successors and assigns, and for any and all persons ever claiming any interest in the Mortgaged Estate, to the extent permitted by law, hereby waives and releases all rights of redemption, valuation, appraisement, stay of execution, homestead exemption, notice of election to mature or declare due the whole of the Secured Obligations and marshaling in the event of foreclosure of the liens hereby created. If any law referred to in this Section and now in force, of which Mortgagor, Mortgagor's heirs, devisees, representatives, successors and assigns or other person might take advantage despite this Section, shall hereafter be repealed or cease to be in force, such law shall not thereafter be deemed to preclude the application of this Section. Mortgagor expressly waives and relinquishes any and all rights, remedies and defenses that Mortgagor may have or be able to assert by reason of the laws of the State pertaining to the rights, remedies and defenses of sureties. The waivers and agreements contained in this section and elsewhere in this Mortgage are given by Mortgagor knowingly and voluntarily and upon advice of counsel.

Section 6.03. Limitation of Interest. All agreements between Mortgagor and Mortgagee, whether now existing or hereafter arising and whether written or oral, are expressly limited so that in no contingency or event whatsoever shall the amount paid, or agreed to be paid, to Mortgagee for the use, forbearance, or detention of the money to be held or otherwise, or for the performance or payment of any covenant or obligation contained herein or therein, exceed the maximum amount permissible under applicable law. If from any circumstance whatsoever fulfillment of any provision hereof or thereof at the time performance of such provision shall be due shall involve transcending the limit of validity prescribed by law, then, ipso facto, the obligation to be fulfilled shall be reduced to the limit of such validity, and if from any such circumstance Mortgagee or holders of the Series 2021 Bond shall ever receive as interest under the Series 2021 Bond or this Mortgage or otherwise anything of value which would exceed interest at the highest lawful rate, such amount that would be excessive interest shall be applied to the reduction of the principal amount owing under the Series 2021 Bond or on account of other Secured Obligations and not to the payment of interest, or if such excessive interest **MORTGAGE** 

Pansophia Academy, Series 2021 Bond

exceeds the unpaid balance of principal of the Series 2021 Bond and such other Secured Obligations, such excess shall be refunded to Mortgagor. All sums paid or agreed to be paid to Mortgagee for the use, forbearance, or detention of the Secured Obligations shall, to the extent permitted by applicable law, be amortized, prorated, allocated and spread throughout the full term of such obligations until payment in full so that the rate of interest on account of Secured Obligations is uniform throughout the term thereof. The terms and provisions of this paragraph shall control all agreements between Mortgagor and Mortgagee.

### Section 6.04. [Reserved]

Section 6.05. Notices. Unless otherwise required by law, whenever Mortgagee or Mortgagor shall desire to give or serve any notice, demand, request or other communication with respect to this Mortgage, each such notice, demand, request or other communication shall be in writing and shall be deemed to have been given: (a) upon receipt if sent by hand delivery; (b) one day after deposit with overnight courier; or (c) two days after deposit in the case of certified mail, postage prepaid, addressed to the following mailing addresses:

If to Mortgagor: Pansophia Academy

> 52 Abbott Avenue Coldwater, MI 49036 Attention: President

Telephone: (517) 279-4686 Facsimile: (517) 279-0089

If to Mortgagee: TCF National Bank

> 100 N. Main Street Mt. Clemens, MI 48043 Attention: Glen Maurer Telephone: (586) 349-4109 Facsimile: (586) 349-4200

Any party may at any time change its address for such notices by delivering to the other parties hereto, as aforesaid, a notice of such change.

Section 6.06. Captions. The captions or headings at the beginning of each Section hereof are for the convenience of the parties and are not a part of this Mortgage.

**Section 6.07. Invalidity of Certain Provisions**. If the lien of this Mortgage is invalid or unenforceable as to any part of the Secured Obligations, or if the lien is invalid or unenforceable as to any part of the Mortgaged Estate, the unsecured or partially secured portion of the Secured Obligations shall be completely paid prior to the payment of the remaining and secured portion of the Secured Obligations, and all payments made on such obligations, whether voluntary or under foreclosure or other enforcement action or procedure, shall be considered to have been first paid on and applied to the full payment of that portion of the Secured Obligations which is not secured or fully secured by the lien of this Mortgage.

> **MORTGAGE** Pansophia Academy, Series 2021 Bond 24

Schedule 6-43 Pansophia Academy **Section 6.08. Subrogation**. To the extent that proceeds of the Series 2021 Bond or advances under this Mortgage are used to pay any outstanding lien, charge or prior encumbrance against the Mortgaged Estate, such proceeds or advances have been or will be advanced by Mortgagee, at Mortgagor's request, and Mortgagee shall be subrogated to any and all rights and liens held by any owner or holder of such outstanding liens, charges and prior encumbrances, irrespective of whether said liens, charges or encumbrances are released of record.

Section 6.09. Change in Ownership. If the ownership of the Mortgaged Estate or any part thereof or interest therein becomes vested in a person other than Mortgagor owning the same on the date hereof, Mortgagee may, without notice to Mortgagor, deal with such successor or successors in interest with reference to this Mortgage and the Secured Obligations in the same manner as with Mortgagor without in any way vitiating or discharging Mortgagor's liability hereunder or upon the Secured Obligations. No sale of the Mortgaged Estate, and no forbearance on the part of Mortgagee, and no extension of the time for the payment of the Secured Obligations, given by Mortgagee, shall operate to release, discharge, modify, change or affect the original liability, if any, of Mortgagor or the liability of any guarantors or sureties of Mortgagor, either in whole or in part; provided that Mortgagor may be released from its original liability under this Mortgage upon transfer of the entire Mortgaged Estate with the written consent of Mortgagee.

**Section 6.10. Assignment of Mortgagee's Interest**. It is expressly agreed that any and all terms of this Mortgage, the Series 2021 Bond and all other agreements made or executed by Mortgagor or others in favor of Mortgagee, and all rights, powers, privileges, options and remedies conferred upon Mortgagee herein and therein, shall inure to and be for the benefit of, and may be exercised by, Mortgagee, and the words "Mortgagee" shall also mean and include the successor or successors and the assign or assigns of Mortgagee. Mortgagor hereby specifically grants unto Mortgagee the right and privilege, at Mortgagee's option, to transfer and assign to any third person all or any part of Mortgagee's rights to receive funds or payments hereunder.

**Section 6.11. Time Is of the Essence**. Time is of the essence under this Mortgage and the Series 2021 Bond.

**Section 6.12. Obligations of Mortgagor**. The obligations of Mortgagor to make payments hereunder and under the Series 2021 Bond and to perform and observe all agreements on its part contained herein and therein with respect thereto shall be absolute and unconditional. Until this Mortgage is terminated or payment in full of all Series 2021 Bond is made, Mortgagor (i) will not suspend or discontinue any payments under the Series 2021 Bond or neglect to perform any of its duties required thereunder or hereunder; (ii) will perform and observe all of its obligations set forth in the Series 2021 Bond and this Mortgage; and (iii) except as provided herein will not terminate the Series 2021 Bond or this Mortgage for any cause.

**Section 6.13. Immunity of Individuals**. No recourse shall be had for the payment of the principal of, premium, if any, or interest on the Series 2021 Bond or for any claim based thereon, this Mortgage or upon any obligation, covenant or agreement herein against any past, present or future officer, director, trustee, member, employee or agent of Mortgagor, whether

MORTGAGE Pansophia Academy, Series 2021 Bond

Schedule 6-44 Pansophia Academy

directly or indirectly and all such liability of any such individual as such is hereby expressly waived and released as a condition of and in consideration for the execution hereof and the issuance of the Series 2021 Bond.

**Section 6.14. Supplements; Amendments**. This Mortgage may be supplemented or amended by written agreement between Mortgagor and Mortgagee.

**Section 6.15 Power of Attorney**. Mortgagee may act as attorney-in-fact or otherwise on behalf of Mortgagor pursuant to Sections 1.22 and 5.02(f) of this Mortgage. This power of attorney is coupled with an interest, is durable and is not affected by subsequent disability or incapacity of the principal or lapse of time.

**Section 6.16 Non-Merger**. Should Mortgagee acquire title to the Real Property as a result of foreclosure or by conveyance from Mortgagor in lieu thereof, this Mortgage shall not merge in the fee estate of the Real Property but shall remain and continue as an existing and enforceable lien for the Secured Obligations until the same shall be released of record by Mortgagee in writing.

[Remainder of page intentionally left blank.]

MORTGAGE Pansophia Academy, Series 2021 Bond 26

Schedule 6-45 Pansophia Academy

IN WITNESS WHEREOF, Mortgagor has caused this Mortgage to be duly executed on the day and year set forth in the acknowledgment attached hereto and effective on the date first written above.

I ANSOI IIIA ACADENII	
By: Georgia Balsley-Hargett	
Its: President	

DANICODITIA ACADEMAN

STATE OF MICHIGAN		)	
		)	ss:
COUNTY OF BRANCH	)		

Personally came before me on 4-30, 2021, the above named Georgia Balsley-Hargett, President of Pansophia Academy, to me known to be the person who executed the foregoing instrument and acknowledged the same on behalf of Pansophia Academy.

Jessie Thrasher
Notary Public, Branch County MI
My Commission Expires 1/3/2026
Acting in County of Branch

Name: Jessie Thrasher
Notary Public, State of Michigan
My commission expires:
Acting in County of:

37541743

MORTGAGE Pansophia Academy, Series 2021 Bond 27

Schedule 6-46 Pansophia Academy

### **EXHIBIT A**

### LEGAL DESCRIPTION

The Land referred to herein below is situated in the City of Coldwater, County of Branch, State of Michigan, and is described as follows:

Land situated in the City of Coldwater, County of Branch, State of Michigan described as follows:

All of that part of the West half of the Northwest quarter of Section 15, Town 6 South, Range 6 West, Coldwater, Branch County, Michigan, lying East of Hudson Street, South of Abbott Avenue and West of Morse Street, excepting seven rods North and South by eight rods East and West in the Northeast corner thereof. Also except the South 60 feet thereof. Also except a parcel of land sold to the City of Coldwater described in Quit Claim Deed dated April 15, 1988 and recorded April 15, 1988 in Liber 512, Page 16 through 17, Branch County Records. Also except a parcel of land located in the West 1/2 of the Northwest 1/4 of Section 15, Town 6 South, Range 6 West, Second Ward, City of Coldwater, Branch County, Michigan, described as beginning at a point on the East line of North Hudson Street distant South 00°32'29" East 195.00 feet from the South line of Abbott Avenue; thence 89°37'06" East parallel with said South line of Abbott Avenue, 195.00 feet; thence South 00°31'38" East 191.97 feet to the North line of Elizabeth Street; thence North 89°46'53" West along said North line of Elizabeth Street, 195.00 feet to said East line of North Hudson Street; thence North 00°31'29" West along said East line of North Hudson Street, 192.52 feet to the point of beginning. Also except a parcel of land located in the West 1/2 of the Northwest 1/4 of Section 15, Town 6 South, Range 6 West, Second Ward, City of Coldwater, Branch County, Michigan, described as beginning at a point on the South line of Abbott Avenue distant North 89°37'06" West 132.00 feet from the West line of Morse Street; thence South parallel with said West line of Morse Street, 115.5 feet; thence North 89°37'06" West parallel with said South line of Abbott Avenue, 8.0 feet; thence North 115.5 feet to said South line of Abbott Avenue; thence South 89°37'06" East along said South line of Abbott Avenue, 8.0 feet to the point of beginning.

Assessed for Tax Purposes as:

PART OF W 1/2 OF NW 1/4 OF SEC 15 LY S OF ABBOTT AVE E OF N HUDSON ST W OF MORSE ST & N OF ELIZABETH ST EXC 115.5 FT N & S BY 132 FT E & W IN NE COR THEREOF ALSO EXC 195 FT N & S BY 178 FT E & W IN NW COR THEREOF ALSO EXC PAR IN SW COR THEREOF BEING 195 FT E & W BY 192 FT N & S ALSO EXC COM ON S LI ABBOTT AVE N 89°37'06" W 132 FT FR W LI MORSE ST TH S PAR WI W LI MORSE ST 115.5 FT TH N 89°37'06" W PAR WI S LI ABBOTT AVE 8 FT TH N 115.5 FT TO S LI ABBOTT AVE TH S 89°37'06" E ALG S LI ABBOTT AVE 8 FT TO POB

MORTGAGE Pansophia Academy, Series 2021 Bond 28

Schedule 6-47 Pansophia Academy

### **EXHIBIT B**

### PERMITTED EXCEPTIONS AS DISCLOSED IN TITLE INSURANCE POLICY

37541743.2/159935.00001

MORTGAGE Pansophia Academy, Series 2021 Bond 29



Bate of Michigan John Engler, Governor

Department of Consumer & Industry Services
Kathleen M. Wilbur, Director

Page 1 of 1 OFS-40 Office of Fire Befety General Office Building 7150 Harris Drive Lanking, MI 48909-7504

FACULTY NAME  IPansophia Academy	л рате 2-18-00	Branch	PROJECT 0862-99
ADDRESS 52 Abbon Ave.	School	RULEBOODES 89 School Rules	JOBUGPAC NO. N/A
Coldwater, MI 49036	FACIUTY REPRESEN	·· =	Re-Check Final

### AREAS REQUIRING COMPLIANCE:

### PANSOPHIA ACADEMY NEW BUILDING UNITS A & B PROJECT #4-00-0862-00

D

A final fire safety inspection of the above captioned project was completed this date. Deficiencies noted in our prior inspection reports have been satisfactorily corrected. This report may be considered as final approval of this project.

FIRE SAFETY CERTIFICATION		PROJECT STATUS	REVIEWED BY	
Approved		Closed	}	
les (4)	Marecting Official	ADDRESS	301 E Louis Glick	Hwy
OTC 0 LO	Robert P. Breckel		Jackson, MI 49202	-
1 D	SCHATURE OF OPHIBIAL	TELEPHONE	517-780-7489	Fax 517-780-7493
Education	aldenny	IZLEMONE		



State of Michigan John Engler, Governor

Kathleen M. Wilbur, Director

### Inspection Report

John Engler, Governor

All Spection 1 (Cpt)
Department of Consumer & Industry Services

Page 1 of 1 OFS-4GH門 年中

Office of Fire Safety
General Office Building
7150 Harris Drive
Lansing, Mi 48909-7504
Web Site www.cls.state.mi.us/fire

Pansophia Academy	DATE 9/18/2001	Branch	PROJECT 0689-01
Address 355 Morse St	FACILITY TYPE School	RULESICODES School - 99	HOBALICAFAC, NO.
CITY, STATE ZIP CODE Coldwater MI 49036	FACILITY REPRESENTATIVE Administrator	<u></u>	INSPECTION TYPE Final-Recheck

### NEW MIDDLE SCHOOL BUILDING PROJECT #4-00-0689-01

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.

Facility - Tom Dove 517-279-2650 FAX 517-279-0089

Coldwater Fire Dept 517-278-4177 FAX 517-278-9097



IJ		ERTIFICATION		PROJECT STATUS	REVIEWED BY
Fu	ll Approv	val		Closed	LW
DIS	RIBUTION		INSPECTING OFFICIAL	ADORESS	301 East Louis Glick Highway
N 11	fili ty	File	Robert F. Breckel	YELEPHONE	Jackson, MI 49201
CI:	\$ЛIQ	Local FD	SIGNATURE OF OFFICIAL	FAX	517-780-7489
Ed	cation				517-780-7493
<u> </u>	<u> </u>		·	E-MAIL	boh.breckel@ois.state.mi.us

### CERTIFICATE OF USE AND OCCUPANCY

### **PERMANENT**

Michigan Department of Energy, Labor & Economic Growth Bureau of Construction Codes/Building Division P. O. Box 30254 Lansing, MI 48909 (517) 241-9317

Building Permit No. B029442
Pansophia Academy/Kitchen Renovation
52 Abbott Street
Coldwater, Michigan
Branch County

The ove named building of Use Group E and Construction Type 2B is approved for use and a superior

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 110.0 OF THE STATE BUILDING CODE. THIS SHALL SUPERSEDE AND VOID ANY PREVIOUS APPROVAL OF USE AND OCCUPANCY.

Larry Lebman, Chief

Charles E. Curtis, Assistant Chief

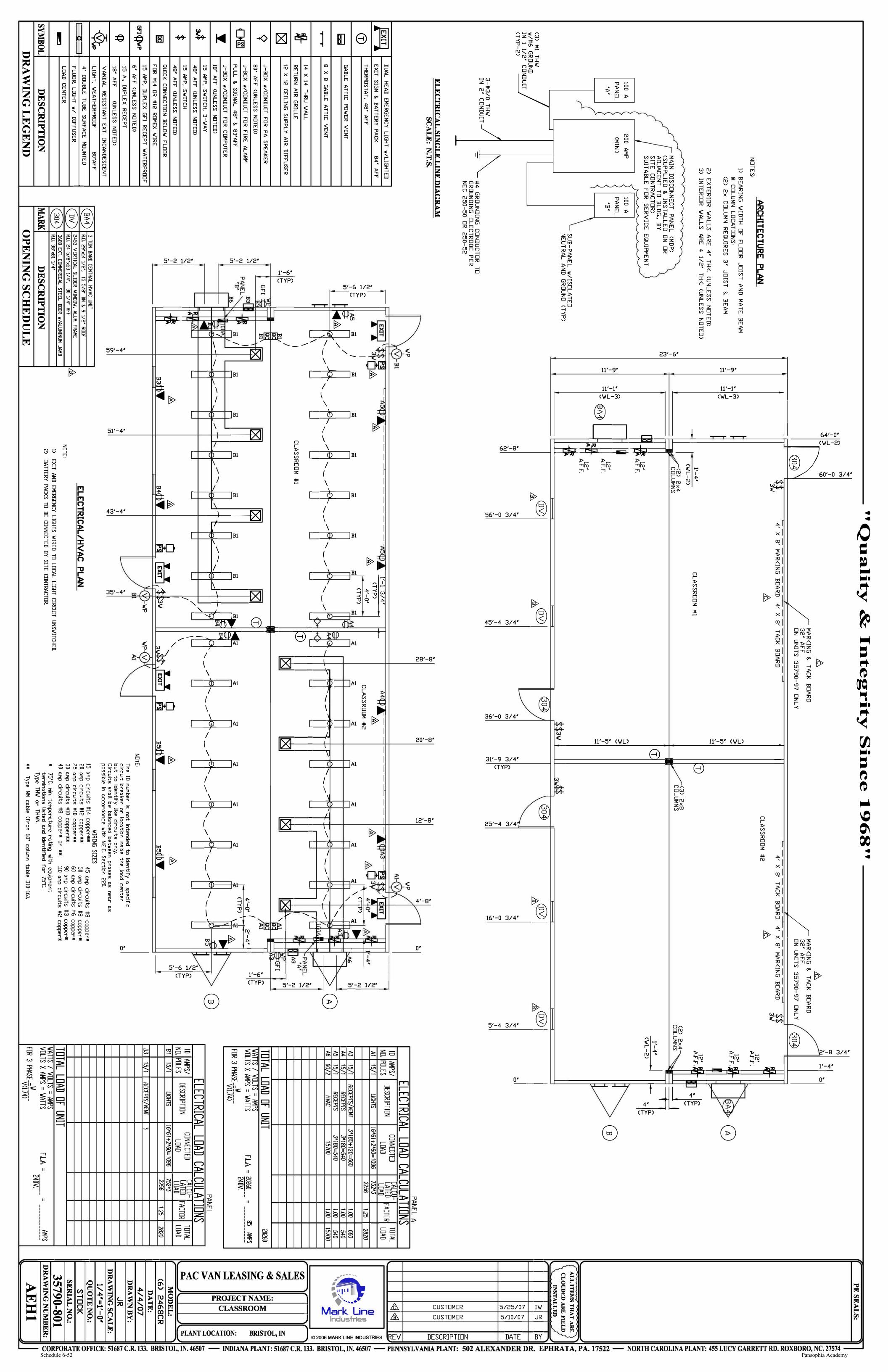
**Building Division** 

April 28, 2010

T - DABLI

From: 5176393049

91:90 0105-20-YAM



State of Michigan	\$53,000.00 USD
County: Branch	\$55,000.00 USD

### **Bill of Sale of Trailer**

IN CONSIDERATION OF the sum of \$53,000.00 USD, plus any applicable sales taxes, paid by Paid, the receipt of which consideration is acknowledged, United Rentals of 21141 Protecta Dr, Elkhart, IN 46516, USA (the 'Seller'), SELLS AND DELIVERS to Pansophia Academy of 52 Abbott Ave, Coldwater, MI 49036, USA (the 'Purchaser'), the following trailer (the 'Trailer'):

Make Markline	Model 2468 Classroom	Year 2007
Style Mobile/Modular	VIN MAR35798/35799	Gross Weight 31000 lbs
Length 68	Width 24	

The Seller warrants that (1) the Seller is the legal owner of the Trailer; (2) the Trailer is free from all liens and encumbrances; (3) the Seller has full right and authority to sell and transfer the Trailer; and (4) the Seller will warrant and defend the title of the Trailer against any and all claims and demands of all persons.

The Trailer is being sold in an 'as is' condition and the Seller expressly disclaims all warranties, whether expressed or implied, including but not limited to, any implied warranty of merchantability or fitness for a particular purpose. Further, the Seller disclaims any warranty as to the condition of the Trailer. The Seller does not assume, or authorize any other person to assume on the behalf of the Seller, any liability in connection with the sale of the Trailer. The Seller's above disclaimer of warranties does not, in any way, affect the terms of any applicable warranties from the manufacturer of the Trailer.

The Purchaser has been given the opportunity to inspect the Trailer or to have it inspected and the Purchaser has accepted the Trailer in its existing condition. This Bill of Sale will be construed in accordance with and governed by the laws of the State of Michigan.

Page 1 of 2

Bill of Sale Page 2 of 2

SIGNED, SEALED, AND DELIVERED

this 9th day of November, 2021.

MS Region Fleet Manager

United Rentals

(Seller)

State of Michigan
County: Branch
\$65,000.00 USD

### Bill of Sale of Trailer

IN CONSIDERATION OF the sum of \$65,000.00 USD, plus any applicable sales taxes, paid by PAID, the receipt of which consideration is acknowledged, United Rentals of 21141 Protecta Dr, Elkhart, IN 46516, USA (the 'Seller'), SELLS AND DELIVERS to Pansophia Academy of 52 Abbott Ave, Coldwater, MI 49036, USA (the 'Purchaser'), the following trailer (the 'Trailer'):

Make	Model	Year
Markline	2468 Classroom	2002
Style	VIN	Gross Weight
Mobile/Modular	MAR31631/31632	31000 lbs
Length 68	Width 24	

The Seller warrants that (1) the Seller is the legal owner of the Trailer; (2) the Trailer is free from all liens and encumbrances; (3) the Seller has full right and authority to sell and transfer the Trailer; and (4) the Seller will warrant and defend the title of the Trailer against any and all claims and demands of all persons.

The Trailer is being sold in an 'as is' condition and the Seller expressly disclaims all warranties, whether expressed or implied, including but not limited to, any implied warranty of merchantability or fitness for a particular purpose. Further, the Seller disclaims any warranty as to the condition of the Trailer. The Seller does not assume, or authorize any other person to assume on the behalf of the Seller, any liability in connection with the sale of the Trailer. The Seller's above disclaimer of warranties does not, in any way, affect the terms of any applicable warranties from the manufacturer of the Trailer.

The Purchaser has been given the opportunity to inspect the Trailer or to have it inspected and the Purchaser has accepted the Trailer in its existing condition. This Bill of Sale will be construed in accordance with and governed by the laws of the State of Michigan.

Page 1 of 2

Bill of Sale Page 2 of 2

SIGNED, SEALED, AND DELIVERED

this 9th day of November, 2021.

MS Region Fleet Manager

United Rentals

(Seller)

### 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. B036147
Pansophia Academy
52 Abbott Avenue
Coldwater, Michigan
Branch 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

January 31, 2014

### **CONTRACT SCHEDULE 7**

## REQUIRED INFORMATION FOR A PUBLIC SCHOOL ACADEMY

### **SCHEDULE 7**

### REQUIRED INFORMATION FOR A PUBLIC SCHOOL ACADEMY

<u>Required Information for a Public School Academy</u>. 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. <u>Educational Goal and Related Measures</u>. The educational goal and related measures of the Academy are set forth in Section b of this Schedule.

Section c. <u>Educational Programs</u>. The educational programs of the Academy are set forth in Section c of this Schedule.

Section d. <u>Curriculum.</u> The curriculum of the Academy is set forth in Section d of this Schedule.

Section e. <u>Methods of Pupil Assessment.</u> The methods of pupil assessment of the Academy are set forth in Section e of this Schedule.

Section f. <u>Application and Enrollment of Students</u>. The Academy's criteria for the application and enrollment of students is set forth in Section f of this Schedule.

Section g. <u>School Calendar and School Day Schedule</u>. The school calendar and school day schedule procedures are set forth in Section g of this Schedule.

Section h. <u>Age or Grade Range of Pupils</u>. 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**

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. 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. 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. 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: Amended 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 the Terms and Conditions 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.

Schedule 7a-1 Pansophia Academy

# SECTION B <u>EDUCATIONAL GOAL AND RELATED MEASURES</u>

### 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
Against a Standard:	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%
	performance against the standard falls below the the	hese required expectations, "measurable progress towards t neasures and targets:	he
Over Time:	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%
Comparison Measure:	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%

Schedule 7b-1 Pansophia Academy

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<sup>&</sup>lt;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>&</sup>lt;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 the norms are updated and how the updated norms may impact analysis and performance reporting.

<u>Measure 2: Student Growth</u>
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
Against a Standard:	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
	performance against the standard falls below these requithis goal" will be defined using the following measures a		ards the
Over Time:	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%
Comparison Measure:	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%

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Schedule 7b-2 Pansophia Academy

<u>Measure 3: Post-Secondary Readiness: Grades 9-11</u>
The 'on-track' towards college readiness rates of all students in grades 9-11 will be assessed using the following measures and targets.

Sub Indicator	Measure	Metric	Target
Against a Standard:	The percentage of students meeting or surpassing the current grade-level college readiness benchmarks on the PSAT (grades 9 and 10) and SAT (grade 11) in Evidence-Based Reading and Writing (EBRW) and Math.	For EBRW, distribution (which will be in the form of percentages): $ \begin{array}{l} \text{Exceeds} \geq 70.0\% \\ \text{Meets} \geq 60.0\% \\ \text{Approaching} \geq 50.0\% \\ \text{Does not meet} < 50.0\% \\ \text{For Math, distribution (which will be in the form of percentages):} \\ \text{Exceeds} \geq 50.0\% \\ \text{Meets} \geq 40.0\% \\ \text{Approaching} \geq 30.0\% \\ \text{Does not meet} < 30.0\% \\ \end{array} $	PSAT 9 EBRW: 60% Math: 40% PSAT 10 EBRW: 60% Math: 40% SAT 11 EBRW: 60% Math: 40%
	The percentage of students meeting or surpassing the current grade-level college readiness benchmarks on the PSAT (grades 9 and 10) and SAT	alls below these required expectations, "measurable progress following measures and targets:	towards the
Comparison Measure:	(grade 11) over time (CY-AVG(PY1+PY2+PY3)).  The percentage of students meeting or surpassing the current grade-level college readiness benchmarks on the SAT (grade 11) will surpass the school's Composite Resident District 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%

Schedule 7b-3 Pansophia Academy

# SECTION C <u>EDUCATIONAL PROGRAMS</u>

### 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 Statement**

Pansophia Academy ("Academy") provides exceptional learning opportunities in a caring environment through creative and unique experiences, which celebrate and empower the individual.

### Vision

Building productive citizens who recognize their limitless potential to reach personal success and are prepared to solve the problems of tomorrow.

### Values

**Positive Relationships:** We believe relationships are built on mutual respect for self and one another. Developing positive relationship allows for open connections among all stakeholders with the goal of collaboratively solving problems through teamwork and honest feedback.

Integrity: Operating in honesty and dedication while upholding the highest standard of trust.

**Respect:** We believe every individual in our school community should be treated with respect; we value each other's differences and embrace that everyone is unique.

**Reputation:** We believe having and following through on consistent standards with staff and students to create a positive image throughout the school and community.

*Consistency:* We believe that when there is a culture of consistency, the students will work produce, learn, and achieve.

**Dedicated:** We are dedicated to providing an individualized rigorous education to all students.

The name "Pansophia" has a significant meaning in education. The Greek "pan" means all; the Greek "Sophia" means wisdom, so the name "Pansophia" means all wisdom or universal knowledge. Thus, the Academy's goal is to ensure students are able to apply knowledge and wisdom to real-world situations. The Academy seeks to provide a challenging curriculum with the flexibility to meet the needs of all learners while creating a system of equal accountability for both students and educators. Educators work as a team to ensure maximum student success towards reaching their potential.

The Academy is the only kindergarten through twelfth grade public school academy servicing Coldwater, Michigan, and surrounding areas within Branch County. The campus is situated near the Branch Area Career Center ("BACC") and the Coldwater campus of Kellogg Community College ("KCC"), which provide opportunities for students to pursue either a path towards a profession or post-secondary education.

The Academy's educational program is designed to support the mission and provide students with an opportunity to become career-oriented, college-bound, and productive citizens in the 21st century.

Schedule 7c-1 Pansophia Academy

### **Educational Philosophy**

The following educational philosophies are fundamental to the mission of the Academy:

### High Expectations

High expectations result from a strong belief in the unlimited potential of each student. The faculty, staff and administration strongly believe every child can perform. The Academy builds a culture of high expectations by:

- comparing the expectations of lower and higher grade levels to ensure there is a consistent increase in expectations as the student matures;
- consulting faculty, parents and students in setting expectations;
- comparing the level of freedoms with the level of expectations. Greater freedoms offer opportunities for higher expectations;
- developing student handbooks consistent with the school and classroom expectations
- integrating technology into student lives to prepare for 21<sup>st</sup> century challenges
- employing differentiation strategies for all students

The Academy spends collaborative planning time and professional development articulating outcomes for learning that reflect high expectations and value depth over breadth in the curriculum. This allows students to develop essential skills and acquire knowledge that will hold students in good stead for their future education, careers and life.

### Strong Partnership between School and Home

A strong partnership between the school and home is critical to the individual success of each child in school. The Academy is committed to maintaining this strong partnership by:

- continuing to encourage an active parent organization that meets monthly;
- ensuring an understanding of the student-parent handbook at the elementary, middle and high school;
- creating a welcoming environment and providing opportunities for parents, families and the community to be at the Academy;
- incorporating internet-based technology and social media to communicate with parents and guardians;
- providing digital access to student's grades and progress through the use of an online grade book accessible to parents;
- providing support services for families in which English is a second language.

### Character and Conduct

The Academy has adopted Positive Behavioral Interventions and Supports ("PBIS") to reinforce positive behavior choices and maintain a positive school culture. Teacher modeling, challenging academic curriculum, instructional processes and ongoing assessment of learning are used to support high student achievement. Additionally, non-coercive management of the school and classroom environments and positive relationships with parents/guardians provide support for student character development.

Schedule 7c-2 Pansophia Academy

Coercive or externally controlled school environments destroy the school culture and relationships between staff members and between students and teachers. Using caring or connecting habits are what bring teachers, parents and students together; caring, listening, supporting, contributing, encouraging, trusting and befriending.<sup>1</sup> Connecting with students and leading students to connect with school is essential.

The importance of strong relationships is emphasized throughout the program components, as well as the emphasis on the motivation and development of the whole child in an educational environment that nurtures high expectations and academic success while supporting the development of character traits. The Academy uses the advisory program in the middle grades and high school and a morning meeting at the elementary level to build relationships between and among students and staff.

### **Educational Strategies**

The Academy implements and delivers a curriculum that is 21st century relevant and aligned with the Michigan Academic Standards ("MAS"). The curriculum includes various assessment tools (Fountas and Pinnell, i-Ready<sup>®</sup> diagnostic and Northwest Evaluation Association™ ("NWEA™") Measures of Academic Progress<sup>®</sup> ("MAP®") Growth™ test) and has committed to a consistent review of data to help inform curriculum, instruction and assessment during staff development and collaborative planning time.

The Academy is committed to meeting the needs of all learners and offers tutoring after school for all students in grades K-12. Students may self-select into tutoring, or be recommended by teachers based on need.

The Academy has also adopted online learning for remediation, credit recovery and learning extensions for all grades. Students are assigned work carefully selected from various programs that provide an opportunity for students to succeed, to monitor progress and to celebrate student successes. The Academy is committed to using technology in ways that have the potential to individualize and differentiate learning and increase the rate of student learning by providing access to materials and resources that maximize student time on task.<sup>2</sup>

The Academy is regularly engaged in developing and articulating the goals of learning at each grade level and in each high school course. All staff are involved in Professional Learning Communities ("PLC") that meet to study, practice and reinforce effective instructional strategies and "problems of practice."

Parents are regularly informed about their child's learning and growth through progress reports, newsletters, quarterly report cards and twice yearly parent teacher conferences.

Schedule 7c-3 Pansophia Academy

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<sup>&</sup>lt;sup>1</sup> Glasser, W (2000). Every student can succeed. Chulavista, CA: Blackforest Press.

<sup>&</sup>lt;sup>2</sup> United States Department of Education (2012). *Understanding the Implications of Online Learning for Educational Productivity* available at http://www2.ed.gov/about/offices/list/os/technology/implications-online-learning.pdf

### **Teaching Strategies**

In any school, the most influential factor of student success is the teacher. A highly effective teacher can have a powerful impact on student achievement. Academy teachers are dedicated to crafting learning opportunities to meet the individual student's educational needs. Teachers are engaged in the study and use of Marzano's *The Art and Science of Teaching* which articulates high yield instructional strategies (2001) to become better practitioners. Teachers work to make the learning objectives clear to students and families, and provide clear feedback to students who monitor their own progress toward achieving the learning goal.

### Curriculum

The Academy has adopted Houghton Mifflin Harcourt<sup>TM</sup> for English language arts ("ELA"), mathematics, science and social studies in grades K-5. Houghton Mifflin Harcourt is interactive, engaging and has the ability to reach all learners regardless of the students' abilities. The instructional units are organized in a developmentally appropriate manner and follow a logical sequence; the instructional units act as building blocks to ensure a smooth academic flow of content from grade to grade.

Project-based learning ("PBL") is essential to engagement. PBL is not only complementary to the strong advisory program, because advisory has the consultation time necessary for PBL already built in, but is also the best pedagogical approach for the acquisition of 21st century skills, for mirroring the contemporary workforce and workplace, and for creating relevance by having students understand why school is important through discovery. This is the key to engagement.

In an analysis of literature about PBL effectiveness, the Buck Institute for Education concludes that PBL can:

- be more effective than traditional instruction in increasing academic achievement on annual state-administered assessment tests;
- be more effective than traditional instruction for teaching mathematics, economics, science, social science, clinical medical skills and for careers in the allied health occupations and teaching;
- be more effective than traditional instruction for long-term retention, skill development and satisfaction of students and teachers:
- be more effective than traditional instruction for preparing students to integrate and explain concepts;
- improve students' mastery of 21st-century skills;
- be especially effective with lower-achieving students; and
- provide an effective model for whole school reform.

Successful PBL requires the development of a school culture and establishment of relationships. Therefore, the Academy guides students into the PBL process gradually. Students spend a considerable amount of time learning about the process involved in developing a project, in establishing rubrics of quality to reflect traits like critical thinking, and in using time well. The school spends time counseling students in how block scheduling and project support time work to support student learning. That is, the quality and quantity of work is not changed as students are responsible for the demonstration of mastery of the Michigan Merit Curriculum ("MMC"), but are navigating through it in an atypical fashion.

Schedule 7c-4 Pansophia Academy

Although freedom and choice are important to both the school and the students, the PBL process is standardized to resemble processes that look much like project management in the modern workplace. Students have templates to justify the project, pitch it, manage it through Google Docs, and provide updates on the project. In combination with project guidelines and progress in Google Docs, students, parents and teachers also have access to student progress and mastery levels through the student information system, PowerSchool, which is updated weekly to provide accurate and timely feedback to all stakeholders.

Through the content areas, the Academy embraces the MAS, College and Career Readiness Standards and National Educational Technology Standards to develop a comprehensive kindergarten through twelfth grade curriculum. The goal is to graduate students who have not only had the opportunity to experience academic excellence, but have acquired the knowledge and skills necessary to be successful in high school, college and the workplace. To achieve the goal, Academy faculty and staff consistently research the skills students need to be successful in a challenging college program or career field. To accomplish this, the Academy utilizes data from the SAT\*, NWEA (a nationally-normed assessment), Fountas and Pinnell, i-Ready and the state assessment. These assessments indicate the level of knowledge and skills students must have to be successful in college and professions. By understanding what students need to know to be successful in a chosen life decision, the Academy is able to work backwards and determine what students must know at each grade level in order to be prepared for high school, college and work. The backward design approach makes the curriculum particularly unique because it is has been developed to support demanding standards with a college-bound/work-ready approach.

### **Curriculum Alignment and Review**

Curriculum is monitored and adjusted in weekly grade level meetings and whole school meetings on early release Friday. During these times, assessment data is reviewed and the horizontal and vertical alignment of the curriculum is evaluated and revised as needed. Curriculum materials are reviewed by a team on a rotating basis with feedback from stakeholders.

### **Curriculum Flexibility**

### 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:

Schedule 7c-5 Pansophia Academy

- 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.

In addition to being compliant to all laws regarding students who need special education services, 504 plans or English Language Learners ("ELL") services, the Academy will also use the Teacher Support Team ("TST") to identify struggling students and put in assistive plans that may include recommendations for social work, counseling or curriculum accommodations that are monitored for success.

### **Multi-Tiered System of Support ("MTSS")**

The Academy uses the MTSS framework embedded within the classroom to serve students who have learning challenges. MTSS is a framework used to provide targeted support to struggling students. It focuses on the "whole child." MTSS supports academic growth and achievement, but it also supports many other areas. This includes behavior, social and emotional needs, and absenteeism. The Academy uses 3 tiers of support:

- *Tier 1: The Whole Class*. All students are taught with methods research has shown to be effective. All students are screened to see who is and isn't responding to these strategies. Students may be broken into small groups that address different strengths and areas of need.
- *Tier 2: Small Group Interventions*. Some students receive more targeted support in small groups. The scheduling of these interventions is important. The goal is to keep students from missing any core instruction or other Tier 1 activities that might make it harder to catch up.
- *Tier 3: Intensive, Individualized Support.* A few students who move up to this most intensive level of support continue with Tier 1 activities. These break-out groups are smaller than in Tier 2, the sessions last longer and are more narrowly focused.

The MTSS model—although housed in general education—includes special education services provided by appropriately certified faculty.

In addition to providing services for special education students, the Academy continues to expand its project-based learning instructional approach, which is ideally suited to meeting the needs of all learners (e.g. below grade level and gifted and talented). In conjunction with the advisor, a student may create a project that may be differentiated based on the student's specific skill level

Schedule 7c-6 Pansophia Academy

and interest. The student can demonstrate differentiated projects through content, process, product and learning environment. The Academy's infusion of differentiation and project-based learning serve as a flexible method to accommodate students' different learning needs and preferences.

### Assessment

Three of the fundamental purposes for assessments are (1) to describe each student's developmental level within a test area; (2) to identify a student's areas of relative strength and weakness in subject areas; and (3) to monitor year-to-year growth. The Academy evaluates assessment data to ensure students are on track to be successful in college, work and life.

### State Assessment /Michigan Merit Exam ("MME")

The minimum standard of evaluation is the state assessment for grades three through eight. In grade eleven, students must take the MME. The state has provided expected proficiency rates of public schools in Michigan. The Academy strives to meet and exceed the proficiency goals each year and uses the state's data to target the lowest 30% of students to identify potential weaknesses in not only the Academy's curriculum, but also in teacher expectations and strategies with particular groups of students.

### **NWEA MAP Test**

The Academy administers the nationally norm-referenced NWEA MAP test for first through eighth grades. The Academy uses this test to monitor student performance in math and reading. Using target scores that have been identified as having a high likelihood of resulting in a student achieving a college ready score on the SAT/ACT, the teachers establish a growth target for each student that is shared with the student and their family. The Academy provides the assessment three times a year (fall, winter, spring) to determine student progress towards average or above average proficiency. This test also identifies the MAS that each student should focus on to improve learning. The teacher also uses online, i-Ready, Khan Academy and print resources to find lessons and unit plans that address those standards and expectations.

### i-Ready

The i-Ready diagnostic tests are used in the first through twelfth grades to assess student progress in math and reading. I-Ready is a single K-12 adaptive diagnostic for reading and mathematics that pinpoints student areas of need down to the sub-skill level, and ongoing progress monitoring shows whether students are on track to achieve end-of-year targets. The programs provide educators with immediate feedback on student performance. This feedback is used to review grade level equivalency and determine strategies needed when students are not performing at grade level. The feedback is also used to enrich student progress in the subject area.

### Authentic Assessments

*Understanding by Design* also necessitates the use of authentic assessments—assessments that go beyond content mastery. In authentic assessment, students go beyond recall, repeat, perform as practiced or scripted, plug-in, recognize, identify, etc. what they learned and move to do things like:

- justify a claim,
- connect discrete facts on their own,
- apply their learning in new contexts,

Schedule 7c-7 Pansophia Academy

- adapt to new circumstances, purposes or audiences
- *criticize* arguments made by others,
- explain how and why something is the case, etc.<sup>3</sup>

To prepare students for the 21<sup>st</sup> century learning goal of higher order thinking, teachers consider how students will demonstrate understanding in a course and in a unit, and design assessments where students use content knowledge and skills to present solutions to problems. This type of work has students working collaboratively and engaging in work that is highly transferable to the students' future lives.

### **Technology**

To live, learn and work successfully in an increasingly complex and information-rich society, students must be able to use technology effectively. Academy students have easy access to computers daily. Grades 6-12 are one-to-one, with students being assigned a computer. Elementary classrooms are all equipped with iPad and/or Chromebook carts to provide a one-to-one atmosphere. In addition to providing assessment flexibility, students use Chromebooks to extend their learning with technology as a center in elementary classrooms, and as a research and presentation tool as they grow.

The Academy is focused on providing students with experiences that mirror what adult work lives will likely look like—each student is assigned an email address, and the Academy uses collaborative software to allow students to exchange information and work on projects simultaneously, but remotely if necessary.

### **Elementary Education Program Grades: K-5**

The Academy's elementary curriculum focuses on developing the literacy and number sense of all students. Teachers are building the foundation to help students become responsible citizens who are able to communicate, are mathematically proficient and scientifically literate. The belief that every learner is unique is the underlying foundation of the educational program. The goal is to ensure that students develop the reading, writing, mathematical and communication skills that are the foundation of more advanced learning.

### **Core Content Areas:**

### Reading/Language Arts

The Academy uses a research-based language arts program, Houghton Mifflin Harcourt's *Into Reading*™. Fluency, vocabulary and text comprehension instruction are supplemented with guided reading and the "Daily Five" and C.A.F.E approaches. Emergent readers read leveled books, big books and trade books, which feature a blend of phonics and sight words needed by beginning readers. The Academy teaches vocabulary using indirect and direct teaching instruction. Indirect instruction allows students to engage daily in oral language, listen to adults read aloud and students read individually. Direct instruction is when students are explicitly taught both individual words and word learning strategies.

Schedule 7c-8 Pansophia Academy

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<sup>&</sup>lt;sup>3</sup> Wiggins, Grant (1 January, 2014). Blogpost "Final Exams versus Projects..." available at http://grantwiggins.wordpress.com/

Comprehension skills assist in fostering a purpose for reading. Instruction focuses attention on what students are to learn and helps students to think actively while reading. Additionally, comprehension skills allow students to review content, access prior knowledge and make connections. Students practice retelling the reading selection and are asked to write the main details from the story, as well as analyze characters and make text-to-self connections. Methods from Jennifer Seravallo's *The Reading Strategies Book* and the K-12 Literacy Essentials are used to support reading comprehension. The Academy focuses reading instruction by using screener data to identify areas of need and targeting instruction.

The Academy teachers use the *Fountas & Pinnell Benchmark Assessment Systems* to determine student's independent and instructional reading levels. Teachers observe student reading behaviors one-on-one, engage in comprehension conversations that go beyond retelling and make informed decisions that connect assessment to instruction.

The language program utilizes a variety of writing assignments. The Academy believes in cross-curricular writing to support and meet the needs of the MAS. Students learn the writing process and write for a variety of purposes and projects. Journals and logs may be included along with a variety of short-term and long-term writing projects. In addition to writing, students are taught to edit papers. Beginning in the lower grades, document cameras are used to project student writing for peer editing to allow students to develop skills in peer editing and looking at writing with a critical eye before reaching upper elementary.

The Academy analyzes data to inform instruction and support student learning with the use of online programs (e.g., Raz-Kids<sup>®</sup> and Reading A-Z<sup>TM</sup>) accessible at home or at the Academy to build foundational skills, as well as uses assessments within *Into Reading* and NWEA MAP scores to quickly and thoroughly identify a student's specific needs and provide targeted work and intervention strategies.

### **Mathematics**

The Academy uses Houghton Mifflin Harcourt's Into Math™. Into Math focuses on supporting students as the students develop conceptual understanding and grow into fluent mathematicians. Lessons begin with an opportunity for students to reflect on prior knowledge and challenge themselves to reflect on what may be happening next. Throughout the lessons, there are prompts for understanding that motivate students to have conversations about mathematics using mathematical language. Into Math offers differentiation for all students. Students have the ability to work individually on leveled resources with problems that match their level and support their growth. Students also have the option of working in small groups at math task centers. In small groups, students are able to complete games and activities that reinforce lessons and talk between peers. Students work directly with the teacher during teacher guided activities, which give students the chance to work directly on skills with teacher guidance. Students in the middle grades participate in a balanced mathematics program which includes significant amounts of algebra and geometry. Algebra and geometry are crucial to success in the later study of mathematics and also in many situations that arise outside the mathematics classroom. The Academy uses assessments within Into Math, as well as NWEA MAP scores, to quickly and thoroughly identify a student's specific needs and provide targeted work through *Into Math* and intervention strategies.

Schedule 7c-9 Pansophia Academy

#### Science:

The Academy uses Houghton Mifflin Harcourt *Into Science*<sup>™</sup>. *Into Science* was built around the Next Generation Science Standards ("NGSS") and around active learning. Students take part in hands-on activities that are integrated into many of the lessons. Students are actively engaged in the lessons, and are asked to think critically about their observations, practice gathering evidence and defend their claims. Students take part in engineering and STEM, which is carried throughout every unit. This approach allows students to elevate engineering design to the same level as scientific literacy.

#### Social Studies

The Academy uses Houghton Mifflin Harcourt's *Into Social Studies*<sup>TM</sup>. Into Social Studies is an engaging and flexible curriculum that includes nonfiction content with literary goals and allows students to develop strong contextual foundations needed to build knowledge and learn about the world. *Into Social Studies* can be delivered to students in magazine and technology form, creating unique and accessible formats. The digital magazines include content and audio, and can be delivered in English and Spanish. The curriculum offers differentiated instruction tools to build a strong knowledge base and promote effective expression for learners of all levels. Students are able to take virtual field trips, learning about the world around them.

#### Middle Grades Educational Program Grades: 6-8

The Academy's middle grades program supports the healthy growth and development of students. The middle grades program holds high expectations for all students' academic achievement, with educators carefully structuring a program appropriate to young adolescent learners. Educators and students are placed together on a middle school team to provide a sense of community and develop collaborative interactions. The advisory time assists in building relationships between students and staff. Content area subjects are linked to integrate learning experiences that reflect real-world situations as the Academy builds its use of project-based learning in the middle grades.

In addition to the core curricular content areas, classes in music, art, Spanish, and physical education are offered to provide students with opportunities to explore new areas, pursue interests and identify aptitudes. Further, co-curricular and extra-curricular activities offer enrichment opportunities for students.

#### **Core Content Areas:**

#### Reading/Language Arts

The middle grades reading/language arts program is project-based and literature-based, with a reading selection which is both classical and cross-cultural. Literature-based instruction is the type of instruction in which authors' original narrative and expository works are used as the core for experiences to support children in developing literacy. Through project-based instruction, students expand vocabulary and further develop literacy skills (e.g. fluency, comprehension). Literature is supplemented with non-fiction texts, the exploration of which is both real-world, grounded in technology (accessing texts online, finding texts to support an argument or a hypothesis) and therefore "hands on" so that students both build literacy and engage in problem solving using texts. Project-based learning focuses on teaching to achieve understanding. Projects are created using the Understanding By Design model, looking at the outcomes in order to design curriculum units, performance assessments, and classroom instruction.

Schedule 7c-10 Pansophia Academy

#### **Mathematics**

Students in the middle grades participate in PBL with significant amounts of algebra and geometry. Algebra and geometry are crucial to success in the later study of mathematics and also in many situations that arise outside the mathematics classroom. Within a balanced mathematics program, a teacher models instruction and guides students through the steps of problem-solving. In addition to direct instruction, students work independently or in small groups to complete projects that lead students to achieve understanding. Working independently, students build math vocabulary, practice problems and show work to justify mastery of skills, while small group activities provide opportunities for students to work together to explore problems and promote teamwork. NWEA and i-Ready data are used to individualize instruction for students and to provide enrichment for more advanced students.

#### Science

Middle grades science is also taught using the PBL approach. Students collaborate in groups to solve real-world problems in science. This project-based approach to science engages students in the process of learning science and encourages students to use scientific evidence to make decisions. The Academy uses a literacy-based approach that involves students evaluating evidence in a way that will help educate tomorrow's citizens about the application of scientific thinking to everyday life.

#### Social Studies

The middle grades social studies program digs deeply into the goals of social studies instruction by spreading the standards out over the course of middle school using a PBL approach. By separating the standards from grade levels, social studies become more easily integrated into the other content areas and makes the goals of citizenship and a democratic society the focus, rather than a march through people and places. Instruction supports building knowledge to gain understanding of key events, people and places in history. Teachers utilize both direct instruction and student-centered approaches to deliver social studies content. Students work in small groups, engage in project- based learning, and conduct and present research.

#### **Educational Development Plans**

P.A. 141 of 2007 requires districts to provide students an opportunity to develop an Educational Development Plan ("EDP"). At the Academy, an EDP is developed in the seventh grade advisory class. Once completed, the middle school advisory teachers ensure maintenance and ongoing updates of the plan. The EDP is passed onto the student's high school homeroom teacher for continued monitoring.

The EDP contains:

- personal information
- student's grade level
- student identified career goals
- assessment results (academic and career)
- educational/training goals
- a plan of action that identifies a broad career pathway
- course selections for high school that support a student's goals/interests

Schedule 7c-11 Pansophia Academy

- information on options to meet the state graduation requirements including postsecondary
- enrollment options
- long-term goals and planning to support postsecondary/post-school options

#### **High School Education Program Grades: 9-12**

The educational program in grades nine through twelve emphasizes the successful completion of the MMC and preparation for post-high school education. In each content area, a PBL approach is used to meet the requirements of the MMC. The high school seeks to be a transition program—for freshmen and sophomores increasing the expectations in course work with regard to rigor, collaborative and independent work, and increased student choice in determining course work or demonstrations of understanding. Juniors and seniors may choose to dual enroll or take courses at the career center; all upperclassmen are focused on successful completion of the SAT and post-secondary plans as seniors.

The high school advisory and enrichment classes serve to provide support, mentoring and additional time for content mastery. In addition, advisory assists students in monitoring credit accrual, progression towards graduation and alignment of coursework to post-secondary plans. Advisory time is used to help students understand personal qualities that lead to success: persistence, optimism, creative problem solving and the effect of hard work or effort on outcomes, while providing extra support with project completion.

The Academy is eager to capitalize on the opportunities that are present in a kindergarten through twelfth grade learning environment. Students have opportunities to build leadership skills and to participate in the kind of community building that develops character and citizenship by acting as tutors, mentors and study buddies to younger students, volunteering in elementary classrooms and assisting in after school tutoring with the guidance of school staff.

#### **Branch Area Career Center**

The Academy is located adjacent to the BACC. The BACC operates sixteen programs for students to prepare themselves to enter the world of work. Programs are arranged based on the Michigan model of career clusters. All students who have successfully completed the Academy's Success Skills for College and Career Course are eligible to enroll at BACC. Maintaining a minimum 2.0 grade point average ("GPA") at the Academy and at BACC with adherence to both schools' attendance policies are required to remain in the BACC programs. Students may earn credits and experience in the following careers: Auto/Diesel Technology, Building Trades, Business Administration and Technology, CAD, Engineering & Architecture, Collision Repair, Criminal Justice, Culinary Arts & Hospitality Management, Early Education, Electrical, Technologies, Health Sciences, Information Technology, Marketing, Management & Entrepreneurship, Environmental & Agricultural Science, Precision Machining and Welding.

Academic credit at the Academy is awarded based on dialogue between the BACC academic consultant and Academy Administration.

Schedule 7c-12 Pansophia Academy

#### **Dual Enrollment**

Students who have qualifying scores on the SAT/ EPAS tests and passed the Computer Adaptive Placement Assessment and Support System exam at KCC are eligible to take college courses at KCC, which is located within walking distance to the Academy. Students must maintain full-time status with the Academy, a 2.0 GPA at both the Academy and KCC, and have maintained attendance at both the Academy and KCC. Courses that are offered at the Academy cannot be taken at KCC.

#### **Early Middle College**

"Early/Middle College" ("EMC") means a stand-alone public high school, a school within a school, a Public School Academy ("PSA") or a Shared Educational Entity ("SEE") designed to allow a pupil to earn a high school diploma and either an associate's degree, the Michigan Early/Middle College Association ("MEMCA") technical certification or up to 60 transferable college credits at the same time.

An "EMC Program" is a five-year high school program designed to allow a pupil to earn a high school diploma and substantial college credit through an additional fifth year of study. A formal agreement with each postsecondary partner is required for both the EMC High School and Program Models. Early/Middle College High Schools can begin as early as 9th or 10th grade. Students attend for five years and follow a specific, five-year program of instruction.

The discussion of EMC issues with the high school counselor, EMC liason or building principal is critical. Students capable of college-level curricula are not automatically knowledgeable about college course selections and the enrollment process; it is absolutely necessary that any student and their parents seriously considering EMC possibilities seek guidance regarding the benefits, risks and possible consequences of enrolling in a postsecondary course, as well as information regarding individual postsecondary institutions and their procedures.

The Academy has established educational partnerships with both KCC and Glen Oaks Community College. Based on the student's EDP, the college's academic offerings and parent/student conferencing, the student will name the college partner of their choice. Assistance with transportation will not be provided. Students are eligible to transfer once between the Academy's partners while participating in the EMC should the student's academic plan support the transfer.

#### **Graduation Requirements**

Academy students are expected to complete graduation requirements in four years. In order to receive a diploma and graduate, a student must meet the Academy's requirements for basic course work and earn the required minimum number of credits. This may include a combination of BACC, dual enrollment and EMC credits. When extenuating circumstances exist, the administration has the authority to modify this requirement through the use of a Personal Curriculum. The total number of credits that are required for graduation is twenty-four. Credits are awarded on a semester basis. Each class earns one-half credit (0.5) each semester.

Schedule 7c-13 Pansophia Academy

#### **Program Evaluation**

The Academy's leadership structure, calendar, teacher mentoring, professional development and intensive focus on student achievement, parent satisfaction, student perception and community involvement are ideal for monitoring and achieving the Academy mission.

A shared leadership structure that involves the school leader, a leader of curriculum and instruction, social work and/or counseling, special education, lead teachers and the technology/data/assessment coordinator meet frequently to discuss all aspects of the Academy's operation and whether or not the Academy is meeting the needs of students and families. Leadership analyzes achievement data, attendance at parent teacher conferences and other school functions, retention and enrollment data, discipline data and any parent comments to determine whether or not the Academy is delivering on its mission.

Teachers are also involved in the collection and analysis of data. Teachers have not less than a 200-day work year, which includes 20 days of professional development and collaborative planning. Additionally, the Academy will have early release one day a week to dedicate time to the analysis of data and to plan a course of action to continuously improve student outcomes.

The Academy also uses Correlates of Effective Schools<sup>4</sup> to evaluate its success. The seven correlates overlap with the philosophies of the Academy and influence the practical running of the school. The correlates evaluated and the data collected through collaborative planning, teacher evaluation and mentoring and through surveys are:

#### • Clear and Focused Mission

• How often is the mission referenced when making decisions about initiatives, policy, curriculum and instruction?

#### • High Expectations

- o *Perception Surveys*: Do teachers believe they have the skills and knowledge necessary to ensure that nearly all students in their classes master the curriculum?
- O Self-Reporting: Were there students whose progress fell below expectations? What was the response? Were there students whose expectations exceeded expectations—how were they and their family informed? Based on your knowledge thus far, are there students who are not likely to master the curriculum?

#### • Instructional Leadership

- o *Perception Surveys*: Do teachers feel that efforts to maintain the disciplinary climate of the Academy are reinforced by the principal? Do teachers see the principal or curriculum leader as a resource for solving instructional problems?
- O Self-Reporting: How many classroom observations longer than 10-minutes were conducted weekly/monthly? How much time did leadership spend examining student data? How many students were met with because of discipline problems?

Schedule 7c-14 Pansophia Academy

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<sup>&</sup>lt;sup>4</sup> Lezotte, L., McKee-Snyder, K. (2011) *What Effective Schools Do: Re-envisioning the Correlates.* Solution Tree Press, Bloomington, IN.

#### • Frequent Monitoring of Student Success:

 Self-Reporting: Teachers use assessment data to give feedback and inform instruction. Analysis and discussion of assessment content and form are part of regular curricular reviews in collaborative planning.

#### • Opportunity to Learn/Time on Task

- O Perception Surveys: Is allocated time flexible enough to meet the needs of teachers and students? Is enhanced instruction regularly provided for lowachieving students?
- O Self-Reporting: What percent of your students were performing at or above grade-level at the beginning of the year? How do teachers account for lack of background knowledge that may prevent access to learning?

#### • Safe and Orderly Environment:

Perception Surveys: Do teachers at the school genuinely care about students?
 Are students treated fairly and consistently? Is the school clean and a source of pride to all? Is discipline a problem at the school?

#### • Home School Relationships

- o *Perception Surveys*: Do parents feel they have numerous opportunities to interact with the school? Are parents adequately notified about events, conferences, and other opportunities in the school? Do parents have opportunities to work with the Academy to select and evaluate school activities?
- o *Self-Reporting*: How many parent complaints have occurred weekly/monthly? How many parent contacts were made by teachers or by administration?

Schedule 7c-15 Pansophia Academy

# 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 Academy written curriculum, Houghton Mifflin Harcourt<sup>™</sup> ("HMH") *Into Reading*<sup>™</sup>, *Into Social Studies*<sup>™</sup>, *Into Math*<sup>™</sup> and *Into Science*<sup>™</sup> for grades kindergarten through five, competency-based curriculum for grades six through twelve, Michigan Model for Health<sup>™</sup>, Michigan Virtual<sup>™</sup>, and Edgenuity<sup>®</sup> as a curriculum. The curriculum for all core subjects has been received, reviewed and approved by the Center.

•	HMH INTO Reading	https://www.hmhco.com/programs/into-reading
•	HMH INTO Social Studies	https://www.hmhco.com/programs/into-social-studies
•	HMH Into Math	https://www.hmhco.com/programs/into-math
•	HMH Into Science	https://www.hmhco.com/programs/hmh-into-science
•	Michigan Virtual	https://michiganvirtual.org/courses/
•	Edgenuity	https://www.edgenuity.com/online-courses/
•	Michigan Model for Health	http://www.michigan.gov/mdhhs/0,5885,7-339-
		73971_4911_4912_74286,00.html
•	Branch Area Career Center	http://branch-isd.org/bacc/programs/
•	Kellogg Community College	http://catalog.kellogg.edu/

#### **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
Physical Education	X	X	X	X	X	X	X	X	X

#### Secondary

The following subjects/courses are offered at the Academy\*.

Course Name	Grade**
English (minimum 4)	
English 9	9
English 10	10

Course Name	Grade**
World Language (minimum 2)	
Spanish	Any
French (Michigan Virtual)	Any

Schedule 7d-1 Pansophia Academy

English 11	11
English 12	12
Mathematics (minimum 4)	
Algebra I	9
Geometry	10
Algebra II	11
Senior Math	12
Science (minimum 3)	
Chemistry	Any
Physics/Physical Science	Any
Biology	Any
Social Studies (minimum 3)	
US History	Any
World History	Any
Economics	10-12
Government	10-12
Physical Education & Health	
(minimum .5 each)	
Physical Education	Any
Health	Any

Sign Language (Michigan Virtual)	Any
Visual, Performing & Applied Arts	
(minimum 1)	
Choir	Any
Band	Any
Art	Any
Virtual Courses	
Michigan Virtual (world	
languages)	
Edgenuity (credit recovery)	
Off Campus Courses	
English 101	10-12
Writing 101	10-12
Study Skills	10-12
Branch Area Career Center	11-12
Kellogg Community College	10-12

<sup>\*</sup> The Academy updates course offerings each school year based on the needs and interests of students as well as teacher certification. As a result some courses are rotated and are not offered each year. All core subjects are taught every year and high school students are required to meet the requirements of the Michigan Merit Curriculum.

Schedule 7d-2 Pansophia Academy

<sup>\*\*</sup>If students are not required to take a course at a specific grade level, "any" is used for the grade indication.

<sup>\*\*\*</sup>Virtual Courses are defined as any course(s) that are delivered using the internet.

# 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 of this Contract and all state-mandated assessments.

Schedule 7e-1 Pansophia Academy

# SECTION F <u>APPLICATION AND ENROLLMENT OF STUDENTS</u>

#### 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 twelfth 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.

Schedule 7f-1 Pansophia Academy

• 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.

#### **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.

Schedule 7f-2 Pansophia Academy

#### **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.

Schedule 7f-3 Pansophia Academy

# 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, if applicable, 1284a and 1284b, 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.

#### 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.

Schedule 7g-1 Pansophia Academy

# 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 twelfth grade.

Students of the Academy will be children who have reached the age of 5 by the dates outlined in the Code.

Schedule 7h-1 Pansophia Academy

### **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 of Contract.

Schedule 8-1 Pansophia Academy

# AMENDMENT NO. 1

to the
July 1, 2022 Contract to Charter
A Public School Academy and Related Documents

Issued To

PANSOPHIA ACADEMY (A PUBLIC SCHOOL ACADEMY)

By

THE CENTRAL MICHIGAN UNIVERSITY BOARD OF TRUSTEES (AUTHORIZING BODY)

#### CONTRACT AMENDMENT NO. 1

#### PANSOPHIA ACADEMY

In accordance with Article IX of the Terms and Conditions of the Contract (the "Contract"), dated July 1, 2022, issued by the CENTRAL MICHIGAN UNIVERSITY BOARD OF TRUSTEES (the "University Board") to PANSOPHIA ACADEMY (the "Academy"), the parties agree to amend the Contract as follows:

1.) Amend Schedule 6: <u>Physical Plant Description</u>, by replacing the Bond and the Mortgage contained therein with the Bond and Mortgage, attached as Tab 1.

The changes identified in Section 1 shall have an effective date of September 15, 2022.

2.) Further amend Schedule 6: <u>Physical Plant Description</u>, by replacing the materials contained therein with the materials attached as Tab 2.

The changes identified in Section 2 shall be effective upon issuance of a Certificate of Use and Occupancy by the Michigan Department of Licensing and Regulatory Affairs' Bureau of Construction Codes ("BCC"). The expanded portion of the facility located at 52 Abbott Ave., Coldwater, MI 49036, may not be used or occupied until a Certificate of Use and Occupancy, issued by the BCC, is secured.

This entire amendment is hereby approved by the University Board and the Academy Board through their authorized designees.

Com Tocker	Dated: <u>11/01/2022</u>
By: Corey R. Northrop, Executive Director	
The Governor John Engler Center for Charter Schools	
Designee of the University Board	
Torice Atreett	Dated:10/24/2022
By:	
Pansophia Academy	
Designee of the Academy Board	

Contract Amendment No. 1

# Tab 1

#### UNITED STATES OF AMERICA STATE OF MICHIGAN COUNTY OF BRANCH

# PANSOPHIA ACADEMY PUBLIC SCHOOL ACADEMY REVENUE AND REFUNDING BOND, SERIES 2022 (GENERAL OBLIGATION)

Registered Owner: Century Bank and Trust

Principal Amount: \$2,800,000

Interest Rate: 6.500%

Date of Issuance: September 15, 2022

FOR VALUE RECEIVED, Pansophia Academy, County of Branch, State of Michigan (the "Academy"), hereby acknowledges itself indebted and promises to pay, but only as provided in this Bond, to the Registered Owner specified above, or its registered assigns, the Principal Amount specified above in the principal installment amounts on the dates set forth on the attached Exhibit A which is hereby incorporated and made part hereof, in lawful money of the United States of America, together with interest thereon at the Interest Rate set forth above, commencing on October 25, 2022, and monthly thereafter as set forth on the attached Exhibit A. Interest on this Bond shall be computed on the basis of a 360-day year and the number of actual days elapsed. The Academy agrees that it will deposit with the Registered Owner payment of principal of and interest on this Bond in immediately available funds by 3:00 p.m. on the dates set forth on the attached Exhibit A.

This Bond is issued under and in pursuance of the provisions of Act 451, Public Acts of Michigan, 1976, as amended, for the purpose of currently refunding certain Prior Obligations of the Academy, as more fully described in the Resolution adopted by the Board of Directors of the Academy on August 29, 2022, approving the issuance of this Bond (the "Resolution"). For the prompt payment of this Bond, both principal and interest, the full faith and credit of the Academy is hereby pledged. As further security for the repayment of the Bond, the Academy has granted to the Registered Owner a first lien mortgage (the "Mortgage") on the Academy's Facility as more fully described in the Resolution.

The Academy shall be precluded from incurring any additional indebtedness that is senior to the Mortgage and the full faith and credit pledge by the Academy under this Bond. With the written consent of the Registered Owner, the Academy may incur additional indebtedness secured by the Mortgage and on a parity basis with the full faith and credit pledge by the Academy under this Bond. Without the consent of the Registered Owner, the Academy may incur additional indebtedness subordinate to the Mortgage and the full faith and credit pledge by the Academy under this Bond.

THIS BOND IS A FULL FAITH AND CREDIT OBLIGATION OF THE ACADEMY PAYABLE SOLELY FROM THE ACADEMY'S FUNDS PLEDGED THEREFOR PURSUANT TO THE RESOLUTION. ALL STATE SCHOOL AID IS SUBJECT TO ANNUAL APPROPRIATION BY THE STATE LEGISLATURE AND THE LEGISLATURE IS NOT REQUIRED TO APPROPRIATE MONIES FOR SUCH PURPOSE. THIS BOND DOES NOT CONSTITUTE AN OBLIGATION, EITHER GENERAL, SPECIAL, OR MORAL, OF THE STATE OF MICHIGAN, THE CENTRAL MICHIGAN UNIVERSITY BOARD OF TRUSTEES (THE "AUTHORIZING BODY" OF THE ACADEMY), OR ANY OTHER POLITICAL SUBDIVISION OF THE STATE, AND NEITHER THE FULL FAITH AND CREDIT NOR ANY TAXING POWERS OF THE STATE OF MICHIGAN, THE AUTHORIZING BODY OR ANY OTHER POLITICAL SUBDIVISION OF THE STATE ARE PLEDGED TO THE PAYMENT OF PRINCIPAL AND INTEREST WITH RESPECT TO THIS BOND. THE ACADEMY HAS NO TAXING POWER.

If the Academy fails to make any payment of principal, interest or other amount coming due pursuant to the provisions of this Bond within ten (10) calendar days of the date due and payable, the Academy also shall pay to the Registered Owner a late charge equal to five percent (5%) of the amount of such payment (the "Late Charge"). Such five (5) day period shall not be construed in any way to extend the due date of any such payment. Upon maturity, whether by acceleration, demand or otherwise, and at the Registered Owner's option upon the occurrence of any Event of Default (as hereinafter defined) and during the continuance thereof, amounts outstanding under this Bond shall bear interest at a rate per annum (based on the actual number of days that principal is outstanding over a year of 360 days) which shall be six percentage points (6.00%) in excess of the Interest Rate, but not more than the maximum rate allowed by law (the "Default Rate"). The Default Rate shall continue to apply whether or not judgment shall be entered on this Bond. Both the Late Charge and the Default Rate are imposed as liquidated damages for the purpose of defraying the Registered Owner's expenses incident to the handling of delinquent payments, but are in addition to, and not in lieu of, the Registered Owner's exercise of any rights and remedies hereunder, under applicable law, and any fees and expenses of any agents or attorneys which the Registered Owner may employ. In addition, the Default Rate reflects the increased credit risk to the Registered Owner of carrying a loan that is in default. The Academy agrees that the Late Charge and Default Rate are reasonable forecasts of just compensation for anticipated and actual harm incurred by the Registered Owner, and that the actual harm incurred by the Registered Owner cannot be estimated with certainty and without difficulty.

If interest on this Bond is determined to be taxable for any reason, the interest shall be recomputed from the date of taxability to an interest rate per annum equal to the Interest Rate specified above plus a rate sufficient such that the total interest to be paid on the Bond would, after such interest was reduced by the amount of any federal, state or local income tax (including any interest or penalties) actually payable thereon, equal the amount of interest due with respect to the Bond at the Interest Rate specified above for this Bond as determined by the Registered Owner, and at the Registered Owner's option, payment of the principal evidenced by this Bond may be accelerated.

This Bond may be prepaid and redeemed, in whole or in part, at any time by paying to the Registered Owner the remaining principal balance on the bond plus interest accrued to the date of redemption.

Any one of the following shall constitute an Event of Default hereunder:

- (a) Default in the payment of any interest on this Bond when and as the same is due; or
- (b) Default in the payment of the principal of or any premium or other payment obligation on this Bond, when and as the same is due, whether at the stated maturity or redemption date thereof or by acceleration; or
- (c) Failure of State Aid Payments to be deposited with the Authorizing Body; or
- (d) Contingent renewal, termination, revocation or nonrenewal of the Charter Contract with the Authorizing Body, unless waived in writing by the Registered Owner; or
- (e) An Event of Default under the Mortgage; or
- (f) The Academy being placed on probationary status by the Authorizing Body or the Michigan Department of Education unless waived in writing by the Registered Owner

Upon the occurrence and continuation of any Event of Default hereunder, the Registered Owner may declare the principal of and any premium on this Bond and the interest accrued thereon to be due and payable immediately, and, upon such declaration, such principal and premium, if any, and interest shall become and be immediately due and payable. Interest on the Bond shall cease to accrue on the date of such payment.

If any Event of Default has occurred and is continuing then, in each case, the Registered Owner may proceed to protect and enforce its rights under the laws of the State or under this Bond by the exercise of any proper legal or equitable right or remedy as the Registered Owner deems most effectual to protect and enforce such rights, and without limitation of the foregoing, may:

- (a) By mandamus, or other suit, action or proceeding at law or in equity, enforce its rights to collect the principal of and interest on the Bond adequate to carry out the covenants and agreements as to, and pledge of, such principal and interest, and to require the Academy to carry out any other agreements with, or for the benefit of, the Registered Owner and to perform its duties under this Bond and the Mortgage;
- (b) Bring suit upon the Bond;
- (c) By action or suit in equity enjoin any acts or things which may be unlawful or in violation of the rights of the Registered Owner;
- (d) By action or suit, enforce the remedies provided under the Mortgage; and
- (e) Exercise any or all other rights and remedies provided for by law, and by any suit, action or special proceeding at law or in equity, either for the specific performance of any covenant or agreement contained herein or in the Mortgage, or in aid of execution of any power or right herein or therein granted.

No remedy by the terms of this Bond is intended to be exclusive of any other remedy, but each and every such remedy shall be cumulative and shall be in addition to any other remedy given to the Registered Owner now or hereafter existing at law or in equity or by statute. No delay or omission to exercise any right or power accruing upon any default or Event of Default shall impair any such right or power or shall be construed to be a waiver of any such default or Event of Default, or acquiescence therein; and every such right and power may be exercised from time to time and as often as may be deemed expedient. No waiver of any default or Event of Default hereunder, whether by the Registered Owner, shall extend to or shall affect any subsequent default or Event of Default or shall impair any rights or remedies consequent thereon.

The Registered Owner hereby notifies the Academy that pursuant to the requirements of the USA Patriot Act (Title III of Pub. L. 107-56, signed into law October 26, 2001) (the "Act"), and the Registered Owner's policies and practices, the Registered Owner is required to obtain, verify and record certain information and documentation that identifies the Academy, which information includes the name and address of the Academy and such other information that will allow the Registered Owner to identify the Academy in accordance with the Act. In addition, the Academy shall: (a) ensure that no person who owns any direct or indirect equity interest in or otherwise controls the Academy or any subsidiary of the Academy is or shall be listed on the Specially Designated Nationals and Blocked Person List or other similar lists maintained by the Office of Foreign Assets Control ("OFAC"), the Department of the Treasury or included in any Executive Orders; (b) not use or permit the use of the proceeds of the Bond 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.

The Registered Owner shall have the right to discuss the affairs of the Academy with third parties, to discuss, the financial condition of the Academy with third parties, and to disclose any non-confidential information received by the Registered Owner regarding the Academy, with any third parties, as the Registered Owner may choose in its sole and absolute discretion. Notwithstanding any other term of this Bond or any other agreement the Registered Owner has with the Academy, the Academy agrees that the Registered Owner may share financial and other information about the Academy, with affiliates of the Registered Owner for purposes related to the Academy's accounts or possible accounts with the Registered Owner or its affiliates.

THE ACADEMY HEREBY ACKNOWLEDGES THAT THE TIME AND EXPENSE REQUIRED FOR TRIAL BY JURY OF ANY CONTROVERSY RELATED IN ANY WAY TO THIS BOND OR ANY GUARANTY FOR THIS BOND, 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 REGISTERED OWNER.

This Bond, and all matters arising from this Bond including, but not limited to, provisions related to loan charges, are governed by federal law and, to the extent not preempted by federal law, by the substantive law of the State of Michigan.

This Bond is transferable only upon the books of the Academy by the Registered Owner in person or the Registered Owner's attorney duly authorized in writing, upon the surrender of this Bond together with a written instrument of transfer satisfactory to the Academy, duly executed by the Registered Owner or the Registered Owner's attorney duly authorized in writing, and thereupon a new bond or bonds in the same aggregate principal amount and of the same maturity shall be issued to the transferee in exchange therefor as provided in the Resolution authorizing the Bond.

It is hereby certified, recited, and declared that all acts, conditions and things required to exist, happen and be performed precedent to and in connection with the issuance of this Bond, existed, have happened and have been performed in due time, folio and manner, as required by the Constitution and statutes of the State of Michigan, and that the amount of this Bond together with all other indebtedness of the Academy does not exceed any constitutional or statutory limitation.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, the Pansophia Academy, Branch County, Michigan, by its Board of Directors, has caused this Bond to be executed in its name by its Authorized Officer as of the Date of Issuance.

Pansophia Academy

By:

Georgia Har

Its: Presider

#### **TRANSFER**

For	value	received,	the	undersigned	hereby	sells,	assigns	and	transfers	unto
				Tax	Identif	ication	or S	ocial	Security	No.
	) tł	ne within B	ond a	and all rights t	hereunde	r, and h	nereby co	nstitu	tes and app	points
				attorney	, to trans	fer the	within B	ond o	n the books	s kept
for registrat	ion ther	eof, with fi	ıll po	wer of substitu	ition in th	ne prem	ises.			
Dated:										
				NIa4:	The			م مناه		40433×4
				Notic		_			ssignment	
									appears of	
				regis	tration bo	oks eve	ery partic	cuiar v	vithout alter	ration

or enlargement or any change whatsoever.

# EXHIBIT A

# SCHEDULE OF PRINCIPAL AND INTEREST PAYMENTS

[See Amortization Schedule Attached]

### **AMORTIZATION SCHEDULE**

Borrower:

Pansophia Academy

Lender:

Century Bank and Trust 100 West Chicago Street Coldwater, MI 49036 (517) 278-1500

Disbursement Date: September 15, 2022 Interest Rate. 6.500

Repayment Schedule Installment Calculation Method: 365/360 U.S. Rule

microst mater on	500		,	Calculation Method: 305/3	60 0 S. Nule
Payment Number	Payment Date	Payment Amount	Interest Paid	Principal Paid	Remaining Balance
1	10-25-2022	31,984 00	20,222 22	11,761.78	2,788,238 22
2 3	11-25-2022 12-25-2022	31,984 00 31,984 00	15,606.39 15,014.24	16,377 61 16,969 76	2,771,860 61 2,754,890 85
2022 TOTALS.		95,952 00	50,842 85	45,109.15	
4	01-25-2023	31,984 00			2 720 226 50
5	02-25-2023	31,984 00	15,419 74 15,327 02	16,564.26 16,656 98	2,738,326 59 2,721,669.61
6	03-25-2023	31,984 00	13,759 55	18,224 45	2,721,005.01
7	04-25-2023	31,984 00	15,131 78	16,852 22	2,686,592.94
8	05-25-2023	31,984 00	14,552 38	17,431 62	2,669,161 32
9	06-25-2023	31,984 00	14,939 89	17,044 11	2,652,117 21
10	07-25-2023	31,984 00	14,365 63	17,618 37	2,634,498 84
11	08-25-2023	31,984 00	14,745 88	17,238 12	2,617,260 72
12	09-25-2023	31,984 00	14,649 39	17,334.61	2,599,926.11
13	10-25-2023	31,984 00	14,082.93	17,901 07	2,582,025.04
14	11-25-2023	31,984.00	14,452.17	17,531 83	2,564,493 21
15	12-25-2023	31,984 00	13,891.00	18,093 00	2,546,400.21
2023 TOTALS:		383,808,00	175,317 36	208,490.64	
16	01-25-2024	31,984 00	14,252 77	17,731 23	2,528,668 98
17	02-25-2024	31,984 00	14,153.52	17,830.48	2,510,838 50
18	03-25-2024	31,984 00	13,147.03	18,836.97	2,492,001 53
19	04-25-2024	31,984.00	13,948 29	18,035 71	2,473,965 82
20	05-25-2024	31,984 00	13,400 65	18,583 35	2,455,382 47
21	06-25-2024	31,984.00	13,743 32	18,240 68	2,437,141 79
22 23	07-25-2024	31,984 00	13,201 18	18,782 82	2,418,358.97
24	08-25-2024 09-25-2024	31,984 00 31,984 00	13,536 09	18,447 91	2,399,911.06
25	10-25-2024	•	13,432 84	18,551 16	2,381,359 90
26	11-25-2024	31,984 00 31,984 00	12,899 03 13,222 18	19,084 97 18,761 82	2,362,274.93 2,343,513 11
27	12-25-2024	31,984 00	12,694 03	19,289 97	2,324,223 14
2024 TOTALS		383,808 00	161,630 93	222,177 07	
28	01-25-2025	31,984 00	13,009 19	18,974.81	2,305,248 33
29	02-25-2025	31,984 00	12,902 99	19,081.01	2,286,167 32
30	03-25-2025	31,984 00	11,557.85	20,426.15	2,265,741 17
31	04-25-2025	31,984.00	12,681.86	19,302.14	2,246,439.03
32	05-25-2025	31,984.00	12,168 21	19,815.79	2,226,623.24
33	06-25-2025	31,984.00	12,462.91	19,521.09	2,207,102 15
34	07-25-2025	31,984 00	11,955 14	20,028.86	2,187,073 29
35 36	08-25-2025	31,984 00	12,241 54	19,742 46	2,167,330 83
36 37	09-25-2025 10-25-2025	31,984 00	12,131 03	19,852 97	2,147,477 86
38	11-25-2025	31,984 00	11,632.17 11,906.00	20,351.83	2,127,126 03
39	12-25-2025	31,984 00 31,984.00	11,413.18	20,078 00 20,570.82	2,107,048 03 2,086,477.21
	12 20 2020			· · · · · · · · · · · · · · · · · · ·	2,000,417,21
2025 TOTALS	04 95 0000	383,808.00	146,062.07	237,745.93	0.000 474 00
40 41	01-25-2026	31,984.00	11,678 48	20,305.52	2,066,171.69
41 42	02-25-2026	31,984.00	11,564 82	20,419 18	2,045,752 51
43	03-25-2026 04-25-2026	31,984.00	10,342 42	21,641.58	2,024,110 93
44	05-25-2026	31,984 00 31,984 00	11,329 40 10,852 06	20,654 60 21,131.94	2,003,456 33 1,982,324 39
45	06-25-2026	31,984 00	11,095 51	20,888 49	1,961,435 90
46	07-25-2026	31,984.00	10,624 44	21,359 56	1,940,076.34
47	08-25-2026	31,984 00	10,859 04	21,124 96	1,918,951.38
48	09-25-2026	31,984 00	10,740 80	21,243 20	1,897,708 18
49	10-25-2026	31,984 00	10,279.25	21,704.75	1,876,003 43
50	11-25-2026	31,984 00	10,500.41	21,483.59	1,854,519.84
51	12-25-2026	31,984.00	10,045 32	21,938.68	1,832,581 16
2026 TOTALS.		383,808 00	129,911.95	253,896 05	
52	01-25-2027	31,984 00	10,257 36	21,726 64	1,810,854.52
53	02-25-2027	31,984 00	10,135 76	21,848 24	1,789,006 28
54	03-25-2027	31,984.00	9,044 42	22,939.58	1,766,066 70

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r.r.	04.05.0005				
55 50	04-25-2027	31,984 00	9,885 07	22,098 93	1,743,967.77
56 57	05-25-2027	31,984 00	9,446 49	22,537.51	1,721,430.26
57 58	06-25-2027	31,984 00	9,635 23	22,348 77	1,699,081 49
59	07-25-2027	31,984 00	9,203 36	22,780.64	1,676,300.85
60	08-25-2027	31,984 00	9,382 63	22,601 37	1,653,699.48
61	09-25-2027	31,984 00	9,256 12	22,727 88	1,630,971 60
62	10-25-2027 11-25-2027	31,984 00 31,984 00	8,834 43	23,149.57	1,607,822.03
63	12-25-2027	31,984 00	8,999 34 8,584 54	22,984,66 23,399,46	1,584,837 37 1,561,437 91
	12 20 2021	31,364 00	5,504 54	23,399,40	1,501,457 91
2027 TOTALS:		383,808 00	112,664 75	271,143 25	
64	01-25-2028	31,984 00	8,739 71	23,244 29	1,538,193 62
65	02-25-2028	31,984 00	8,609 61	23,374 39	1,514,819 23
66	03-25-2028	31,984 00	7,931 76	24,052 24	1,490,766.99
67	04-25-2028	31,984 00	8,344 15	23,639 85	1,467,127.14
68	05-25-2028	31,984 00	7,946 94	24,037 06	1,443,090 08
69	06-25-2028	31,984 00	8,077 30	23,906.70	1,419,183 38
70	07-25-2028	31,984.00	7,687 24	24,296.76	1,394,886.62
71 72	08-25-2028	31,984 00	7,807 49	24,176 51	1,370,710 11
72	09-25-2028	31,984.00	7,672 17	24,311 83	1,346,398.28
73 74	10-25-2028 11-25-2028	31,984 00	7,292 99	24,691.01	1,321,707.27
75 75	12-25-2028	31,984 00 31,984 00	7,397 89 7,026.07	24,586 11 24,957 93	1,297,121.16 1,272,163 23
	12 20 2020	01,304 00	7,020.07	24,557 55	1,272,103 23
2028 TOTALS.		383,808 00	94,533.32	289,274 68	
76	01-25-2029	31,984.00	7,120 58	24,863.42	1,247,299.81
77	02-25-2029	31,984.00	6,981 41	25,002 59	1,222,297.22
78	03-25-2029	31,984 00	6,179 39	25,804.61	1,196,492 61
79	04-25-2029	31,984.00	6,697 04	25,286 96	1,171,205.65
80	05-25-2029	31,984 00	6,344 03	25,639 97	1,145,565 68
81	06-25-2029	31,984 00	6,411 99	25,572 01	1,119,993 67
82	07-25-2029	31,984 00	6,066 63	25,917 37	1,094,076 30
83	08-25-2029	31,984 00	6,123 79	25,860 21	1,068,216 09
84	09-25-2029	31,984 00	5,979 04	26,004.96	1,042,211 13
85 86	10-25-2029	31,984 00	5,645.31	26,338.69	1,015,872 44
87	11-25-2029 12-25-2029	31,984 00 31,984 00	5,686.06 5,360 20	26,297 94 26,623.80	989,574 50 962,950 70
	12-20-2020	31,304 00	0,300 20	20,023.80	902,950 70
2029 TOTALS:		383,808.00	74,595.47	309,212.53	
88	01-25-2030	31,984 00	5,389 85	26,594.15	936,356 55
89	02-25-2030	31,984 00	5,241 00	26,743 00	909,613 55
90	03-25-2030	31,984.00	4,598 60	27,385 40	882,228.15
91	04-25-2030	31,984 00	4,938 03	27,045 97	855,182 18
92	05-25-2030	31,984.00	4,632 24	27,351 76	827,830 42
93	06-25-2030	31,984 00	4,633 55	27,350 45	800,479 97
94	07-25-2030	31,984 00	4,335.93	27,648 07	772,831 90
95	08-25-2030	31,984 00	4,325 71	27,658.29	745,173.61
96	09-25-2030	31,984 00	4,170 90	27,813 10	717,360 51
97 98	10-25-2030 11-25-2030	31,984 00	3,885 70	28,098 30	689,262 21
99	12-25-2030	31,984 00 31,984 00	3,857 95 3,581.15	28,126,05 28,402 85	661,136 16 632,733 31
	12-20-2000	31,364 00	3,001.10	26,402.65	032,733.31
2030 TOTALS:		383,808.00	53,590 61	330,217 39	
100	01-25-2031	31,984 00	3,541 55	28,442.45	604,290.86
101	02-25-2031	31,984 00	3,382.35	28,601 65	575,689 21
102	03-25-2031	31,984.00	2,910 43	29,073 57	546,615 64
103	04-25-2031	31,984 00	3,059 53	28,924 47	517,691 17
104	05-25-2031	31,984 00	2,804.16	29,179 84	488,511 33
105	06-25-2031	31,984 00	2,734 31	29,249 69	459,261,64
106 107	07-25-2031	31,984 00	2,487 67	29,496.33	429,765 31
108	08-25-2031	31,984 00	2,405 49	29,578 51	400,186 80
109	09-25-2031 10-25-2031	31,984 00 31,984.00	2,239 93 2,006.56	29,744.07 29,977 44	370,442 73 340,465 29
110	11-25-2031	31,984.00	1,905 66	30,078 34	310,386.95
111	12-25-2031	31,984 00	1,681.26	30,302 74	280,084 21
2024 70744 0			·		· · · · · · · · · · · · · · · · · · ·
2031 TOTALS		383,808 00	31,158.90	352,649 10	
112	01-25-2032	31,984 00	1,567 69	30,416 31	249,667 90
113	02-25-2032	31,984.00	1,397 45	30,586.55	219,081.35
114	03-25-2032	31,984.00	1,147.13	30,836 87	188,244 48
115 116	04-25-2032	31,984 00	1,053 65	30,930,35	157,314 13
117	05-25-2032 06-25-2032	31,984 00 31,984 00	852 12 706 27	31,131 88 31,277 73	126,182 25 94,904 52
118	07-25-2032	31,984 00	514 07	31,469 93	63,434.59
119	08-25-2032	31,984 00	355 06	31,628.94	31,805.65
120	09-25-2032	31,984 00	178 35	31,805 65	0 00
	<del>.</del>	·==: ==	· · · · · · ·	, 22	- <del></del>

# AMORTIZATION SCHEDULE (Continued)

Page 3

	280,084.21	7,771.79	287,856.00	2032 TOTALS
	2,800,000.00	1,038,080.00	3,838,080 00	TOTALS:
on different dates or in differe	f payments are made (	Actual amounts may vary i	ed loan amortization schedule	NOTICE: This is an estima amounts

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#### MORTGAGE

RECORDATION REQUESTED BY-Century Bank and Trust Coldwater Main 100 West Chicago Street Coldwater, MI 49036

WHEN RECORDED MAIL TO-Century Bank and Trust Coldwater Main 100 West Chicago Street Coldwater, MI 49036

SEND TAX NOTICES TO: Pansophia Academy 52 Abbott Ave Coldwater, MI 49036-1430

FOR RECORDER'S USE ONLY

MAXIMUM LIEN. The lien of this Mortgage shall not exceed at any one time \$3,600,000 00.

THIS MORTGAGE dated September 15, 2022, is made and executed between Pansophia Academy, a Michigan Public School Academy, whose address is 52 Abbott Ave, Coldwater, MI 49036 (referred to below as "Grantor") and Century Bank and Trust, whose address is 100 West Chicago Street, Coldwater, MI 49036 (referred to below as "Lender")

GRANT OF MORTGAGE For valuable consideration, Grantor mortgages and warrants to Lender all of Grantor's right, title, and interest in and to the following described real property, together with all existing or subsequently erected or affixed buildings, improvements and fixtures, all easements, rights of way, and appurtenances, 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, all water, water rights, watercourses and ditch rights (including stock in utilities with ditch or irrigation rights), and all other rights, royalties, and profits relating to the real property, including without limitation all minerals, oil, gas, geothermal and similar matters, (the "Real Property") located in Branch County, State of Michigan

See Exhibit A, which is attached to this Mortgage and made a part of this Mortgage as if fully set forth herein

The Real Property or its address is commonly known as 52 Abbott Ave, Coldwater, MI 49036. The Real Property tax identification number is 12-302-000-000-206-02

CROSS-COLLATERALIZATION In addition to the Note, this Mortgage secures all obligations, debts and liabilities, plus interest thereon, of Grantor to Lender, or any one or more of them, as well as all claims by Lender against Grantor or any one or more of them, whether now existing or hereafter arising, whether related or unrelated to the purpose of the Note, whether voluntary or otherwise, whether due or not due, direct or indirect, determined or undetermined, absolute or contingent, liquidated or uniquidated, whether Grantor may be liable individually or jointly with others, whether obligated as guarantor, surety, accommodation party or otherwise, and whether recovery upon such amounts may be or hereafter may become barred by any statute of limitations, and whether the obligation to repay such amounts may be or hereafter may become otherwise unenforceable.

Grantor presently assigns to Lender all of Grantor's right, title, and interest in and to all present and future leases of the Property and all Rents from the Property. In addition, Grantor grants to Lender a Uniform Commercial Code security interest in the Personal Property and Rents.

FUTURE ADVANCES. In addition to the Note, this Mortgage secures all future advances made by Lender to Grantor whether or not the advances are made pursuant to a commitment. Specifically, without limitation, this Mortgage secures, in addition to the amounts specified in the Note, all future amounts Lender in its discretion may loan to Grantor, together with all interest thereon, however, in no event shall such future advances (excluding interest) exceed in the aggregate \$3,600,000 00

THIS MORTGAGE, INCLUDING THE ASSIGNMENT OF RENTS AND THE SECURITY INTEREST IN THE RENTS

AND PERSONAL PROPERTY, IS GIVEN TO SECURE (A) PAYMENT OF THE INDEBTEDNESS AND (B) PERFORMANCE OF ANY AND ALL COVENANTS AND OBLIGATIONS UNDER THE NOTE, THE RELATED DOCUMENTS, AND THIS MORTGAGE. THIS MORTGAGE IS GIVEN AND ACCEPTED ON THE FOLLOWING TERMS AND COVENANTS:

**PAYMENT AND PERFORMANCE** Except as otherwise provided in this Mortgage, Grantor shall pay to Lender all amounts secured by this Mortgage as they become due and shall strictly perform all of Grantor's obligations under this Mortgage

POSSESSION AND MAINTENANCE OF THE PROPERTY. Grantor and Lender agree that Grantor's possession and use of the Property shall be governed by the following provisions

Possession and Use. Until the occurrence of an Event of Default, Grantor may (1) remain in possession and control of the Property, (2) use, operate or manage the Property, and (3) collect the Rents from the Property

Duty to Maintain Grantor shall maintain the Property in tenantable condition and promptly perform all repairs, replacements, and maintenance necessary to preserve its value

Compliance With Environmental Laws. Grantor represents and warrants to Lender that (1) During the period of Grantor's ownership of the Property, there has been no use, generation, manufacture, storage, treatment, disposal, release or threatened release of any Hazardous Substance by any person on, under, about or from the Property; (2) Grantor has no knowledge of, or reason to believe that there has been, except as previously disclosed to and acknowledged by Lender in writing, (a) any breach or violation of any Environmental Laws, (b) any use, generation, manufacture, storage, treatment, disposal, release or threatened release of any Hazardous Substance on, under, about or from the Property by any prior owners or occupants of the Property, or (c) any actual or threatened litigation or claims of any kind by any person relating to such matters, and (3) Except as previously disclosed to and acknowledged by Lender in writing, (a) neither Grantor nor any tenant, contractor, agent or other authorized user of the Property shall use, generate, manufacture, store, treat, dispose of or release any Hazardous Substance on, under, about or from the Property, and (b) any such activity shall be conducted in compliance with all applicable federal, state, and local laws, regulations and ordinances, including without limitation all Environmental Grantor authorizes Lender and its agents to enter upon the Property to make such inspections and tests, at Grantor's expense, as Lender may deem appropriate to determine compliance of the Property with this section of the Mortgage. Any inspections or tests made by Lender shall be for Lender's purposes only and shall not be construed to create any responsibility or liability on the part of Lender to Grantor or to any other person. The representations and warranties contained herein are based on Grantor's due diligence in investigating the Property for Hazardous Substances Grantor hereby (1) releases and waives any future claims against Lender for indemnity or contribution in the event Grantor becomes liable for cleanup or other costs under any such laws, and (2) agrees to indemnify, defend, and hold harmless Lender against any and all claims, losses, liabilities, damages, penalties, and expenses which Lender may directly or indirectly sustain or suffer resulting from a breach of this section of the Mortgage or as a consequence of any use, generation, manufacture, storage, disposal, release or threatened release occurring prior to Grantor's ownership or interest in the Property, whether or not the same was or should have been known to Grantor The provisions of this section of the Mortgage, including the obligation to indemnify and defend, shall survive the payment of the Indebtedness and the satisfaction and reconveyance of the lien of this Mortgage and shall not be affected by Lender's acquisition of any interest in the Property, whether by foreclosure or otherwise

Nuisance, Waste. Grantor shall not cause, conduct or permit any nuisance nor commit, permit, or suffer any stripping of or waste on or to the Property or any portion of the Property. Without limiting the generality of the foregoing, Grantor will not remove, or grant to any other party the right to remove, any timber, minerals (including oil and gas), coal, clay, scoria, soil, gravel or rock products without Lender's prior written consent.

Removal of Improvements. Grantor shall not demolish or remove any Improvements from the Real Property without Lender's prior written consent. As a condition to the removal of any Improvements, Lender may require Grantor to make arrangements satisfactory to Lender to replace such Improvements with Improvements of at least equal value.

Lender's Right to Enter Lender and Lender's agents and representatives may enter upon the Real Property at all reasonable times to (a) attend to Lender's interests, (b) inspect the Property for purposes of Grantor's compliance with the terms and conditions of this Mortgage, (c) appraise the property, (d) investigate whether the property is a site or source of environmental contamination, or (e) remove to remediate any environmental contamination. Without limiting the foregoing, Lender 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 section 324 20101, as it shall be amended from time. If, at the time of the appraisal, investigation, assessment, removal, or remediation, there shall have occurred and be continuing an Event of Default, then all costs and expenses of the appraisal, investigation, assessment, removal or remediation, shall be subject to the "Lender's Expenditures" section of this Mortgage. Grantor shall execute any consultant contract, waste manifest, notice, and other documents that Lender requests to enable Lender to take or conduct any action or activity contemplated by this paragraph, if Grantor is given a reasonable opportunity to negotiate the terms of the contract, manifest, notice, or other document

Compliance with Governmental Requirements Grantor shall promptly comply with all laws, ordinances, and regulations, now or hereafter in effect, of all governmental authorities applicable to the use or occupancy of the Property, including without limitation, the Americans With Disabilities Act. Grantor may contest in good faith any such law, ordinance, or regulation and withhold compliance during any proceeding, including appropriate appeals, so long as Grantor has notified Lender in writing prior to doing so and so long as, in Lender's sole opinion, Lender's interests in the Property are not jeopardized. Lender may require Grantor to post adequate security or a surety bond, reasonably satisfactory to Lender, to protect Lender's interest.

Duty to Protect. Grantor agrees neither to abandon or leave unattended the Property Grantor shall do all other acts, in addition to those acts set forth above in this section, which from the character and use of the Property are reasonably necessary to protect and preserve the Property

TAXES AND LIENS. The following provisions relating to the taxes and liens on the Property are part of this Mortgage

Payment. Grantor shall pay when due (and in all events prior to delinquency) all taxes, payroll taxes, special taxes, assessments, water charges and sewer service charges levied against or on account of the Property, and shall pay when due all claims for work done on or for services rendered or material furnished to the Property Grantor shall maintain the Property free of any liens having priority over or equal to the interest of Lender under this Mortgage, except for those liens specifically agreed to in writing by Lender, and except for the lien of taxes and assessments not due as further specified in the Right to Contest paragraph

Right to Contest Grantor may withhold payment of any tax, assessment, or claim in connection with a good faith dispute over the obligation to pay, so long as Lender's interest in the Property is not jeopardized if a lien arises or is filed as a result of nonpayment, Grantor shall within fifteen (15) days after the lien arises or, if a lien is filed, within fifteen (15) days after Grantor has notice of the filing, secure the discharge of the lien, or if requested by Lender, deposit with Lender cash or a sufficient corporate surety bond or other security satisfactory to Lender in an amount sufficient to discharge the lien plus any costs and reasonable attorneys' fees, or other charges that could accrue as a result of a foreclosure or sale under the lien in any contest, Grantor shall defend itself and Lender and shall satisfy any adverse judgment before enforcement against the Property Grantor shall name Lender as an additional obligee under any surety bond furnished in the contest proceedings

Evidence of Payment Grantor shall upon demand furnish to Lender satisfactory evidence of payment of the taxes or assessments and shall authorize the appropriate governmental official to deliver to Lender at any time a written statement of the taxes and assessments against the Property

Notice of Construction Grantor shall notify Lender at least fifteen (15) days before any work is commenced, any services are furnished, or any materials are supplied to the Property, if any mechanic's lien, materialmen's lien, or other lien could be asserted on account of the work, services, or materials Grantor will upon request of Lender furnish to Lender advance assurances satisfactory to Lender that Grantor can and will pay the cost of such improvements

PROPERTY DAMAGE INSURANCE The following provisions relating to insuring the Property are a part of this Mortgage

Maintenance of Insurance. Grantor shall procure and maintain policies of fire insurance with standard extended coverage endorsements on a replacement basis for the full insurable value covering all Improvements on the Real Property in an amount sufficient to avoid application of any coinsurance clause, and with a standard mortgagee clause in favor of Lender Grantor shall also procure and maintain comprehensive general liability insurance in such coverage amounts as Lender may request with Lender being named as additional insureds in such liability insurance policies. Additionally, Grantor shall maintain such other insurance, including but not limited to hazard, business interruption and boiler insurance as Lender may require Policies shall be written by such insurance companies and in such form as may be reasonably acceptable to Lender Grantor shall deliver to Lender certificates of coverage from each insurer containing a stipulation that coverage will not be cancelled or diminished without a minimum of ten (10) days' prior written notice to Lender and not containing any disclaimer of the insurer's liability for failure to give such notice. Each insurance policy also shall include an endorsement providing that coverage in favor of Lender will not be impaired in any way by any act, omission or default of Grantor or any other person Should the Real Property be located in an area designated by the Administrator of the Federal Emergency Management Agency as a special flood hazard area, Grantor agrees to obtain and maintain flood insurance, if available, for the full unpaid principal balance of the loan and any prior liens on the property securing the loan, up to the maximum policy limits set under the National Flood Insurance Program, or as otherwise required by Lender, and to maintain such insurance for the term of the loan. Flood insurance may be purchased under the National Flood Insurance Program, from private insurers providing "private flood insurance" as defined by applicable federal flood insurance statutes and regulations, or from another flood insurance provider that is both acceptable to Lender in its sole discretion and permitted by applicable federal flood insurance statutes and regulations

Application of Proceeds Grantor shall promptly notify Lender of any loss or damage to the Property Lender may make proof of loss if Grantor fails to do so within fifteen (15) days of the casualty. Whether or not Lender's security is impaired, Lender may, at Lender's election, receive and retain the proceeds of any insurance and apply the proceeds to the reduction of the Indebtedness, payment of any lien affecting the

Property, or the restoration and repair of the Property If Lender elects to apply the proceeds to restoration and repair, Grantor shall repair or replace the damaged or destroyed Improvements in a manner satisfactory to Lender Lender shall, upon satisfactory proof of such expenditure, pay or reimburse Grantor from the proceeds for the reasonable cost of repair or restoration if Grantor is not in default under this Mortgage Any proceeds which have not been disbursed within 180 days after their receipt and which Lender has not committed to the repair or restoration of the Property shall be used first to pay any amount owing to Lender under this Mortgage, then to pay accrued interest, and the remainder, if any, shall be applied to the principal balance of the Indebtedness. If Lender holds any proceeds after payment in full of the Indebtedness, such proceeds shall be paid to Grantor as Grantor's interests may appear

Grantor's Report on Insurance. Upon request of Lender, however not more than once a year, Grantor shall furnish to Lender a report on each existing policy of insurance showing (1) the name of the insurer, (2) the risks insured, (3) the amount of the policy, (4) the property insured, the then current replacement value of such property, and the manner of determining that value, and (5) the expiration date of the policy. Grantor shall, upon request of Lender, have an independent appraiser satisfactory to Lender determine the cash value replacement cost of the Property.

LENDER'S EXPENDITURES If any action or proceeding is commenced that would materially affect Lender's interest in the Property or if Grantor fails to comply with any provision of this Mortgage or any Related Documents, including but not limited to Grantor's failure to discharge or pay when due any amounts Grantor is required to discharge or pay under this Mortgage or any Related Documents, Lender on Grantor's behalf may (but shall not be obligated to) take any action that Lender deems appropriate, including but not limited to discharging or paying all taxes, liens, security interests, encumbrances and other claims, at any time levied or placed on the Property and paying all costs for insuring, maintaining and preserving the Property. All such expenditures incurred or paid by Lender for such purposes will then bear interest at the rate charged under the Note from the date incurred or paid by Lender to the date of repayment by Grantor. All such expenses will become a part of the Indebtedness and, at Lender's option, will. (A) be payable on demand, (B) be added to the balance of the Note and be apportioned among and be payable with any installment payments to become due during either. (1) the term of any applicable insurance policy, or. (2) the remaining term of the Note, or. (C) be treated as a balloon payment which will be due and payable at the Note's maturity. The Mortgage also will secure payment of these amounts. Such right shall be in addition to all other rights and remedies to which Lender may be entitled upon the occurrence of any Event of Default.

WARRANTY; DEFENSE OF TITLE The following provisions relating to ownership of the Property are a part of this Mortgage

Title Grantor warrants that (a) Grantor holds good and marketable title of record to the Property in fee simple, free and clear of all liens and encumbrances other than those set forth in the Real Property description or in any title insurance policy, title report, or final title opinion issued in favor of, and accepted by, Lender in connection with this Mortgage, and (b) Grantor has the full right, power, and authority to execute and deliver this Mortgage to Lender

Defense of Title. Subject to the exception in the paragraph above, Grantor warrants and will forever defend the title to the Property against the lawful claims of all persons. In the event any action or proceeding is commenced that questions Grantor's title or the interest of Lender under this Mortgage, Grantor shall defend the action at Grantor's expense. Grantor may be the nominal party in such proceeding, but Lender shall be entitled to participate in the proceeding and to be represented in the proceeding by counsel of Lender's own choice, and Grantor will deliver, or cause to be delivered, to Lender such instruments as Lender may request from time to time to permit such participation.

Compliance With Laws. Grantor warrants that the Property and Grantor's use of the Property complies with all existing applicable laws, ordinances, and regulations of governmental authorities

Survival of Representations and Warranties All representations, warranties, and agreements made by Grantor in this Mortgage shall survive the execution and delivery of this Mortgage, shall be continuing in nature, and shall remain in full force and effect until such time as Grantor's Indebtedness shall be paid in full

CONDEMNATION. The following provisions relating to condemnation proceedings are a part of this Mortgage

Proceedings If any proceeding in condemnation is filed, Grantor shall promptly notify Lender in writing, and Grantor shall promptly take such steps as may be necessary to defend the action and obtain the award. Grantor may be the nominal party in such proceeding, but Lender shall be entitled to participate in the proceeding and to be represented in the proceeding by counsel of its own choice, and Grantor will deliver or cause to be delivered to Lender such instruments and documentation as may be requested by Lender from time to time to permit such participation.

Application of Net Proceeds If all or any part of the Property is condemned by eminent domain proceedings or by any proceeding or purchase in lieu of condemnation, Lender may at its election require that all or any portion of the net proceeds of the award be applied to the Indebtedness or the repair or restoration of the Property The net proceeds of the award shall mean the award after payment of all reasonable costs, expenses, and attorneys' fees incurred by Lender in connection with the condemnation

IMPOSITION OF TAXES, FEES AND CHARGES BY GOVERNMENTAL AUTHORITIES The following provisions relating to governmental taxes, fees and charges are a part of this Mortgage

Current Taxes, Fees and Charges. Upon request by Lender, Grantor shall execute such documents in

addition to this Mortgage and take whatever other action is requested by Lender to perfect and continue Lender's lien on the Real Property. Grantor shall reimburse Lender for all taxes, as described below, together with all expenses incurred in recording, perfecting or continuing this Mortgage, including without limitation all taxes, fees, documentary stamps, and other charges for recording or registering this Mortgage.

Taxes The following shall constitute taxes to which this section applies (1) a specific tax upon this type of Mortgage or upon all or any part of the Indebtedness secured by this Mortgage, (2) a specific tax on Grantor which Grantor is authorized or required to deduct from payments on the Indebtedness secured by this type of Mortgage, (3) a tax on this type of Mortgage chargeable against the Lender or the holder of the Note; and (4) a specific tax on all or any portion of the Indebtedness or on payments of principal and interest made by Grantor

Subsequent Taxes. If any tax to which this section applies is enacted subsequent to the date of this Mortgage, this event shall have the same effect as an Event of Default, and Lender may exercise any or all of its available remedies for an Event of Default as provided below unless Grantor either (1) pays the tax before it becomes delinquent, or (2) contests the tax as provided above in the Taxes and Liens section and deposits with Lender cash or a sufficient corporate surety bond or other security satisfactory to lender.

SECURITY AGREEMENT; FINANCING STATEMENTS The following provisions relating to this Mortgage as a security agreement are a part of this Mortgage

Security Agreement. This instrument shall constitute a Security Agreement to the extent any of the Property constitutes fixtures, and Lender shall have all of the rights of a secured party under the Uniform Commercial Code as amended from time to time

Security Interest. Upon request by Lender, Grantor shall take whatever action is requested by Lender to perfect and continue Lender's security interest in the Personal Property. In addition to recording this Mortgage in the real property records, Lender may, at any time and without further authorization from Grantor, file executed counterparts, copies or reproductions of this Mortgage as a financing statement Grantor shall reimburse Lender for all expenses incurred in perfecting or continuing this security interest Upon default, Grantor shall not remove, sever or detach the Personal Property from the Property. Upon default, Grantor shall assemble any Personal Property not affixed to the Property in a manner and at a place reasonably convenient to Grantor and Lender and make it available to Lender within three (3) days after receipt of written demand from Lender to the extent permitted by applicable law

Addresses The mailing addresses of Grantor (debtor) and Lender (secured party) from which information concerning the security interest granted by this Mortgage may be obtained (each as required by the Uniform Commercial Code) are as stated on the first page of this Mortgage

FURTHER ASSURANCES, ATTORNEY-IN-FACT The following provisions relating to further assurances and attorney-in-fact are a part of this Mortgage

Further Assurances At any time, and from time to time, upon request of Lender, Grantor will make, execute and deliver, or will cause to be made, executed or delivered, to Lender or to Lender's designee, and when requested by Lender, cause to be filed, recorded, refiled, or rerecorded, as the case may be, at such times and in such offices and places as Lender may deem appropriate, any and all such mortgages, deeds of trust, security deeds, security agreements, financing statements, continuation statements, instruments of further assurance, certificates, and other documents as may, in the sole opinion of Lender, be necessary or desirable in order to effectuate, complete, perfect, continue, or preserve (1) Grantor's obligations under the Note, this Mortgage, and the Related Documents, and (2) the liens and security interests created by this Mortgage as first and prior liens on the Property, whether now owned or hereafter acquired by Grantor Unless prohibited by law or Lender agrees to the contrary in writing, Grantor shall reimburse Lender for all costs and expenses incurred in connection with the matters referred to in this paragraph

Attorney-in-Fact If Grantor fails to do any of the things referred to in the preceding paragraph, Lender may do so for and in the name of Grantor and at Grantor's expense. For such purposes, Grantor hereby irrevocably appoints Lender as Grantor's attorney-in-fact for the purpose of making, executing, delivering, filing, recording, and doing all other things as may be necessary or desirable, in Lender's sole opinion, to accomplish the matters referred to in the preceding paragraph.

FULL PERFORMANCE. If Grantor pays all the Indebtedness, including without limitation all future advances, when due, and otherwise performs all the obligations imposed upon Grantor under this Mortgage, Lender shall execute and deliver to Grantor a suitable satisfaction of this Mortgage and suitable statements of termination of any financing statement on file evidencing Lender's security interest in the Rents and the Personal Property Grantor will pay, if permitted by applicable law, any reasonable termination fee as determined by Lender from time to time

EVENTS OF DEFAULT Each of the following, at Lender's option, shall constitute an Event of Default under this Mortgage

Payment Default Grantor fails to make any payment when due under the Indebtedness

Default on Other Payments. Failure of Grantor within the time required by this Mortgage to make any payment for taxes or insurance, or any other payment necessary to prevent filing of or to effect discharge of any lien. Such failure to make payment for taxes or insurance shall constitute waste at the time such items are due and payable.

Other Defaults Grantor fails to comply with or to perform any other term, obligation, covenant or condition contained in this Mortgage or in any of the Related Documents or to comply with or to perform any term, obligation, covenant or condition contained in any other agreement between Lender and Grantor

False Statements Any warranty, representation or statement made or furnished to Lender by Grantor or on Grantor's behalf under this Mortgage or the Related Documents is false or misleading in any material respect, either now or at the time made or furnished or becomes false or misleading at any time thereafter

Defective Collateralization This Mortgage or any of the Related Documents ceases to be in full force and effect (including failure of any collateral document to create a valid and perfected security interest or lien) at any time and for any reason

**Insolvency** The dissolution or termination of Grantor's existence as a going business, the insolvency of Grantor, the appointment of a receiver for any part of Grantor's property, any assignment for the benefit of creditors, any type of creditor workout, or the commencement of any proceeding under any bankruptcy or insolvency laws by or against Grantor

Creditor or Forfeiture Proceedings Commencement of foreclosure or forfeiture proceedings, whether by judicial proceeding, self-help, repossession or any other method, by any creditor of Grantor or by any governmental agency against any property securing the Indebtedness. This includes a garnishment of any of Grantor's accounts, including deposit accounts, with Lender. However, this Event of Default shall not apply if there is a good faith dispute by Grantor as to the validity or reasonableness of the claim which is the basis of the creditor or forfeiture proceeding and if Grantor gives Lender written notice of the creditor or forfeiture proceeding and deposits with Lender monies or a surety bond for the creditor or forfeiture proceeding, in an amount determined by Lender, in its sole discretion, as being an adequate reserve or bond for the dispute

Breach of Other Agreement Any breach by Grantor under the terms of any other agreement between Grantor and Lender that is not remedied within any grace period provided therein, including without limitation any agreement concerning any indebtedness or other obligation of Grantor to Lender, whether existing now or later

Events Affecting Guarantor Any of the preceding events occurs with respect to any guarantor, endorser, surety, or accommodation party of any of the Indebtedness or any guarantor, endorser, surety, or accommodation party dies or becomes incompetent, or revokes or disputes the validity of, or liability under, any Guaranty of the Indebtedness

Adverse Change A material adverse change occurs in Grantor's financial condition, or Lender believes the prospect of payment or performance of the Indebtedness is impaired

Insecurity Lender in good faith believes itself insecure

RIGHTS AND REMEDIES ON DEFAULT. Upon the occurrence of an Event of Default and at any time thereafter, Lender, at Lender's option, may exercise any one or more of the following rights and remedies, in addition to any other rights or remedies provided by law

Accelerate Indebtedness. Lender shall have the right at its option without notice to Grantor to declare the entire Indebtedness immediately due and payable, including any prepayment fee that Grantor would be required to pay

UCC Remedies With respect to all or any part of the Personal Property, Lender shall have all the rights and remedies of a secured party under the Uniform Commercial Code Without limiting those rights and remedies, Lender may, at its option, either (a) enforce its security interest in the Personal Property under the Uniform Commercial Code or other applicable law or (b) include the Personal Property in any judicial or non-judicial foreclosure of this Mortgage

Collect Rents Lender shall have the right, without notice to Grantor, to take possession of the Property and collect the Rents, including amounts past due and unpaid, and apply the net proceeds, over and above Lender's costs, against the Indebtedness. In furtherance of this right, Lender may require any tenant or other user of the Property to make payments of rent or use fees directly to Lender. If the Rents are collected by Lender, then Grantor irrevocably designates Lender as Grantor's attorney-in-fact to endorse instruments received in payment thereof in the name of Grantor and to negotiate the same and collect the proceeds. Payments by tenants or other users to Lender in response to Lender's demand shall satisfy the obligations for which the payments are made, whether or not any proper grounds for the demand existed Lender may exercise its rights under this subparagraph either in person, by agent, or through a receiver

Appoint Receiver Any failure of Grantor to pay any taxes assessed against the Property or to pay any installment of those taxes or to pay any insurance premium upon any policy covering any property located upon the Property shall constitute waste and shall entitle Lender to the appointment by a court of competent jurisdiction of a receiver of the Property for the purpose of preventing the waste, except that no receiver may be appointed for any dwelling house or farm occupied by any owner of it as the owner's home or farm or for any store or other business property having an assessed valuation of \$7,500 or less Subject to the order of the court, the receiver may collect the rents and income from the Property and shall exercise control over the Property to the extent ordered by the court. A court may also appoint a receiver appointed to take possession of all or any part of the Property, with the power to protect and preserve the Property, to operate the Property preceding foreclosure or sale, and to collect the Rents from the Property

and apply the proceeds, over and above the cost of the receivership, against the Indebtedness. The receiver may serve without bond if permitted by law. Lender's right to the appointment of a receiver shall exist whether or not the apparent value of the Property exceeds the Indebtedness by a substantial amount Employment by Lender shall not disqualify a person from serving as a receiver.

Judicial Foreclosure Lender may obtain a judicial decree foreclosing Grantor's interest in all or any part of the Property

Nonjudicial Sale Lender may sell, release and convey the Real Property at public sale and sign and deliver to the purchasers at the sale good and sufficient deeds of conveyance, paying any surplus funds, after payment in full of the sums then due under this Mortgage and the expenses of the sale, including attorney fees as provided by law, to Grantor, all in accordance with applicable law

Warning This Mortgage contains a power of sale, and, upon default, may be foreclosed by advertisement. In foreclosure by advertisement, no hearing is involved and the only notice required is to publish notice in a local newspaper and to post a copy of the notice on the Property.

Waiver If this Mortgage is foreclosed by advertisement, Grantor hereby voluntarily and knowingly waives all rights under the Constitution and laws of the State of Michigan and Constitution and laws of the United States to all notice and a hearing in connection with the above-mentioned foreclosure by advertisement, except as set forth in the Michigan statute providing for foreclosure by advertisement

**Deficiency Judgment** If permitted by applicable law, Lender may obtain a judgment for any deficiency remaining in the Indebtedness due to Lender after application of all amounts received from the exercise of the rights provided in this section

Tenancy at Will. If Grantor remains in possession of the Property after Lender or the purchaser at a foreclosure sale of the Property become lawfully entitled to possession of the Property, the Grantor shall become a tenant at will of Lender or the purchaser of the Property and shall, at the option of the person lawfully entitled to possession, either (1) pay a reasonable rental for the use of the Property or (2) vacate the Property immediately upon the demand of the person lawfully entitled to possession

Other Remedies Lender shall have all other rights and remedies provided in this Mortgage or the Note or available at law or in equity

Sale of the Property To the extent permitted by applicable law, Grantor hereby waives any and all right to have the Property marshalled In exercising its rights and remedies, Lender shall be free to sell all or any part of the Property together or separately, in one sale or by separate sales and Grantor waives Grantor's rights under MCLA Section 600 3224 to have separate parcels sold separately and to have no more parcels than necessary sold Lender shall be entitled to bid at any public sale on all or any portion of the Property

Notice of Sale Lender shall give Grantor reasonable notice of the time and place of any public sale of the Personal Property or of the time after which any private sale or other intended disposition of the Personal Property is to be made Reasonable notice shall mean notice given at least ten (10) days before the time of the sale or disposition Any sale of the Personal Property may be made in conjunction with any sale of the Real Property

Attorneys' Fees, Expenses If Lender institutes any suit or action to enforce any of the terms of this Mortgage, Lender shall be entitled to recover its reasonable attorneys' fees. Whether or not any court action is involved, and to the extent not prohibited by law, all reasonable expenses Lender incurs that in Lender's opinion are necessary at any time for the protection of its interest or the enforcement of its rights shall become a part of the Indebtedness payable on demand and shall bear interest at the Note rate from the date of the expenditure until repaid. Expenses covered by this paragraph include, without limitation, however subject to any limits under applicable law, Lender's reasonable attorneys' fees and Lender's legal expenses whether or not there is a lawsuit, including reasonable attorneys' fees and expenses for bankruptcy proceedings (including efforts to modify or vacate any automatic stay or injunction), appeals, and any anticipated post-judgment collection services, the cost of searching records, obtaining title reports (including foreclosure reports), surveyors' reports, and appraisal fees and title insurance, to the extent permitted by applicable law. Grantor also will pay any court costs, in addition to all other sums provided by law.

NOTICES. Any notice required to be given under this Mortgage, including without limitation any notice of default and any notice of sale shall be given in writing, and shall be effective when actually delivered, when

actually received by telefacsimile (unless otherwise required by law), when deposited with a nationally recognized overnight courier, or, if mailed, when deposited in the United States mail, as first class, certified or registered mail postage prepaid, directed to the addresses shown near the beginning of this Mortgage. All copies of notices of foreclosure from the holder of any lien which has priority over this Mortgage shall be sent to Lender's address, as shown near the beginning of this Mortgage. Any party may change its address for notices under this Mortgage by giving formal written notice to the other parties, specifying that the purpose of the notice is to change the party's address. For notice purposes, Grantor agrees to keep Lender informed at all times of Grantor's current address. Unless otherwise provided or required by law, if there is more than one Grantor, any notice given by Lender to any Grantor is deemed to be notice given to all Grantors.

MISCELLANEOUS PROVISIONS. The following miscellaneous provisions are a part of this Mortgage

Amendments This Mortgage, together with any Related Documents, constitutes the entire understanding and agreement of the parties as to the matters set forth in this Mortgage. No afteration of or amendment to this Mortgage shall be effective unless given in writing and signed by the party or parties sought to be charged or bound by the alteration or amendment.

Annual Reports. If the Property is used for purposes other than Grantor's residence, Grantor shall furnish to Lender, upon request, a certified statement of net operating income received from the Property during Grantor's previous fiscal year in such form and detail as Lender shall require. "Net operating income" shall mean all cash receipts from the Property less all cash expenditures made in connection with the operation of the Property.

Caption Headings Caption headings in this Mortgage are for convenience purposes only and are not to be used to interpret or define the provisions of this Mortgage

Governing Law. This Mortgage will be governed by federal law applicable to Lender and, to the extent not preempted by federal law, the laws of the State of Michigan without regard to its conflicts of law provisions. This Mortgage has been accepted by Lender in the State of Michigan.

Choice of Venue If there is a lawsuit, Grantor agrees upon Lender's request to submit to the jurisdiction of the courts of Branch County, State of Michigan

No Waiver by Lender Lender shall not be deemed to have waived any rights under this Mortgage unless such waiver is given in writing and signed by Lender. No delay or omission on the part of Lender in exercising any right shall operate as a waiver of such right or any other right. A waiver by Lender of a provision of this Mortgage shall not prejudice or constitute a waiver of Lender's right otherwise to demand strict compliance with that provision or any other provision of this Mortgage. No prior waiver by Lender, nor any course of dealing between Lender and Grantor, shall constitute a waiver of any of Lender's rights or of any of Grantor's obligations as to any future transactions. Whenever the consent of Lender is required under this Mortgage, the granting of such consent by Lender in any instance shall not constitute continuing consent to subsequent instances where such consent is required and in all cases such consent may be granted or withheld in the sole discretion of Lender.

Severability If a court of competent jurisdiction finds any provision of this Mortgage to be illegal, invalid, or unenforceable as to any circumstance, that finding shall not make the offending provision illegal, invalid, or unenforceable as to any other circumstance. If feasible, the offending provision shall be considered modified so that it becomes legal, valid and enforceable. If the offending provision cannot be so modified, it shall be considered deleted from this Mortgage. Unless otherwise required by law, the illegality, invalidity, or unenforceability of any provision of this Mortgage shall not affect the legality, validity or enforceability of any other provision of this Mortgage.

Merger. There shall be no merger of the interest or estate created by this Mortgage with any other interest or estate in the Property at any time held by or for the benefit of Lender in any capacity, without the written consent of Lender

Successors and Assigns Subject to any limitations stated in this Mortgage on transfer of Grantor's interest, this Mortgage shall be binding upon and inure to the benefit of the parties, their successors and assigns. If ownership of the Property becomes vested in a person other than Grantor, Lender, without notice to Grantor, may deal with Grantor's successors with reference to this Mortgage and the Indebtedness by way of forbearance or extension without releasing Grantor from the obligations of this Mortgage or liability under the Indebtedness

Time is of the Essence Time is of the essence in the performance of this Mortgage

Use of Pronouns Any term used to designate any of the parties in this Mortgage shall be deemed to include the respective heirs, estate representatives, successors, and assigns of the parties, and all pronouns and relative words used in this Mortgage are intended to apply in the singular, plural, feminine or neuter forms as the context may require, to appropriately refer to the parties designated

Waive Jury. All parties to this Mortgage hereby waive the right to any jury trial in any action, proceeding, or counterclaim brought by any party against any other party

Waiver of Homestead Exemption Grantor hereby releases and waives all rights and benefits of the homestead exemption laws of the State of Michigan as to all Indebtedness secured by this Mortgage

**DEFINITIONS.** The following capitalized words and terms shall have the following meanings when used in this Mortgage. Unless specifically stated to the contrary, all references to dollar amounts shall mean amounts in

lawful money of the United States of America Words and terms used in the singular shall include the plural, and the plural shall include the singular, as the context may require. Words and terms not otherwise defined in this Mortgage shall have the meanings attributed to such terms in the Uniform Commercial Code.

Borrower The word "Borrower" means Pansophia Academy and includes all co-signers and co-makers signing the Note and all their successors and assigns

**Environmental Laws** The words "Environmental Laws" mean any and all state, federal and local statutes, regulations and ordinances relating to the protection of human health or the environment, including without limitation the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended, 42 U.S.C. Section 9601, et seq. ("CERCLA"), the Superfund Amendments and Reauthorization Act of 1986, Pub. L. No. 99-499 ("SARA"), the Hazardous Materials Transportation Act, 49 U.S.C. Section 1801, et seq., the Resource Conservation and Recovery Act, 42 U.S.C. Section 6901, et seq., or other applicable state or federal laws, rules, or regulations adopted pursuant thereto

Event of Default The words "Event of Default" mean any of the events of default set forth in this Mortgage in the events of default section of this Mortgage

Grantor The word "Grantor" means Pansophia Academy

Guaranty. The word "Guaranty" means the guaranty from guarantor, endorser, surety, or accommodation party to Lender, including without limitation a guaranty of all or part of the Note

Hazardous Substances The words "Hazardous Substances" mean materials that, because of their quantity, concentration or physical, chemical or infectious characteristics, may cause or pose a present or potential hazard to human health or the environment when improperly used, treated, stored, disposed of, generated, manufactured, transported or otherwise handled. The words "Hazardous Substances" are used in their very broadest sense and include without limitation any and all hazardous or toxic substances, materials or waste as defined by or listed under the Environmental Laws. The term "Hazardous Substances" also includes, without limitation, petroleum and petroleum by-products or any fraction thereof and asbestos.

Improvements The word "Improvements" means all existing and future improvements, buildings, structures, mobile homes affixed on the Real Property, facilities, additions, replacements and other construction on the Real Property

Indebtedness The word "Indebtedness" means all principal, interest, and other amounts, costs and expenses payable under the Note or Related Documents, together with all renewals of, extensions of, modifications of, consolidations of and substitutions for the Note or Related Documents and any amounts expended or advanced by Lender to discharge Grantor's obligations or expenses incurred by Lender to enforce Grantor's obligations under this Mortgage, together with interest on such amounts as provided in this Mortgage Specifically, without limitation, Indebtedness includes the future advances set forth in the Future Advances provision, together with all interest thereon and all amounts that may be indirectly secured by the Cross-Collateralization provision of this Mortgage

Lender The word "Lender" means Century Bank and Trust, its successors and assigns

Mortgage. The word "Mortgage" means this Mortgage between Grantor and Lender

Note The word "Note" means the promissory note dated September 15, 2022, in the original principal amount of \$2,800,000 00 from Grantor to Lender, together with all renewals of, extensions of, modifications of, refinancings of, consolidations of, and substitutions for the promissory note or agreement

**Personal Property** The words "Personal Property" mean all equipment, fixtures, and other articles of personal property now or hereafter owned by Grantor, and now or hereafter attached or affixed to the Real Property, together with all accessions, parts, and additions to, all replacements of, and all substitutions for, any of such property, and together with all proceeds (including without limitation all insurance proceeds and refunds of premiums) from any sale or other disposition of the Property

Property The word "Property" means collectively the Real Property and the Personal Property

Real Property The words "Real Property" mean the real property, interests and rights, as further described in this Mortgage

Related Documents The words "Related Documents" mean all promissory notes, credit agreements, loan agreements, environmental agreements, guaranties, security agreements, mortgages, deeds of trust, security deeds, collateral mortgages, and all other instruments, agreements and documents, whether now or hereafter existing, executed in connection with the Indebtedness

Rents The word "Rents" means all present and future rents, revenues, income, issues, royalties, profits, and other benefits derived from the Property

GRANTOR COVENANTS AND AGREES TO THE PROVISIONS OF THIS MORTGAGE

GRANTOR.		
By Georgia Hargett President of Pans	ophia Academy	
100	la Crawford tury Bank and Trust West Chicago Street Iwater, MI 49036	
CC	PRPORATE ACKNOWLEDG	MENT
STATE OF Muchiga COUNTY OF Branch	<u>(r</u> )	s
On this day of Notary Public, personally appeared Gran authorized agent of the corporatio free and voluntary act and deed of the corporation free and voluntary act and deed of the corporation free and voluntary act and deed of the corporation free and voluntary act and deed of the corporation free and voluntary act and deed of the corporation free and voluntary act and deed of the corporation free and voluntary act and deed of the corporation free and voluntary act and deed of the corporation free and voluntary act and deed of the corporation free and voluntary act and deed of the corporation free and voluntary act and deed of the corporation free and voluntary act and deed of the corporation free and voluntary act and deed of the corporation free and voluntary act and deed of the corporation free and voluntary act and deed of the corporation free and voluntary act and deed of the corporation free and voluntary act and deed of the corporation free and voluntary act and deed of the corporation free and voluntary act and deed of the corporation free act and deed	eorgia Hårgett, President of Par in that executed the Mortgage a e corporation, by authority of therein mentioned, and on or cuted the Mortgage on behalf of	per public, Branch County, Michigan My Commission Expires July 17, 2024
Notary Public, State of	, County of	Acting in Branch County
Acting in the County of		
	inastra USA Corporation 199	

#### **EXHIBIT A**

Land in the Second Ward, City of Coldwater, Branch County, Michigan

All of that part of the West half of the Northwest quarter of Section 15 in Town 6 South of Range 6 West, Coldwater, Branch County, Michigan, lying East of Hudson Street, South of Abbott Avenue, and West of Morse Street, excepting seven rods North and South by eight rods East and West in the Northeast corner thereof ALSO EXCEPT the South 60 feet thereof ALSO EXCEPT a parcel of land sold to the City of Coldwater described in Quit-Claim Deed dated 4-15-88 and recorded 4-15-88 in Liber 512, Pages 16-17, Branch County Records ALSO FXCEPT a parcel of land located in the West half of the Northwest quarter of Section 15, Town 6 South, Range 6 West Second Ward, City of Coldwater, Branch County, Michigan, described as beginning at a point on the East line of North Hudson Street distant South 00° 32' 29" East 195 00 feet from the South line of Abbott Avenue, thence South 89° 37' 06" East parallel with said South line of Abboti Avenue, 195 00 feet, thence South 00° 31' 38" East 191 97 feet to the North line of Elizabeth Street, thence North 89° 46' 53" West along said North line of Elizabeth Street, 195 00 feet to said Fast line of North Hudson Street, thence North 00° 31' 29" West along said East line of North Hudson Street, 192 52 feet to the point of beginning ALSO EXCEPT a parcel of land located in the West 1/2 of the Northwest 1/4 of Section 15, Town 6 South, Range 6 West, Second Ward City of Coldwater, Branch County Michigan described as beginning at a point on the South line of Abbott Avenue distant North 89° 37' 06" West 132 00 feet from the West line of Morse Street, thence South parallel with said West line of Morse Street, 115 5 feet, thence North 89° 37' 06" West parallel with said South line of Abbott Avenue 8 0 feet, thence North 115 5 feet to said South line of Abbott Avenue, thence South 89° 37' 06" East along said South line of Abbott Avenue 8 0 feet to the point of beginning

Contract Amendment No. 1

# Tab 2

#### 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.

Site Plan	. 6-3
51W 1 latt	
Floor Plan (Main Facility)	. 6-4
Bond (Main Facility)	. 6-5
Mortgage (Main Facility)	6-16
Office of Fire Safety Approvals (Main Facility)	6-27
Certificates of Use and Occupancy (Main Facility)	6-29
Floor Plan (Portable Units)	6-31
Bills of Sale (Portable Units)	6-32
Certificate of Use and Occupancy (Portable Units)	6-36

- 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 Pansophia Academy (the "Academy") is as follows:

Address: 52 Abbott Avenue

Coldwater, MI 49036

Description:

The Academy is located on a three-acre site with Abbott Ave., Morse St., Elizabeth St. and North Hudson St. forming the boundaries of the Site. The Academy utilizes the adjacent well-equipped city park for a playground and outdoor recreation area. There are two parking lots: a student pick-up area located on Abbott Ave. and a main parking lot/entrance on Elizabeth St.

The Site's main facility contains approximately 41,293 square feet of space. The facility is constructed of pre-cast cement blocks and steel. Interior walls are either block or specially hardened drywall. The facility includes 23 classrooms, 14 restrooms, office space, a specialized study area, speech room, special education classroom, workroom, a full service kitchen, storage areas, and a gymnasium. The Site also includes two modular classroom units, each containing approximately 1,504 square feet. Each unit includes two classrooms that measure approximately 752 square feet.

Configuration of Grade Levels: Kindergarten through Twelfth Grade.

Term of Use: Term of Contract.

Name of School District and Intermediate School District:

Local: Coldwater Community Schools

ISD: Branch

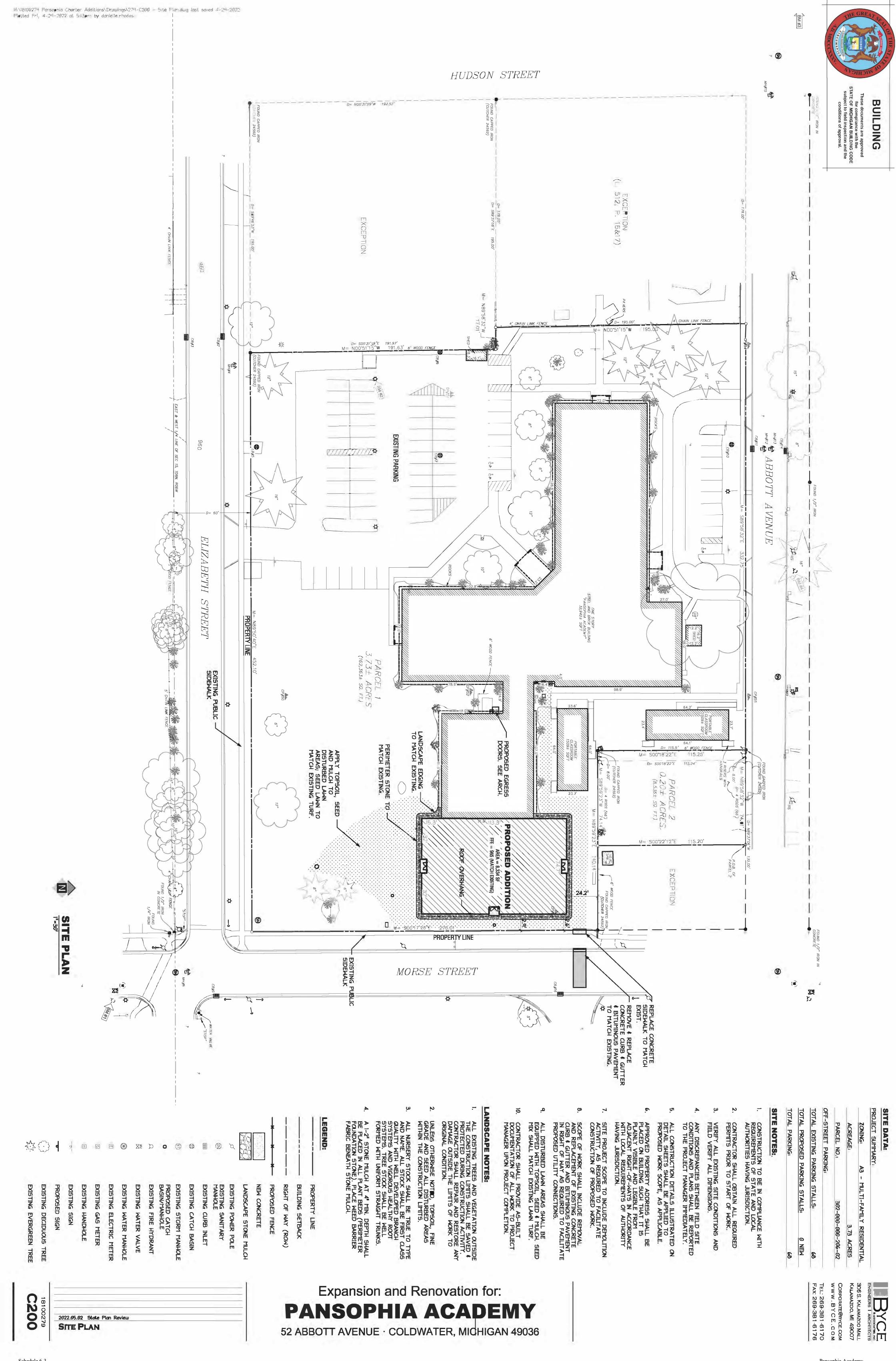
- 3. It is acknowledged and agreed that the information identified below, about this Site, is provided on the following pages, or must be provided to the satisfaction of the University Board or its designee, before the Academy may operate as a public school in this state.
  - A. Narrative description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

Schedule 6-1 Pansophia Academy

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.

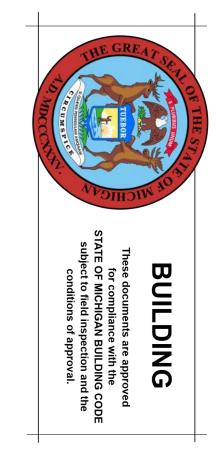
- 5. If the Site described above is not used as the physical facilities for the Academy, then Schedule 6 of this Contract between the Academy and the University Board must be amended pursuant to Article IX of the Terms and Conditions of Contract, to designate, describe, and agree upon the Academy's physical 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.

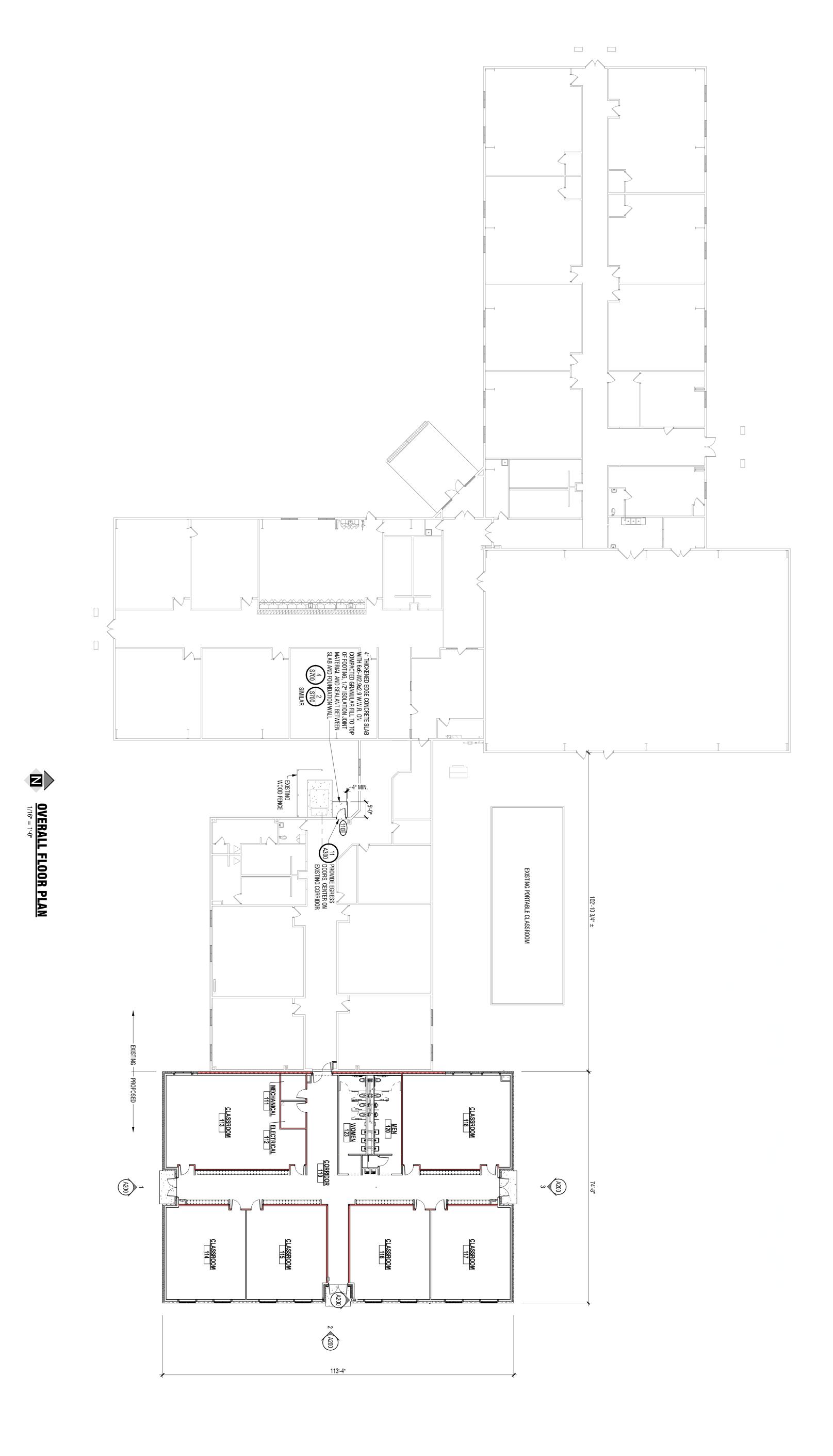
Schedule 6-2 Pansophia Academy

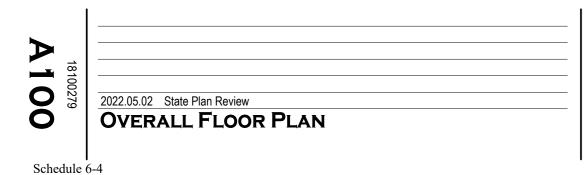


Schedule 6-3

Pansophia Academy







Expansion and Renovation for:

52 Abbot Avenue · Coldwater, Michigan

#### UNITED STATES OF AMERICA STATE OF MICHIGAN COUNTY OF BRANCH

## PANSOPHIA ACADEMY PUBLIC SCHOOL ACADEMY REVENUE AND REFUNDING BOND, SERIES 2022 (GENERAL OBLIGATION)

Registered Owner: Century Bank and Trust

Principal Amount: \$2,800,000

Interest Rate: 6.500%

Date of Issuance: September 15, 2022

FOR VALUE RECEIVED, Pansophia Academy, County of Branch, State of Michigan (the "Academy"), hereby acknowledges itself indebted and promises to pay, but only as provided in this Bond, to the Registered Owner specified above, or its registered assigns, the Principal Amount specified above in the principal installment amounts on the dates set forth on the attached Exhibit A which is hereby incorporated and made part hereof, in lawful money of the United States of America, together with interest thereon at the Interest Rate set forth above, commencing on October 25, 2022, and monthly thereafter as set forth on the attached Exhibit A. Interest on this Bond shall be computed on the basis of a 360-day year and the number of actual days elapsed. The Academy agrees that it will deposit with the Registered Owner payment of principal of and interest on this Bond in immediately available funds by 3:00 p.m. on the dates set forth on the attached Exhibit A.

This Bond is issued under and in pursuance of the provisions of Act 451, Public Acts of Michigan, 1976, as amended, for the purpose of currently refunding certain Prior Obligations of the Academy, as more fully described in the Resolution adopted by the Board of Directors of the Academy on August 29, 2022, approving the issuance of this Bond (the "Resolution"). For the prompt payment of this Bond, both principal and interest, the full faith and credit of the Academy is hereby pledged. As further security for the repayment of the Bond, the Academy has granted to the Registered Owner a first lien mortgage (the "Mortgage") on the Academy's Facility as more fully described in the Resolution.

The Academy shall be precluded from incurring any additional indebtedness that is senior to the Mortgage and the full faith and credit pledge by the Academy under this Bond. With the written consent of the Registered Owner, the Academy may incur additional indebtedness secured by the Mortgage and on a parity basis with the full faith and credit pledge by the Academy under this Bond. Without the consent of the Registered Owner, the Academy may incur additional indebtedness subordinate to the Mortgage and the full faith and credit pledge by the Academy under this Bond.

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Schedule 6-5 Pansophia Academy

THIS BOND IS A FULL FAITH AND CREDIT OBLIGATION OF THE ACADEMY PAYABLE SOLELY FROM THE ACADEMY'S FUNDS PLEDGED THEREFOR PURSUANT TO THE RESOLUTION. ALL STATE SCHOOL AID IS SUBJECT TO ANNUAL APPROPRIATION BY THE STATE LEGISLATURE AND THE LEGISLATURE IS NOT REQUIRED TO APPROPRIATE MONIES FOR SUCH PURPOSE. THIS BOND DOES NOT CONSTITUTE AN OBLIGATION, EITHER GENERAL, SPECIAL, OR MORAL, OF THE STATE OF MICHIGAN, THE CENTRAL MICHIGAN UNIVERSITY BOARD OF TRUSTEES (THE "AUTHORIZING BODY" OF THE ACADEMY), OR ANY OTHER POLITICAL SUBDIVISION OF THE STATE, AND NEITHER THE FULL FAITH AND CREDIT NOR ANY TAXING POWERS OF THE STATE OF MICHIGAN, THE AUTHORIZING BODY OR ANY OTHER POLITICAL SUBDIVISION OF THE STATE ARE PLEDGED TO THE PAYMENT OF PRINCIPAL AND INTEREST WITH RESPECT TO THIS BOND. THE ACADEMY HAS NO TAXING POWER.

If the Academy fails to make any payment of principal, interest or other amount coming due pursuant to the provisions of this Bond within ten (10) calendar days of the date due and payable, the Academy also shall pay to the Registered Owner a late charge equal to five percent (5%) of the amount of such payment (the "Late Charge"). Such five (5) day period shall not be construed in any way to extend the due date of any such payment. Upon maturity, whether by acceleration, demand or otherwise, and at the Registered Owner's option upon the occurrence of any Event of Default (as hereinafter defined) and during the continuance thereof, amounts outstanding under this Bond shall bear interest at a rate per annum (based on the actual number of days that principal is outstanding over a year of 360 days) which shall be six percentage points (6.00%) in excess of the Interest Rate, but not more than the maximum rate allowed by law (the "Default Rate"). The Default Rate shall continue to apply whether or not judgment shall be entered on this Bond. Both the Late Charge and the Default Rate are imposed as liquidated damages for the purpose of defraying the Registered Owner's expenses incident to the handling of delinquent payments, but are in addition to, and not in lieu of, the Registered Owner's exercise of any rights and remedies hereunder, under applicable law, and any fees and expenses of any agents or attorneys which the Registered Owner may employ. In addition, the Default Rate reflects the increased credit risk to the Registered Owner of carrying a loan that is in default. The Academy agrees that the Late Charge and Default Rate are reasonable forecasts of just compensation for anticipated and actual harm incurred by the Registered Owner, and that the actual harm incurred by the Registered Owner cannot be estimated with certainty and without difficulty.

If interest on this Bond is determined to be taxable for any reason, the interest shall be recomputed from the date of taxability to an interest rate per annum equal to the Interest Rate specified above plus a rate sufficient such that the total interest to be paid on the Bond would, after such interest was reduced by the amount of any federal, state or local income tax (including any interest or penalties) actually payable thereon, equal the amount of interest due with respect to the Bond at the Interest Rate specified above for this Bond as determined by the Registered Owner, and at the Registered Owner's option, payment of the principal evidenced by this Bond may be accelerated.

This Bond may be prepaid and redeemed, in whole or in part, at any time by paying to the Registered Owner the remaining principal balance on the bond plus interest accrued to the date of redemption.

2

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Any one of the following shall constitute an Event of Default hereunder:

- (a) Default in the payment of any interest on this Bond when and as the same is due; or
- (b) Default in the payment of the principal of or any premium or other payment obligation on this Bond, when and as the same is due, whether at the stated maturity or redemption date thereof or by acceleration; or
- (c) Failure of State Aid Payments to be deposited with the Authorizing Body; or
- (d) Contingent renewal, termination, revocation or nonrenewal of the Charter Contract with the Authorizing Body, unless waived in writing by the Registered Owner; or
- (e) An Event of Default under the Mortgage; or
- (f) The Academy being placed on probationary status by the Authorizing Body or the Michigan Department of Education unless waived in writing by the Registered Owner

Upon the occurrence and continuation of any Event of Default hereunder, the Registered Owner may declare the principal of and any premium on this Bond and the interest accrued thereon to be due and payable immediately, and, upon such declaration, such principal and premium, if any, and interest shall become and be immediately due and payable. Interest on the Bond shall cease to accrue on the date of such payment.

If any Event of Default has occurred and is continuing then, in each case, the Registered Owner may proceed to protect and enforce its rights under the laws of the State or under this Bond by the exercise of any proper legal or equitable right or remedy as the Registered Owner deems most effectual to protect and enforce such rights, and without limitation of the foregoing, may:

- (a) By mandamus, or other suit, action or proceeding at law or in equity, enforce its rights to collect the principal of and interest on the Bond adequate to carry out the covenants and agreements as to, and pledge of, such principal and interest, and to require the Academy to carry out any other agreements with, or for the benefit of, the Registered Owner and to perform its duties under this Bond and the Mortgage;
- (b) Bring suit upon the Bond;
- (c) By action or suit in equity enjoin any acts or things which may be unlawful or in violation of the rights of the Registered Owner;
- (d) By action or suit, enforce the remedies provided under the Mortgage; and
- (e) Exercise any or all other rights and remedies provided for by law, and by any suit, action or special proceeding at law or in equity, either for the specific performance of any covenant or agreement contained herein or in the Mortgage, or in aid of execution of any power or right herein or therein granted.

3

No remedy by the terms of this Bond is intended to be exclusive of any other remedy, but each and every such remedy shall be cumulative and shall be in addition to any other remedy given to the Registered Owner now or hereafter existing at law or in equity or by statute. No delay or omission to exercise any right or power accruing upon any default or Event of Default shall impair any such right or power or shall be construed to be a waiver of any such default or Event of Default, or acquiescence therein; and every such right and power may be exercised from time to time and as often as may be deemed expedient. No waiver of any default or Event of Default hereunder, whether by the Registered Owner, shall extend to or shall affect any subsequent default or Event of Default or shall impair any rights or remedies consequent thereon.

The Registered Owner hereby notifies the Academy that pursuant to the requirements of the USA Patriot Act (Title III of Pub. L. 107-56, signed into law October 26, 2001) (the "Act"), and the Registered Owner's policies and practices, the Registered Owner is required to obtain, verify and record certain information and documentation that identifies the Academy, which information includes the name and address of the Academy and such other information that will allow the Registered Owner to identify the Academy in accordance with the Act. In addition, the Academy shall: (a) ensure that no person who owns any direct or indirect equity interest in or otherwise controls the Academy or any subsidiary of the Academy is or shall be listed on the Specially Designated Nationals and Blocked Person List or other similar lists maintained by the Office of Foreign Assets Control ("OFAC"), the Department of the Treasury or included in any Executive Orders; (b) not use or permit the use of the proceeds of the Bond 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.

The Registered Owner shall have the right to discuss the affairs of the Academy with third parties, to discuss, the financial condition of the Academy with third parties, and to disclose any non-confidential information received by the Registered Owner regarding the Academy, with any third parties, as the Registered Owner may choose in its sole and absolute discretion. Notwithstanding any other term of this Bond or any other agreement the Registered Owner has with the Academy, the Academy agrees that the Registered Owner may share financial and other information about the Academy, with affiliates of the Registered Owner for purposes related to the Academy's accounts or possible accounts with the Registered Owner or its affiliates.

THE ACADEMY HEREBY ACKNOWLEDGES THAT THE TIME AND EXPENSE REQUIRED FOR TRIAL BY JURY OF ANY CONTROVERSY RELATED IN ANY WAY TO THIS BOND OR ANY GUARANTY FOR THIS BOND, 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 REGISTERED OWNER.

This Bond, and all matters arising from this Bond including, but not limited to, provisions related to loan charges, are governed by federal law and, to the extent not preempted by federal law, by the substantive law of the State of Michigan.

4

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This Bond is transferable only upon the books of the Academy by the Registered Owner in person or the Registered Owner's attorney duly authorized in writing, upon the surrender of this Bond together with a written instrument of transfer satisfactory to the Academy, duly executed by the Registered Owner or the Registered Owner's attorney duly authorized in writing, and thereupon a new bond or bonds in the same aggregate principal amount and of the same maturity shall be issued to the transferee in exchange therefor as provided in the Resolution authorizing the Bond.

It is hereby certified, recited, and declared that all acts, conditions and things required to exist, happen and be performed precedent to and in connection with the issuance of this Bond, existed, have happened and have been performed in due time, folio and manner, as required by the Constitution and statutes of the State of Michigan, and that the amount of this Bond together with all other indebtedness of the Academy does not exceed any constitutional or statutory limitation.

[Remainder of page intentionally left blank]

5

IN WITNESS WHEREOF, the Pansophia Academy, Branch County, Michigan, by its Board of Directors, has caused this Bond to be executed in its name by its Authorized Officer as of the Date of Issuance,

Pansophia Academy

By:

Georgia Harr

Its: Presiden

Schedule 6-10

#### **TRANSFER**

ror	varue	receivea,	ıne	unaersignea	nereby	sens,	assigns	and	transfers	unto
				Tax	Identif	ication	or S	ocial	Security	No.
	) th	e within B	ond a	nd all rights t	hereunde	r, and h	nereby co	onstitu	ites and app	oints
				attorney	, to trans	fer the	within B	ond o	n the books	s kept
for registrati	on ther	eof, with fu	ıll po	wer of substitu	ition in th	ne prem	ises.			
Dated:				_						
				corre regis	spond w	vith the	name ery parti	as it cular w	ssignment appears or vithout alter soever.	n the

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Schedule 6-11

7

#### EXHIBIT A

#### SCHEDULE OF PRINCIPAL AND INTEREST PAYMENTS

[See Amortization Schedule Attached]

#### **AMORTIZATION SCHEDULE**

Borrower:

Pansophia Academy

Lender:

Century Bank and Trust 100 West Chicago Street Coldwater, MI 49036 (517) 278-1500

Disbursement Date: September 15, 2022 Interest Rate. 6,500

Repayment Schedule Installment Calculation Method: 365/360 U.S. Rule

milerest mater O.C	,00		,	Calculation Method: 305/300 0 3. Note			
Payment Number	Payment Date	Payment Amount	Interest Paid	Principal Paid	Remaining Balance		
1 2	10-25-2022	31,984 00	20,222 22	11,761.78	2,788,238 22		
3	11-25-2022 12-25-2022	31,984 00 31,984 00	15,606.39 15,014.24	16,377 61 16,969 76	2,771,860 61 2,754,890 85		
2022 TOTALS.		95,952 00	50,842 85	45,109.15			
4	01-25-2023	31,984 00	15,419 74	16,564.26	2,738,326 59		
5	02-25-2023	31,984 00	15,327 02	16,656 98	2,721,669.61		
6	03-25-2023	31,984 00	13,759 55	18,224 45	2,703,445 16		
7	04-25-2023	31,984 00	15,131 78	16,852 22	2,686,592.94		
8	05-25-2023	31,984 00	14,552 38	17,431 62	2,669,161 32		
9	06-25-2023	31,984 00	14,939 89	17,044 11	2,652,117 21		
10	07-25-2023	31,984 00	14,365 63	17,618 37	2,634,498 84		
11	08-25-2023	31,984 00	14,745 88	17,238 12	2,617,260 72		
12	09-25-2023	31,984 00	14,649 39	17,334.61	2,599,926.11		
13	10-25-2023	31,984 00	14,082.93	17,901 07	2,582,025.04		
14	11-25-2023	31,984.00	14,452.17	17,531 83	2,564,493 21		
15	12-25-2023	31,984 00	13,891.00	18,093 00	2,546,400.21		
2023 TOTALS:		383,808.00	175,317 36	208,490.64			
16	01-25-2024	31,984 00	14,252 77	17,731 23	2,528,668 98		
17	02-25-2024	31,984 00	14,153.52	17,830.48	2,510,838 50		
18	03-25-2024	31,984 00	13,147.03	18,836.97	2,492,001 53		
19	04-25-2024	31,984.00	13,948 29	18,035 71	2,473,965 82		
20	05-25-2024	31,984 00	13,400 65	18,583 35	2,455,382 47		
21	06-25-2024	31,984.00	13,743 32	18,240 68	2,437,141 79		
22	07-25-2024	31,984 00	13,201 18	18,782 82	2,418,358.97		
23	08-25-2024	31,984 00	13,53609	18,447 91	2,399,911.06		
24	09-25-2024	31,984 00	13,432 84	18,551 16	2,381,359 90		
25	10-25-2024	31,984 00	12,899 03	19,084 97	2,362,274.93		
26	11-25-2024	31,984 00	13,222 18	18,761 82	2,343,513 11		
27	12-25-2024	31,984 00	12,694 03	19,289 97	2,324,223 14		
2024 TOTALS		383,808 00	161,630 93	222,177 07			
28	01-25-2025	31,984 00	13,009 19	18,974.81	2,305,248 33		
29	02-25-2025	31,984 00	12,902 99	19,081.01	2,286,167 32		
30	03-25-2025	31,984 00	11,557.85	20,426.15	2,265,741 17		
31	04-25-2025	31,984.00	12,681.86	19,302.14	2,246,439.03		
32	05-25-2025	31,984.00	12,168 21	19,815.79	2,226,623.24		
33 34	06-25-2025	31,984.00	12,462.91	19,521.09	2,207,102 15		
34 35	07-25-2025	31,984 00	11,955 14	20,028.86	2,187,073 29		
36	08-25-2025 09-25-2025	31,984 00	12,241 54	19,742 46	2,167,330 83		
37	10-25-2025	31,984 00 31,984 00	12,131 03 11,632.17	19,852 97 20,351.83	2,147,477 86 2,127,126 03		
38	11-25-2025	31,984 00	11,906.00	20,078 00	2,107,048 03		
39	12-25-2025	31,984.00	11,413.18	20,570.82	2,086,477.21		
2025 TOTALS		383,808.00	146,062.07	237,745.93			
40	01-25-2026	31,984.00	11,678 48	20,305.52	2,066,171.69		
41	02-25-2026	31,984.00	11,564 82	20,419 18	2,045,752 51		
42	03-25-2026	31,984.00	10,342 42	21,641.58	2,024,110 93		
43	04-25-2026	31,984 00	11,329 40	20,654 60	2,003,456 33		
44	05-25-2026	31,984 00	10,852 06	21,131.94	1,982,324 39		
45	06-25-2026	31,984 00	11,095 51	20,888 49	1,961,435 90		
46	07-25-2026	31,984.00	10,624 44	21,359 56	1,940,076.34		
47	08-25-2026	31,984 00	10,859 04	21,124 96	1,918,951.38		
48	09-25-2026	31,984 00	10,740 80	21,243 20	1,897,708 18		
49	10-25-2026	31,984 00	10,279.25	21,704.75	1,876,003 43		
50	11-25-2026	31,984 00	10,500.41	21,483.59	1,854,519.84		
51	12-25-2026	31,984.00	10,045 32	21,938.68	1,832,581 16		
2026 TOTALS.		383,808 00	129,911.95	253,896 05			
52	01-25-2027	31,984 00	10,257 36	21,726 64	1,810,854.52		
53	02-25-2027	31,984 00	10,135 76	21,848 24	1,789,006 28		
54	03-25-2027	31,984.00	9,044 42	22,939.58	1,766,066 70		

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	04.05.0003	21 001 00	0.005.03	00.000.00	4 740 007 77
55 56	04-25-2027 05-25-2027	31,984 00 31,984 00	9,885 07	22,098 93 22,537.51	1,743,967.77 1,721,430.26
57	06-25-2027	31,984 00	9,446 49 9,635 23	22,348 77	1,699,081 49
58	07-25-2027	31,984 00	9,203 36	22,780.64	1,676,300.85
59	08-25-2027	31,984 00	9,382 63	22,601 37	1,653,699.48
60	09-25-2027	31,984 00	9,256 12	22,727 88	1,630,971 60
61	10-25-2027	31,984 00	8,834 43	23,149.57	1,607,822.03
62	11-25-2027	31,984 00	8,999 34	22,984.66	1,584,837 37
63	12-25-2027	31,984 00	8,584 54	23,399.46	1,561,437 91
2027 TOTALS:	·	383,808 00	112,664 75	271,143 25	
64	01-25-2028	31,984 00	8,739 71	23,244 29	1,538,193 62
65	02-25-2028	31,984 00	8,609 61	23,244 23	1,514,819 23
66	03-25-2028	31,984 00	7,931 76	24,052 24	1,490,766.99
67	04-25-2028	31,984 00	8,344 15	23,639 85	1,467,127.14
68	05-25-2028	31,984 00	7,946 94	24,037 06	1,443,090 08
69	06-25-2028	31,984 00	8,077 30	23,906.70	1,419,183 38
70	07-25-2028	31,984.00	7,687 24	24,296.76	1,394,886.62
71 72	08-25-2028	31,984 00	7,807 49	24,176 51	1,370,710 11
72 73	09-25-2028 10-25-2028	31,984.00 31,984 00	7,672 17 7,292 99	24,311 83 24,691.01	1,346,398.28 1,321,707.27
73 74	11-25-2028	31,984 00	7,292 99 7,397 89	24,586 11	1,297,121.16
75	12-25-2028	31,984 00	7,026.07	24,957 93	1,272,163 23
2028 TOTALS.		383,808 00	94,533.32	289,274 68	
76	01-25-2029	31,984.00	7,120 58	24,863.42	1,247,299.81
77	02-25-2029	31,984.00	6,981 41	25,002 59	1,222,297.22
78 79	03-25-2029 04-25-2029	31,984 00	6,179 39	25,804.61	1,196,492 61 1,171,205.65
80	05-25-2029	31,984.00 31,984 00	6,697 04 6,344 03	25,286 96 25,639 97	1,145,565 68
81	06-25-2029	31,984 00	6,411 99	25,572 01	1,119,993 67
82	07-25-2029	31,984 00	6,066 63	25,917 37	1,094,076 30
83	08-25-2029	31,984 00	6,123 79	25,860 21	1,068,216 09
84	09-25-2029	31,984 00	5,979 04	26,004.96	1,042,211 13
85	10-25-2029	31,984 00	5,645.31	26,338.69	1,015,872 44
86 87	11-25-2029 12-25-2029	31,984 00 31,984 00	5,686.06	26,297 94	989,574 50 962,950 70
	12-20-2025	31,964 00	5,360 20 	26,623.80	302,330 70
2029 TOTALS:		383,808.00	74,595.47	309,212.53	
88	01-25-2030	31,984 00	5,389 85	26,594.15	936,356 55
89	02-25-2030	31,984 00	5,241 00	26,743 00	909,613 55
90	03-25-2030	31,984.00	4,598 60	27,385 40	882,228.15
91 92	04-25-2030	31,984 00	4,938 03	27,045 97	855,182 18 827,830 42
93	05-25-2030 06-25-2030	31,984.00 31,984.00	4,632 24 4,633 55	27,351 76 27,350 45	800,479 97
94	07-25-2030	31,984 00	4,335.93	27,648 07	772,831 90
95	08-25-2030	31,984 00	4,325 71	27,658.29	745,173.61
96	09-25-2030	31,984 00	4,170 90	27,813 10	717,360 51
97	10-25-2030	31,984 00	3,885 70	28,098 30	689,262 21
98	11-25-2030	31,984 00	3,857 95	28,126.05	661,136 16
99	12-25-2030	31,984 00	3,581.15	28,402 85	632,733 31
2030 TOTALS:		383,808.00	53,590 61	330,217 39	
100	01-25-2031	31,984 00	3,541 55	28,442.45	604,290.86
101	02-25-2031	31,984 00	3,382.35	28,601 65	575,689 21
102 103	03-25-2031	31,984.00	2,910 43	29,073 57	546,615 64 517,601 17
103	04-25-2031 05-25-2031	31,984 00 31,984 00	3,059 53 2,804.16	28,924 47 29,179 84	517,691 17 488,511 33
105	06-25-2031	31,984 00	2,734 31	29,249 69	459,261.64
106	07-25-2031	31,984 00	2,487 67	29,496.33	429,765 31
107	08-25-2031	31,984 00	2,405 49	29,578 51	400,186 80
108	09-25-2031	31,984 00	2,239 93	29,744.07	370,442 73
109	10-25-2031	31,984.00	2,006.56	29,977 44	340,465 29
110 111	11-25-2031	31,984.00	1,905 66	30,078 34	310,386.95
111	12-25-2031	31,984 00	1,681.26	30,302 74	280,084 21
2031 TOTALS		383,808 00	31,158.90	352,649 10	
112	01-25-2032	31,984 00	1,567 69	30,416 31	249,667 90
113	02-25-2032	31,984.00	1,397 45	30,586.55	219,081.35
114	03-25-2032	31,984.00	1,147.13	30,836 87	188,244 48
115	04-25-2032	31,984 00	1,053 65	30,930.35	157,314 13
116 117	05-25-2032 06-25-2032	31,984 00 31,984 00	852 12 706 27	31,131 88 31,277 73	126,182 25 94,904 52
118	07-25-2032	31,984 00	514 07	31,469 93	63,434.59
119	08-25-2032	31,984 00	355 06	31,628.94	31,805.65
120	09-25-2032	31,984 00	178 35	31,805 65	0 00

Schedule 6-14

### AMORTIZATION SCHEDULE (Continued)

Page 3

2032 TO	TALS	287,856.00	7,771.79	280,084.21	
TOTALS:		3,838,080 00	1,038,080.00	2,800,000.00	
	This is an estimated loan amo amounts	rtization schedule A	ctual amounts may vary if	payments are made on differ	rent dates or in different

LoserPro Ver 22 1 0 044 Copr Fundation USA Corporation 1997 2022 AB Rights Reserved MI PR COMPLOAN

Schedule 6-15 Pansophia Academy

#### **MORTGAGE**

RECORDATION REQUESTED BY Century Bank and Trust Coldwater Main 100 West Chicago Street Coldwater, MI 49036

WHEN RECORDED MAIL TO-Century Bank and Trust Coldwater Main 100 West Chicago Street Coldwater, MI 49036

SEND TAX NOTICES TO: Pansophia Academy 52 Abbott Ave Coldwater, MI 49036-1430

FOR RECORDER'S USE ONLY

MAXIMUM LIEN. The lien of this Mortgage shall not exceed at any one time \$3,600,000 00.

THIS MORTGAGE dated September 15, 2022, is made and executed between Pansophia Academy, a Michigan Public School Academy, whose address is 52 Abbott Ave, Coldwater, MI 49036 (referred to below as "Grantor") and Century Bank and Trust, whose address is 100 West Chicago Street, Coldwater, MI 49036 (referred to below as "Lender")

GRANT OF MORTGAGE For valuable consideration, Grantor mortgages and warrants to Lender all of Grantor's right, title, and interest in and to the following described real property, together with all existing or subsequently erected or affixed buildings, improvements and fixtures, all easements, rights of way, and appurtenances, 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, all water, water rights, watercourses and ditch rights (including stock in utilities with ditch or irrigation rights), and all other rights, royalties, and profits relating to the real property, including without limitation all minerals, oil, gas, geothermal and similar matters, (the "Real Property") located in Branch County, State of Michigan

See Exhibit A, which is attached to this Mortgage and made a part of this Mortgage as if fully set forth herein

The Real Property or its address is commonly known as 52 Abbott Ave, Coldwater, MI 49036. The Real Property tax identification number is 12-302-000-000-206-02

CROSS-COLLATERALIZATION in addition to the Note, this Mortgage secures all obligations, debts and liabilities, plus interest thereon, of Grantor to Lender, or any one or more of them, as well as all claims by Lender against Grantor or any one or more of them, whether now existing or hereafter arising, whether related or unrelated to the purpose of the Note, whether voluntary or otherwise, whether due or not due, direct or indirect, determined or undetermined, absolute or contingent, liquidated or unliquidated, whether Grantor may be liable individually or jointly with others, whether obligated as guarantor, surety, accommodation party or otherwise, and whether recovery upon such amounts may be or hereafter may become barred by any statute of limitations, and whether the obligation to repay such amounts may be or hereafter may become otherwise unenforceable

Grantor presently assigns to Lender all of Grantor's right, title, and interest in and to all present and future leases of the Property and all Rents from the Property In addition, Grantor grants to Lender a Uniform Commercial Code security interest in the Personal Property and Rents

**FUTURE ADVANCES.** In addition to the Note, this Mortgage secures all future advances made by Lender to Grantor whether or not the advances are made pursuant to a commitment. Specifically, without limitation, this Mortgage secures, in addition to the amounts specified in the Note, all future amounts Lender in its discretion may loan to Grantor, together with all interest thereon, however, in no event shall such future advances (excluding interest) exceed in the aggregate \$3,600,000 00

THIS MORTGAGE, INCLUDING THE ASSIGNMENT OF RENTS AND THE SECURITY INTEREST IN THE RENTS

Schedule 6-16 Pansophia Academy

AND PERSONAL PROPERTY, IS GIVEN TO SECURE (A) PAYMENT OF THE INDEBTEDNESS AND (B) PERFORMANCE OF ANY AND ALL COVENANTS AND OBLIGATIONS UNDER THE NOTE, THE RELATED DOCUMENTS, AND THIS MORTGAGE. THIS MORTGAGE IS GIVEN AND ACCEPTED ON THE FOLLOWING TERMS AND COVENANTS:

**PAYMENT AND PERFORMANCE** Except as otherwise provided in this Mortgage, Grantor shall pay to Lender all amounts secured by this Mortgage as they become due and shall strictly perform all of Grantor's obligations under this Mortgage

POSSESSION AND MAINTENANCE OF THE PROPERTY. Grantor and Lender agree that Grantor's possession and use of the Property shall be governed by the following provisions

Possession and Use. Until the occurrence of an Event of Default, Grantor may (1) remain in possession and control of the Property, (2) use, operate or manage the Property, and (3) collect the Rents from the Property

Duty to Maintain Grantor shall maintain the Property in tenantable condition and promptly perform all repairs, replacements, and maintenance necessary to preserve its value

Compliance With Environmental Laws. Grantor represents and warrants to Lender that (1) During the period of Grantor's ownership of the Property, there has been no use, generation, manufacture, storage, treatment, disposal, release or threatened release of any Hazardous Substance by any person on, under, about or from the Property; (2) Grantor has no knowledge of, or reason to believe that there has been, except as previously disclosed to and acknowledged by Lender in writing, (a) any breach or violation of any Environmental Laws, (b) any use, generation, manufacture, storage, treatment, disposal, release or threatened release of any Hazardous Substance on, under, about or from the Property by any prior owners or occupants of the Property, or (c) any actual or threatened litigation or claims of any kind by any person relating to such matters, and (3) Except as previously disclosed to and acknowledged by Lender in writing, (a) neither Grantor nor any tenant, contractor, agent or other authorized user of the Property shall use, generate, manufacture, store, treat, dispose of or release any Hazardous Substance on, under, about or from the Property, and (b) any such activity shall be conducted in compliance with all applicable federal, state, and local laws, regulations and ordinances, including without limitation all Environmental Grantor authorizes Lender and its agents to enter upon the Property to make such inspections and tests, at Grantor's expense, as Lender may deem appropriate to determine compliance of the Property with this section of the Mortgage Any inspections or tests made by Lender shall be for Lender's purposes only and shall not be construed to create any responsibility or liability on the part of Lender to Grantor or to any other person. The representations and warranties contained herein are based on Grantor's due diligence in investigating the Property for Hazardous Substances Grantor hereby (1) releases and waives any future claims against Lender for indemnity or contribution in the event Grantor becomes liable for cleanup or other costs under any such laws, and (2) agrees to indemnify, defend, and hold harmless Lender against any and all claims, losses, liabilities, damages, penalties, and expenses which Lender may directly or indirectly sustain or suffer resulting from a breach of this section of the Mortgage or as a consequence of any use, generation, manufacture, storage, disposal, release or threatened release occurring prior to Grantor's ownership or interest in the Property, whether or not the same was or should have been known to Grantor The provisions of this section of the Mortgage, including the obligation to indemnify and defend, shall survive the payment of the Indebtedness and the satisfaction and reconveyance of the lien of this Mortgage and shall not be affected by Lender's acquisition of any interest in the Property, whether by foreclosure or otherwise

Nuisance, Waste. Grantor shall not cause, conduct or permit any nuisance nor commit, permit, or suffer any stripping of or waste on or to the Property or any portion of the Property. Without limiting the generality of the foregoing, Grantor will not remove, or grant to any other party the right to remove, any timber, minerals (including oil and gas), coal, clay, scoria, soil, gravel or rock products without Lender's prior written consent

Removal of Improvements. Grantor shall not demolish or remove any Improvements from the Real Property without Lender's prior written consent. As a condition to the removal of any Improvements, Lender may require. Grantor to make arrangements satisfactory to Lender to replace such Improvements with Improvements of at least equal value.

Lender's Right to Enter Lender and Lender's agents and representatives may enter upon the Real Property at all reasonable times to (a) attend to Lender's interests, (b) inspect the Property for purposes of Grantor's compliance with the terms and conditions of this Mortgage, (c) appraise the property, (d) investigate whether the property is a site or source of environmental contamination, or (e) remove to remediate any environmental contamination. Without limiting the foregoing, Lender 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 section 324 20101, as it shall be amended from time to time. If, at the time of the appraisal, investigation, assessment, removal, or remediation, there shall have occurred and be continuing an Event of Default, then all costs and expenses of the appraisal, investigation, assessment, removal or remediation, shall be subject to the "Lender's Expenditures" section of this Mortgage. Grantor shall execute any consultant contract, waste manifest, notice, and other documents that Lender requests to enable Lender to take or conduct any action or activity contemplated by this paragraph, if Grantor is given a reasonable opportunity to negotiate the terms of the contract, manifest, notice, or other document

Schedule 6-17 Pansophia Academy

Compliance with Governmental Requirements Grantor shall promptly comply with all laws, ordinances, and regulations, now or hereafter in effect, of all governmental authorities applicable to the use or occupancy of the Property, including without limitation, the Americans With Disabilities Act. Grantor may contest in good faith any such law, ordinance, or regulation and withhold compliance during any proceeding, including appropriate appeals, so long as Grantor has notified Lender in writing prior to doing so and so long as, in Lender's sole opinion, Lender's interests in the Property are not jeopardized. Lender may require Grantor to post adequate security or a surety bond, reasonably satisfactory to Lender, to protect Lender's interest.

**Duty to Protect.** Grantor agrees neither to abandon or leave unattended the Property Grantor shall do all other acts, in addition to those acts set forth above in this section, which from the character and use of the Property are reasonably necessary to protect and preserve the Property

TAXES AND LIENS. The following provisions relating to the taxes and liens on the Property are part of this Mortgage

Payment. Grantor shall pay when due (and in all events prior to delinquency) all taxes, payroll taxes, special taxes, assessments, water charges and sewer service charges levied against or on account of the Property, and shall pay when due all claims for work done on or for services rendered or material furnished to the Property Grantor shall maintain the Property free of any liens having priority over or equal to the interest of Lender under this Mortgage, except for those liens specifically agreed to in writing by Lender, and except for the lien of taxes and assessments not due as further specified in the Right to Contest paragraph

Right to Contest Grantor may withhold payment of any tax, assessment, or claim in connection with a good faith dispute over the obligation to pay, so long as Lender's interest in the Property is not jeopardized If a lien arises or is filed as a result of nonpayment, Grantor shall within fifteen (15) days after the lien arises or, if a lien is filed, within fifteen (15) days after Grantor has notice of the filing, secure the discharge of the lien, or if requested by Lender, deposit with Lender cash or a sufficient corporate surety bond or other security satisfactory to Lender in an amount sufficient to discharge the lien plus any costs and reasonable attorneys' fees, or other charges that could accrue as a result of a foreclosure or sale under the lien in any contest, Grantor shall defend itself and Lender and shall satisfy any adverse judgment before enforcement against the Property Grantor shall name Lender as an additional obligee under any surety bond furnished in the contest proceedings

Evidence of Payment Grantor shall upon demand furnish to Lender satisfactory evidence of payment of the taxes or assessments and shall authorize the appropriate governmental official to deliver to Lender at any time a written statement of the taxes and assessments against the Property

Notice of Construction Grantor shall notify Lender at least fifteen (15) days before any work is commenced, any services are furnished, or any materials are supplied to the Property, if any mechanic's lien, materialmen's lien, or other lien could be asserted on account of the work, services, or materials Grantor will upon request of Lender furnish to Lender advance assurances satisfactory to Lender that Grantor can and will pay the cost of such improvements

PROPERTY DAMAGE INSURANCE The following provisions relating to insuring the Property are a part of this Mortgage

Maintenance of Insurance. Grantor shall procure and maintain policies of fire insurance with standard extended coverage endorsements on a replacement basis for the full insurable value covering all Improvements on the Real Property in an amount sufficient to avoid application of any coinsurance clause, and with a standard mortgagee clause in favor of Lender Grantor shall also procure and maintain comprehensive general liability insurance in such coverage amounts as Lender may request with Lender being named as additional insureds in such liability insurance policies. Additionally, Grantor shall maintain such other insurance, including but not limited to hazard, business interruption and boiler insurance as Lender may require Policies shall be written by such insurance companies and in such form as may be reasonably acceptable to Lender Grantor shall deliver to Lender certificates of coverage from each insurer containing a stipulation that coverage will not be cancelled or diminished without a minimum of ten (10) days' prior written notice to Lender and not containing any disclaimer of the insurer's liability for failure to give such notice Each insurance policy also shall include an endorsement providing that coverage in favor of Lender will not be impaired in any way by any act, omission or default of Grantor or any other person Should the Real Property be located in an area designated by the Administrator of the Federal Emergency Management Agency as a special flood hazard area, Grantor agrees to obtain and maintain flood insurance, if available, for the full unpaid principal balance of the loan and any prior liens on the property securing the loan, up to the maximum policy limits set under the National Flood Insurance Program, or as otherwise required by Lender, and to maintain such insurance for the term of the loan. Flood insurance may be purchased under the National Flood Insurance Program, from private insurers providing "private flood insurance" as defined by applicable federal flood insurance statutes and regulations, or from another flood insurance provider that is both acceptable to Lender in its sole discretion and permitted by applicable federal flood insurance statutes and regulations

Application of Proceeds Grantor shall promptly notify Lender of any loss or damage to the Property Lender may make proof of loss if Grantor fails to do so within fifteen (15) days of the casualty. Whether or not Lender's security is impaired, Lender may, at Lender's election, receive and retain the proceeds of any insurance and apply the proceeds to the reduction of the Indebtedness, payment of any lien affecting the

Schedule 6-18 Pansophia Academy

Property, or the restoration and repair of the Property If Lender elects to apply the proceeds to restoration and repair, Grantor shall repair or replace the damaged or destroyed Improvements in a manner satisfactory to Lender Lender shall, upon satisfactory proof of such expenditure, pay or reimburse Grantor from the proceeds for the reasonable cost of repair or restoration if Grantor is not in default under this Mortgage Any proceeds which have not been disbursed within 180 days after their receipt and which Lender has not committed to the repair or restoration of the Property shall be used first to pay any amount owing to Lender under this Mortgage, then to pay accrued interest, and the remainder, if any, shall be applied to the principal balance of the Indebtedness. If Lender holds any proceeds after payment in full of the Indebtedness, such proceeds shall be paid to Grantor as Grantor's interests may appear

Grantor's Report on Insurance. Upon request of Lender, however not more than once a year, Grantor shall furnish to Lender a report on each existing policy of insurance showing (1) the name of the insurer, (2) the risks insured, (3) the amount of the policy, (4) the property insured, the then current replacement value of such property, and the manner of determining that value, and (5) the expiration date of the policy. Grantor shall, upon request of Lender, have an independent appraiser satisfactory to Lender determine the cash value replacement cost of the Property.

LENDER'S EXPENDITURES If any action or proceeding is commenced that would materially affect Lender's interest in the Property or if Grantor fails to comply with any provision of this Mortgage or any Related Documents, including but not limited to Grantor's failure to discharge or pay when due any amounts Grantor is required to discharge or pay under this Mortgage or any Related Documents, Lender on Grantor's behalf may (but shall not be obligated to) take any action that Lender deems appropriate, including but not limited to discharging or paying all taxes, liens, security interests, encumbrances and other claims, at any time levied or placed on the Property and paying all costs for insuring, maintaining and preserving the Property. All such expenditures incurred or paid by Lender for such purposes will then bear interest at the rate charged under the Note from the date incurred or paid by Lender to the date of repayment by Grantor. All such expenses will become a part of the Indebtedness and, at Lender's option, will. (A) be payable on demand, (B) be added to the balance of the Note and be apportioned among and be payable with any installment payments to become due during either. (1) the term of any applicable insurance policy, or. (2) the remaining term of the Note, or. (C) be treated as a balloon payment which will be due and payable at the Note's maturity. The Mortgage also will secure payment of these amounts. Such right shall be in addition to all other rights and remedies to which Lender may be entitled upon the occurrence of any Event of Default.

WARRANTY; DEFENSE OF TITLE The following provisions relating to ownership of the Property are a part of this Mortgage

Title Grantor warrants that (a) Grantor holds good and marketable title of record to the Property in fee simple, free and clear of all liens and encumbrances other than those set forth in the Real Property description or in any title insurance policy, title report, or final title opinion issued in favor of, and accepted by, Lender in connection with this Mortgage, and (b) Grantor has the full right, power, and authority to execute and deliver this Mortgage to Lender

Defense of Title. Subject to the exception in the paragraph above, Grantor warrants and will forever defend the title to the Property against the lawful claims of all persons. In the event any action or proceeding is commenced that questions Grantor's title or the interest of Lender under this Mortgage, Grantor shall defend the action at Grantor's expense. Grantor may be the nominal party in such proceeding, but Lender shall be entitled to participate in the proceeding and to be represented in the proceeding by counsel of Lender's own choice, and Grantor will deliver, or cause to be delivered, to Lender such instruments as Lender may request from time to time to permit such participation.

Compliance With Laws. Grantor warrants that the Property and Grantor's use of the Property complies with all existing applicable laws, ordinances, and regulations of governmental authorities

Survival of Representations and Warranties All representations, warranties, and agreements made by Grantor in this Mortgage shall survive the execution and delivery of this Mortgage, shall be continuing in nature, and shall remain in full force and effect until such time as Grantor's Indebtedness shall be paid in full

CONDEMNATION. The following provisions relating to condemnation proceedings are a part of this Mortgage

Proceedings If any proceeding in condemnation is filed, Grantor shall promptly notify Lender in writing, and Grantor shall promptly take such steps as may be necessary to defend the action and obtain the award. Grantor may be the nominal party in such proceeding, but Lender shall be entitled to participate in the proceeding and to be represented in the proceeding by counsel of its own choice, and Grantor will deliver or cause to be delivered to Lender such instruments and documentation as may be requested by Lender from time to time to permit such participation.

Application of Net Proceeds If all or any part of the Property is condemned by eminent domain proceedings or by any proceeding or purchase in lieu of condemnation, Lender may at its election require that all or any portion of the net proceeds of the award be applied to the Indebtedness or the repair or restoration of the Property The net proceeds of the award shall mean the award after payment of all reasonable costs, expenses, and attorneys' fees incurred by Lender in connection with the condemnation

IMPOSITION OF TAXES, FEES AND CHARGES BY GOVERNMENTAL AUTHORITIES The following provisions relating to governmental taxes, fees and charges are a part of this Mortgage

Current Taxes, Fees and Charges. Upon request by Lender, Grantor shall execute such documents in

Schedule 6-19 Pansophia Academy

addition to this Mortgage and take whatever other action is requested by Lender to perfect and continue Lender's lien on the Real Property—Grantor shall reimburse Lender for all taxes, as described below, together with all expenses incurred in recording, perfecting or continuing this Mortgage, including without limitation all taxes, fees, documentary stamps, and other charges for recording or registering this Mortgage

Taxes The following shall constitute taxes to which this section applies (1) a specific tax upon this type of Mortgage or upon all or any part of the indebtedness secured by this Mortgage, (2) a specific tax on Grantor which Grantor is authorized or required to deduct from payments on the indebtedness secured by this type of Mortgage, (3) a tax on this type of Mortgage chargeable against the Lender or the holder of the Note; and (4) a specific tax on all or any portion of the indebtedness or on payments of principal and interest made by Grantor

Subsequent Taxes. If any tax to which this section applies is enacted subsequent to the date of this Mortgage, this event shall have the same effect as an Event of Default, and Lender may exercise any or all of its available remedies for an Event of Default as provided below unless Grantor either (1) pays the tax before it becomes delinquent, or (2) contests the tax as provided above in the Taxes and Liens section and deposits with Lender cash or a sufficient corporate surety bond or other security satisfactory to lender.

SECURITY AGREEMENT; FINANCING STATEMENTS The following provisions relating to this Mortgage as a security agreement are a part of this Mortgage

Security Agreement. This instrument shall constitute a Security Agreement to the extent any of the Property constitutes fixtures, and Lender shall have all of the rights of a secured party under the Uniform Commercial Code as amended from time to time

Security Interest. Upon request by Lender, Grantor shall take whatever action is requested by Lender to perfect and continue Lender's security interest in the Personal Property in addition to recording this Mortgage in the real property records, Lender may, at any time and without further authorization from Grantor, file executed counterparts, copies or reproductions of this Mortgage as a financing statement Grantor shall reimburse Lender for all expenses incurred in perfecting or continuing this security interest Upon default, Grantor shall not remove, sever or detach the Personal Property from the Property Upon default, Grantor shall assemble any Personal Property not affixed to the Property in a manner and at a place reasonably convenient to Grantor and Lender and make it available to Lender within three (3) days after receipt of written demand from Lender to the extent permitted by applicable law

Addresses The mailing addresses of Grantor (debtor) and Lender (secured party) from which information concerning the security interest granted by this Mortgage may be obtained (each as required by the Uniform Commercial Code) are as stated on the first page of this Mortgage

FURTHER ASSURANCES, ATTORNEY-IN-FACT The following provisions relating to further assurances and attorney-in-fact are a part of this Mortgage

Further Assurances At any time, and from time to time, upon request of Lender, Grantor will make, execute and deliver, or will cause to be made, executed or delivered, to Lender or to Lender's designee, and when requested by Lender, cause to be filed, recorded, refiled, or rerecorded, as the case may be, at such times and in such offices and places as Lender may deem appropriate, any and all such mortgages, deeds of trust, security deeds, security agreements, financing statements, continuation statements, instruments of further assurance, certificates, and other documents as may, in the sole opinion of Lender, be necessary or desirable in order to effectuate, complete, perfect, continue, or preserve (1) Grantor's obligations under the Note, this Mortgage, and the Related Documents, and (2) the liens and security interests created by this Mortgage as first and prior liens on the Property, whether now owned or hereafter acquired by Grantor Unless prohibited by law or Lender agrees to the contrary in writing, Grantor shall reimburse Lender for all costs and expenses incurred in connection with the matters referred to in this paragraph

Attorney-in-Fact If Grantor fails to do any of the things referred to in the preceding paragraph, Lender may do so for and in the name of Grantor and at Grantor's expense. For such purposes, Grantor hereby irrevocably appoints Lender as Grantor's attorney-in-fact for the purpose of making, executing, delivering, filing, recording, and doing all other things as may be necessary or desirable, in Lender's sole opinion, to accomplish the matters referred to in the preceding paragraph

FULL PERFORMANCE. If Grantor pays all the Indebtedness, including without limitation all future advances, when due, and otherwise performs all the obligations imposed upon Grantor under this Mortgage, Lender shall execute and deliver to Grantor a suitable satisfaction of this Mortgage and suitable statements of termination of any financing statement on file evidencing Lender's security interest in the Rents and the Personal Property Grantor will pay, if permitted by applicable law, any reasonable termination fee as determined by Lender from time to time

**EVENTS OF DEFAULT** Each of the following, at Lender's option, shall constitute an Event of Default under this Mortgage

Payment Default Grantor fails to make any payment when due under the Indebtedness

**Default on Other Payments.** Failure of Grantor within the time required by this Mortgage to make any payment for taxes or insurance, or any other payment necessary to prevent filing of or to effect discharge of any lien. Such failure to make payment for taxes or insurance shall constitute waste at the time such items are due and payable.

Schedule 6-20 Pansophia Academy

Other Defaults Grantor fails to comply with or to perform any other term, obligation, covenant or condition contained in this Mortgage or In any of the Related Documents or to comply with or to perform any term, obligation, covenant or condition contained in any other agreement between Lender and Grantor

False Statements Any warranty, representation or statement made or furnished to Lender by Grantor or on Grantor's behalf under this Mortgage or the Related Documents is false or misleading in any material respect, either now or at the time made or furnished or becomes false or misleading at any time thereafter

**Defective Collateralization** This Mortgage or any of the Related Documents ceases to be in full force and effect (including failure of any collateral document to create a valid and perfected security interest or lien) at any time and for any reason

**Insolvency** The dissolution or termination of Grantor's existence as a going business, the insolvency of Grantor, the appointment of a receiver for any part of Grantor's property, any assignment for the benefit of creditors, any type of creditor workout, or the commencement of any proceeding under any bankruptcy or insolvency laws by or against Grantor

Creditor or Forfeiture Proceedings Commencement of foreclosure or forfeiture proceedings, whether by judicial proceeding, self-help, repossession or any other method, by any creditor of Grantor or by any governmental agency against any property securing the Indebtedness. This includes a garnishment of any of Grantor's accounts, including deposit accounts, with Lender. However, this Event of Default shall not apply if there is a good faith dispute by Grantor as to the validity or reasonableness of the claim which is the basis of the creditor or forfeiture proceeding and if Grantor gives Lender written notice of the creditor or forfeiture proceeding and deposits with Lender monies or a surety bond for the creditor or forfeiture proceeding, in an amount determined by Lender, in its sole discretion, as being an adequate reserve or bond for the dispute

Breach of Other Agreement Any breach by Grantor under the terms of any other agreement between Grantor and Lender that is not remedied within any grace period provided therein, including without limitation any agreement concerning any indebtedness or other obligation of Grantor to Lender, whether existing now or later

**Events Affecting Guarantor** Any of the preceding events occurs with respect to any guarantor, endorser, surety, or accommodation party of any of the Indebtedness or any guarantor, endorser, surety, or accommodation party dies or becomes incompetent, or revokes or disputes the validity of, or liability under, any Guaranty of the Indebtedness

Adverse Change A material adverse change occurs in Grantor's financial condition, or Lender believes the prospect of payment or performance of the Indebtedness is impaired

Insecurity Lender in good faith believes itself insecure

RIGHTS AND REMEDIES ON DEFAULT. Upon the occurrence of an Event of Default and at any time thereafter, Lender, at Lender's option, may exercise any one or more of the following rights and remedies, in addition to any other rights or remedies provided by law

Accelerate Indebtedness. Lender shall have the right at its option without notice to Grantor to declare the entire Indebtedness immediately due and payable, including any prepayment fee that Grantor would be required to pay

UCC Remedies With respect to all or any part of the Personal Property, Lender shall have all the rights and remedies of a secured party under the Uniform Commercial Code Without limiting those rights and remedies, Lender may, at Its option, either (a) enforce its security interest in the Personal Property under the Uniform Commercial Code or other applicable law or (b) include the Personal Property In any judicial or non-judicial foreclosure of this Mortgage

Collect Rents Lender shall have the right, without notice to Grantor, to take possession of the Property and collect the Rents, including amounts past due and unpaid, and apply the net proceeds, over and above Lender's costs, against the Indebtedness. In furtherance of this right, Lender may require any tenant or other user of the Property to make payments of rent or use fees directly to Lender. If the Rents are collected by Lender, then Grantor irrevocably designates Lender as Grantor's attorney-in-fact to endorse instruments received in payment thereof in the name of Grantor and to negotiate the same and collect the proceeds. Payments by tenants or other users to Lender in response to Lender's demand shall satisfy the obligations for which the payments are made, whether or not any proper grounds for the demand existed Lender may exercise its rights under this subparagraph either in person, by agent, or through a receiver

Appoint Receiver Any failure of Grantor to pay any taxes assessed against the Property or to pay any installment of those taxes or to pay any insurance premium upon any policy covering any property located upon the Property shall constitute waste and shall entitle Lender to the appointment by a court of competent jurisdiction of a receiver of the Property for the purpose of preventing the waste, except that no receiver may be appointed for any dwelling house or farm occupied by any owner of it as the owner's home or farm or for any store or other business property having an assessed valuation of \$7,500 or less Subject to the order of the court, the receiver may collect the rents and income from the Property and shall exercise control over the Property to the extent ordered by the court. A court may also appoint a receiver for the Property in any other circumstances permitted by law. Lender shall have the right to have a receiver appointed to take possession of all or any part of the Property, with the power to protect and preserve the Property, to operate the Property preceding foreclosure or sale, and to collect the Rents from the Property

Schedule 6-21 Pansophia Academy

and apply the proceeds, over and above the cost of the receivership, against the indebtedness. The receiver may serve without bond if permitted by law. Lender's right to the appointment of a receiver shall exist whether or not the apparent value of the Property exceeds the Indebtedness by a substantial amount Employment by Lender shall not disqualify a person from serving as a receiver.

Judicial Foreclosure Lender may obtain a judicial decree foreclosing Grantor's interest in all or any part of the Property

Nonjudicial Sale Lender may sell, release and convey the Real Property at public sale and sign and deliver to the purchasers at the sale good and sufficient deeds of conveyance, paying any surplus funds, after payment in full of the sums then due under this Mortgage and the expenses of the sale, including attorney fees as provided by law, to Grantor, all in accordance with applicable law

Warning This Mortgage contains a power of sale, and, upon default, may be foreclosed by advertisement. In foreclosure by advertisement, no hearing is involved and the only notice required is to publish notice in a local newspaper and to post a copy of the notice on the Property.

Waiver If this Mortgage is foreclosed by advertisement, Grantor hereby voluntarily and knowingly waives all rights under the Constitution and laws of the State of Michigan and Constitution and laws of the United States to all notice and a hearing in connection with the above-mentioned foreclosure by advertisement, except as set forth in the Michigan statute providing for foreclosure by advertisement

**Deficiency Judgment** If permitted by applicable law, Lender may obtain a judgment for any deficiency remaining in the Indebtedness due to Lender after application of all amounts received from the exercise of the rights provided in this section

Tenancy at Will. If Grantor remains in possession of the Property after Lender or the purchaser at a foreclosure sale of the Property become lawfully entitled to possession of the Property, the Grantor shall become a tenant at will of Lender or the purchaser of the Property and shall, at the option of the person lawfully entitled to possession, either (1) pay a reasonable rental for the use of the Property or (2) vacate the Property immediately upon the demand of the person lawfully entitled to possession

Other Remedies Lender shall have all other rights and remedies provided in this Mortgage or the Note or available at law or in equity

Sale of the Property To the extent permitted by applicable law, Grantor hereby waives any and all right to have the Property marshalled In exercising its rights and remedies, Lender shall be free to sell all or any part of the Property together or separately, in one sale or by separate sales and Grantor waives Grantor's rights under MCLA Section 600 3224 to have separate parcels sold separately and to have no more parcels than necessary sold Lender shall be entitled to bid at any public sale on all or any portion of the Property

Notice of Sale Lender shall give Grantor reasonable notice of the time and place of any public sale of the Personal Property or of the time after which any private sale or other intended disposition of the Personal Property is to be made Reasonable notice shall mean notice given at least ten (10) days before the time of the sale or disposition Any sale of the Personal Property may be made in conjunction with any sale of the Real Property

Attorneys' Fees, Expenses If Lender institutes any suit or action to enforce any of the terms of this Mortgage, Lender shall be entitled to recover its reasonable attorneys' fees. Whether or not any court action is involved, and to the extent not prohibited by law, all reasonable expenses Lender incurs that in Lender's opinion are necessary at any time for the protection of its interest or the enforcement of its rights shall become a part of the Indebtedness payable on demand and shall bear interest at the Note rate from the date of the expenditure until repaid. Expenses covered by this paragraph include, without limitation, however subject to any limits under applicable law, Lender's reasonable attorneys' fees and Lender's legal expenses whether or not there is a lawsuit, including reasonable attorneys' fees and expenses for bankruptcy proceedings (including efforts to modify or vacate any automatic stay or injunction), appeals, and any anticipated post-judgment collection services, the cost of searching records, obtaining title reports (including foreclosure reports), surveyors' reports, and appraisal fees and title insurance, to the extent permitted by applicable law. Grantor also will pay any court costs, in addition to all other sums provided by law.

NOTICES. Any notice required to be given under this Mortgage, including without limitation any notice of default and any notice of sale shall be given in writing, and shall be effective when actually delivered, when

Schedule 6-22 Pansophia Academy

actually received by telefacsimile (unless otherwise required by law), when deposited with a nationally recognized overnight courier, or, if mailed, when deposited in the United States mail, as first class, certified or registered mail postage prepaid, directed to the addresses shown near the beginning of this Mortgage. All copies of notices of foreclosure from the holder of any lien which has priority over this Mortgage shall be sent to Lender's address, as shown near the beginning of this Mortgage. Any party may change its address for notices under this Mortgage by giving formal written notice to the other parties, specifying that the purpose of the notice is to change the party's address. For notice purposes, Grantor agrees to keep Lender informed at all times of Grantor's current address. Unless otherwise provided or required by law, if there is more than one Grantor, any notice given by Lender to any Grantor is deemed to be notice given to all Grantors.

MISCELLANEOUS PROVISIONS. The following miscellaneous provisions are a part of this Mortgage

Amendments This Mortgage, together with any Related Documents, constitutes the entire understanding and agreement of the parties as to the matters set forth in this Mortgage. No alteration of or amendment to this Mortgage shall be effective unless given in writing and signed by the party or parties sought to be charged or bound by the alteration or amendment.

Annual Reports. If the Property is used for purposes other than Grantor's residence, Grantor shall furnish to Lender, upon request, a certified statement of net operating income received from the Property during Grantor's previous fiscal year in such form and detail as Lender shall require "Net operating income" shall mean all cash receipts from the Property less all cash expenditures made in connection with the operation of the Property

Caption Headings Caption headings in this Mortgage are for convenience purposes only and are not to be used to interpret or define the provisions of this Mortgage

Governing Law. This Mortgage will be governed by federal law applicable to Lender and, to the extent not preempted by federal law, the laws of the State of Michigan without regard to its conflicts of law provisions. This Mortgage has been accepted by Lender in the State of Michigan.

Choice of Venue If there is a lawsuit, Grantor agrees upon Lender's request to submit to the jurisdiction of the courts of Branch County, State of Michigan

No Waiver by Lender Lender shall not be deemed to have waived any rights under this Mortgage unless such waiver is given in writing and signed by Lender. No delay or omission on the part of Lender in exercising any right shall operate as a waiver of such right or any other right. A waiver by Lender of a provision of this Mortgage shall not prejudice or constitute a waiver of Lender's right otherwise to demand strict compliance with that provision or any other provision of this Mortgage. No prior waiver by Lender, nor any course of dealing between Lender and Grantor, shall constitute a waiver of any of Lender's rights or of any of Grantor's obligations as to any future transactions. Whenever the consent of Lender is required under this Mortgage, the granting of such consent by Lender in any instance shall not constitute continuing consent to subsequent instances where such consent is required and in all cases such consent may be granted or withheld in the sole discretion of Lender.

Severability If a court of competent jurisdiction finds any provision of this Mortgage to be illegal, invalid, or unenforceable as to any circumstance, that finding shall not make the offending provision illegal, invalid, or unenforceable as to any other circumstance. If feasible, the offending provision shall be considered modified so that it becomes legal, valid and enforceable. If the offending provision cannot be so modified, it shall be considered deleted from this Mortgage. Unless otherwise required by law, the illegality, invalidity, or unenforceability of any provision of this Mortgage shall not affect the legality, validity or enforceability of any other provision of this Mortgage.

Merger. There shall be no merger of the interest or estate created by this Mortgage with any other interest or estate in the Property at any time held by or for the benefit of Lender in any capacity, without the written consent of Lender

Successors and Assigns Subject to any limitations stated in this Mortgage on transfer of Grantor's interest, this Mortgage shall be binding upon and inure to the benefit of the parties, their successors and assigns. If ownership of the Property becomes vested in a person other than Grantor, Lender, without notice to Grantor, may deal with Grantor's successors with reference to this Mortgage and the Indebtedness by way of forbearance or extension without releasing Grantor from the obligations of this Mortgage or liability under the Indebtedness

Time is of the Essence Time is of the essence in the performance of this Mortgage

Use of Pronouns Any term used to designate any of the parties in this Mortgage shall be deemed to include the respective heirs, estate representatives, successors, and assigns of the parties, and all pronouns and relative words used in this Mortgage are intended to apply in the singular, plural, feminine or neuter forms as the context may require, to appropriately refer to the parties designated

Waive Jury. All parties to this Mortgage hereby waive the right to any jury trial in any action, proceeding, or counterclaim brought by any party against any other party

Waiver of Homestead Exemption Grantor hereby releases and waives all rights and benefits of the homestead exemption laws of the State of Michigan as to all Indebtedness secured by this Mortgage

**DEFINITIONS.** The following capitalized words and terms shall have the following meanings when used in this Mortgage. Unless specifically stated to the contrary, all references to dollar amounts shall mean amounts in

Schedule 6-23 Pansophia Academy

lawful money of the United States of America Words and terms used in the singular shall include the plural, and the plural shall include the singular, as the context may require Words and terms not otherwise defined in this Mortgage shall have the meanings attributed to such terms in the Uniform Commercial Code

**Borrower** The word "Borrower" means Pansophia Academy and includes all co-signers and co-makers signing the Note and all their successors and assigns

Environmental Laws The words "Environmental Laws" mean any and all state, federal and local statutes, regulations and ordinances relating to the protection of human health or the environment, including without limitation the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended, 42 U.S.C. Section 9601, et seq. ("CERCLA"), the Superfund Amendments and Reauthorization Act of 1986, Pub. L. No. 99-499 ("SARA"), the Hazardous Materials Transportation Act, 49 U.S.C. Section 1801, et seq., the Resource Conservation and Recovery Act, 42 U.S.C. Section 6901, et seq., or other applicable state or federal laws, rules, or regulations adopted pursuant thereto

**Event of Default** The words "Event of Default" mean any of the events of default set forth in this Mortgage in the events of default section of this Mortgage

Grantor The word "Grantor" means Pansophia Academy

**Guaranty**. The word "Guaranty" means the guaranty from guarantor, endorser, surety, or accommodation party to Lender, including without limitation a guaranty of all or part of the Note

Hazardous Substances The words "Hazardous Substances" mean materials that, because of their quantity, concentration or physical, chemical or infectious characteristics, may cause or pose a present or potential hazard to human health or the environment when improperly used, treated, stored, disposed of, generated, manufactured, transported or otherwise handled. The words "Hazardous Substances" are used in their very broadest sense and include without limitation any and all hazardous or toxic substances, materials or waste as defined by or listed under the Environmental Laws. The term "Hazardous Substances" also includes, without limitation, petroleum and petroleum by-products or any fraction thereof and ashestos.

Improvements The word "Improvements" means all existing and future improvements, buildings, structures, mobile homes affixed on the Real Property, facilities, additions, replacements and other construction on the Real Property

Indebtedness The word "Indebtedness" means all principal, interest, and other amounts, costs and expenses payable under the Note or Related Documents, together with all renewals of, extensions of, modifications of, consolidations of and substitutions for the Note or Related Documents and any amounts expended or advanced by Lender to discharge Grantor's obligations or expenses incurred by Lender to enforce Grantor's obligations under this Mortgage, together with interest on such amounts as provided in this Mortgage Specifically, without limitation, Indebtedness includes the future advances set forth in the Future Advances provision, together with all interest thereon and all amounts that may be indirectly secured by the Cross-Collateralization provision of this Mortgage

Lender The word "Lender" means Century Bank and Trust, its successors and assigns

Mortgage. The word "Mortgage" means this Mortgage between Grantor and Lender

Note The word "Note" means the promissory note dated September 15, 2022, in the original principal amount of \$2,800,000 00 from Grantor to Lender, together with all renewals of, extensions of, modifications of, refinancings of, consolldations of, and substitutions for the promissory note or agreement

Personal Property The words "Personal Property" mean all equipment, fixtures, and other articles of personal property now or hereafter owned by Grantor, and now or hereafter attached or affixed to the Real Property, together with all accessions, parts, and additions to, all replacements of, and all substitutions for, any of such property, and together with all proceeds (including without limitation all insurance proceeds and refunds of premiums) from any sale or other disposition of the Property

Property The word "Property" means collectively the Real Property and the Personal Property

Real Property The words "Real Property" mean the real property, interests and rights, as further described in this Mortgage

Related Documents The words "Related Documents" mean all promissory notes, credit agreements, loan agreements, environmental agreements, guaranties, security agreements, mortgages, deeds of trust, security deeds, collateral mortgages, and all other instruments, agreements and documents, whether now or hereafter existing, executed in connection with the Indebtedness

Rents The word "Rents" means all present and future rents, revenues, income, issues, royalties, profits, and other benefits derived from the Property

GRANTOR COVENANTS AND AGREES TO THE PROVISIONS OF THIS MORTGAGE

Schedule 6-24 Pansophia Academy

ANSOPHIA ACADEMY  Georgia Hargett, President of Pansonnia Academy
his Mortgage was prepared by Sheila Crawford Century Bank and Trust 100 West Chicago Street Colewater, MI 49036
CORPORATE ACKNOWLEDGMENT
TATE OF Muchigare  SOUNTY OF Branch  )
day of Spice Services 20 22, before me, the undersigned lotary Public, personally appeared Georgia Hargett, President of Pansophia Academy, and known to me to be neathful agent of the corporation that executed the Mortgage and acknowledged the Mortgage to be the ree and voluntary act and deed of the corporation, by authority of its Bylaws or by resolution of its board of irrectors, for the uses and purposes therein mentioned, and on oath stated that he or she is authorized to execute this Mortgage and in fact executed the Mortgage on behalf of the corporation  LAURIE J. COX  My commission expires  My Commission Expires July 17, 18 Acting in Branch County
octing in the County of
aserPro, Ver 22 1 0 044 Copr Finastra USA Corporation 1997, 2022 All Rights Reserved - MI m \CF(\LPL\G03 FC TR-40480 PR-COMMLOAN

Schedule 6-25 Pansophia Academy

#### **EXHIBIT A**

Land in the Second Ward, City of Coldwater, Branch County, Michigan

All of that part of the West half of the Northwest quarter of Section 15 in Town 6 South of Range 6 West, Coldwater, Branch County, Michigan, lying East of Hudson Street, South of Abbott Avenue, and West of Morse Street, excepting seven rods North and South by eight rods East and West in the Northeast corner thereof ALSO EXCEPT the South 60 feet thereof ALSO EXCEPT a parcel of land sold to the City of Coldwater described in Quit-Claim Deed dated 4-15-88 and recorded 4-15-88 in Liber 512, Pages 16-17, Branch County Records ALSO FXCEPT a parcel of land located in the West half of the Northwest quarter of Section 15, Town 6 South, Range 6 West Second Ward, City of Coldwater, Branch County, Michigan, described as beginning at a point on the East line of North Hudson Street distant South 00° 32' 29" East 195 00 feet from the South line of Abbott Avenue, thence South 89° 37' 06" East parallel with said South line of Abbott Avenue, 195 00 feet, thence South 00° 31' 38" East 191 97 feet to the North line of Elizabeth Street, thence North 89° 46' 53" West along said North line of Elizabeth Street, 195 00 feet to said Fast line of North Hudson Street, thence North 00° 31' 29" West along said East line of North Hudson Street, 192 52 feet to the point of beginning ALSO EXCEPT a parcel of land located in the West 1/2 of the Northwest 1/4 of Section 15, Town 6 South, Range 6 West, Second Ward City of Coldwater, Branch County Michigan described as beginning at a point on the South line of Abbott Avenue distant North 89° 37' 06" West 132 00 feet from the West line of Morse Street, thence South parallel with said West line of Morse Street, 115 5 feet, thence North 89° 37' 06" West parallel with said South line of Abbott Avenue 8 0 feet, thence North 115 5 feet to said South line of Abbott Avenue, thence South 89° 37' 06" East along said South line of Abbott Avenue 8 0 feet to the point of beginning

Schedule 6-26 Pansophia Academy



Buste of Michigan John Engler, Govérnor

Department of Consumer & Industry Services
Kathleen M. Wilbur, Director

Page 1 of 1 OFS-40 Office of Fire Befety General Office Building 7150 Harris Drive Lansing, MI 48909-7504

FACULTY NAME  IPansophia Academy	лучате 12-18-00	Branch	PROJECT 0862-99
ADDRESS 52 Abbon Ave.	School	RULEBOODES 89 School Rules	JOBANGPAC NO.
Coldwater, MI 49036	FACIUTY REPRESE! Administrator	·· =	Re-Check Final

#### AREAS REQUIRING COMPLIANCE;

#### PANSOPHIA ACADEMY NEW BUILDING UNITS A & B PROJECT #4-00-0862-00

D

A final lire safety inspection of the above captioned project was completed this date. Deficiencies noted in our prior inspection reports have been satisfactorily corrected. This report may be considered as final approval of this project.

FIRE SAFETY CERTIFICATION		PROJECT STATUS	REVIEWED BY	
Approved		Closed	}	
les (4)	Marecting Official	ADDRESS	301 E Louis Glick	Hwy
OTC 0 LO	Robert P. Breckel		Jackson, MI 49202	_
1 D	SCHATURE OF OPPIERAL	TELEPHONE	517-780-7489	Fax \$17-780-7493
Education	aldenny	IZLEMONE		



State of Michigan John Engler, Governor

# Inspection Report

OFS-4d™##h Office of Fire Safety General Office Building 7150 Harris Drive Lansing, Mi 48909-7504

Web Site www.cls.state.mi.us/fire

Page 1 of 1

12

Department of Consumer & Industry Services
Kathleen M. Wilbur, Director

FACILITY NAME Pansophia Academy	DATE	county	PROJECT
	9/18/2001	Branch	0689-01
Address	FACILITY TYPE	RULESICODES	HOBILICIFAC, NO.
355 Morse St	School	School - 99	N/A
city, state zip code	FACILITY REPRESENTATIV	E	inspection type
Coldwatet MI 49036	Admi nistrator		Final-Recheok

#### NEW MIDDLE SCHOOL BUILDING PROJECT #4-00-0689-01

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.

Facility - Tom Dove 517-279-2650 FAX 517-279-0089

Coldwater Fire Dept 517-278-4177 FAX 517-278-9097



IJ		ERTIFICATION		PROJECT STATUS	REVIEWED BY
Fu	ll Approv	val		Closed	LW
DIS	RIBUTION		INSPECTING OFFICIAL	ADORESS	301 East Louis Glick Highway
N 11	fili ty	File	Robert F. Breckel	YELEPHONE	Jackson, MI 49201
CI:	\$ЛIQ	Local FD	SIGNATURE OF OFFICIAL	FAX	517-780-7489
Ed	cation				517-780-7493
<u> </u>	<u> </u>		·	E-MAIL	boh.breckel@ois.state.mi.us

# CERTIFICATE OF USE AND OCCUPANCY

# **PERMANENT**

Michigan Department of Energy, Labor & Economic Growth Bureau of Construction Codes/Building Division P. O. Box 30254 Lansing, MI 48909 (517) 241-9317

Building Permit No. B029442
Pansophia Academy/Kitchen Renovation
52 Abbott Street
Coldwater, Michigan
Branch County

The ove named building of Use Group E and Construction Type 2B is approved for use and a superior

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 110.0 OF THE STATE BUILDING CODE. THIS SHALL SUPERSEDE AND VOID ANY PREVIOUS APPROVAL OF USE AND OCCUPANCY.

Larry Lebman, Chief

Charles E. Curtis, Assistant Chief

**Building Division** 

April 28, 2010

MAY-03-2010 09:19

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Schedule 6-29 Pansophia Academy

# 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 Authority: 1972 PA 230 (517) 241-9317

**Building Permit No: BLDG22-01664** 

52 ABBOTT AVE COLDWATER, MI 49036 COUNTY: BRANCH

The above named building of Use Group E, Education and Construction Type 5B 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.

Print Date: 10/16/2023

Schedule 6-30 Pansophia Academy

# CERTIFICATE OF USE AND OCCUPANCY TEMPORARY

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.: BLDG22-01664 52 ABBOTT AVE COLDWATER, MICHIGAN BRANCH COUNTY

The above-named building of Use Group E, Education and Construction Type 5B - Combustible (All Elements Not Rated) is approved for use and occupancy for a period of three (3) months with an expiration date of November 24, 2023.

#### **Conditions:**

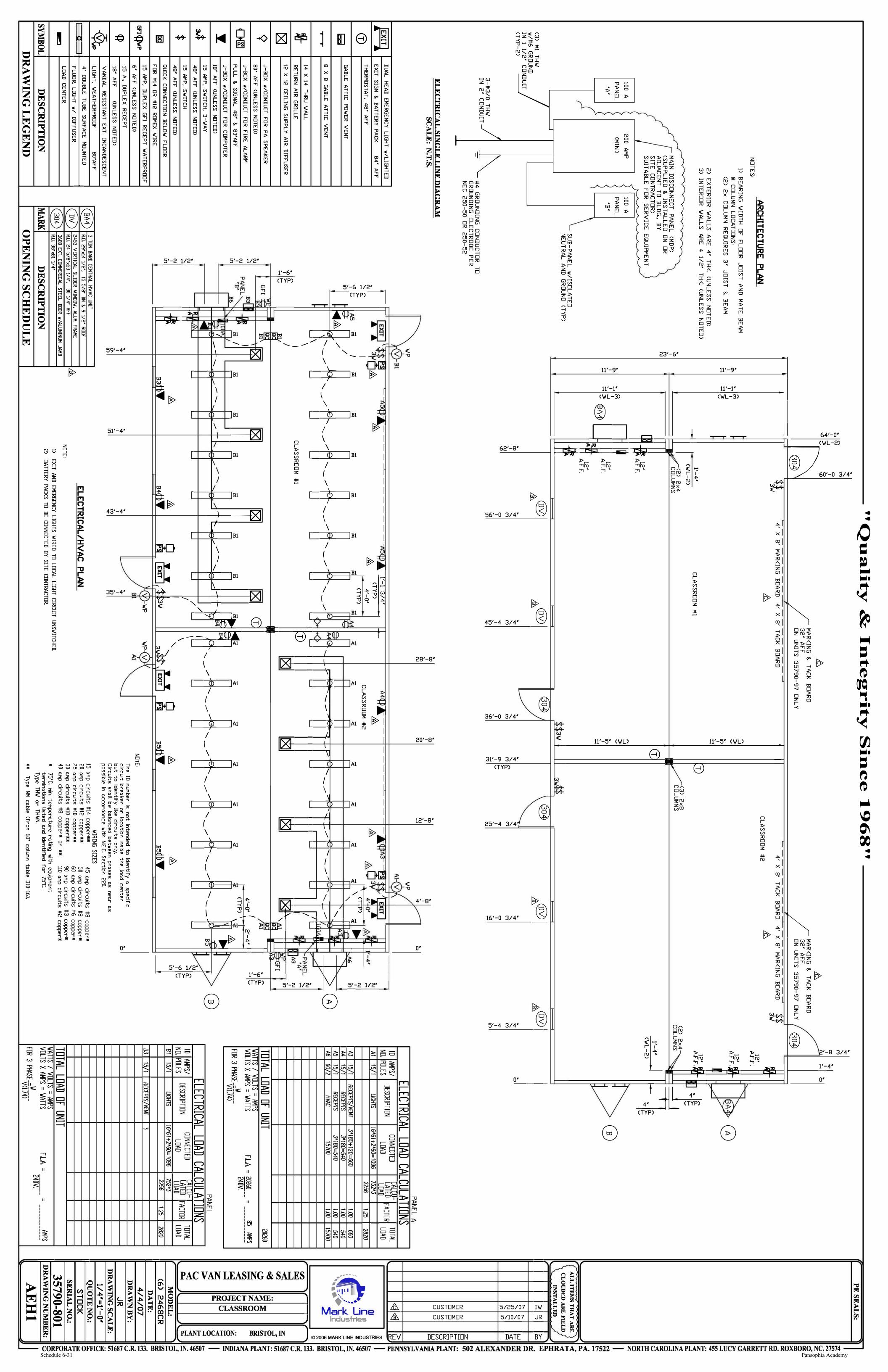
THIS APPROVAL IS GRANTED UNDER THE AUTHORITY OF SECTIONS 13 OF ACT 230 OF THE PUBLIC ACTS OF 1972, AS AMENDED, BEING §125.1513 OF THE MICHIGAN COMPILED LAWS, AND, IN ACCORDANCE WITH SECTION 111.0 OF THE STATE BUILDING CODE. THIS SHALL SUPERSEDE AND VOID ANY PREVIOUS APPROVAL OF USE AND OCCUPANCY.

Sheila Hartfield

Sheila Hartfield Building Section Chief

**Bureau of Construction Codes** 

August 24, 2023



State of Michigan	\$53,000.00 USD
County: Branch	\$53,000.00 USD

#### **Bill of Sale of Trailer**

IN CONSIDERATION OF the sum of \$53,000.00 USD, plus any applicable sales taxes, paid by Paid, the receipt of which consideration is acknowledged, United Rentals of 21141 Protecta Dr, Elkhart, IN 46516, USA (the 'Seller'), SELLS AND DELIVERS to Pansophia Academy of 52 Abbott Ave, Coldwater, MI 49036, USA (the 'Purchaser'), the following trailer (the 'Trailer'):

Make Markline	Model 2468 Classroom	Year 2007
Style  Mobile/Modular	VIN MAR35798/35799	Gross Weight 31000 lbs
Length	Width	
68	24	

The Seller warrants that (1) the Seller is the legal owner of the Trailer; (2) the Trailer is free from all liens and encumbrances; (3) the Seller has full right and authority to sell and transfer the Trailer; and (4) the Seller will warrant and defend the title of the Trailer against any and all claims and demands of all persons.

The Trailer is being sold in an 'as is' condition and the Seller expressly disclaims all warranties, whether expressed or implied, including but not limited to, any implied warranty of merchantability or fitness for a particular purpose. Further, the Seller disclaims any warranty as to the condition of the Trailer. The Seller does not assume, or authorize any other person to assume on the behalf of the Seller, any liability in connection with the sale of the Trailer. The Seller's above disclaimer of warranties does not, in any way, affect the terms of any applicable warranties from the manufacturer of the Trailer.

The Purchaser has been given the opportunity to inspect the Trailer or to have it inspected and the Purchaser has accepted the Trailer in its existing condition. This Bill of Sale will be construed in accordance with and governed by the laws of the State of Michigan.

Page 1 of 2

Bill of Sale Page 2 of 2

**SIGNED, SEALED, AND DELIVERED** this 9th day of November, 2021.

MS Region Fleet Manager

United Rentals

(Seller)

State of Michigan
County: Branch
\$65,000.00 USD

#### **Bill of Sale of Trailer**

IN CONSIDERATION OF the sum of \$65,000.00 USD, plus any applicable sales taxes, paid by PAID, the receipt of which consideration is acknowledged, United Rentals of 21141 Protecta Dr, Elkhart, IN 46516, USA (the 'Seller'), SELLS AND DELIVERS to Pansophia Academy of 52 Abbott Ave, Coldwater, MI 49036, USA (the 'Purchaser'), the following trailer (the 'Trailer'):

Make	Model	Year
Markline	2468 Classroom	2002
Style	VIN	Gross Weight
Mobile/Modular	MAR31631/31632	31000 lbs
Length	Width	
68	24	

The Seller warrants that (1) the Seller is the legal owner of the Trailer; (2) the Trailer is free from all liens and encumbrances; (3) the Seller has full right and authority to sell and transfer the Trailer; and (4) the Seller will warrant and defend the title of the Trailer against any and all claims and demands of all persons.

The Trailer is being sold in an 'as is' condition and the Seller expressly disclaims all warranties, whether expressed or implied, including but not limited to, any implied warranty of merchantability or fitness for a particular purpose. Further, the Seller disclaims any warranty as to the condition of the Trailer. The Seller does not assume, or authorize any other person to assume on the behalf of the Seller, any liability in connection with the sale of the Trailer. The Seller's above disclaimer of warranties does not, in any way, affect the terms of any applicable warranties from the manufacturer of the Trailer.

The Purchaser has been given the opportunity to inspect the Trailer or to have it inspected and the Purchaser has accepted the Trailer in its existing condition. This Bill of Sale will be construed in accordance with and governed by the laws of the State of Michigan.

Page 1 of 2

Bill of Sale Page 2 of 2

SIGNED, SEALED, AND DELIVERED

this 9th day of November, 2021.

MS Region Fleet Manager

United Rentals

(Seller)

# CERTIFICATE OF USE AND OCCUPANCY

# **PERMANENT**

Michigan Department of Licensing and Regulatory Affairs Bureau of Construction Codes/Building Division P. Dox 30254 Lansing, MI 48909 (517) 241-9317

Building Permit No. B036147
Pansophia Academy
52 Abbott Avenue
Coldwater, Michigan
Branch 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

January 31, 2014

## AMENDMENT NO. 2

to the
July 1, 2022 Contract to Charter
A Public School Academy and Related Documents

Issued To

PANSOPHIA ACADEMY (A PUBLIC SCHOOL ACADEMY)

By

THE CENTRAL MICHIGAN UNIVERSITY BOARD OF TRUSTEES (AUTHORIZING BODY)

#### CONTRACT AMENDMENT NO. 2

#### PANSOPHIA ACADEMY

In accordance with Article IX of the Terms and Conditions of the Contract (the "Contract"), dated July 1, 2022, issued by the CENTRAL MICHIGAN UNIVERSITY BOARD OF TRUSTEES (the "University Board") to PANSOPHIA ACADEMY (the "Academy"), as amended, the parties agree to further amend the Contract as follows:

1.) Amend Schedule 7, Section f: <u>Application and Enrollment of Students</u>, by replacing the <u>Enrollment Limits</u> contained therein with the following:

### "Enrollment Limits

The Academy will offer kindergarten through twelfth grade. The maximum enrollment shall be 546 students. The Academy Board will annually adopt maximum enrollment figures prior to its application and enrollment period."

<sub>Dated:</sub> Mar 19, 2023

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 February 27, 2023.

Core Tother	Dated:	03/22/2023	
By: Corey R. Northrop, Executive Director The Governor John Engler Center for Charter Schools Designee of the University Board	_		

By: Georgia Balsley-Hargett, Board President

Hargett (Mar 19, 2023 17:15 EDT)

Pansophia Academy

Designee of the Academy Board